



NeoNet's Interim Report, January 1– March 31, 2007

April 26, 2007

The First Quarter in Summary

- Operating revenues increased by 69 percent to SEK 150.3 m (89.0)
- Operating earnings before depreciation and net financial items (EBITDA) increased by 110 percent to SEK 40.9 m (19.5)
- Earnings before tax were SEK 33.3 m (10.9)
- Earnings after tax were SEK 23.2 m (7.5)
- Earnings per share before dilution were SEK 0.39 (0.15)
- Underlying cash flow was strengthened and amounted to SEK 27.5 m (14.6)

Significant Events

- Record high equity trading
- NeoNet launched trading in Asia
- After the end of the reporting period, NeoNet extended its trading offering with Citi's algorithmic trading suite

NeoNet in the First Quarter

NeoNet has made a very strong start to 2007 and is reporting its highest-ever revenues, operating earnings, earnings before tax and operating margin. Revenues increased by 69 percent compared with the first quarter of 2006. Operating earnings increased by 110 percent and earnings before tax by 206 percent compared with the first quarter of 2006. The operating margin was 28 percent.

The increase in revenues relates to higher trading volumes among new and existing clients, additional exchanges being connected and a more extensive offering of advanced services being well received. NeoNet's scalable business model and economies of scale in its technical platform and system meant that revenues (+69 percent) increased at a faster rate than costs (+40 percent), thus improving the margin.

During the first quarter NeoNet expanded its offering by linking up to the Jasdag, Osaka and Tokyo exchanges in Japan. This means that NeoNet now offers trading on 23 exchanges in Europe, North America and Asia, providing its clients with access to global trading round the clock.

NeoNet's XG system and software services build on NeoNet's strong offering for global trading. Among others the service is used by Citi, the world's largest investment bank, and Handelsbanken, one of the largest banks in the Nordic region. NeoNet's XG technology combined with its broker services enable clients to handle all their trading via NeoNet.

Market

The volumes traded on exchanges worldwide have increased significantly in recent years. This is due to both economic conditions and structural changes such as increased globalization, regulatory changes and more efficient trading systems.

Trading via NeoNet reached record levels on several occasions during the quarter. Compared with the first quarter of 2006 NeoNet's volumes increased by 66 percent while the level of trading on the underlying markets increased by 24 percent. The fact that NeoNet's volumes are growing faster than the underlying exchanges reflects clients' increased demands for fast and efficient systems, smart trading functions and the increasing number of exchanges on which NeoNet offers trading.

The Nordic markets account for just over 35 percent of NeoNet's trading, with the rest of Europe representing just over 45 percent and marketplaces in North America around 20 percent. The Asian market, which was launched part-way through the quarter, has made a good start and shows good potential for growth.

NeoNet's market shares on several exchanges increased compared with the first quarter of 2006, with clients using NeoNet to access more marketplaces than before. The 100 biggest clients use NeoNet to trade on an average of twelve markets. This shows that institutional investors, hedge funds and banks and broker-dealers see great value in NeoNet's global trading offering. An increasing number have recognized the benefit of fast and secure electronic trading on a large number of exchanges via one player.

The EU Markets in Financial Instruments Directive (MiFID) and the US Regulation National Market System (RegNMS) are playing a part in changing the framework of the financial sector, opening up the sector to new players and increased competition. Among other things MiFID imposes requirements on so-called 'Best Execution'. This means that a trade must be executed in the best way with respect to a number of factors, including price and speed. NeoNet is well positioned to help its clients to meet the demands of MiFID, as the business model is based on direct connection to marketplaces worldwide. In addition, NeoNet trades solely on behalf of clients, which removes the risk of

potential conflicts of interest. Where speed is concerned – handling large volumes without delays – NeoNet's system offers a high level of performance and can handle more than 2,000 transactions a second. The system is also scalable and can be adapted to the relevant workload.

Clients

NeoNet's clients are institutional investors, hedge funds and banks and broker-dealers. During the first quarter hedge funds accounted for 8 percent of transaction revenues, institutional investors for 25 percent and banks and broker-dealers for 67 percent. Notable among new clients are major fund managers wanting to trade electronically on a global scale. These new clients are based primarily in the USA, but also in Europe.

The trend in revenues from clients based in Europe, excluding the Nordic region, remains very positive. These clients have increased both in absolute terms and as a share of total revenues. Clients from other geographical regions are also showing good growth. During the period under review clients in the Nordic region represented one third of revenues and clients in the rest of Europe just under half, with clients in North America accounting for the remainder.

Offering and Product Development

A new version of NeoNet's trading system was launched during the first quarter of 2007. New functionality includes functions for handling other providers' algorithms. After the end of the reporting period, NeoNet has extended its trading offering with Citi's algorithmic trading suite. A standardized solution has also been developed for so-called white labeling of NeoNet's trading application. This means that clients who buy NeoNet's XG service can tailor the application, for example with their own graphic profile.

