



**NEONET
ANNUAL REPORT
2007**

BUSINESS CONCEPT

Neonet's business concept is to develop efficient system solutions for global securities trading. The objective is to become the primary choice of market players in respect of neutral and independent electronic trading on exchanges and marketplaces worldwide.

Read more about goals and strategies on page 8.

OPERATIONS AND OFFERING

Neonet has evolved from a local Swedish agency stockbroker to become a global supplier of transaction services, with service around the clock. Neonet's sophisticated systems for global securities trading focus on banks, broker-dealers, institutional investors, hedge funds and marketplaces. Neonet has been listed on the OMX Nordic Exchange in Stockholm since 2000.

Neonet's system is used in global brokerage operations, with trading offered in some thirty leading marketplaces in Europe, North America, Asia and Australia. Clients trade via their proprietary direct electronic links or through Neonet's trading desk. Neonet's experience of trading, administration and regulatory frameworks enhances the global trading efficiency of market players. Revenues from execution services are commission-based.

Neonet XG is the name of Neonet's system and software services for electronic securities trading. The offering covers exchange connections, trading applications, support and distribution of market data. Revenues from systems and software services are license-based. Neonet's execution services and XG-services may be used individually or jointly.

Read more about Neonet's offering and product development on pages 10, 12 and 20.

CLIENTS

Neonet has a global client base in more than 20 countries. The exchange of experience with clients ensures continuous development of Neonet's offering, including technology and services.

Neonet's offering is aimed at banks and broker-dealers, institutional investors, hedge funds and marketplaces. Banks and broker-dealers utilize Neonet's execution services to access marketplaces for which they do not hold membership. Those wishing to trade via their own membership can use Neonet's exchange connections and infrastructure through the XG service. Institutional investors include fund, insurance and investment companies. Among other features, these organizations appreciate the system's user-friendliness, the extensive market connections and services offered from Neonet's

trading desk. With their frequently trading-intensive operations, hedge funds appreciate Neonet's system performance and advanced trading functionality. Institutions and hedge funds are also interested in market data and the potential to reach other brokers in Neonet's system. Marketplaces – which are primarily a target group for Neonet's XG services – may use market data and functionality to route orders to other marketplaces worldwide.

Read more about Neonet's clients on pages 8 and 20.

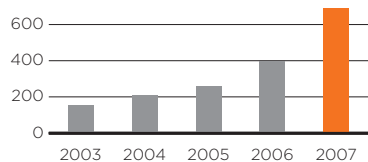
A YEAR HALLMARKED BY HIGH ACTIVITY

- New financial targets for the period 2008–2010
- More than 60 new clients
- Launch of global, round-the-clock-trading via connections with Asian exchanges in Tokyo, Osaka, Hong Kong and Singapore
- Neonet became the first Nordic broker to offer clients the opportunity to trade on Chi-X, Europe's first alternative marketplace
- Launch of trading in Eastern Europe gets under way through connection with the Warsaw stock exchange
- The Neonet XG technology operations reported higher order bookings – new clients included major players such as Handelsbanken and Evli Bank
- Launch of new trading functionality
- Upgrading to Mid-Cap-segment on the NASDAQ OMX Nordic Exchange
- Record high turnover in share trading

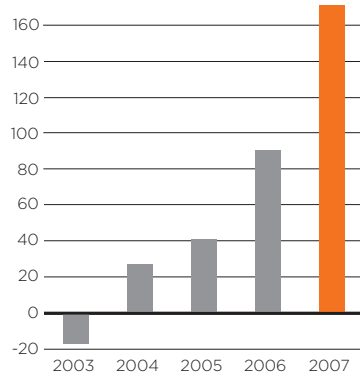
CONTENTS

Year in summary	4
CEO's statement	6
Goals and strategy	8
Overview of offering	10
Trends and positioning	12
The share	16
Consolidated financial performance, five-year overview	18
Board of Directors' Report	20
<i>Group</i>	
Income statement	24
Balance sheet	25
Statement of changes in shareholders' equity	26
Cash flow statement	27
<i>Parent Company</i>	
Income statement	28
Balance sheet	29
Statement of changes in shareholders' equity	30
Cash flow statement	31
Notes	32
Audit report	47
Corporate governance	48
Management	50
Board and auditors	51
Definition and glossary	52
Annual General Meeting	54

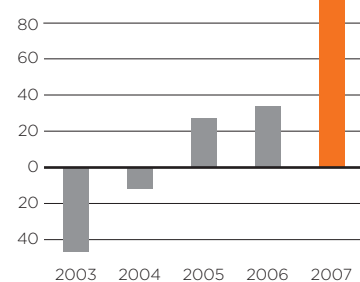
TOTAL OPERATING REVENUES, SEK m



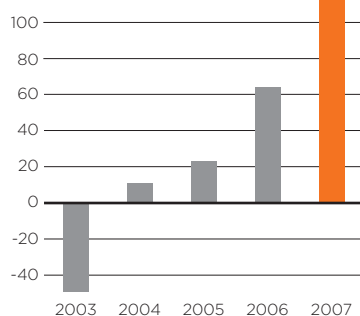
OPERATING EARNINGS BEFORE DEPRECIATION AND NET FINANCIALS, SEK m



EARNINGS AFTER TAX, SEK m



UNDERLYING CASH FLOW, SEK m

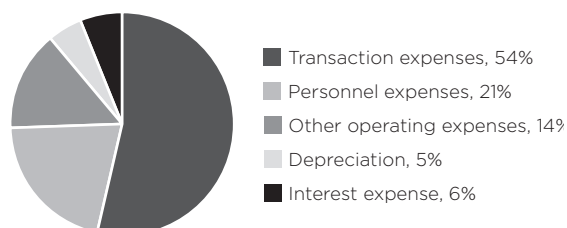


FINANCIAL PERFORMANCE

- Operating revenues rose 74% to SEK 689.0 m (SEK 397.0 m).
- Operating earnings before depreciation and net financials (EBITDA) improved 89% to SEK 170.2 m (90.0 m).
- Pre-tax earnings totaled SEK 133.8 m (SEK 50.5 m).
- Earnings after tax amounted to SEK 94.5 m (SEK 34.3 m).
- Earnings per share before dilution totaled SEK 1.49 (SEK 0.66).
- Underlying cash flow¹⁾ improved to SEK 116.7 m (SEK 56.4 m).
- Consolidated shareholders' equity totaled SEK 418.0 m (SEK 328.8 m) at year-end, when the equity/assets ratio was 30% (49%).
- The Board of Directors proposes a higher transfer of value to shareholders of SEK 2.10 (SEK 0.40) by means of an automatic redemption process.

1) See definitions, page 53.

COST STRUCTURE





A RECORD YEAR FOR NEONET

For Neonet, 2007 was a record year. Revenues increased in all of Neonet's markets, confirming that we further strengthened our position as a global supplier of transaction services.

CHANGES IN FINANCIAL MARKETS

The year was marked by rapid development and change on financial markets worldwide. These developments influence conventional market structures and create new opportunities for electronic trading. The driving forces are rising trading volumes, technological progress and new legislation in Europe and the US. Growth and increasing complexity impose higher demands on market players, system performance and technical infrastructure. There is a growing need for ever-more sophisticated and integrated technological solutions to match the new market conditions.

NEONET IS WELL POSITIONED

Neonet is well positioned in a changing landscape through its combination of execution services and system and software services. Our system and infrastructure are deployed in global brokerage operations through which we offer trading on some 30 marketplaces worldwide. Trading volumes via

Neonet reached a record level in 2007, with growth of 79 percent compared with 2006. Our growth rate outperformed the market as a whole.

GLOBAL TRADING OPPORTUNITIES

During the year, we broadened our offering with the inclusion of global round-the-clock trading through connections to the stock exchanges in Tokyo, Osaka, Hong Kong and Singapore. In addition, trading was launched in Eastern Europe through connection to the Warsaw stock exchange during the fourth quarter. Neonet was also the first broker in the Nordic region to offer trading opportunities on Chi-X, Europe's first alternative marketplace.

IMPRESSIVE TECHNOLOGY OFFER

Our proprietary system for global share trading is aimed at banks, broker-dealers, institutional investors, hedge funds and marketplaces. Demand for efficient system solutions is driven by changes in financial markets and revenues from our systems and software services, Neonet XG, are rising steadily.

”We can summarize 2007 as a record year hallmarked by solid growth, high profitability and a strengthened client offering.”

CONTINUOUS DEVELOPMENT

We are expanding in parallel with our clients. Thanks to the exchange of experience with our global client base, we ensure the evolvement of Neonet's offering in terms of technology and services alike. We bolster client competitiveness through the continuous launch of new trading services. Significant developments during the year included the addition of algorithms from Citi – the world-leading investment bank – to the trading offering. We also developed advanced functionality to meet the requirements arising from the introduction of MiFID, the EU's financial directive. This new legislation is aimed at raising efficiency and transparency in the financial markets.

At mid-year, the Neonet share was upgraded to the Mid-Cap segment of OMX Nordic Exchange in Stockholm as a result of Neonet's higher market capitalization. This entails higher visibility vis-à-vis the stock market.

NEW FINANCIAL TARGETS

Against the background of Neonet's robust growth in recent years and its favorable prospects, the Board has decided on new long-term financial targets for the period 2008–2010.

The new targets entail that that Neonet, no later than 2010, will at least double its operating revenues and attain earnings (EBT) of some SEK 400 m.

2007 – A RECORD YEAR

We can summarize 2007 as a record year hallmarked by solid growth, high profitability and a strengthened client offering. We at Neonet are, of course, proud of our impressive performance. I would like to take this opportunity to thank all employees, whose commitment and expertise provided the basis for all our successes.

We will continue to make every effort to enhance the offering and thus consolidate our existing client relations, while attracting new clients.

Simon Nathanson
CEO and President, Neonet

NEONET IS WELL POSITIONED

Financial markets worldwide are undergoing major changes. Technological innovation and a revamped market structure are leveraging Neonet's offering. Thanks to the combination of execution services and systems and software services, Neonet provides a more comprehensive offering, which, in turn, generates new business opportunities.

NEW LONG-TERM FINANCIAL TARGETS FOR THE PERIOD 2008-2010

In view of Neonet's solid expansion during 2007 and its favorable prospects, the Board has set new long-term financial targets for the period 2008-2010. The new targets entail that Neonet will at least double its operating revenues by 2010 and attain earnings (EBT) of approximately SEK 400 m.

The previous financial targets for the period 2007 to 2010 were that Neonet would attain revenues of at least SEK 800 m and minimum pre-tax earnings of SEK 200 m by 2010. In view of the solid performance in 2007 and the sharp rise in the number of new clients in both XG and execution services, these goals are viewed as outdated.

Apart from the long-term financial targets, Neonet does not provide any forecasts.

STRATEGY

Neonet simplifies global share trading for market players by means of connections to marketplaces worldwide and a highly competitive system offering. A well-functioning technology solution is a prerequisite for staying ahead in financial markets in the face of rapid change. Neonet's offering – based on technical stability, high performance and advanced functionality – bolsters client competitiveness.

As part of efforts to supply an efficient global trading service for clients and attain Neonet's long-term financial goals, Neonet prioritizes the following areas:

ATTRACTING NEW CLIENTS

STATUS: The number of broker clients in Europe and North America has increased. Current and new clients are trading higher volumes on a larger number of marketplaces in Europe, North America and Asia. Client relations have strengthened, with a decline in client turnover. Interest in Neonet's XG services also continues to rise and a number of new clients were added during the year.

NEXT STEP: Skills recruitment to bolster the sales team and active efforts involving customer meetings and trading systems training will continue. A regional presence will continue to be a key feature, with local sales representatives working their home markets in a bid to further raise sales. As in the past year, sales efforts will be supplemented by marketing campaigns and a high-profile presence at trade fairs worldwide.

INCREASING REVENUES FROM EXISTING CLIENTS

STATUS: Neonet utilizes the exchange of experience with its global client base in order to anticipate market trends and evolve the offering. In pace with rapid technological progress, a growing need for sophisticated trading functionality is arising. Algorithms in particular represent a rapidly growing trading sector. Clients are also showing a growing interest in supplementing execution services with system and software services.

NEXT STEP: Neonet will work consistently to enhance client relations through, for example, training courses and close collaboration with clients. The primary objective is to encourage clients to use an even larger share of the product offering. The continuous development of the offering – backed up by a strong combination of execution services and system and software services – provides excellent potential for continued sales growth.

ENHANCING THE CLIENT OFFERING

STATUS: Neonet broadened its offering with the addition of trading in seven new marketplaces during 2007, of which five were in Asia. This is a crucial supplement to the offering of stock exchanges and marketplaces in Europe and North America and means that clients are offered round-the-clock global trading. Neonet has also connected to Chi-X. This is the first alternative European marketplace arising from MiFID, the new European financial legislation. In addition, the Warsaw stock exchange was recently added to the trading offering.

Neonet has broadened its offering of Neonet XG system and software services. Among other features, the market data offering has been developed and is available on more markets than in the past. Neonet has also bolstered its trading platform with new functionality. Notable features in this area include algorithms that enhance trading efficiency and meet the requirements arising from the introduction of the EU's MiFID legislation. In addition, a standard for algorithm trading has been introduced to facilitate the faster implementation of algorithms in Neonet's trading platform and by the industry as a whole.

NEXT STEP: Neonet's strategy is to continuously increase the number of marketplaces, based on client demand. As a result of the new legislation and stiffer competition, new marketplaces will be established at a faster pace. Neonet welcomes this development and will offer trading in the most competitive markets with high liquidity.

The increasingly globalized and event-driven trading, combined with technological progress, is resulting in an ever-greater need for functionality and information services. Neonet continues to set a high pace of technology by continuously supplementing its system platform with new functions. Automated trading designed to respond directly to changes in the business environment imposes major requirements in terms of rapid market data. Algorithms and tools configured for dispatching orders to several marketplaces are examples of key areas.

Neonet prioritizes work involving client service and support, and Neonet's execution specialists have wide-ranging experience of international share trading. Trading desks in various time zones ensure round-the-clock access for trading in Europe, North America, Asia and Australia. Thanks to training programs, the trading desk and other support functions work to ensure that clients optimally utilize the trading platform and its functionality.

Securities administration in the form of clearing and settlement following the completion of transactions is another key feature of client service. These areas are marked by the continuous development of processes and system support to minimize lead times and ensure efficient management of large volumes.

”Neonet simplifies global share trading for market players by means of connections to marketplaces worldwide and a highly competitive system offering.”

AN IMPRESSIVE OFFERING

Market players want to trade promptly, securely and efficiently on exchanges and marketplaces worldwide. Neonet supports clients in this complex trading environment and assists them in trading rapidly and cost effectively. Execution services – combined with the Neonet XG system and software services – permit clients to manage their trading via Neonet. The offerings complement each other, thereby generating synergism and benefiting clients through efficient services in a continuous development process.



NEONET'S EXECUTION SERVICES

CLIENT BENEFITS: Global and rapid direct market access

Neonet handles client trading, clearing and settlement via its broker services, thus allowing clients to trade on stock exchanges and marketplaces worldwide without making proprietary investments in system or stock exchange connections. Since Neonet trades only on behalf of clients, trading is always conducted in the optimum manner with no risk of a conflict of interests. Clients trade electronically via their own computer systems or place orders via Neonet's trading desk. Irrespective of the method, trading is performed via Neonet's exchange membership.

TECHNICAL SOLUTIONS: Powerful trading platforms for efficient and prompt trading

Neonet meets investor needs for increasingly sophisticated trading tools through its trading platform that offers high-speed links to marketplaces in Europe, North America, Asia and Australia. The trading platform's high performance and infrastructure – with direct connections to marketplaces worldwide – guarantees high-speed operation. This facilitates the handling of large trading volumes and sophisticated trading patterns.

BUSINESS MODEL: Trading commissions generate revenues

Neonet's business model is scalable, thanks to economies of scale in technology platforms and the systems. Execution service revenues derive from commissions – this means that high trading activity among clients favors Neonet, irrespective of the direction of market movements.



NEONET XG: NEONET'S SYSTEMS AND SOFTWARE SERVICES

CLIENT VALUE: A cost-effective technical solution for which Neonet assumes complete responsibility

Neonet XG offers systems and software services for electronic securities trading. The primary target group comprises banks, broker-dealers and institutions trading on one or more marketplaces. One particularly attractive client group is represented by marketplaces that require efficient system solutions. The offering consists of stock exchange connections, trading applications, support and distribution of market data. As opposed to execution services, clients using Neonet XG's stock exchange connections trade via their own exchange membership. Clients also manage their own clearing and settlement vis-à-vis the market. By combining Neonet's execution services with Neonet XG, clients gain a comprehensive and cost-effective trading solution for trading on exchanges and marketplaces worldwide.

TECHNICAL SOLUTIONS: Market expertise – combined with innovative technology

Neonet XG optimizes client trading through assuming turnkey responsibility for system and software services and offering expertise in sophisticated trading tools. Advanced functionality based on industry leading technology provides the platform for the product portfolio. It consists of XG Market Gateway; connections to exchanges and marketplaces – XG Trader; systems for order management – XG Market Data; market data in real time and XG Broker Connect; systems for routing orders to selected brokers as an alternative to trading via own stock exchange membership.

BUSINESS MODEL: License fees generate revenues

Current license fees provide revenues from system and software services. As opposed to brokerage commissions, these revenues are independent of trading volumes. The differences in the two business models are favorable for Neonet. Fixed license revenues from Neonet XG complement variable commission revenues.

FINANCIAL MARKETS IN TRANSITION

Global financial markets have moved into a new phase that is transforming traditional market structures and creating new conditions for electronic trading, with major effects on market players. The driving forces underlying the financial landscape are growing trading volumes, technological advances and legislative changes in Europe and the US. Thanks to its offering, which is based on the development of systems and advanced trading services, Neonet is ideally positioned to capitalize on the opportunities offered by globalized trading.

CHANGING LEGISLATION PROMOTES COMPETITION

The EU directive, MiFID, and the US RegNMS regulations are promoting changes in the conditions underpinning the financial sector. The emergence of alternative marketplaces is weakening the traditional monopoly of stock exchanges, leading to stiffer competition and superior market efficiency, which in turn is influencing the cost structure.

MiFID stipulations include “Best Execution” requirements. This means that trades should be conducted in the optimum manner in terms of a number of factors such as prices and speed. Market players will seek the most efficient marketplace that offers optimum liquidity and minimum transaction costs.

NEONET OFFERS GLOBAL ACCESS

Neonet’s trading platform offers clients direct connections to marketplaces worldwide. All exchanges and market places have been integrated uniformly in order to facilitate cross-border trading and contribute to high user-friendliness. Thus, clients gain the opportunity to rapidly and simply attain the most liquid marketplace.

NEW MARKETPLACES – FRAGMENTED TRADING

The new marketplaces compete on the basis of new business logic and lower transaction costs. Many traditional exchanges are resorting to consolidation, price-cutting and new technology to respond to the intensified competition for trading volumes. However, in contrast to stock exchange consolidation, the emergence of new alternative marketplaces is leading to a fragmentation of trading. This development offers opportunities as well as increased complexity for market players.

NEONET IS CONTINUOUSLY ADDING NEW MARKETPLACES

In connection with the introduction of MiFID in November 2007, Neonet linked up to Chi-X, the first European alternative marketplace. This move is in line with Neonet’s strategy of offering comprehensive services and continuously widening its global offering with the addition of marketplaces sought by clients.

GROWING ELECTRONIC TRADING AND DEMANDS FOR MINIMUM LATENCY

Professional investors are turning to electronic trading for a greater share of their operations, which is offering greater control over order flows, faster trading and higher efficiency. Electronic trading is a crucial business feature of investor operations. The significance of minimum latency and rapid access to the connected exchanges are decisive factors underlying the selection of suppliers.

NEONET OFFERS HIGH-PERFORMANCE TRADING PLATFORMS

Neonet's trading platforms are configured to offer high performance to ensure they can handle vast order flows and advanced trading patterns. System performance and efficient infrastructure permit clients to use sophisticated trading strategies. Via the industry standard FIX (Financial Information Exchange Protocol), Neonet's platform is integrated with the trading systems of numerous clients. FAST functionality (FIX Adapted for Streaming) permits the efficient compression and dispatch of vast quantities of trading data.

DEMAND FOR MORE ADVANCED TRADING FUNCTIONALITY

Technological progress is a key factor in the development of global trading, since it bridges differences among various market structures, time zones, currencies and so forth and, in turn, leads to greater automation, globalization and competition in trading. Market players are imposing continuously rising demands for system performance, accessibility and scalability. Advanced trading functions, such as algorithms, have been a key input in US trading over a number of years. This trend is now also gaining strength in Europe. More sophisticated functionality is raising the number of transactions and turnover speed.

NEONET OFFERS SOPHISTICATED FUNCTIONS THAT ARE CONTINUOUSLY DEVELOPED

Neonet's trading provides sophisticated trading functionality such as proprietary algorithms and functions to handle other supplier algorithms. Recent European legislation imposes demands to the effect that each transaction must be conducted in an optimum manner. Thanks to algorithms – which dispatch orders to the most appropriate marketplaces – Neonet facilitates client efforts to meet these requirements.

SEPARATION OF TRADING AND ANALYSIS

Trading and analysis – which have traditionally been procured in packaged form – are increasingly purchased individually by clients. The trend is that the clients select the most superior supplier in a particular area.

NEONET HAS A NEUTRAL OFFERING AT A COMPETITIVE PRICE

As opposed to many other agency brokerage firms, Neonet focuses on one core service, namely, efficient trading. By not offering closely related services such as analysis, clients can see clearly what they are paying for. Moreover, Neonet trades exclusively on behalf of clients and does not trade for own account. This makes Neonet a neutral and independent party for its clients and eliminates any potential conflicts of interest. Either the client personally trades via Neonet's system or the client dispatches the order to Neonet's trading desk. Trading via the trading desk is fully integrated with the electronic direct market trading. Traders add value through their specialist expertise in securities trading.

DEMANDS FOR INTEGRATED TRADING SOLUTIONS

Clients are seeking integrated trading solutions and greater control of order flows. Previously, this primarily involved trading-related processes and systems. In recent years, however, increasing demands have emerged for efficient securities administration following completion of a trade. The underlying driving force is the relentless rise in settlement costs as a proportion of total transaction costs.

NEONET OFFERS FLEXIBLE AND EFFICIENT CLEARING AND SETTLEMENT

Neonet's clearing and settlement operations handle securities administration after a client has purchased or sold securities. The trading platform is integrated with the clearing and settlement system, creating an electronic flow and high efficiency in client transaction chains.

Increasing cross-border trading imposes new demands on the system support required to handle various currencies and foreign securities. Neonet's services for clearing and settlement are flexible and are based on advanced knowledge of electronic securities management and the local regulations of the connected markets.

MARKET PLAYERS

Market players who offer transaction services may be divided into various categories, depending on the range of their offerings and geographic reach.

EXECUTION SERVICES

OFFERING	PLAYER	RANGE AND CUSTOMER BASE	EXAMPLES OF PLAYERS
Services related to direct market access	Independent broker-dealers or parts of investment banks	Local to global	Neonet, ITG
Broad range of global financial services. Trading, analysis and research are frequently sold as a single package	Global broker-dealers and investment banks	Global	Goldman Sachs, Morgan Stanley
Broad range of regional and local financial services. Trading, analysis and research are frequently sold as a single package	Local and regional broker-dealers and banks	Local to regional	In Sweden, SEB and Carnegie, for example

SYSTEM SERVICES

OFFERING	PLAYER	RANGE AND CUSTOMER BASE	EXAMPLES OF PLAYERS
Broad range of system services for share trading	System suppliers	Regional to global focus	Neonet, Fidessa
Broad range of services for news and market data	Large and global market players	Global focus	Reuters, Bloomberg
Services focused on high-speed market data	Niche and IT-oriented players	Regional to global focus	Neonet, Quanthouse

THE SHARE

SHARE STRUCTURE

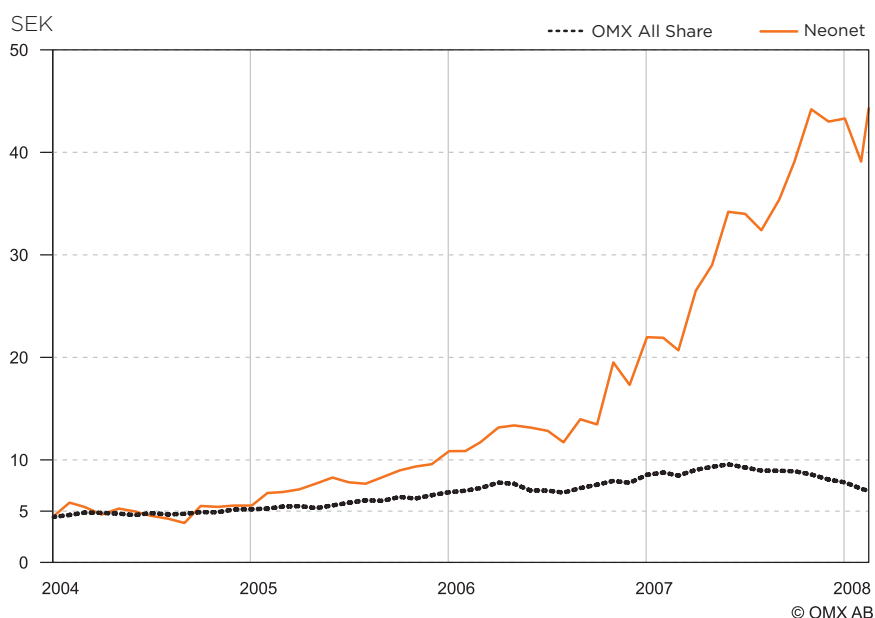
At December 31 2007, the number of shares was 65,066,114. In contrast to previous years, there were no outstanding warrants. All shares carry equal voting rights and dividend entitlements.

SHARE PERFORMANCE AND TURNOVER

The Neonet share has been listed on the Stockholm Stock Exchange since October 20, 2000. Effective 1 July 2007, the share was upgraded to the Mid-Cap segment of the OMX Nordic Exchange in Stockholm. The ticker name is NEO and the ISIN code is SE0000706913.

The highest closing price in 2007 was attained in October when the share commanded a price of SEK 46.50. The lowest quote in 2007 was SEK 19.70 in March. Share turnover for the year was 31 million, corresponding to a turnover rate of 0.48 (0.29). Market capitalization at December 31, 2007 - when the share price was SEK 42.60 - was SEK 2,772 m.

SHARE PRICE PERFORMANCE



SHAREHOLDERS

At year-end the number of shareholders was 2,860 (2,331). The largest shareholders according to the public share register and nominee register are listed below.

NEONET'S LARGEST SHAREHOLDERS AT DECEMBER 31, 2007

Shareholder	Number of shares	Percentage share of share capital and votes
Staffan Persson family and companies	11,190,032	17.2%
Lombard International Assurance S.A.	8,799,923	13.5%
Peter Lindell with family and companies	3,961,590	6.1%
Fidelity Funds	3,358,500	5.2%
Landsbanki Islands HF	2,922,300	4.5%
UBS Luxembourg S.A.	1,678,353	2.6%
Hans Karlsson with family	1,678,353	2.6%
Michael Löfman	1,490,000	2.3%
Nordea Bank Norway	1,448,500	2.2%
SIS SegalInterSettle AG	1,282,728	2.0%
Gerard Versteegh	1,132,284	1.7%
Eskil Johannesson	1,093,800	1.7%
Varenne AB	1,000,000	1.5%

SHAREHOLDER STRUCTURE

	2007	2006
Swedish ownership	37%	47%
Distribution of Swedish ownership:		
Financial and institutional organizations	6%	6%
Aid and interest organizations	0%	0%
Non-financial companies	4%	9%
Public sector	-	-
Private shareholders	27%	32%
Foreign ownership	63%	53%
Total ownership	100%	100%

SHARE STRUCTURE

Shareholding	Number of shares	Percentage of shares	Number of shareholder	Percentage of shareholders
1-1,000	859,931	1.3%	1,931	67.5%
1,001-10,000	2,316,340	3.6%	668	23.4%
10,001-50,000	3,488,388	5.4%	159	5.6%
50,001-100,000	2,311,681	3.6%	32	1.1%
100,001-	56,089,774	86.2%	70	2.4%
Total	65,066,114	100.0%	2,860	100.0%

DIVIDEND

Neonet's dividend policy entails that the dividend level be aligned to the prevailing capital requirements mainly in the form of investments, higher tied-up working capital, capital market or regulatory requirements and shareholders desire for a favorable dividend yield. The objective is to distribute dividends equivalent to at least 50% of after-tax earnings.

As regards the dividend for 2008, the Board has decided to propose a share redemption program to the effect that each existing share be split into three shares (referred to as a 3-to-1 share split). The two newly added shares will be referred to as redemption shares Series 1 and Series 2.

The Series 1 redemption shares will be automatically redeemed in June 2008 in return for cash payment of SEK 1.00. Series 2 redemption shares will be automatically redeemed in return for a debenture loan certificate worth SEK 1.10. The debenture loan will extend for one year from the issue date, and is expected to be completed in June 2008. No interest will be paid on the debenture loan. The company will be entitled to request redemption of the loan at dates prior to the due date. Based on the closing share price in 2007, this corresponds to a dividend yield of 5%. The proposed value transfer diverges from Neonet's established dividend policy.

SHARE CAPITAL TREND

	Increase in share number	Total number of shares	Change in share capital, SEK	Total share capital, SEK
Status before stock market flotation		32,584,320		1,629,216
2000 New share issue ¹⁾	8,000,000	40,588,000	400,184	2,029,400
2001 New share issue ²⁾	2,066,700	42,654,700	103,335	2,132,735
2002 New share issue ²⁾	1,010,000	43,664,700	50,500	2,183,235
2003 Non-cash issue ³⁾	6,917,343	50,582,043	345,867	2,529,102
2005 New share issue ²⁾	7,971	50,590,014	399	2,529,501
2006 New share issue ²⁾	4,922,132	55,512,146	246,107	2,775,607
2007 New share issue ²⁾	9,553,968	65,066,114	477,698	3,253,306

1) New share issue in connection with the flotation of Neonet on the O-list of the Stockholm Stock Exchange.

2) New share issue through exercise of warrants.

3) Non-cash issue in connection with the acquisition of Lexit Financial.

SHARE BUYBACK

The Annual General meeting in April 2007 authorized the Board to acquire and transfer the company's own shares. The authorization was not exercised in 2007.

SHARE-RELATED INCENTIVE PROGRAMS

At the close of 2007 there were no employee share-related incentive programs.

CONSOLIDATED FINANCIAL PERFORMANCE, FIVE-YEAR OVERVIEW

CONDENSED INCOME STATEMENT ¹⁾

SEK 000	2007	2006	2005	2004	2003
Transaction revenues	661,709	388,370	253,182	201,056	147,586
Other operating revenues	27,335	8,668	4,786	5,751	6,506
Total operating revenues	689,044	397,038	257,968	206,807	154,092
Transaction expenses	-313,207	-161,287	-99,100	-73,435	-58,696
Personnel expenses	-121,778	-85,914	-59,496	-55,918	-57,741
Other operating expenses	-83,840	-59,882	-58,346	-50,920	-54,693
Operating earnings before depreciation (EBITDA)	170,219	89,955	41,026	26,534	-17,038
Percentage of total operating revenues	25%	23%	16%	13%	-11%
Depreciation	-29,344	-24,669	-23,933	-27,943	-28,191
Operating earnings after depreciation (EBIT)	140,875	65,286	17,093	-1,409	-45,229
Percentage of total operating revenues	20%	16%	7%	-1%	-29%
Interest income	26,185	11,506	5,290	2,747	3,313
Interest expense	-34,005	-24,099	-15,555	-10,651	-4,768
Exchange rate fluctuations	787	-2,213	-583	-2,951	-1,704
Net financial items	-7,033	-14,806	-10,848	-10,855	-3,159
Earnings before tax	133,842	50,480	6,245	-12,264	-48,388
Tax	-39,383	-16,132	20,602	-44	1,272
Net earnings for the year	94,459	34,348	26,847	-12,308	-47,116

The above condensed income statement complies in all material respects with the accepted form for companies required to prepare financial statements pursuant to the Swedish Annual Accounts Act. This form of presentation is ideally suited to Neonet's business, since revenue generation is based on transaction revenues rather than revenue sources

such as interest income and other financial transactions, which are common among other financial companies. However, the formal part of Neonet's annual report is presented in a manner that complies with the Swedish Act on Annual Accounts for Credit Institutions and Securities Companies. See also Notes, Accounting and valuation policies.

BALANCE SHEET IN SUMMARY ¹⁾

SEK 000	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2003
Assets					
Cash and cash equivalents, lending and interest-bearing securities	744,255	269,816	184,321	143,843	135,089
Fixed assets	143,567	134,645	137,198	145,418	155,886
Other assets	491,594	268,796	166,355	57,012	142,567
Total assets	1,379,416	673,257	487,874	346,273	433,542
Liabilities and shareholders' equity					
Liabilities to credit institutions	295,029	171,027	77,070	14,217	91,588
Securities loans and liabilities	666,410	173,459	111,498	63,301	107,635
Subordinated loans	-	-	49,526	48,719	-
Provisions	-	-	-	-	-
Share capital and other reserves	289,078	269,239	206,409	273,128	294,283
Accumulated earnings and net earnings for the year	128,899	59,532	43,371	-53,092	-59,964
Total Liabilities And Shareholders' Equity	1,379,416	673,257	487,874	346,273	433,542

¹⁾ The figures for 2004 are restated in line with IFRS.

KEY FIGURES, SEK 000

Earnings	2007	2006	2005	2004	2003
Operating earnings before depreciation and net financials, EBITDA	26%	23%	16%	13%	neg.
Net margin	20%	16%	7%	neg.	neg.
Profit margin before tax	19%	13%	2%	neg.	neg.
Net margin after tax	14%	9%	10%	neg.	neg.
Underlying cash flow					
Underlying cash flow from operating activities before changes in assets and liabilities	153,910	78,471	34,388	23,704	-19,149
Underlying cash flow from investments, excl. acquisitions/disposals and financial investment assets	-37,219	-22,116	-15,713	-16,585	-31,742
Summa underlying cash flow	116,691	56,355	18,675	7,119	-50,891
Cash flow for the year	440,662	49,357	16,676	-37,505	-64,711
Cash flow per share	6.77	0.89	0.33	-0.74	-1.28
Financial position					
Net current cash and cash equivalents	372,806	209,630	149,085	111,718	68 013
Equity/assets ratio	30%	49%	51%	64%	54%
Proportion of risk-bearing capital	30%	49%	62%	78%	55%
Interest coverage ratio	494%	309%	140%	neg.	neg.
Debt/equity ratio	192%	82%	60%	30%	70%
Capital adequacy ratio ¹⁾	2.46	-	-	-	-
Capital adequacy ratio	-	89%	66%	52%	32%
Shareholders' equity	417,977	328,771	249,780	220,036	234,319
Average capital employed	1,291,861	815,616	566,047	392,605	332,641
Return on shareholders' equity after tax	25%	13%	12%	neg.	neg.
Return on capital employed	13%	9%	4%	neg.	neg.
Return on capital employed before tax	10%	6%	1%	neg.	neg.
Share data					
Number of shares	65,066,114	55,512,146	50,590,014	50,582,043	50,582,043
Average number of shares	63,301,995	51,872,415	50,585,282	50,582,043	44,725,991
Earnings per share, SEK	1.49	0.66	0.53	-0.24	-1.05
Shareholders' equity per share, SEK	6.42	5.92	4.94	4.35	4.63
Maximum number of shares after dilution	65,066,114	65,148,960	65,756,655	65,756,655	50,582,043
Average number of shares after dilution	63,301,995	57,661,216	55,745,395	50,582,043	44,725,991
Earnings per share after dilution, SEK	1.49	0.60	0.48	-0.24	-1.13
Shareholders' equity per share after dilution, SEK	6.42	5.05	3.80	4.35	4.63
Dividend per share before dilution, SEK	2.10 ²⁾	0.40	0.25	-	-
Share price, December 31	42.60	24.00	12.15	6.65	5.60
Employees					
Number of employees at year-end	124	93	80	74	88
Average number of employees	113	91	80	78	78

1) The capital adequacy ratio is new for 2007, pursuant to Basel II. In the past the capital adequacy ratio was computed in line with FFFS 2006:1.