During the quarter under review NeoNet added trading opportunities on the Jasdaq, Osaka and Tokyo exchanges in Japan. New exchanges are being added on an ongoing basis.

Revenues

Operating revenues increased by 69 percent during the quarter to SEK 150.3 m (89.0).

Transaction revenues, which comprise brokerage commission fees for executed client transactions, increased by 66 percent to SEK 145.5 m (87.9) for the quarter.

The increase in revenues is due to higher trading volumes among new and existing clients, more exchanges being connected and the focus on increasing the share of advanced services being well received.

Revenues from NeoNet XG are included in Other operating revenues, and amounted to SEK 4.8 m (1.1).

Transaction Margin and Expenses

The high volume growth has resulted in a significant improvement in net transaction revenues in absolute terms.

Net interest income for the quarter was SEK -0.4 m, whereof interest income 4.4 m and interest expense -4.8 m. Net interest income for the first quarter of 2006 was SEK -2.4 m, SEK -1.5 m of which related to interest expenses for long-term financing in the form of a debenture loan of SEK 50.6 m. Since this loan was repaid at the end of December 2006 interest expenses have been limited to securities and cash loans. These loans are raised in the event of delays in delivery or payment of equity transactions with a view to eliminating settlement delays between stock exchange members or with respect to institutional investors. The need for loans is influenced among other things by general trading volumes and the occurrence of business activities in the form of buy-outs, dividends, etc. In comparison with 2006, the Group's net interest income has been negatively affected by the strong volume growth (66 percent) and the general rise in interest rates on the markets where NeoNet is present.

Personnel and other operating expenses for the quarter were SEK - 47.1 m (-33.7). This increase is due to new appointments, rising costs for variable salaries and additional costs of electronic trading support services and new exchange memberships.

Earnings

The Group's earnings before depreciation and net financial items (EBITDA) for the quarter were SEK 40.9 m (19.5), giving an operating margin of 28 percent (22).

Reported earnings after tax for the quarter were SEK 23.2 m (7.5). Earnings per share before dilution were SEK 0.39 (0.15).

(For further details of items in the Income Statement, see pages 4 and 5.)

Cash flow

Underlying cash flow for the quarter was SEK 27.5 m (14.6). The positive trend is a result of the improvement in EBITDA.

(For further details, see the Underlying Cash Flow diagram on page 4. For a summary of the Cash Flow Statement, see page 6.)

Investments

Investments, comprising system development and purchase of hardware, totaled SEK 7.3 m (3.9). Investments represented 5 percent (4 percent) of transaction revenues. The fixed assets do not include any development projects in progress for which depreciation has not yet been started.

Employees

NeoNet has employees and sales representation in Sweden, the USA, the UK, Italy and Germany. The

number of employees in the Group at the end of the period was 107 (93 at the beginning of the year).

During the quarter NeoNet has primarily strengthened its organization within clearing & settlement, brokerage, sales, customer service and IT, which are the areas most directly affected by increasing volumes and number of clients. A communications manager has been recruited, and the legal department further strengthened.

Liquidity and Financial Position

The NeoNet Group's current liquid assets comprise the sum of bank deposits, interest-bearing instruments, the difference between contract settlement receivables and liabilities, and receivables – mainly from clearing houses – less temporary cash and securities loans.

The net amount of these items at March 31 was SEK 255.1 m. The corresponding holding of current liquid assets at the beginning of the year was SEK 216.3 m. The gross liquid assets recognized in the balance sheet were SEK 583.8 m, of which SEK 555.3 m comprised blocked funds, compared with SEK 269.8 m and SEK 242.8 m at the beginning of the year. Fluctuations in the liquid assets recognized in the balance sheet are normal and a consequence of variations in the level of equity transactions not fully settled on the closing day.

At March 31 interest-bearing receivables, mainly in the form of bank deposits, amounted to SEK 583.8 m (406.8) and interest-bearing current liabilities to SEK 805.6 m (117.5). Following repayment of the debenture loan in December 2006 the Group does not have any interest-bearing debts apart from temporary settlement loans.

Consolidated shareholders' equity at the end of the period was SEK 374.0 m (328.8 on January 1, 2007). Equity per share was SEK 6.08 (5.92). The consolidated equity/assets ratio at the end of the first quarter was 22 percent (34).

During the first quarter parties holding series TO5 warrants exercised their option to subscribe for 3,599,007 shares. The amount raised, SEK 21.6 m, was recognized on the closing date as Other receivables and Other injected capital. The new shares had not yet been registered at the end of the period and are not entitled to a dividend in spring 2007. When the new shares have been registered during the second quarter the number of shares will have increased to 65,066,114.