2) Proposed redemption consisting of cash payment of SEK 1.00 and a debenture certificate worth SEK 1.10.

BOARD OF DIRECTORS' REPORT

The Board of Directors and CEO of Neonet AB (publ) hereby submit their report for the 2007 fiscal year.

Neonet AB (publ) (corporate reg. 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 comprises the wholly owned operating subsidiaries Neonet Securities AB (corporate identity no. 556530-4804), Neonet Technology AB (corporate reg. no. 556550-4858), both with registered offices in Stockholm, and Neonet Securities, Inc., registered in Delaware and active in New Jersey, US. At mid-year 2007, and as a result of Neonet's higher market capitalization, the company's share was upgraded to the Mid-Cap segment of the NASDAQ OMX Nordic Market in Stockholm.

Neonet offers high-speed, sophisticated brokerage services as well as advanced system solutions for securities trading. Neonet's proprietary system for global share trading is targeted at banks, brokerage firms, institutional investors, hedge funds and marketplaces. The system and infrastructure, Neonet XG, are used in Neonet's proprietary brokerage operations, which offer trading in almost thirty leading marketplaces worldwide. This factor, combined with Neonet's experience in trading, administration and regulations, offers clients efficient solutions for global trading.

MARKET

For Neonet, 2007 was a record year with the highest revenues and operating earnings in the company's history. Revenues increased in all of Neonet's markets, confirming that it has further consolidated its position as a global supplier of transactions services.

During the year, global financial markets were marked by rapid development and a high rate of change, impacting on traditional market struc-

tures and creating new conditions for electronic trading. The driving factors are ever-rising trading volumes on markets worldwide, technological advances and new legislation in Europe and the US.

Neonet is well positioned in this continually changing landscape. Higher demand for algorithms and other smart orders, combined with an increase in the number of transactions, imposes ever-higher demands on technology and performance. New regulations for securities trading in the form of the European MIFID and the US RegNMS are adding to the requirements imposed on market players and technical systems. The considerable interest in global trading and advanced trading services, combined with market growth and a changing financial landscape, offers Neonet considerable momentum.

More stringent requirements in terms of technology and system performance underlie the launch of Neonet XG – Neonet's system and software services. These services mean, for example, that stock market connections and trading applications can be purchased separately or combined with Neonet's broker services. A new and attractive client group for Neonet XG comprises marketplaces requiring efficient system solutions. Fixed license revenues from Neonet XG supplement variable commission fees.

CLIENTS

Neonet has a global client base comprising leading international players in the financial market. This global client base offers a challenge and stimulates continual development of Neonet's offering in terms of both technology and services.

Clients are hedge funds, institutional investors, banks and broker-dealers. Revenues for the year by client group indicate that hedge funds represent 8% (11), institutional investors 26%

(29), and banks and broker-dealers 66% (60).

Neonet's aim of increasing the number of clients outside the Nordic areas has been successful and the group currently has clients in more than 20 countries. Neonet's revenues, in terms of client geographic domicile, show that clients in the Nordic area represented 27% (40) of Neonet's transaction revenues while the rest of Europe accounted for 54% (42) and clients in North America for 19% (18).

In terms of revenues, the positive trend in the number of clients confirms that high-intensity players pursuing activities in many markets appreciate Neonet's infrastructure and systems.

PRODUCT DEVELOPMENT

During 2007, Neonet widened its offering in round-the-clock global trading via connection to the Asian exchanges in Tokyo, Osaka, Hong Kong and Singapore. In addition, trading was launched in Eastern Europe through a link to the Warsaw stock exchange. Neonet was also the first brokerage firm in the Nordic area to offer trading opportunities on Chi-X, Europe's first alternative marketplace.

Neonet strengthens its clients' competitiveness by continually launching new trading services. During the year, algorithms from the world-leading Citi investment bank were added to the trading offering. Neonet has also been successful in adjusting its trading system and product offering to utilize the opportunities and meet the requirements imposed by the EU's MIFID directive. Among other developments, this entails that Neonet has developed a "Best Execution" policy that provides the basis for how Neonet handles its clients' trading. Neonet has also developed functionality to ensure that client orders are forwarded to the market offering the optimum price for each security.

REVENUES

Total operating revenues increased during the year by 74% to SEK 689.0 m (SEK 397.0 m).

Transaction revenues, which comprise broker commission fees for client transactions completed, rose 70% during the year, amounting to SEK 661.7 m (SEK 388.4 m). Revenues from Neonet XG are included in other revenues, which totaled SEK 27.3 m (SEK 8.7 m).

TRANSACTION MARGIN AND EXPENSES

The transaction margin declined from the preceding year, primarily due to client behavior combined with the distribution of trade among market-places.

Net interest expense for the year amounted to SEK 7.8 m (SEK 12.6 m), consisting of interest income of SEK 26.2 m and interest expense of SEK 34.0 m. The improvement in net interest expense was due primarily to the repayment of a debenture loan of SEK 50.6 m at year-end 2006. Interest expenses were attributable to loans taken up in conjunction with delivery delays or payment of share transactions and were aimed at eliminating delays in the settlement of share transactions.

Personnel and other operating expenses for the year amounted to SEK 205.6 m (SEK 145.8 m). The increase was due to a stronger organizational set-up, rising variable pay costs, and higher costs for data communications, new exchange memberships and support services for electronic trading.

EARNINGS

The Group's earnings before depreciation and net financial items (EBITDA) totaled SEK 170.2 m (SEK 90.0 m), entailing an operating margin of 25% (23%). Reported earnings after tax totaled SEK 94.5 m (SEK 34.3 m) and earnings per share were SEK 1.49 (0.66).

CASH FLOW

Underlying cash flow improved and amounted to SEK 116.7 m (56.4 m). The positive trend derived from the sharp improvement in EBITDA.

INVESTMENTS

Investments in systems development and procurement of software and hardware increased and amounted to SEK 37.2 m (SEK 22.1 m). The magnitude of investments in relation to transaction revenues totaled 6% (6%). Fixed assets do not include any development projects for which depreciation has not yet started. An impairment test was carried out in respect of goodwill and other intangible assets at year-end, which concluded that the recoverable value comfortably exceeded the carrying amount.

EMPLOYEES

Neonet has employees and sale representation in Sweden, the US, UK, Italy and Germany. The number of employees in the Group at year-end was 124 (93 at the beginning of the year), with 35% women and 65% men. The average age was 33. During the year, the organization was strengthened primarily in the operating departments most directly affected by higher volumes and client numbers.

GUIDELINES FOR REMUNERATION OF SENIOR EXECUTIVES

The 2007 Annual General Meeting approved the following guidelines for remuneration of senior executives. Senior executives refer to the CEO and other members of the management group.

Neonet shall offer commercial terms and conditions that permit the company to retain and recruit competent executives. To the extent possible, the remuneration terms shall be predictable in terms of costs for the company and benefits for the employee, and shall be based on factors such as individual performance, tasks, skills, experience and position. Benchmarking

is to be performed against relevant industries and markets.

Remuneration of the CEO and other leading executives shall consist of basic salary, other benefits and defined-contribution pension plans. The potential for performance-based variable pay is essentially based on the Group's financial results and, in certain cases, on special terms and conditions in conjunction with notice of termination and severance pay.

Variable pay, like total salary, shall be proportionate to the executive's responsibility, skills and performance and shall not be maximized in any other manner than that ensuing from linkage with the Group's financial results. Any variable remuneration shall not represent a basis for pension payments. The Board may consider proposing share- and share-price related programs for leading executives to the Annual General Meeting. The Board shall be entitled to depart from the guidelines if there are sufficient reasons for doing so in individual cases.

The Board has established a sub-committee with the task of preparing questions regarding remuneration and other employment terms for senior executives.

The Board's proposed guidelines for the remuneration of senior executives for 2008 will be similar to those for 2007.

LIQUIDITY AND FINANCIAL POSITION

The Neonet Group's cash and cash equivalents are deployed continually in operations to cover and finance temporary holdings of brokered blocks of shares.

At December 31, 2007, current net cash and cash equivalents totaled SEK 372.9 m (SEK 209.6 m at the beginning of the year), and comprised bank deposits adjusted for receivables and liabilities in the settlement process (see table on the right).

Fluctuations in total bank deposits are normal and result from variations in the size of share deals that were not completely finalized on the closing date.

Consolidated shareholders' equity totaled SEK 418.0 m at year-end (SEK 328.8 m at January 1, 2007). Shareholders' equity per share was SEK 6.42 (5.92). The consolidated equity/assets ratio was 30% (49).

New capital adequacy regulations (Basel 2) were introduced in February 2007. According to the new rules, the capital base is to be compared with a computed capital requirement. At December 31, Neonet's capital base amounted to SEK 170 m and the capital requirement to SEK 69 m, resulting in a capital adequacy ratio of 2.46. Neonet thus meets the requirements imposed in the new capital cover regulations. The newly introduced method enables comparisons with previous years. For additional information on Neonet's capital cover, refer to Note 1, Risk.

The Group is involved in a dispute involving a receivable valued at a nominal amount of EUR 1.1 million. The status of the case has not changed since the preceding report was published.

OUTLOOK

Finance markets worldwide are experiencing major changes. The driving forces are growing trading volumes, technological development and changes in legislation in Europe and the US. New market players who are competing on the basis of price, speed and efficiency are challenging traditional exchanges. Development and growing complexity impose major demands on market players, system performance and technological infrastructure. Increasingly sophisticated and integrated technological solutions, featuring advanced functionality, are required to meet the new conditions.

Current net cash and cash equivalents

	Dec. 31, 2007	Dec. 31, 2006
Chargeable treasury bills	101.2	61.3
Loans to credit institutions	599.5	158.1
Bonds and other interest-bearing securities	43.6	50.4
Bank deposits	744.3	269.8
Contract settlement receivables, net	+429.7	+210.3
Liabilities to credit institutions	-295.0	-171.0
Securities loans	-506.1	-99.5
Current net cash and cash equivalents	372.9	209.6

Neonet is well positioned in this changing landscape. The company has progressed from being a local, Swedish agency brokerage firm to a global supplier of transaction services. Neonet's proprietary system for global equity trading is targeted at banks, brokerage firms, institutional investors and hedge funds, as well as marketplaces. In addition, the system constitutes a platform for Neonet's proprietary global execution operations. Execution services offer around-the-clock trading and service on some thirty marketplaces worldwide.

The establishment of new types of marketplaces is promoted by new legislation in the financial sphere. Legislation is also imposing demands that each transaction be conducted in the most appropriate marketplace. This makes Neonet's offering – with rapid and efficient links to marketplaces worldwide – even more valuable for clients. The increasingly sophisticated infrastructure also contributes to expanding Neonet's original client group through the addition of exchanges and alternative marketplaces that are interested in Neonet as a system supplier.

Changing trading patterns and higher volume growth are driving demand for increasingly sophisticated trading tools and efficient technology. Neonet's system has high capacity, and thanks to continual development of advanced functionality, Neonet meet's investor requirements for smart trading functions. Through the combination of

trading services and system and software services, Neonet is creating an increasingly comprehensive offering.

GROUP STRUCTURE

Neonet AB (publ) is the Parent Company of the Group and is listed on the OMX Nordic Exchange. The Parent Company has the following wholly owned operating subsidiaries:

- Neonet Securities AB: Swedish broker-dealer offering broker services and products to clients in Europe. This subsidiary is under the supervision of the Swedish Financial Supervisory.
- Neonet Securities, Inc: US broker-dealer offering broker services and products to clients in the US under the Neonet brand. This subsidiary is regulated by the Securities and Exchange Commission (SEC) and is a member of FINRA (formerly NASD) and SIPC.
- Neonet Technology AB: Swedish IT development company in which Neonet's trading system is developed.

PARENT COMPANY

The Parent Company, which is not an operating company, conducts certain Group-wide functions such as Group management, finance, business development, investor relations and communications.

The Parent Company reported net sales of SEK 2.5 m (SEK 0.0 m). Pre-tax earnings totaled SEK 46.5 m (loss: SEK 12.8 m). The company reported income of SEK 60.0 m (SEK 0.0 m) relating to an anticipated dividend from the subsidiary Neonet Securities AB. The Parent Company's shareholders'

equity amounted to SEK 341.3 m at year-end (SEK 281.0 m at the beginning of the year).

The Parent Company conducted no investments during the year. Cash and cash equivalents at December 31 totaled SEK 3.3 m, compared with SEK 21.3 m at the beginning of the year.

TRANSFER OF VALUE TO SHAREHOLDERS

Based on the Group's financial position, earnings trend and anticipated growth, the Board and President plan to propose that the Annual General Meeting approve redemption of the company's shares. The redemption procedure entails that each existing share be split into three shares (referred to as a 3-to-1 share split). The two new shares will be referred to as redemption shares Series 1 and Series 2. The Series 1 redemption shares will be automatically redeemed in June 2008 in return for a cash price SEK 1.00. The Series 2 redemption shares will be automatically redeemed in return for a debenture certificate of SEK 1.10. The debenture loan will extend for one year from the issue date, and is expected to be completed in June 2008. The debenture loan will not carry interest. The company will have the opportunity to request redemption of the loan at an earlier date than the due date.

The proposal entails that SEK 136.6 m will be transferred to shareholders. The proposed value transfer represents a divergence from Neonet's established dividend policy.

The number of shares totaled 65,066,114 at year-end, all of which provide entitlement to a dividend.

PROPOSED DISTRIBUTION OF EARNINGS

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

Retained earnings	78,553,375
Group contribution received	12,589,478
Net earnings for the year	51,183,407
Total	142,326,260

The Board and CEO propose that the funds be distributed as follows (SEK):

Value transfer to shareholders	136,638,839
To be carried forward	5,687,421
Total	142,326,260

THE BOARD'S STATEMENT JUSTIFYING THE PROPOSED VALUE TRANSFER

The proposed value transfer to shareholders reduces the Parent Company's equity/asset ratio from 97% to 96% and the Group's equity/assets ratio from 30% to 23%. The Group's capital adequacy ratio is reduced from 4.2 till 2.5.

Since the company's and Group's operations continued to be operated profitably, the equity/assets and capital adequacy ratios are adequate. Liquidity in the company and Group is deemed to be capable of being maintained at an equally satisfactory level.

The Board believes that the proposed value transfer does not prevent the company or other Group companies from fulfilling their obligations in the short or long-term, or from conducting requisite investments. The proposed value transfer is thus warranted in view of the stipulations of Chapter, 17, Section 3, paragraphs 2-3 (prudence rule) of the Swedish Companies Act.

DIVIDEND POLICY

The Board's established dividend policy entails that the dividend shall correspond to at least 50% of earnings after tax. In general, the dividend policy entails that the dividend level should be adjusted to capital requirements, primarily in the form of investments, higher tied-up working capital, capital market/official requirements and shareholder desire for a favorable dividend yield.

ENVIRONMENTAL ASPECTS

Most of Neonet's operations are conducted electronically, which means

that operations have a limited impact on the environment. Neonet's major impact on the external environment involves the supply of power to offices and computer rooms, business trips, which are mainly conducted by air, and the replacement of computer equipment. The computer company that handles Neonet's used computers complies with ISO14001, which is an environmental standard aimed at assisting organizations to minimize their environmental footprint.

TRADEMARK

The Neonet trademark is registered in Australia, Canada and the US as well as in the form a Community Trade Mark in the EU. Separate trademark registrations exist in Benelux, Denmark, Finland, France, Norway, Switzerland, Spain, the UK, Sweden, Germany, Hungary and Austria.

MORE INFORMATION ON EARNINGS AND FINANCIAL POSITION

For more information regarding the Group's and Parent Company's reported earnings and position, see the following income statements and balance sheets, as well as cash flow statements and the accompanying notes and comments.

CONSOLIDATED INCOME STATEMENT

January 1 - December 31, SEK 000	Note	2007	2006
Transaction revenues	2	661,709	388,370
Transaction expenses	3	-313,207	-161,287
Transaction revenues, net		348,502	227,083
Other operating revenues	4	27,335	8,668
Other operating expenses	5	-83,840	-59,882
Personnel expenses	6	-121,778	-85,914
Net earnings from financial transactions	7	787	-2,213
Depreciation and amortization of tangible and intangible assets	8, 10, 11	-29,344	-24,669
Interest income	12	26,185	11,506
Interest expense	12	-34,005	-24,099
Net interest income		-7,820	-12,593
Operating earnings		133,842	50,480
Tax for the year	13	-39,383	-16,132
Net earnings for the year		94,459	34,348
Earnings per share, SEK	14	1.49	0.66
Earnings per share after dilution, SEK		1.49	0.60
Number shares, 000		65,066	55,512
Average number of shares, 000		63,302	51,872
Average number of shares after dilution, 000		63,302	57,661

CONSOLIDATED BALANCE SHEET

SEK 000	Note	Dec. 31, 2007	Dec. 31, 2006
ASSETS			
Cash		5	2
Chargeable treasury bills	15	101,175	61,275
Loans to credit institutions	15	599,471	158,119
Bonds and other interest-bearing securities	15	43,604	50,420
Shares and participations		1,047	7
Intangible fixed assets	8	47,706	47,703
Goodwill	9, 10	77,682	77,682
Tangible fixed assets	11	17,132	9,260
Deferred tax asset	16	-	6,088
Contract settlement receivables, net	17	429,727	210,266
Other assets	18	53,306	45,855
Prepaid expenses and accrued income		8,561	6,580
Total assets		1,379,416	673,257
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities to credit institutions	20	295,029	171,027
Securities loans		506,147	99,425
Tax liability		25,107	-
Other liabilities	21	50,983	30,533
Accrued expenses and deferred income	22	84,173	43,501
Total liabilities		961,439	344,486
Shareholders' equity			
Share capital	23	3,253	2,775
Other capital contribution		292,254	271,138
Reserves		-7,397	-4,674
Retained earnings including net earnings for the year		129,867	59,532
Total shareholders' equity		417,977	328,771
Total liabilities and shareholders' equity		1,379,416	673,257

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

SEK 000	Share-capital	Other capital contribution	Reserves	Accumulated earnings	Total Shareholders' equity
Opening balance, Jan. 1, 2006	2,529	206,167	-2,369	43,453	249,780
Paid up, non-registered share capital due to warrants	-	35,730	-	-	35,730
New share issue through exercise of warrants	246	29,241	-	-	29,487
Repurchase of warrants	-	-	-	-5,155	-5,155
Currency translation differences, subsidiaries	-	-	-2,305	-464	-2,769
Dividend paid	-	-	-	-12,649	-12,649
Total transactions reported in shareholders' equity	2,775	271,138	-4,674	25,185	294,424
Net earnings for the year	-	-	-	34,347	34,347
Closing balance, Dec. 31, 2006	2,775	271,138	-4,674	59,532	328,771
Opening balance Jan. 1, 2007	2,775	271,138	-4,674	59,532	328,771
New share issue through exercise of warrants	180	21,414	-	-	21,594
Transfers between share capital and other capital contributions	298	-298	-	-	-
Currency translation differences, subsidiaries	-	-	-2,260	-	-2,260
Reclassification	-	-	-463	463	-
Dividend paid	-	-	-	-24,587	-24,587
Total transactions reported in shareholders' equity	3,253	292,254	-7,397	35,408	323,518
Net earnings for the year	-	-	-	94,459	94,459
Closing balance Dec. 31, 2007	3,253	292,254	-7,397	129,867	417,977

CONSOLIDATED CASH FLOW STATEMENT

January 1 - December 31, SEK 000	Note	2007	2006
Operating activities			
Interest and transaction revenues received		688,355	398,943
Interest paid		-34,005	-19,040
Payments to suppliers and employees		-518,825	-307,082
Payments from clients		27,335	8,668
Tax paid		-8,950	-3,017
Cash flow from operating activities before change in assets and liabilities		153,910	78,472
Change in other assets of operating activities		-11,639	-23,514
Change in other liabilities of operating activities		61,885	36,451
Cash flow from change in other assets and liabilities of operating activities		50,246	12,937
Cash flow from operating activities, excluding settlement of equity transactions conducted on behalf of clients		204,156	91,409
Change in assets of operating activities attributable to settlement	19	-219,922	-92,714
Change in liabilities of operating activities attributable to settlement	19	530,724	119,466
Cash flow from operating activities attributable to settlement of equity transactions conducted on behalf of clients		310,802	26,752
Cash flow from operating activities		514,958	118,161
Investment activity			
Acquisition of intangible fixed assets		-23,693	-14,754
Acquisition of tangible fixed assets		-13,526	-7,362
Acquisition of financial investment assets		-34,084	-38,461
Cash flow from investment activity		-71,303	-60,577
Financing activity			
New share issue from exercise of warrants		21,594	65,217
Buy-back of warrants		-	-5,155
Repayment of debenture loan		-	-50,582
Interest paid in connection with debenture loan		-	-5,058
Dividend paid		-24,587	-12,649
Cash flow from financing activity		-2,993	-8,227
Cash flow for the year		440,662	49,357
Cash and cash equivalents at beginning of year		158,121	111,087
Cash and cash equivalents, exchange rate difference		693	-2,323
Cash and cash equivalents at year end	19	599,476	158,121

PARENT COMPANY'S INCOME STATEMENT

January 1 - December 31, SEK 000	Note	2007	2006
Net revenues	4	2,544	-
Operating expenses			
Other external costs	5	-2,782	-3,474
Personnel expenses	6	-18,533	-10,277
Amortization and depreciation of intangible and tangible fixed assets	11	-24	-31
Total operating earnings		-18,795	-13,782
Earnings from financial items			
Other interest income and similar income	12	65,339	7,451
Interest expense and similar expenses	12	-18	- 6,453
Earnings from financial items		65,321	998
Earnings after financial items		46,526	-12,784
Appropriations	25	16	-7
Tax for the year	13	4,642	3,570
Net earnings for the year		51,184	-9,221

PARENT COMPANY'S BALANCE SHEET

SEK 000	Note	Dec. 31, 2007	Dec. 31, 2006
ASSETS			
Fixed assets			
<i>Tangible fixed assets</i>			
Equipment, tools and installations	11	34	58
<i>Financial fixed assets</i>			
Shares in Group companies	26	198,261	163,261
Other long-term holdings of securities		1,000	254
Total fixed assets		199,295	163,573
Current assets			
Receivables from Group companies	27	145,764	139,445
Other receivables	18	1,304	3,493
Prepaid expenses and accrued income		744	191
Cash and bank balances		3,274	21,338
Total current assets		151,086	164,467
Total assets		350,381	328,040
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
<i>Restricted shareholders' equity</i>			
Share capital	23	3,253	2,775
Statutory reserve		195,716	195,716
Ongoing new share issue		-	35,730
<i>Unrestricted shareholders' equity</i>			
Retained earnings		-7,579	17,127
Share premium reserve		86,133	29,287
Group contribution received		12,589	9,606
Net earnings for the year		51,184	-9,221
Total shareholders' equity		341,296	281,020
Untaxed reserves		-	16
Liabilities			
<i>Current liabilities</i>			
Accounts payable		784	672
Liabilities to Group companies		157	43,481
Other liabilities		207	261
Accrued expenses and deferred income	22	7,937	2,590
Total liabilities		9,085	47,004
Total shareholders' equity and liabilities		350,381	328,040
Memorandum items			
<i>Contingent liabilities</i>			
Surety in favor of subsidiary		3,550,756	4,845,607
Subsidiary guarantee		2,587	2,749

CHANGE IN PARENT COMPANY'S SHAREHOLDERS' EQUITY

SEK 000	Share-capital	Restricted reserves	Shareholders' equity	Total shareholders' equity
Opening balance 2006-01-01	2,529	195,761	35,360	233,650
Transfer between restricted and non-restricted shareholders' equity	-	-45	45	0
New share issue through exercise of warrants	246	-	29,242	29,488
Share capital paid but not registered through exercise of warrants	-	35,730	-	35,730
Repurchase of warrants	-	-	-5,155	-5,155
Exchange rate difference, loan to subsidiary	-	-	-429	-429
Group contribution received	-	-	13,342	13,342
Deferred tax on Group contribution	-	-	-3,736	-3,736
Dividend paid	-	-	-12,649	-12,649
Net earnings for the year	-	-	-9,221	-9,221
Closing balance Dec. 31, 2006	2,775	231,446	46,799	281,020
Opening balance January 1, 2007	2,775	231,446	46,799	281,020
Transfer between restricted and non-restricted shareholders' equity	298	-35,730	35,432	0
New share issue through exercise of warrants	180	-	21,414	21,594
Exchange rate difference, loan to subsidiary	-	-	-504	-504
Group contribution received	-	-	17,485	17,485
Deferred tax on Group contribution	-	-	-4,896	-4,896
Dividend paid	-	-	-24,587	-24,587
Net earnings for the year	-	-	51,184	51,184
Closing balance, Dec. 31, 2007	3,253	195,716	142,327	341,296

The number of shares totaled 65,066,114, each with a par value of SEK 0.05.

PARENT COMPANY'S CASH FLOW STATEMENT

January 1 – December 31, SEK 000	2007	2006
Operating activities		
Operating earnings	-18,795	-13,782
Depreciation and impairment losses	24	31
Interest received	5,119	7,451
Interest paid	-18	-1,091
Tax paid	-409	-375
Cash flow from operating activities before change in working capital	-14,079	-7,766
Change in other assets of operating activities	59,365	-3,040
Change in other liabilities of operating activities	-37,913	40,272
Cash flow from assets and liabilities of operating activities	21,452	37,232
Cash flow from operating activities	7,373	29,466
Investment activity		
Acquisition of tangible fixed assets	-	-40
Acquisition of financial fixed assets	-1,000	-
Conditional shareholder contribution to subsidiary	-35,000	-
Cash flow from investment activity	-36,000	-40
Financing activity		
New share issue through exercise of warrants	21,594	65,217
Repurchase of warrants	-	-5,155
Dividend paid	-24,587	-12,649
Group contribution	13,342	-
Repayment of debenture loan	-	-50,582
Interest on debenture loan	-	-5,058
Cash flow from financing activity	10,349	-8,227
Cash flow for the year	-18,278	21,199
Cash and cash equivalents at the beginning of the year	21,338	443
Cash and cash equivalents, exchange rate difference	214	-304
Cash and cash equivalents at year end	3,274	21,338

NOTES

ACCOUNTING AND VALUATION PRINCIPLES

ACCOUNTING REGULATIONS

The Neonet Group applies the International Financial Reporting Standards (IFRS), as adopted by the EU, the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL) and regulation (FFFS 2006:16) issued by the Swedish Financial Supervisory Authority (FI), since the Parent Company is a financial holding company. 'Financial holding company' refers to a company whose business consists entirely or almost entirely of the acquisition and management of shares in credit institutions and securities companies for profit. The Group also applies the Swedish Financial Accounting Standards Council's recommendation RR 30. Supplementary accounting regulations for groups. The Parent Company prepares its financial statements in accordance with the Swedish Annual Accounts Act and applies RR 32 Accounting for Legal Entities in compiling its financial statements. Standards, interpretations and amendments effective from 2008 have not been applied in advance.

INTRODUCTION OF NEW ACCOUNTING PRINCIPLES

At the time of preparing the consolidated financial statements at December 31, 2007, a number of standards and interpretations had been published but not yet become effective. Such standards, interpretations and amendments have not been applied in advance. The key accounting principles applied in conjunction with the preparation of the consolidated accounts are presented below.

Standards, interpretations and amendments that came into force in 2007:

- IFRS 7, Financial instruments: Disclosures, and the supplementary change in IAS 1, Presentation of financial reports – Disclosures regarding capital ahead of new disclosures in respect of financial instruments. This standard has no impact in the classification of the Group's financial instruments.

Standards, interpretations and amendments that came into force in 2007 but which are irrelevant for the Group

The following standards, amendments and interpretations of published standards are obligatory for fiscal years commencing January 1, 2007 or later but are not relevant to the Group:

- IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
- IFRIC 8 Scope of IFRS 2
- IFRIC 9 Reassessment of Embedded Derivatives
- IFRIC 10 Interim Financial Reporting and Impairment

Standards, amendments and interpretations of existing standards that have not yet come into force and are not applied in advance by the Group

The following new standards, amendments and interpretations of existing standards have been published and are obligatory for consolidated financial statements for fiscal years commencing January 1, 2008 or later but have not been applied in advance by the Group:

*IAS 1 (Amendment), Presentation of financial reports**

The amendments apply from January 1, 2009 and primarily entail amendments to the presentation formats and designations of financial reports. Consequently, the Group's future format for its financial reports will be affected in conjunction with the introduction of this standard.

*IAS 23 (Amendment), Borrowing costs**

The standard applies from January 1, 2009. The amendment requires that a company capitalizes as part of the acquisition cost of the asset

any borrowing costs directly attributable to procurement, construction or production of an asset that requires a considerable amount of time to finalize for application or sale. The alternative of immediately expensing these borrowing costs will be removed. The Group will apply IAS 23 (Amendment) from January 1, 2009 but it is currently irrelevant for the Group since there are no assets for which borrowing costs can be capitalized.

*IAS 27 (Amendment), Consolidated Financial Statements and separate financial reports**

The standard applies as of 1 July 2009. The amendment of the standard may affect accounting for the Group's future transactions.

*IFRS 2 Share-related remuneration (Amendment) – Vesting conditions and cancellations**

The standard applies from January 1, 2009. The amendment affects the definition of vesting conditions and introduces a new concept "non-vesting conditions" (conditions that are not defined as vesting conditions). The standard states that "non-vesting conditions" shall be taken into account in assessing the fair value of the equity instrument. Goods or services received by a party that fulfills all other vesting conditions shall be reported irrespective of whether or not "non-vesting conditions" are met. This amendment has no effect on the consolidated financial statements.

*IFRS 3 (Amendment), Business combinations**

The amendment applies to forward-looking acquisitions after the date for the enforcement of the standard, 1 July 2009. Application will entail a change in how future acquisitions are reported in respect of, for example, the reporting of transaction expenses, any conditional purchase considerations and gradual acquisitions. The Group will apply the standard as of the fiscal year that commences on January 1, 2010. The amendment of the standard will not entail any effect on previously conducted acquisitions but will affect accounting for future transactions.

IFRS 8, Operating segments

IFRS 8 replaces IAS 14 and adapts segment reporting to the requirements of the US standard SFAS 131, Disclosures about segments of an enterprise and related information. The standard applies from January 1 2009 and deals with the division of the company's operations into various segments. According to the standard, the company must proceed from the structure in its internal reporting and determine reportable segments on this basis of this structure. Neonet's assessment is that this standard will not have any effect on the annual report for 2009.

*IFRIC 14 "IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction"***

IFRIC 14, which applies from January 1, 2008, offers guidance on the assessment of the limitation in IAS 19 on the amount of the surplus that may be reported as an asset. This also explains how the pension asset or liability can be affected by statutory or contractual demands for minimum financing. This change has no impact on the Group's financial reports.

Interpretations of existing standards that have not yet come into force and are not relevant to the Group

The following interpretations of existing standards have been published and are obligatory for the Group for the fiscal year commencing January 1, 2008 or later but are not relevant to the Group:

*IFRIC 12 Service concession arrangements**

IFRIC 12 applies as of January 1, 2008 for contractual arrangements in which an operator in the private sector participates in development, financing, operation and maintenance in respect of infrastructure for public sector services. IFRIC 12 is not relevant to the Group since no Group company supplies services to the public sector.

*IFRIC 13, Client loyalty programs**

IFRIC 13 applies as of 1 July 2008 and states that when goods or services are sold together with some form of incentive for client loyalty (such as loyalty points or free products) what is involved is a contract with multiple-element arrangements. The payment received from the client is distributed among the multiple elements in the contract on the basis of the real value of each element. Neonet's assessment is that this standard will have no effect on the Group.

*These standards/interpretations remain subject to the EU approval process.

ASSESSMENTS AND ASSUMPTIONS

Preparation of financial statements requires that the Board and corporate management make assessments and apply certain assumptions. Assessments and assumptions affect the income statement, balance sheet and notes. Actual results may differ from these assessments under different assumptions or under different conditions. Areas where assessments and assumptions have a significant bearing are:

- Impairment testing of goodwill and other assets
- The effect of the Group's financial position in terms of ongoing dispute and valuation of contingent liabilities.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements include the Parent Company Neonet AB (publ) and the subsidiaries Neonet Securities AB (Corp. Reg. No. 556530-4804), Neonet Technology AB (Corp. Reg. No. 556550-4858), Neonet Securities Inc (USA) and Lexit Financial Group Inc (USA), in which the Parent Company owns 100% of the capital and votes. The consolidated balance sheet has been drawn up using the purchase method, which means that the Parent Company's cost for shares in subsidiaries has been offset against the subsidiary's reported equity. Accordingly, consolidated shareholders' equity only includes the part of shareholders' equity in subsidiaries relating to the period after the acquisition. All intra-Group transactions and profits have been fully eliminated.

REVENUE RECOGNITION

Transaction revenues are recognized at the time of completion of the underlying transaction. Revenues from billed-through services are booked in the period in which the service is used. Revenues from Neonet XG are usually of two types: installation revenues (recognized, in part, when the agreement is signed and, in part, when the service is commissioned) and ongoing monthly revenues, recognized in the period in which the service is utilized. All revenues from XG are recognized as other operating revenues. Interest income is recognized in the period in which it is accrued. Neonet offers electronic direct market trading on marketplaces worldwide. Conventional trading via the company's dealer stations is also offered as a complement to this service. However, since in terms of sales, marketing, operation and administration, operations are conducted as a business area with the same risks and opportunities, there is no division of operations in the form of organizational or responsibility-based segments or geographic areas. For the same reason there is no reason to provide a presentation of net revenues by segment.

TRANSLATION OF FOREIGN SUBSIDIARIES' BALANCE SHEETS AND INCOME STATEMENTS

The Parent Company's functional currency is Swedish kronor (SEK). The functional currency for each of the Group's subsidiaries, meaning the currency in which the company normally makes and receives payments, is determined by the primary economic environment in which the company operates. The Group's reporting currency, meaning the currency in which the financial statements are prepared, is Swedish kronor (SEK). Translation of foreign subsidiaries' income statements is based on average monthly exchange rates. Balance sheets are translated at the rate prevailing on the balance sheet date. Currency translation differences arising from the translation of balance sheets are reported directly against equity and, thus, do not impact net earnings. Currency translation differences arising as a result of income statements being translated at average rates while balance sheets are translated at the rate prevailing on the balance sheet date are reported directly in unrestricted shareholders' equity. Currency translation differences arising on intra-Group payments are recognized in the income statement under net earnings from financial transactions.

RECEIVABLES AND LIABILITIES IN FOREIGN CURRENCIES

Receivables and liabilities in foreign currencies are valued at the rate prevailing on the balance sheet date, and impact the result via the income statement. Exchange rate differences on loans to subsidiaries that are viewed as a net investment in foreign companies and are not expected to be repaid are offset against shareholders' equity.

FIXED ASSETS AND DEPRECIATION*System development costs*

The company's electronic trading system is an intangible asset developed in-house. New versions of the company's trading system, which have been acquired but not deployed, will be depreciated from the time of deployment. Impairment testing is carried out at the start of each year until the systems are ready to be deployed. Investments in computer programs that increase the value of Neonet's electronic equity trading offering are carried as intangible assets.

Leasing

Leasing agreements for cars, office equipment, etc. are always operating leases. Neonet has no financial leases.

Depreciation

Equipment is recognized at cost and depreciated over the asset's estimated useful life. In the income statement, operating earnings are reduced by depreciation over the asset's useful life, which is based on the economic life of the assets, using the following percentage rates:

- Electronic trading system, basic platform (intangible asset) 20% (60 months)
- Electronic trading system, other components, and administrative system (intangible asset) 30% (40 months)
- Tangible assets 33-20% (36-60 months)

The basic platform for the electronic trading system was commissioned in June 2004. Since the useful life is assessed to be at least five years, this asset is depreciated over a longer period than other components of the trading system.

Goodwill is the positive difference between the acquisition price and the fair value of the Group's share of the identifiable net assets in the acquired company/business at the acquisition date. Goodwill is tested for impairment annually and recognized at cost less accumu-

lated impairment. Gains and losses in connection with the disposal of companies include the carrying amount of the goodwill attributable to the company divested. The Group has reviewed the economic service life of its intangible fixed assets in accordance with the provisions of IAS 38. This review did not give rise to any adjustments.

DEFINITION OF CASH AND CASH EQUIVALENTS

The term 'cash and cash equivalents' in the cash flow statement refers to cash and loans to credit institutions. Otherwise, the Group's current net cash and cash equivalents comprise the sum of funds deposited with banks, interest-bearing instruments, the difference between contract settlement receivables and liabilities, and receivables from clearing houses and similar institutions, excluding liabilities for temporary settlement and other short-term loans.

PROVISIONS

A provision is recognized where an obligation has been incurred as a result of past events, it is probable it will lead to an outflow of financial resources and a reliable estimate of the amount can be made. Provisions are recognized at the amount equivalent to the best estimate of the payment required to settle the obligation on the balance sheet date.

TAX, INCLUDING DEFERRED TAX

Tax which will be paid or received relating to the current year is recognized in the income statement. Any change in deferred tax assets or liabilities during the year is recognized as deferred tax. Any differences between the taxable and carrying amount of assets and liabilities give rise to deferred tax assets or liabilities. Tax-loss carry-forwards expected to be utilized give rise to deferred tax assets. The Group's deferred tax assets and liabilities have been calculated using a tax rate of 28% for Sweden and the respective countries' tax rates in the case of foreign companies. Deferred tax assets that cannot be offset against deferred tax liabilities are recognized as other assets. Deferred tax liabilities are recognized as provisions.

IMPAIRMENT

Goodwill and other acquisition-related intangible assets are allocated to cash-generating units (CGU) at the level used for follow-up within Neonet. This allocation forms the basis for annual impairment testing. Where there is an indication that an asset or a group of assets has diminished in value, an assessment is made of its carrying amount. Where the carrying amount exceeds the estimated recoverable amount, the carrying amount is immediately impaired to the lower amount. Where goodwill relates to a group of assets for which an impairment loss has been established, the impairment loss is allocated first to goodwill and then to other assets in proportion to their carrying amounts. Previous impairment losses are reversed if there has been a change in the assumptions applied in establishing the asset's recoverable amount at the time of the impairment loss. The reversed amount increases the asset's carrying amount, but not to more than the value the asset would have had (less normal depreciation) if impairment had not been applied. Impairment of goodwill is never reversed. See also Note 9 Impairment testing of goodwill.

EMPLOYEE BENEFITS

In accordance with the company's pension policy, Neonet has only defined contribution plans. Premium expenses are charged to earnings in the respective period.

SHARE-BASED PAYMENTS

IFRS 2 Share-Based Payment deals with share-based payments and, for accounting purposes, divides these into equity-settled and cash-settled payment transactions. IFRS will be applied to plans with a distribution date on or after 7 November 2002 and a vesting date after January 1, 2005. None of Neonet's incentive programs are of the type classified as share-based payments.

FINANCIAL INSTRUMENTS: RECOGNITION AND MEASUREMENT

The Group classifies its financial instruments in the following categories: financial assets valued at fair value via profit and loss, loan receivables and trade receivables. The classification depends on the purpose for which the instruments were acquired. Management determines classification of the instruments on initial recognition and reviews this decision on each reporting occasion.

FINANCIAL ASSETS VALUED AT FAIR VALUE VIA PROFIT AND LOSS

This category has two subcategories: financial assets held for sale and those assigned from the outset to the category 'financial assets valued at fair value via profit and loss.' A financial asset is classified in this category if it is acquired primarily with a view to a short-term sale or if this classification has been determined by Management. Derivative instruments are also categorized as held for sale if they are not identified as hedges. Assets in this category are classified as current assets. The Group's holdings in this category are classified in the balance sheet under "Chargeable treasury bills and bonds and other interest-bearing securities." Derivatives with a positive value are recognized under "Other assets."

LOAN AND TRADE RECEIVABLES

Loan and trade receivables are financial assets that are not derivatives, have defined or definable payments and are not listed on an active market. They are included in current assets, with the exception of items with a due date more than 12 months after the balance sheet date, which are classified as fixed assets. The Group's holdings in this category are classified in the balance sheet under "Contract settlement receivables" and "Other assets."

RECOGNITION OF DERIVATIVE INSTRUMENT

Derivative instruments are recognized in the balance sheet on the contract date and valued at fair value, both initially and on subsequent revaluations. Holdings are recognized gross in the balance sheet under "Other assets" or "Other liabilities." Since the Group does not apply hedge accounting pursuant to IAS 39, any change in the fair value of such instruments is recognized immediately in the income statement on the line "Net earnings from financial transactions."

FINANCIAL LIABILITIES

Financial liabilities are not derivatives. They are set or settable payments and are not listed on a market.

OTHER ACCOUNTING POLICIES

Acquisition and disposal of financial instruments is recognized on the transaction date, meaning the date on which Neonet undertakes to purchase or sell the asset. Financial assets are initially valued at fair value plus transaction costs, with the exception of financial assets valued at fair value via profit and loss, for which attributable transaction costs are recognized in the income statement. Financial instruments are removed from the balance sheet when the entitlement to any cash flow from the instrument has expired or been transferred and Neonet has essentially transferred all the risks and benefits of

ownership. Financial assets valued at fair value via profit and loss are recognized after the date of acquisition at fair value. Loan receivables and trade receivables are recognized at amortized cost less any impairment losses. An impairment loss is posted if there are objective grounds for assuming that the Group will not receive the amount due in accordance with the original terms of the receivable. Provision is then posted that is equivalent to the difference between the asset's carrying amount and the present value of future cash flows, discounted by the original effective interest rate. Fair value of listed investments is based on current purchase prices. If the market for a specific financial asset is not active (and in the case of unlisted securities), the Group establishes the fair value using valuation techniques. Financial liabilities are reported at the accrued acquisition value.

Receivables and liabilities relating to contract settlements settled via clearing houses in each market of which Neonet is an exchange member are offset in the balance sheet. Offsetting is carried out per clearing organization and market. Changes in liabilities relating to temporary cash loans and securities loans are recognized in the balance sheet on a daily basis. The company does not engage in proprietary trading and does not offer securities loans. All interest expenses are recognized in the period in which they are incurred.

PARENT COMPANY

The Parent Company's financial statements have been prepared in accordance with the Swedish Annual Accounts Act and RR 32 Accounting for Legal Entities. The Parent Company applies the same accounting policies as the Group where applicable, with the exception of the areas specified below. The differences in the accounting policies of the Parent Company and the Group arise from restrictions on applying IFRS to the Parent Company as a result of the Swedish Annual Accounts Act, and the option provided in the transitional provisions in RR 32.

GROUP CONTRIBUTIONS

Group contributions paid and received in order to minimize the Group's tax are recognized in the various companies as a decrease or increase in unrestricted equity after adjustment for estimated tax.

NOTE 1 RISK

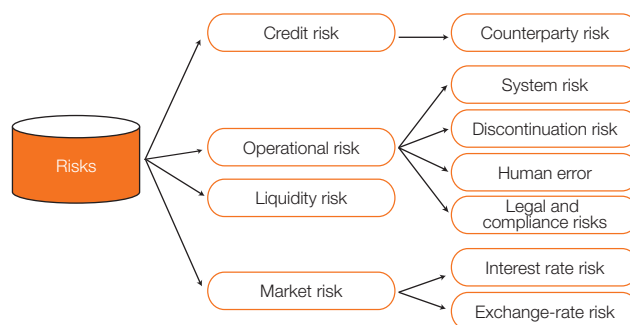
OVERVIEW

Neonet's business had largely the same structure and therefore the same risk components in 2007 as in the preceding year, although trading volumes increased significantly. Neonet's offering has been expanded to include trading on a number of new exchanges. Although the addition of new exchanges has not caused any significant increase in the level of risk, Neonet's generally increased trading volumes have affected the level of risk, primarily for credit risk (counterparty risk) and operational risk. During 2007, more clients began to deploy the Neonet XG system and software. Since Neonet does not act as counterparty with respect to trades executed via Neonet XG, it is not exposed to credit risks (counterparty risks). In principle, this service therefore entails only operational risks. The scope of these risks is controlled wherever possible in the agreements entered into with Neonet XG clients.

During 2007 new capital adequacy regulations came into force, referred to as the Basel II regulations. The new regulations were initiated by the supervisory authorities with a view to improving sensitivity to risk in the system for regulative capital (minimum level of capital in proportion to risks in the business) and to introduce more stringent requirements governing the provision of information on risks, risk management and capital. Already in 2006 Neonet reviewed and evaluated the Group's identified risks. This gave rise to new policies and routines that came into force on February 1, 2007 to match the new regulations.

RISK MANAGEMENT

Like other players in the stock market, Neonet is exposed to various types of risk as a natural part of the business. These risks include credit risk, operational risk, liquidity risk and a very small degree of market risk.



The various types of risk to which Neonet's business is exposed.

Effective management of risk is important for all parties associated with Neonet, such as clients, clearing banks, lenders and shareholders. Neonet's day-to-day risk management is the responsibility of the company's Risk Manager and is conducted in line with policies established by the Board. Neonet's risk management function is independent and reports directly to senior management and the Board. Ultimate responsibility for limiting and monitoring the Group's risks rests with Neonet's Board. The Board has drawn up a written policy for general risk management and for specific areas of risk. The Board has appointed a Risk Evaluation Committee that is responsible for providing the Board with recommendations regarding limits, new clients, changes in risk policies, etc. The Committee comprises the CEO, CFO, Risk Manager, Treasury Manager and Head of Compliance.

CREDIT RISK (COUNTERPARTY RISK)

Neonet's counterparty risk is the risk that one of the Group's clients may be unable to fulfill its undertaking to deliver securities or funds (pre-settlement risk). The actual settlement of trades involves no risk (settlement risk), as all deliveries are made on the principle of DVP (Delivery Versus Payment) or RVP (Receipt Versus Payment). However, Neonet has daily exposure to potential market risks that arise in the phase between the execution of a trade and settlement (that is, the pre-settlement period). This type of risk arises because Neonet acts as representative of its clients during this phase.

In the event of a client failing to complete a transaction, Neonet Group could suffer financial damage. In such cases, it may need to buy or sell securities on the market at a different price than the one applying in the original transaction in order to complete the transaction with the counterparty. The pre-settlement risk in relation to clients is minimized by all Neonet clients being required to undergo a credit check before being approved for trading. A client classification model developed in-house is used to assess counterparty risk. The model is based on a scoring system that evaluates and rates a number of risk factors (financial factors combined with risks specific to the client category). At the beginning of 2007, the company had not identified any client losses.

Neonet has taken out credit insurance with Atradius Credit Insurance NV, assigned a credit rating of A by Standard & Poor's and A2 by Moody's. After an internal credit assessment, Atradius 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, subject to certain conditions, deductibles and limitations per client and per year. The maximum insurance amount and deductible is the same as in 2006.

When Neonet brokers equity trading, this gives rise to a relationship with a counterparty on the exchange on which the trade is executed as well as a relationship with the client. These counterparties are members of stock exchanges and, as such, are subject to the supervision and monitoring of a regulatory body (in Sweden, the Financial Supervisory Authority). Exchanges and central securities depositories (CSDs) also require their members to comply with regulations and minimum capital adequacy requirements.

Counterparty risk in relation to other exchange members is limited in cases where trades are executed on a marketplace in which a clearinghouse assumes the role of central counterparty (CCP). The clearinghouse receives collateral from both buyers and sellers. In addition to the protection provided by clearing, some CSDs have built-in counterparty protection, such as guarantee functions.

At December 31, 2007, the net value of unsettled transactions, according to the regular settlement schedule, was a negative SEK 102 m (positive SEK 100 m at December 31, 2006).

Neonet also has counterparty risk vis-à-vis the institutions in which the company conducts its current investments. The counterpart risk is managed via the company's investment policy, which regulates how large a share that may be invested in bonds issued by individual issuers and requires that the issuer has an approved rating.

OPERATIONAL RISKS, QUALITY ASSURANCE AND REGULATORY COMPLIANCE

The term 'operational risk' covers a broad category of risks that may result in financial loss for Neonet. Operational risk is present in all operations in the organization, in operations outsourced to subcontractors and in all collaborations with external parties. The following are a few typical examples of operational risk:

- System risk: The risk that one of Neonet's systems or electronic communication with clients ceases to function as intended.
- Settlement risk: The risk of a failed or incorrect settlement of equity transactions executed on behalf of a client.
- Human error: The risk of errors caused by the human factor.
- Legal and compliance risks: Legal risks can arise in connection with agreements between Neonet and clearing banks, Neonet's clients and suppliers of miscellaneous services, and between Neonet and its employees.

Successful management of operational risk requires effective internal control and quality assurance, which is best achieved by means of good management and competent personnel. Neonet manages operational risks by continuously improving its internal routines and day-to-day control procedures. Among other methods, Neonet uses an independent external auditor to help 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 clients' order management systems, Neonet aims to achieve the highest possible security levels and applies standards in the form of tried-and-tested data communications solutions, software and generally accepted communications protocols. With a view to limiting the effect of future losses, Neonet has previously adopted a crisis management plan and taken out comprehensive insurance cover for major events.

Neonet's two compliance officers in the two securities brokerage companies manage the regulatory compliance function. The compliance officers ensure that operations are conducted in accordance with applicable laws and regulations, and help to ensure quality, integrity and ethical practices within the business. Neonet's compliance officers are independent and report directly to senior management and the Board. Responsibility for disseminating knowledge of laws and regulations within Neonet rests with the legal/compliance function. Neonet's legal risks are handled by a full-time company lawyer.

LIQUIDITY RISK

Neonet's business model entails undertakings in the settlement of share transactions. Liquidity risk is the risk of Neonet being forced to fulfill its undertakings at a higher cost or, in the worst-case scenario, not being able to fulfill its undertakings at all. Neonet requires a high level of access to working capital in order to provide various forms of collateral. Operations are subject to extensive collateral requirements, mainly from CCPs and clearing banks. In such cases, the liquidity risk is attributable to unforeseen, sharp rises in collateral requirements.

Neonet always endeavors to find optimal solutions for the entire settlement process on the particular stock markets, including methods for ensuring that the collateral requirements described above are met. The Group works with a number of banks, selected on the basis of a number of criteria including service level, data integration possibilities, securities loan facilities and, not least, the solutions that are offered for financing collateral requirements.

Neonet's undertakings require the company to provide collateral in the form of pledged bank deposits. Some of the undertakings that Neonet must fulfill are likely to fluctuate in size, are very difficult to predict and require action the same day. The liquidity risk is therefore mainly related to unforeseen sharp increases in collateral requirements.

The Neonet Group's current cash and cash equivalents comprise the sum of bank balances, short-term investments, unutilized overdraft facilities, the difference between contract settlement receivables and liabilities, and receivables mainly from clearing houses and similar institutions, less liabilities for temporary settlement loans. A daily liquidity report is drawn up describing Neonet's liquidity situation. Neonet has an action plan for the procedure to be followed in the event of a liquidity crisis. Neonet's Treasury Manager is responsible for managing the liquidity risk.

Information regarding the maturities of liabilities, SEK 000

	2007	2006
Payable within one month	961,297	343,947
Payable in one to three months	142	539

Among Neonet's financial liabilities, only currency futures have a longer maturity than one month.

MARKET RISK (INTEREST RISK AND FOREIGN EXCHANGE RISK)

Market risk refers to the risk of losses in the form of reduced market value as a result of price changes relating to interest rates, currencies or equities.

Neonet does not conduct trading on own account or against its own trading portfolio either in the form of trading or as part of efforts to finalize clients' transactions with the company's proprietary shareholdings. Consequently Neonet does not have its own trading portfolio and does not need to gauge and manage the risk of losing money due to changes in holdings of this type.

In accordance with the company's investment policy, Neonet invests a large portion of its cash and cash equivalents in Swedish bonds and treasury bills. Neonet's market risk associated with this investment is limited because the bond portfolio is permitted to have an average duration of no more than 1.5 years. In addition to this restriction on duration, there are also restrictions stating how high a proportion may be invested in bonds issued by a single issuer and that the issuer must have an approved rating in accordance with the investment policy. The risk is measured, monitored and reported on a daily basis.

The current liabilities in Neonet's balance sheets are subject to variable interest rates. Short-term risk exposure is limited, since most of these liabilities are very short term, normally just one or a few days. The fair value of both the financial assets and liabilities is the same as the carrying amount. On the balance sheet date, December 31, 2007, interest-bearing receivables amounted to SEK 744.3m (SEK 269.8 m) and interest-bearing current liabilities to SEK 295.0 m (SEK 171.0 m), with an average interest rate of 3.74% and 4.45% respectively. A sudden parallel shift of 200 basis points would have entailed an impact on earnings of SEK +/-1.4 m.

Neonet is exposed to foreign exchange risk as a result of sales and expenses in foreign currencies. The company regularly uses forward contracts to reduce the foreign exchange risk in major holdings denominated in EUR, GBP, CHF and USD. At the closing

date, December 31, 2007, currency forward contracts amounted to a nominal EUR 11.5 m, GBP 0.6 m, USD 0.4 m and CHF 2.7 m. Neonet's balance sheet item in EUR totaled EUR 14 m. A sudden change of 10% in SEK vis-à-vis EUR would impact earnings by SEK +/-2.4 m.

PARENT COMPANY'S RISK EXPOSURE

The Parent Company's risk exposure corresponds in all essential respects to that of the Group, as described above.

Current assets and current liabilities in foreign currencies

Group as at December 31, 2007

Currency	Rate on balance sheet date SEK/currency	Current assets, in foreign currency (000)	Current liabilities, in foreign currency (000)
AUD	5.6575	1	-
CAD	6.5925	11	-
CHF	5.6985	16,701	15,538
DKK	1.2705	85,472	83,793
EUR	9.4735	59,450	56,975
GBP	12.9050	1,966	2,448
HKD	0.8300	1,749	52
JPY	0.0572	156,065	4,128
NOK	1.1875	105,351	54,855
PLN	2.6300	7	6
SGD	4.4700	29	6
USD	6.4675	7,758	1,758

Earnings in the Group's non-Swedish subsidiaries have been restated using the average rate per month published by the Bank of Sweden (Riksbanken).

CAPITAL STRUCTURE

New capital adequacy regulations (Basel II) came into effect as of February 1, 2007. The company complies with the Swedish Capital Adequacy and Large Exposures Act.

According to the new regulations, the capital base is compared with a computed capital requirement. The capital base consists of shareholders' equity less intangible assets. At December 31, 2007, the Neonet Group's capital base totaled SEK 170 m and the capital requirement was SEK 69 m, leading to a capital adequacy ratio 2.46. (The newly introduced method means that comparisons with the past years are not relevant. According to the former capital adequacy regulations, the capital adequacy ratio was 89% as at December 31, 2006.) Thus, Neonet meets the requirements imposed in the new capital adequacy regulations. The capital base must correspond to at least the sum of the capital requirements for credit risks, market risk and operational risks. Neonet's strategy for capital management is to maintain a capital level that comfortably exceeds the minimum level.

The start-up capital for Neonet Securities AB is SEK 6.8 m. The company applies the same strategy as the Parent Company to maintain the capital requirement. The US subsidiary, Neonet Securities Inc, is subject to the capital adequacy regulations set by the SEC.

Neonet's operations involve daily risks that are measured, monitored and, whenever required, rectified to secure the company's capital and reputation. The manner in which Neonet identifies, monitors and manages these risks represents a core feature of operations.

In connection with the annual business planning process, the executive management and Board set a four-year revenue forecast. The forecast represents the basis for computing the need for future capital as well as capital requirements and capital base. Volume is the parameter in Neonet's operation that affects risks to a greatest degree. The calculation of the capital requirement for each risk is thus based on the forecast volume trend.

In accordance with internal rules, the Board and executive management must be informed if the current or future forecast risks entail that the capital base requirement exceeds the level set by the Board. This applies to both the Group and Neonet Securities AB. In the

event that the capital base requirement approaches the safety level determined by the Board, management must conduct a number of pre-determined actions in a specific order to ensure that the capital requirement is maintained going forward. For more detailed information, refer to www.neonet.se.

In the case of the financial group, Neonet has elected to use the standard method for credit risks (market valuation method) in assessing how much capital is required in relation to the risk assessment. For operational risks, Neonet has selected the base method.

The Group's capital adequacy analysis is presented below.

Capital base **Dec. 31, 2007**

The capital base includes the Board proposals regarding appropriations and treatment of unappropriated earnings.

Shareholders' equity	281,338
Intangible assets	-47,706
Group goodwill	-77,682
Primary capital	155,950

Capital base

Amount for primary capital	155,950
Amount for supplementary capital	14,315
Amounted for extended capital base	-
Deductible items and limit values	-
Total capital base	170,265

Capital requirement

Capital requirement for credit risks according to the standard method	30,277
Capital requirement for risks in the trading portfolio	-
Capital requirement for operational risks	26,617
Capital requirement exchange rate risks	6,842
Capital requirement for settlements risks	5,377
Total minimum capital requirement	69,113

Capital ratio 2.46

Capital requirement by class of exposure according to the standard method

Exposure to sovereign states and central banks (RV 0)	101,175
Institutional exposure	629,014
Risk-weighted amount	303,773
Capital requirement	24,302
Corporate exposure	20,842
Risk-weighted amount	11,998
Capital requirement	960
Other items	62,691
Risk-weighted amount	62,691
Capital requirement	5,015

NOTE 2 TRANSACTION REVENUES

	2007	2006
Commission from securities transactions	661,709	388,370
Total transaction revenues	661,709	388,370

NOTE 3 TRANSACTION EXPENSES

	2007	2006
Other transaction expenses	313,207	161,287
Total transaction expenses	313,207	161,287

The item pertains to variable transaction expenses from exchanges, clearinghouses, central securities depositories, banks and others.

NOTE 4 OTHER OPERATING REVENUES

	2007	2006
Data communication and market data	5,617	4,316
Other revenues	21,718	4,352
Total other operating revenues	27,335	8,668

The item 'Data communication and market data' refers to revenues from billed-through services that form part of Neonet's offering to clients using the electronic trading system. The corresponding expense is reported under 'Other operating expenses'. 'Other operating revenues' include revenues from Neonet XG, billed-through penalty charges for late settlement and certain administrative fees.

Intra-Group transactions

The subsidiary Neonet Technology AB made sales to Neonet Securities AB amounting to SEK 23,969,000 (SEK 14,365,000). Of the sales amount, SEK 22,940,000 has been capitalized as intangible assets. The subsidiary Neonet Securities AB made sales to Neonet Securities Inc of SEK 129,003,000 (SEK 93,626,000). Neonet Securities Inc made sales to Neonet Securities AB of SEK 32,644,000 (SEK 4,847,000). The Parent Company made sales to Neonet Securities Inc of SEK 2,544,000. The amounts are eliminated in the consolidated financial statements.

NOTE 5 OTHER OPERATING EXPENSES

	2007	2006
<i>Group</i>		
Stock exchange and communication expenses	54,059	30,699
Office expenses	11,766	10,489
Sales expenses	3,509	3,238
Supervision and audit	6,071	7,357
Other expenses	8,435	8,099
Total other operating expenses	83,840	59,882

Specification of auditors' fees

	2007	2006
<i>Group</i>		
Audit		
Öhrlings PricewaterhouseCoopers AB	1,274	1,317
PricewaterhouseCoopers Inc	52	-
Rothstein Kass & Company	388	-

Other assignments

Öhrlings PricewaterhouseCoopers AB	402	248
Ernst & Young AB	378	50
S D Daniels & Co Inc	76	-
Total remuneration to auditors	2,570	1,615

*Parent Company***Revision**

Öhrlings PricewaterhouseCoopers AB	503	298
Other assignments		
Ernst & Young AB	112	170
Total remuneration to auditors	615	468

Audit assignments include auditing the annual report and accounting records, and reviewing the corporate governance by the Board and CEO. This category also includes other tasks that fall to the company's auditors and consultancy following observations made during audit work. All other services are categorized as 'Other assignments'.

NOTE 6 PERSONNEL

	2007		2006	
Average number of employees	Number of employees	Of whom, men	Number of employees	Of whom, men
Sweden ¹⁾	96	61	79	59
US	16	13	12	10
Group	112	74	91	69
Number of employees at year-end	Number of employees	Of whom, men	Number of employees	Of whom, men
Sweden ¹⁾	107	66	81	61
US	17	14	12	10
Group	124	80	93	71

¹⁾ Personnel based in Europe outside Sweden are employed in the Swedish subsidiary.

Absence due to illness and health risks in Sweden

Absence due to illness of employees in Sweden was 2% (2%) of total working hours. 28% (0%) of absence due to illness related to continuous periods of more than 60 days.

Absence due to illness as a proportion of ordinary working hours	2007	2006
29 and younger	1%	2%
30 and over	2%	1%
Men	1%	1%
Women	3%	3%
Total	2%	2%

The number of incidents in 2007 was very limited. The primary health risks leading to long-term absence have historically been stress-related illnesses.

Age structure in the Group

	2007	2006
20-29 years	31%	23%
30-34 years	36%	38%
35-44 years	29%	32%
45-60 years	4%	7%
Total	100%	100%

Educational level

	2007	2006
University – finance	39%	32%
University – IT or technical	20%	20%
University – other	24%	29%
Other	17%	19%
Total	100%	100%

Industry experience IT/Finance

	2007	2006
1-5 years	37%	31%
6-10 years	37%	32%
More than 10 years	26%	37%
Total	100%	100%

Period of employment

	2007	2006
Less than 1 year	35%	29%
1-2 years	29%	23%
3-5 years	10%	19%
6-10 years	26%	29%
Total	100%	100%

Senior executives

In 2007, senior executive management comprised of six individuals in addition to the CEO, all of whom were men. The Board of Directors comprised five members, all men.

Remuneration of senior executives

The Chairman and other Directors are paid fees approved by the Annual General Meeting. When determining the distribution of fees, committee work and membership of the boards of subsidiaries are taken into consideration. For the 2006/2007 term of office, Neonet paid out SEK 730,000 in directors' fees in 2007, SEK 170,000 of which to the Chairman. The Chairman received no remuneration apart from this fee. In accordance with a resolution at the 2007 Annual General Meeting, the directors' fees for board and committee work in the 2007/2008 term of office will be SEK 940,000, SEK 395,000 of which was paid in November (SEK 160,000 to the Chairman).

In 2007, the CEO Simon Nathanson was paid SEK 6,112,000, of which SEK 563,000 in pension premiums. Remuneration of the CEO and other senior executives comprises a basic salary, other benefits, pension, plus the possibility of variable performance-based remuneration essentially based on the Group's financial earnings. Variable compensation, like the basic salary, should be in proportion to the executive's responsibility and performance. The Group has only defined contribution pension plans. 'Pension expenses' refers to the expenses charged to net earnings. For more information on pensions, see below.

Salaries, remuneration and social security expenses

	2007			2006		
	Salaries and other remuneration	Pension expenses	Other social security expenses	Salaries and other remuneration	Pension expenses	Other social kostnader
Parent Company	12,371	1,279	4,078	6,316	1,428	2,098
Subsidiaries	88,127	5,258	22,369	64,402	4,309	16,151
Group	100,498	6,537	26,447	70,718	5,737	18,249

Salaries and remuneration for the Board, CEO and other employees

	2007		2006	
	Board and CEO (of which bonuses, etc.)	Other employees	Board and CEO (of which bonuses, etc.)	Other employees
Parent Company	6,261 (3,115)	6,773	5,460 (2,400)	2,836
Subsidiaries				
Sweden	1,209	68,564	1,083	47,006
US	-	18,354	1,617	12,716
Group	7,470	93,691	8,160	62,558

'Other senior executives' refers to the six individuals who, together with the CEO, comprise Group Management. For details of members of Group Management, see page 50.

Terms of notice, severance pay and pensions

For the CEO, a period of notice of six months applies if he resigns and twelve months if the company terminates his employment. There were six other senior executives at year-end. The period of notice on the part of the employee is three or six months. In the event of termination by the company, one senior executive is entitled to lump-sum compensation of twelve months' salary in addition to his salary during the six-month period of notice. The other senior executives are entitled to three monthly salaries. If the executive resigns, no severance pay is payable. Pension premiums amounting to a maximum of 28% of salary costs have been paid in respect of other senior executives.

Stock option programs, financial instruments, etc.

At year-end 2007, there were no stock option programs, financial instruments, etc. in place aimed at senior executives or other employees.

Bonuses and reward programs for employees

The company's sales representatives receive commission-based payment in addition to the basic salary. Remuneration is based on the contribution generated by new and existing clients. Other employees not covered by commission-based salaries are subject to a discretionary allocation program. The program comprises distribution of profits based on earnings before tax. Profit distribution only takes place if the full-year result, minus all other expenses, exceeds a preset threshold value, determined on the basis of the shareholders' entitlement to a satisfactory return. The Remuneration Committee and the Board are the ultimate decision-making bodies with respect to reward programs.

Other employee information

Employee turnover in 2007 was 10% (18%). 'Employee turnover' is defined as the total number of people who have left the company divided by the average number of employees during the year.

Personnel expenses	2007	2006
<i>Group</i>		
Salaries and other remuneration	100,498	70,718
Social security expenses – pensions	6,537	5,737
Social security expenses – other	26,447	18,249
Other personnel expenses	6,319	3,409
Total personnel expenses	139,801	98,113
Personnel expenses reported in acquisition value of intangible assets (development of trading system)		
	18,023	12,199
Personnel expenses in accordance with the income statement		
	121,778	85,914
Total personnel expenses	139,801	98,113

Remuneration and benefits paid to the Board, CEO and other senior executives in 2007

	Basic salary/ Directors' fee	Commission-based salary and other variable remuneration	Other benefit ²⁾	Pension expenses	Benefit in form of financial instruments	Total
Staffan Persson	245	-	-	-	-	245
Hans Karlsson	145	-	-	-	-	145
Nils-Robert Persson	145	-	-	-	-	145
Gerard Versteegh	125	-	-	-	-	125
Thord Wilkne	125	-	-	-	-	125
CEO	2,320	3,115	114	563	-	6,112
Other senior executives ¹⁾	7,080	5,600	92	1,115	-	13,887
Total	10,185	8,715	206	1,678	-	20,784

¹⁾ The management group consisted of six people, in addition to the CEO, during the year.

²⁾ Other benefits refer to company car, etc.

NOTE 7 NET EARNINGS FROM FINANCIAL TRANSACTIONS

	2007	2006
<i>Group</i>		
Currency gain/loss ¹⁾	5,052	-3,656
Value adjustment, currency forwards	-4,265	1,443
Net earnings from financial transactions	787	-2,213

¹⁾ This item covers all currency translation differences that impacted the income statement.

The Group's currency exposure mainly comprises of assets in foreign currencies that have been paid as a deposit for required margin cover or retained for use if required as supplementary collateral for overnight and securities loans. Currency forwards are used on a regular basis to offset the effects of fluctuations in exchange rates.

NOTE 8 INTANGIBLE FIXED ASSETS

	2007	2006
<i>Group</i>		
Electronic trading system and administrative system		
Acquisition value, opening value	184,994	170,240
Acquisitions	23,693	14,754
Scrapping	-	-
Acquisition value, closing balance	208,687	184,994

Amortization, opening balance	-137,291	-116,507
Scrapping	-	-
Amortization	-23,690	-20,784
Accumulated amortization, closing balance	-160,981	-137,291

Closing carrying amount **47,706** 47,703

This item relates to the electronic trading system and administrative system. The fixed assets do not include any ongoing development projects for which amortization has not commenced. See Accounting policies for information on amortization periods. It is estimated that the reported residual value of intangible assets at December 31, 2007 will be amortized by the following amounts (SEK m):

2008	26.8
2009	17.6
2010	2.6
2011	0.7

NOTE 9 IMPAIRMENT TESTING OF GOODWILL

Goodwill is the amount by which cost exceeds the fair value of the Group's share in the net assets of the acquired subsidiary at the acquisition date. Since the Group's goodwill has an indefinite useful life, it is subject to annual impairment testing. This compares the carrying amount with the recoverable amount, which is the higher of the asset's fair value less selling expenses and the value in use. Where impairment testing shows that the carrying amount exceeds the estimated recoverable amount, the carrying amount is immediately

impaired to the lower amount. Because all of Neonet's operations are conducted as an integrated line of business, the cash-generating unit to which goodwill is allocated is the same as the Group as a whole. For the same reason, impairment testing of goodwill has been based on estimated future cash flows in the Group. The calculation used in impairment testing uses as its starting point the estimated future cash flows based on financial forecasts approved by the Board covering a four-year period. The discount rate applied is 14.7%. The impairment test does not reveal any impairment loss requirement for goodwill.

NOTE 10 GOODWILL

	2007	2006
<i>Group</i>		
Acquisition value, opening balance	77,682	77,682
Acquisition value, closing balance	77,682	77,682

An impairment test has been carried out to determine any impairment loss requirement for goodwill. See Note 9.

NOTE 11 TANGIBLE ASSETS

	2007	2006
<i>Group</i>		
Acquisition value, opening balance	45,884	38,640
Acquisitions	13,633	7,399
Disposals	-	-118
Currency translation differences	-383	-37
Acquisition value, closing balance	59,134	45,884
Depreciation, opening balance	-36,624	-32,857
Disposals	-	118
Depreciation	-5,654	-3,885
Currency translation differences	276	-
Accumulated depreciation, closing balance	-42,002	-36,624
Closing carrying amount	17,132	9,260

Parent Company

Acquisition value, opening balance	656	616
Acquisitions	-	40
Acquisition value, closing balance	656	656
Depreciation, opening balance	-598	-567
Depreciation	-24	-31
Accumulated depreciation, closing balance	-622	-598
Closing carrying amount	34	58

NOTE 12 NET INTEREST INCOME

	2007	2006
<i>Group</i>		
Interest income		
Loans to credit institutions	22,590	9,869
Value adjustment, interest-bearing securities	3,329	1,583
Other interest income	266	54
Summa Interest income	26,185	11,506

Interest expense

Liabilities to credit institutions securities and cash loans	-27,648	-15,225
Subordinated liabilities	-	-6,131
Other interest expense	-6,357	-2,743
Total interest expense	-34,005	-24,099
Net interest income	-7,820	-12,593

Parent Company

Interest income

Loans to credit institutions	55	15
Interest income from subsidiaries	5,060	7,426
Net earnings from financial transactions	220	-
Dividends from subsidiaries	60,000	-
Other interest income	4	10
Total interest income	65,339	7,451

Interest expense

Liabilities to credit institutions	-	-
Subordinated liabilities	-	-6,131
Net earnings from financial transactions	-	-304
Other interest expense	-18	-18
Total interest expense	-18	-6,453

Net interest income	65,321	998
----------------------------	---------------	------------

NOTE 13 TAX FOR THE YEAR AND DEFERRED TAX

	2007	2006
<i>Group</i>		
Current tax for the year	-29,018	-1,175
Deferred tax	-10,365	-14,957
Total	-39,383	-16,132

Difference between the Group's tax expense and the tax expense based on current tax rate

<i>Reported earnings before tax</i>	133,842	50,480
Tax in accordance with current tax rate	-40,119	-15,560
Tax effect of deferred tax-loss carry-forwards for foreign subsidiaries	-	-182
Deferred tax on untaxed reserves	-	-2
Deferred tax on internal profits	-239	-171
Tax effect of non-deductible expenses	-406	-253
Tax effect of non-taxable revenues	1,229	85
Effect of foreign tax rates	152	-49
Tax on earnings for the year in accordance with the income statement	-39,383	-16,132

Parent Company

Current tax for the year	4,642	3,570
Total tax for the year	4,642	3,570

Difference between the parent Company's taxes expenses based on current tax rate

<i>Reported earnings before tax</i>	46,542	-12,784
Tax in accordance with current tax rate (28%)	-13,033	3,582
Tax effect of non-deductible expenses for the year	-30	-12
Tax effect of non-taxable revenues	17,705	2
Deferred tax on untaxed reserves	-	-2
Tax on earnings for the year in accordance with the income statement	4,642	3,570

NOTE 14 EARNINGS PER SHARE

	2007	2006
<i>Group</i>		
Earnings after tax	94,459	34,348
Average number of shares		
Before dilution	63,302	51,872
Earnings per share	=1.49	=0.66

NOTE 15 INVESTMENTS AND LOANS

	2007	2006
<i>Group</i>		
Information on investments		
Chargeable treasury bills	101,175	61,275
Bonds and other interest bearing securities	43,604	50,420
Loans to Swedish credit institutions	118,376	49,187
Loans to foreign credit institutions	481,095	108,932
Total investment assets and loans to credit institutions	744,250	269,814
Information on investment and loan maturities		
Payable on demand	658,650	206,514
Remaining time to maturity of max. 3 months ¹⁾	85,600	63,300
	744,250	269,814

¹⁾ This item covers securities that can be immediately disposed of on the money market. The carrying amount of financial instruments is the same as the fair value.

NOTE 16 DEFERRED TAX ASSETS

	2007	2006
<i>Group</i>		
Deferred tax, opening balance	6,088	20,890
Utilized tax loss-carry forward	-5,857	-14,629
Tax loss-carry forward offset against balance sheet	-231	-173
Deferred tax, closing balance	0	6,088
<i>Parent Company</i>		
Deferred tax, opening balance	254	254
Tax loss-carry forward offset against income statement	-254	-
Tax loss-carry forward offset against balance sheet	-	-
Deferred tax, closing balance	0	254

NOTE 17 CONTRACT SETTLEMENT RECEIVABLES, NET

	2007	2006
<i>Group</i>		
Contract settlement receivables	28,918,254	7,710,434
Contract settlement liabilities	-28,488,527	-7,500,168
Total contract settlement receivables, net	429,727	210,266

Refer to the section "Other accounting principles" in the Accounting principles for a description of the offsetting process for contract settlement liabilities.

NOTE 18 OTHER ASSETS

	2007	2006
<i>Group</i>		
Share in tenant-owner association	788	788
Tax asset	1,813	2,862
Funds deposited with clearing houses	2,091	2,007
Receivables from settlement banks	1,478	20,674
Accounts receivable ¹⁾	21,293	12,686
Other receivables	25,843	6,839
Total other assets	53,306	45,855

<i>Parent Company</i>		
Shares in tenant-owners' association	788	788
Other receivables	516	2,705
Total other assets	1,304	3,493

¹⁾ The Group has a disputed account receivable with a nominal value of EUR 1.1 m (EUR 1.1 m). No impairment loss of the receivables is deemed necessary.

NOTE 19 CASH FLOW

The term 'cash and cash equivalents' refers to cash and loans to credit institutions.

1) Cash flow attributable to settlement of securities trades varies significantly, depending on the settlement positions on the balance sheet date.

2) The Group's holding of current net cash and cash equivalents, adjusted for items attributable to settlement of clients' equity trades (that is, contract settlement receivables, securities loans, short-term settlement loans and collateral with clearing houses) was SEK 372.9 m (SEK 209.6 m at the beginning of the year).

NOTE 20 LIABILITIES TO CREDIT INSTITUTIONS

	2007	2006
<i>Group</i>		
Lender categories		
Swedish credit institutions	50,690	22,000
Non-Swedish credit institutions	244,339	149,027
Total liabilities to credit institutions	295,029	171,027
Maturities of liabilities		
Payable on demand	295,209	171,027
Total	295,209	171,027

NOTE 21 OTHER LIABILITIES

	2007	2006
<i>Group</i>		
Accounts payable	15,328	17,377
Tax liability	17,126	5,787
Fair value, currency forward contracts ¹⁾	126	539
Other liabilities	18,403	6,830
Total other liabilities	50,983	30,533

¹⁾ On the closing date, December 31, 2007, currency forward contracts amounted to a nominal EUR 11.5 m, GBP 0.6 m, USD, 0.4 m, and CHF 2.7 m.

NOTE 22 ACCRUED EXPENSES AND DEFERRED INCOME

	2007	2006
<i>Group</i>		
Transaction expenses	18,009	10,815
Data communication and exchange information	3,283	973
Interest expense	1,059	0
Social security expenses	10,673	4,959
Vacation pay and bonuses	39,602	19,723
Other personnel expenses	2,552	1,073
Other accrued expenses	8,977	5,422
Deferred income	18	536
Total accrued expenses and deferred income	84,173	43,501
<i>Parent Company</i>		
Directors' fee	232	139
Social security expenses	1,650	389
Vacation pay	639	603
Personnel expenses	4,668	900
Other accrued expenses	748	559
Total accrued expenses and deferred income	7,937	2,590

NOTE 23 SHARE CAPITAL TREND

	Increase in number of shares	Total number of shares	Change in share capital SEK	Total share capital SEK
Opening balance, 2006	-	50,590,014	-	2,529,501
2006 New share subscription ¹⁾	4,922,132	55,512,146	246,107	2,775,608
2007 New share subscription ¹⁾	9,553,968	65,066,114	477,698	3,253,306

1) New share issue through exercise of warrants. The par value is SEK 0.05.

NOTE 26 SHARES IN SUBSIDIARIES

Company	Registered office	Corp. reg. no.	Number of shares	Participation	Book value
Neonet Securities AB	Stockholm	556530-4804	480,000	100%	168,939
Neonet Technology AB	Stockholm	556550-4858	2,300	100%	3,800
Neonet Securities Inc	New Jersey, USA		300	100%	25,522
Lexit Financial Group Inc	Delaware, USA		100	100%	0
<i>Subsidiary of Lexit Financial Group Inc:</i>					
Lexit Capital LLC	New Jersey, USA				
Total carrying amount					198,261

	2007	2006
Acquisitions		
Acquisition value, opening balance	163,261	163,261
Conditional shareholder contribution to Neonet Securities AB	35,000	-
Acquisition value, closing balance	198,261	163,261

NOTE 24 SPLEDGED ASSETS AND CONTINGENT LIABILITIES

	2007	2006
<i>Group</i>		
Pledge assets		
Blocked funds included in contract settlement receivables ¹⁾	295,029	171,027
Blocked funds in investment and loans ¹⁾	825,008	244,154
Floating charges	15,000	15,000
<i>Parent Company</i>		
Contingent liability		
Guarantee commitment on behalf of subsidiaries ²⁾	3,550,756	4,845,607
Subsidiary guarantee ³⁾	2,587	2,749

1) The Group invests a large proportion of its liquidity in interest-bearing instruments, preferably in Swedish treasury bills and bonds, which are placed in deposits pledged in favor of the banks assigned to handle settlement and which represent Neonet vis-à-vis the clearinghouses. Claims on pledges arise as a result of claims from exchanges, central securities depositories and clearinghouses, and as additional collateral for temporary loans to bridge client settlement delays. Of the total amount of SEK 1,120,037,000 at December 31, 2007 (SEK 415,181,000 at December 31, 2006), the banks' total claims on Neonet were SEK 1,082,549,000 (SEK 305,680,000).

2) Guarantees have been granted on behalf of the subsidiaries Neonet Securities AB and Neonet Securities Inc. relating to commitments linked to the execution and settlement of securities trades on behalf of clients. The value of the guarantees has been calculated as the net value of all the outstanding purchase and sale transactions within each of the share types in question relevant to the guarantees. See Note 17, for information on the total gross value of the Group's total outstanding securities trades.

3) A guarantee has been issued on behalf of the subsidiary Neonet Securities Inc. Under the guarantee, the Parent Company undertakes to contribute up to USD 0.4 m if required to bolster the subsidiary's liquidity.

NOTE 25 APPROPRIATIONS

	2007	2006
<i>Parent Company</i>		
Difference between book depreciation and depreciation according to plan	16	-7
Total appropriations	16	-7

NOTE 27 RECEIVABLES FROM SUBSIDIARIES

Receivables from subsidiaries include a subordinated loan of USD 1.55 m to the subsidiary Neonet Securities Inc. The Parent Company's ability to call in the loan for repayment is limited due to the structure of the loan.

NOTE 28 RENTAL AND MAJOR LEASE COMMITMENTS

Rental expenses for the year totaled SEK 5,624,000, compared with SEK 4,521,000 in the preceding year.

Contracted future rental expenses	
2008	6,051
2009	6,120
2010	6,120
2011	5,332
2012	4,888
Total	28,511

Operational leasing relating to cars, office equipment and so forth are reported under "Operating expenses."

NOTE 29 TRANSACTIONS WITH RELATED PARTIES

Apart from the transaction described in Note 6, none of the Board members, the senior executives or the company's auditors, either on their own behalf or through companies or related parties, have participated directly in any business transactions conducted by the company that were unusual in nature or in respect of their terms and conditions during the current or any previous fiscal year.

NOTE 30 TRANSFER OF VALUE TO SHAREHOLDERS

Based on the Group's financial position, earnings trend and anticipated growth, the Board and President plan to propose that the Annual General Meeting approves redemption of the company's shares. The redemption procedure entail that each existing share be split into three shares (referred to as a 3-to-1 share split). The two new shares are referred to as redemption shares Series 1 and Series 2. In June 2008, the Series 1 redemption shares will be automatically redeemed in return for a cash price SEK 1.00. The Series 2 redemption shares will be automatically redeemed in return for a debenture certificate of SEK 1.10. The debenture loan will extend for one year from the issue date, which is expected to be completed in June 2008. The debenture loan will not carry interest. The company will have the opportunity to request redemption of the loan at an earlier date than the due date.

The proposal means that SEK 136.6 m will be transferred to shareholders. The proposed value transfer represents a divergence from Neonet's established dividend policy.

NOTE 31 EVENTS AFTER THE BALANCE SHEET DATE

The company's Board has set new long-term financial objectives for the period 2008-2010. The new targets entail that, no later than 2010, Neonet shall at least double its operating revenues and attain earnings (EBT) of some SEK 400 m.

Neonet has launched trading on the Australian Eurex stock and derivatives exchange.

The Board of Directors and CEO hereby assure that the consolidated financial statements have been prepared in accordance with the international accounting standards IFRS, as adopted by the EU, and provide an accurate impression of the Group's position and earnings. The Annual Report has been drawn up in accordance with generally accepted accounting practices and provides an accurate impression of the Parent Company's position and earnings.

The Board of Directors' Report for the Group and Parent Company provides a fair and just overview of the development of the operations, position and earnings of the Group and Parent Company and describes significant risks and uncertainty factors facing the Parent Company and the companies include in the Group.

The income statement and balance sheet are subject to ratification by the Annual General Meeting on April 21, 2008.

Stockholm, March 3, 2008

Simon Nathanson
CEO

Staffan Persson
Board Member

Hans Karlsson
Board Member

Nils-Robert Persson
Board Member

Thord Wilkne
Board Member

Gerard Versteegh
Board Member

Our Audit Report was presented on March 3, 2008
Öhrlings PricewaterhouseCoopers AB

Eva Riben
Authorized Public Accountant

AUDIT REPORT

To the Annual General Meeting of Neonet AB (publ)

Corporate registration number 556530-1263

We have audited the annual report, consolidated financial statements and accounting records for 2007, as well as the Board's and President's administration of Neonet AB (publ) during the year (pages 20 - 46). Responsibility for the annual report, administration of the company, and compliance with the Annual Accounts Act in the preparation of the annual report and with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act for Credit Institutions and Securities Companies in the preparation of the consolidated financial statements, rests with the Board and the President.

Our responsibility is to express an opinion on the annual report, consolidated financial statements and administration based on our audit.

The audit has been conducted in accordance with generally acceptable accounting practices in Sweden. This means that we have planned and conducted the audit in a way that enables us to obtain high but not absolute assurance that the annual report and consolidated financial statements are free of material misstatement. An audit involves examining, on a test basis, evidence supporting the amounts and other information in the accounting documents. An audit also involves assessing the accounting policies used and their application by the Board and the Chief Executive Officer, as well as evaluating significant estimates made by the Board and the President in preparing the annual report and consolidated financial statements, and assessing the overall presentation of information in the annual report and consolidated financial statements. As a basis for our opinion concerning discharge from liability, we have 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 President. We have also examined whether any Board member or the President has in any other way acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for the following statements:

The annual report has been prepared in accordance with the Annual Accounts Act and provides a fair presentation of the company's earnings and financial position in accordance with generally accepted accounting principles in Sweden. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and the Annual Accounts Act for Credit Institutions and Securities Companies and provide a fair presentation of the Group's earnings and financial position. The Directors' Report is consistent with the other parts of the annual report and consolidated financial statements.

We recommend that the Annual General Meeting adopt the income statements and balance sheets of the Parent Company and Group, allocate the profit of the Parent Company in accordance with the proposal in the Directors' Report and discharge the Members of the Board and the President from liability for the fiscal year.

Stockholm, March 3, 2008

Öhrlings PricewaterhouseCoopers AB

Eva Riben

Authorized Public Accountant

CORPORATE GOVERNANCE

Application of corporate governance code

Neonet is not subject to the requirements of the Swedish Corporate Governance Code, although the company has been influenced by the Code in some respects. The Committee for Swedish Corporate Governance recently proposed that a revised code apply for all companies listed on OMX Nordic Exchange in Stockholm, effective July 1, 2008.

Annual General Meeting

The Annual General Meeting is Neonet's supreme decision-making body, in which the shareholders can exercise their right to make decisions regarding the company's affairs. The Annual General Meeting was held on April 26, 2007 in Stockholm.

Matters discussed at the Annual General Meeting include the following: presentation and adoption of the annual report; appropriations of the company's profit or loss; consideration of discharge of liability for members of the Board and the CEO; election of Board and auditors, where applicable, the setting of directors' and auditors' fees; and other important issues. Pursuant to the company's Articles of Association, the Annual General Meeting must be held in Stockholm within six months of the end of each fiscal year (January 1–December 31).

Notice of the Annual General Meeting or of extraordinary general meetings convened to discuss amendments to the Articles of Association must be made no earlier than six weeks and no later than four weeks before the meeting. Notice of other extraordinary general meetings must be made no earlier than six weeks and no later than two weeks before the meeting.

The Annual General Meeting in 2007 was attended by 42 shareholders representing 37.3% of the share capital and votes in the company.

Information concerning the 2008 Annual General Meeting, which will be held on April 21, was presented briefly in the 2007 year-end report and is also shown on page 54.

Nominating Committee

The procedure for nominating Board members is effected on the basis of the major shareholders appointing the Chairman of the Board and two further representatives as a Nominating Committee at the end of each year. The representatives work under the leadership of the Committee chairman to draw up a proposal for the composition of the Board, which is submitted to and voted on at the Annual General Meeting. The Committee prior to the 2007 Annual General Meeting comprised Hans Karlsson (Chairman), Staffan Persson and Peter Lindell, as disclosed during the fourth quarter of 2006. The Nominating Committee convened once prior to the 2007 Annual General Meeting. The Nominating Committee for the 2008 Annual General Meeting comprises Hans Karlsson (chairman), Staffan Persson and Peter Lindell, as disclosed in the fourth quarter of 2007. No separate remuneration has been paid to the members of the Nominating Committee.

Work of the Board

General information

Five members were appointed at the 2007 Annual General Meeting. A presentation of the Board members appears on page 51. The CEO is not a member of the Board. Other company officials participate in Board meetings to present reports and keep minutes. The Board held 10 minuted-meetings in 2007, one being the inaugural meeting of the new board, and three meetings being held by correspondence. The Board also held one longer meeting to discuss company strategy.

Board meetings follow a pre-approved agenda. Agendas and background material are distributed to the members before each Board meeting. The Board takes decisions following an open discussion led by the Chairman. No differences of opinion on any issue requiring a decision were minuted in 2007.

Attendance at ordinary board meetings

	070205	070306	070426 (+inaugural.)	070822 (two)	071211
Staffan Persson	•	•	•	•	•
Hans Karlsson	•	•	•	•	•
Nils-Robert Persson	•	•	•	•	•
Gerard Versteegh	•	•	•	•	•
Thord Wilkne	•	•	•	•	•

• = present

Governance and reporting principles

The Board of Directors applies a set of procedural rules and guidelines regarding the division of responsibilities between the Board and the CEO, and instructions relating to the structure and content of Board meetings. These basic documents are reviewed annually. The Board's procedural rules and guidelines regulate the work of the Board and address the following areas:

- Meetings: inaugural board meeting, meeting frequency over the year, conditions for extra meetings, procedures for setting time of meeting, and notice of meeting
- Reporting list: compilation and distribution
- Matters to be dealt with at ordinary/inaugural Board meetings
- Procedures for submitting ongoing reports and other information to the Board and auditors
- Division of responsibilities between Board and CEO
- Quorum and attendance
- Minute-taking procedures
- Disqualification and other issues.

The CEO also complies with instructions regulating obligations and competences governing Neonet's operating activities. The CEO provides Board members with a written report once a month. Among other matters, this report contains information on the Group's operations and business status, earnings for the last month, comments on deviations from budget and an update on the staff situation.

Evaluation of work of the Board

The Chairman of the Board initiates an evaluation based on forms and discussions with individuals. The evaluation is compiled, reported to and discussed with the Board as a whole. The outcome of the evaluation is then reported to the Nominating Committee.

Remuneration Committee

The Remuneration Committee, which comprises Board members Nils-Robert Persson (Chairman) and Staffan Persson, has an advisory role. Its task, on behalf of the Board, is to address issues concerning remuneration of the CEO and other senior executives, including remuneration policy, principles for setting salary levels, and other conditions of employment, as well as issues concerning incentive schemes for the management and employees. The Remuneration Committee assists the Board on relevant issues and reports its observations, recommendations and proposals for measures and decisions to the Board. The Board has adopted specific instructions for the work of the Remuneration Committee, describing such matters as the composition of the Committee, meeting procedures, minute-taking, reporting and duties. The Remuneration Committee shall comprise two Board members appointed by the Neonet Board. The Committee shall appoint a chairman from among its members.

In 2007, the Remuneration Committee submitted recommendations to the Board on the principles to be applied to remuneration of senior executives and other employees. The recommendations covered variable remuneration, salaries and other remuneration for senior executives. The Remuneration Committee has also proposed a set of criteria for the determination of bonuses.

The Board has discussed the Committee's proposals and has taken decisions based on these. The Board has determined remuneration for the CEO for the 2007 fiscal year. Remuneration of other senior executives has been proposed by the CEO and determined by the Remuneration Committee. The Remuneration Committee met three times in 2007. A fee of SEK 20,000 per person per year was paid to members of the Remuneration Committee in 2006.

See Note 6, for additional information on remuneration of the Board and other senior executives.

Audit Committee and communication with auditors

The Board decided to abolish the previously established audit committee and instead handle any accounting and audit issues within the entire Board.

On one occasion during 2007, Neonet's auditors reported personally their observations arising from auditing and their assessment of the Group's internal controls. This meeting took place without the presence of company management.

Internal control

The Board monitors the independence and objectivity of the external auditors in relation to the company by, for example, keeping itself informed of their relationship to the company and management.

Accordingly, the Board must participate in and issue guidelines for the procurement of non-audit-related consultancy services provided by the company for which the auditors work. The Board must then monitor the provision of these services with a view to ensuring the independence and objectivity of the external auditors.

The Board also reviews Neonet's internal control in terms of book-keeping, asset management and the company's financial circumstances in general. The Board discusses with company management and the external auditors the items in Neonet's annual and interim reports that have been the subject of significant judgments and valuations in preparing the report.

The Board discusses and follows up with the external auditors and company management assessments of risks, risk management and significant exposure to financial risk. The Board also follows up the measures that company management has taken or intends to take to limit, monitor or control exposure to risk.

Neonet also uses the services of an external independent auditor to ensure that any shortcomings in internal routines are identified.

REFER TO NOTE 1 FOR MORE DETAILED INFORMATION ON NEONET'S OPERATIONAL RISKS AND QUALITY ASSURANCE.

Auditor

PricewaterhouseCoopers AB is the accounting firm appointed by the Annual General Meeting of Neonet AB and Eva Riben has been the Authorized Public Accountant and the auditor-in-charge at Neonet since 2004. PricewaterhouseCoopers AB was appointed for a period of four years at the Annual General Meeting in 2007.

PricewaterhouseCoopers is also the auditor for the operating subsidiaries in Sweden, while Rothstein Kass & Company is the auditor of Neonet's US subsidiaries.

In addition to audit engagements relating to auditing of quarterly and annual reports, bookkeeping, and the Board and CEO's administration, PricewaterhouseCoopers also performed other assignments. These comprised an independent examination of the business of the subsidiary Neonet Securities AB.

See Note 5 for information on auditors' fees.



From left: Peter Johansson, Gustaf Frisk, Simon Nathanson, Carina Roosmark, Patrik Westerberg and Per Andersson.

MANAGEMENT

SIMON NATHANSON, BORN 1960

President and Chief Executive Officer. Graduate in Economics. Simon Nathanson was formerly Executive Vice President of the Stockholm Stock Exchange, President of the Derivatives Exchange OM Stockholm, and President of the OM Fixed Income Exchange. Employed by Neonet since March 2004. External board positions: member of the board of the Swedish Securities Dealers Association. Neonet AB shareholding*: 763,488 shares.

PER ANDERSSON, BORN 1963

Global Head of Sales. M.Sc. Engineering. Per Andersson was previously Global Head of Sales at Orc Software and International Head of Sales for member applications at OMX. Employed by Neonet since October 2006. External board positions: none. Neonet AB shareholding* (including family members): 225,000 shares.

GUSTAF FRISK, BORN 1972

General Counsel. Master of Laws in Banking and Finance Law. Gustaf Frisk was previously legal counsel at the Stockholm Stock Exchange. Employed by Neonet since February 2005. External board positions: none. Neonet AB shareholding*: 183,000 shares.

PETER JOHANSSON, BORN 1971

Head of Trading. Graduate in Economics. Peter Johansson was formerly pan-European Sales Trader with HSBC Investment Bank in London and Stockholm. Employed by Neonet since January 2000. External board positions: none. Neonet AB shareholding* (including family members): 126 600 shares.

CARINA ROOSMARK, BORN 1964

Head of Clearing & Settlement. Carina Roosmark was formerly Head of Back Office at HSBC Investment Banks' Stockholm office, and has also worked in back office positions at Alfred Berg Fondkommission AB and Svenska Handelsbanken AB. Employed by Neonet since October 2000. External board positions: none. Neonet AB shareholding*: 80,000 shares.

PATRIK WESTERBERG, BORN 1972

Chief Product and IT Officer and President of the subsidiary Neonet Technology AB. M.Sc. Business and Economics. Patrik Westerberg was formerly Business Analyst at OMX. Employed by Neonet since August 2001. External board positions: none. Neonet AB shareholding*: 32,000 shares.

BOARD AND AUDITOR

STAFFAN PERSSON, BORN 1956

Chairman; Board member since 1996.
Graduate in Economics.
Main occupation: Senior Partner of the venture capital company ITP.
Other board positions: board member of companies including Accelerator i Linköping AB, ARK Travel AB, Klar Invest AB, Lexington Company AB, Pyr Invest AB and Rite Internet Ventures AB.
Neonet AB shareholding (incl. family members and companies): 11,190,032 shares.

HANS KARLSSON, BORN 1950

Board member since 1996.
M.Sc. Engineering.
Other board positions: none.
Neonet AB shareholding (incl. family members): 1,678,353 shares.

NILS-ROBERT PERSSON, BORN 1956

Board member since 2005.
M.Sc. Engineering.
Main occupation: active in Cinnober Financial Technology.
Other board positions: Chairman of the board of Triona AB and board member of Cinnober, Financial Technology AB and of Zaramant Fonder AB
Neonet AB shareholding (including companies): 170,000 shares.

GERARD VERSTEEGH, BORN 1960

Board member since 2005.
M.Sc. Business and Economics.
Main occupation: working chairman of Commercial Estates Group Limited and chairman/member of the board of a number of related companies.
Other board positions: board member of companies including ALM Equity AB.
Neonet AB shareholding: 1,132,284 shares.

THORD WILKNE, BORN 1943

Board member since 2000.
Other board positions: board member of companies including the Confederation of Swedish Enterprises, Grant Thornton Sweden AB, Intellecta AB, RejlerGroup AB, Temagruppen Sverige AB. Thord Wilkne is one of the founders of WM-data AB.
Neonet AB shareholding (including wife's shareholding): 800,000 shares.

AUDITOR

PricewaterhouseCoopers AB is the auditing firm appointed by the Annual General Meeting of Neonet AB and Eva Riben is the Authorized Public Accountant as auditor-in-charge. Eva Riben has been the auditor for Neonet AB since 2004. PricewaterhouseCoopers AB is appointed for a period of four years and the current term started at the beginning of 2007.

*Ownership i Neonet as of December 31, 2007

*Innehav i Neonet AB per den 31 december 2007

DEFINITIONS AND GLOSSARY

ALGORITHMS

Software used in securities trading. The software conducts purchases in line with the set instructions of the user based on such parameters as the price of the security and volume. In brief, algorithms automatically perform tasks that were historically performed by traders.

PROPORTION OF RISK-BEARING CAPITAL

The sum of shareholders' equity and deferred tax liabilities divided by the balance sheet total.

RETURN ON SHAREHOLDERS' EQUITY AFTER TAX

Net earnings for the year as a percentage of average shareholders' equity for the period.

RETURN ON CAPITAL EMPLOYED

Net earnings for the year after net financial items plus interest expenses, in relation to average capital employed.

RETURN ON CAPITAL EMPLOYED BEFORE TAX

Earnings before tax in relation to average capital employed.

SETTLEMENT

The process by which buyers of securities pay for and receive securities, while sellers deliver securities and receive payment. Contract notes are issued and the share register is updated.

CENTRAL COUNTER-PARTY CLEARING

A central clearing house guarantees the execution of transactions and thus becomes a counterparty, taking on the role as new buyer for the seller and new seller for the buyer. Also known as CCP.

CSD

Central securities depository.

CLEARING

A process that compiles and offsets transactions in the exchange of shares and payment.

DIRECT MARKET ACCESS

The option for clients to send orders electronically by means of order routing to a marketplace via a broker's network and systems without manual intervention from a trading desk. The client does not need to be a member of the exchange as trading takes place in the broker's name.

EBITDA

Earnings before net financial items, depreciation and tax.

SHAREHOLDERS' EQUITY PER SHARE

Closing shareholders' equity divided by the number of shares at year-end.

FINRA

Financial Industry Regulatory Authority. Previously called NASD; National Association of Securities Dealers. The US equivalent to Swedish Securities Dealers Association.

FIX-COMPATIBLE

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

FIX PROTOCOL

Financial Information eXchange protocol (FIX) is a messaging standard developed specifically for electronic transfer of securities transactions.

AVERAGE NUMBER OF EMPLOYEES

Average number of employees during the year, calculated as full-year employees.

AVERAGE CAPITAL EMPLOYED

Average balance sheet total less average noninterest-bearing liabilities including deferred tax liabilities.

TRADING APPLICATION

The software installed at the client. This includes a user interface and software to permit information to be received and orders to be dispatched via Neonet's central trading platform to each marketplace.

CAPITAL ADEQUACY RATIO

Total capital base divided by the total risk-weighted amount relating to capital requirements for credit and market risk (FFFS 2006:1).

CASH FLOW PER SHARE

Cash flow for the year in relation to number of shares.

NET CURRENT CASH AND CASH EQUIVALENTS

Total of bank deposits, interest-bearing instruments, net contract settlement receivables and liabilities, and receivables from clearing houses and similar institutions, excluding liabilities for temporary settlement and other short-term loans.

LIQUIDITY

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

MIFID

Markets in Financial Instruments Directive. An EU Directive introduced into EU legislation in 2007, aimed at raising investor protection and harmonizing the EU securities market.

NASD

Refer to FINRA.

PROFIT MARGIN AFTER TAX

Earnings after tax as a percentage of total operating revenues.

PERSONNEL TURNOVER

Total number of people who gave notice during the year divided by the average number of employees during the year.

EARNINGS PER SHARE

Earnings after tax in relation to the average number of shares in the period.

INTEREST COVER

Earnings before tax plus interest expenses divided by interest expense.

OPERATING REVENUES

Transaction revenues and other operating revenues.

OPERATING MARGIN

Operating earnings before net financial items and depreciation as a percentage of total operating revenues.

SEC

Securities and Exchange Commission, a US regulatory body.

SETTLEMENT

The process by which buyers of securities pay for and receive securities, while sellers deliver securities and receive payment. Contract notes are issued and the share register is updated.

SIPC

Securities Investor Protection Corporation.

DEBT/EQUITY RATIO

Closing interest-bearing provisions and liabilities in relation to closing shareholders' equity.

EQUITY/ASSETS RATIO

Closing shareholders' equity as a percentage of closing balance sheet total.

TRANSACTION EXPENSES

Commission expenses and other operating expenses directly related to transactions and earnings on the particular exchanges.

UNDERLYING CASH FLOW

Underlying cash flow comprises the total of

- cash flow from operating activities excluding net interest income/expense and change in assets and liabilities
- cash flow from investing activities excluding acquisitions/disposals of short-term investment assets and operations.

DIVIDEND PER SHARE

Proposed dividend in relation to the number of shares.

PROFIT MARGIN BEFORE NET FINANCIAL ITEMS AND TAX

Earnings before net financial items and tax as a percentage of total operating revenues.

PROFIT MARGIN

Earnings before tax as a percentage of total operating revenues.

ANNUAL GENERAL MEETING

Time and Place:

The Annual General Meeting (AGM) will be held at 4.30 p.m. on 21 April, 2008 at Salénhuset aula, Norrlandsgatan 15, Stockholm. Notice to attend will be published in Post och Inrikes Tidningar and the newspaper Dagens Industri, and will be available on Neonet's website www.neonet.se no later than 24 March, 2007.

Shareholders who wish to attend the AGM must:

be registered in the share register maintained by VPC AB no later than 15 April, 2008, and notify the company of their intention to attend the AGM no later than 4 p.m. on 15 April, 2008.

Shareholders whose shareholding is registered in the name of a trustee must, in order to have the right to attend the AGM, temporarily re-register their shares in their own name. Shareholders who require such re-registration should notify their trustee well in advance of 15 April, 2008, when the re-registration must have been completed.

Registration

Shareholders must notify the company of their intention to attend the AGM in writing:
by fax: +46 (0)8 10 40 84
by e-mail: investor.relations@neonet.se, or
by post to Neonet AB (publ), "AGM registration," Box 7545, SE-103 93 Stockholm, Sweden.

When registering, shareholders shall state their name, personal or corporate identity number, address, telephone number, shareholding and details of any attending advisors.

FINANCIAL CALENDAR 2008

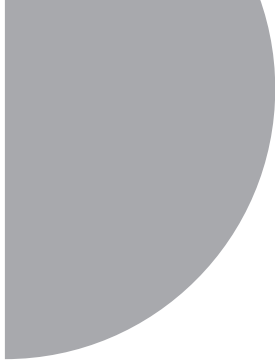
Annual General Meeting: April 21, 2008. Salénhusets aula, Norrlandsgatan 15, 4.30 p.m.

First Quarter Interim Report 2008: April 21, 2008

Second Quarter Interim Report 2008: July 21, 2008

Third Quarter Interim Report 2008: October 21, 2008

Year-End Report 2008: January 28, 2009



Neonet AB (publ)
Kungsgatan 33
P.O. BOX 7545
SE-103 93 Stockholm
Sweden
Tel +46 8-454 15 00
www.neonet.se

Neonet[®]