The end of the first quarter also marked the end of the period for registration and payment for exercise of warrants. Registrations for a total of 82,846 warrants were not received by this date and these warrants are therefore now void.

New capital adequacy regulations (Basel II) were introduced on February 1, 2007. Under the new regulations, the capital base is compared with the estimated capital requirement. NeoNet's capital base

amounted to SEK 327.4 m and the capital requirement to SEK 55.5 m, giving a capital adequacy quota of 5.9. NeoNet therefore fulfils the requirement stated in the new capital adequacy regulations. The newly introduced method means that no comparative figures are available. For further information on NeoNet's capital adequacy and risk management see www.neonet.biz.

The Group has a disputed receivable with a nominal value of EUR 1.1 m. The status of the case has not changed since the last report was published.

Outlook

NeoNet has a strong market position within the rapidly growing direct market access segment. The Company's strength lies in access to a large and increasing number of markets, an advanced, high-performance system platform, and a high level of service. These factors, combined with the fact that NeoNet is a neutral player which primarily uses its own exchange memberships, create a highly competitive share-trading service.

NeoNet XG builds on NeoNet's strengths, creating new business opportunities and a stronger and more comprehensive offering. NeoNet's diversification is becoming more evident with the addition of NeoNet XG, increasing trading volumes spread over an ever-greater number of marketplaces, and a client base with a greater geographical spread.

The Group's long-term financial targets involve NeoNet achieving a revenue level of at least SEK 800 m and earnings before tax of at least SEK 200 m by 2010.

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

The Parent Company

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

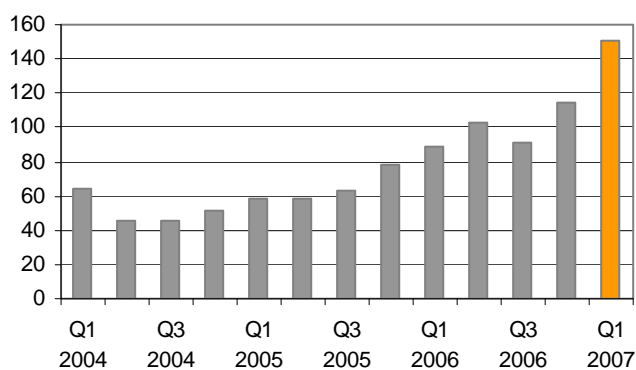
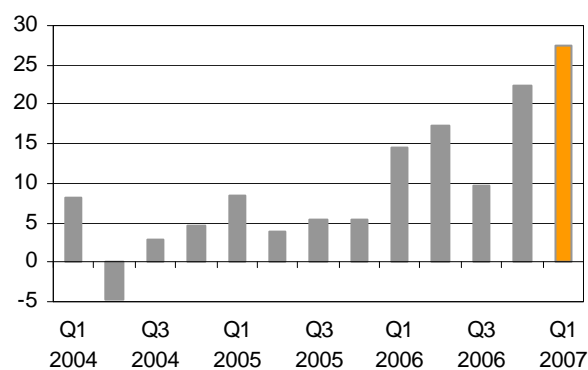
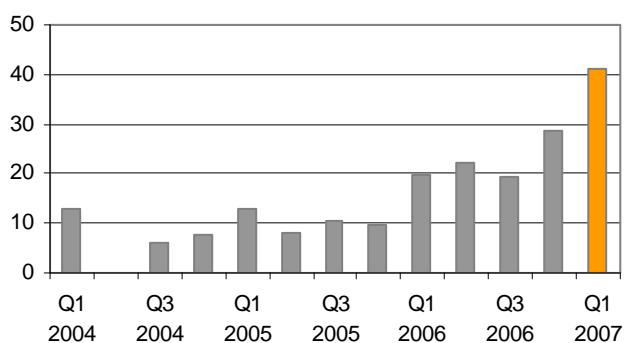
The parent company reported net sales of SEK 0.0 (0.0). Earnings before tax for the quarter were SEK -5.2 m (-3.1).

Equity in the parent company amounted to SEK 297.5 m at the end of the quarter (281.0 at the beginning of the year).

No investments have been made during the year. Liquid assets at March 31 were SEK 0.3 m compared with SEK 21.3 m at the beginning of the year.

FINANCIAL DEVELOPMENT IN SUMMARY

SEK m	3 months Jan.-Mar. 2007	3 months Jan.-Mar. 2006	12 months Apr. 2006- Mar. 2007	12 months Apr. 2005- Mar. 2006	12 months Jan.-Dec. 2006
Income statement					
Transaction revenues	145.5	87.9	446.0	284.2	388.4
Operating revenues	150.3	89.0	458.4	288.9	397.1
Operating earnings before depreciation (EBITDA)	40.9	19.5	111.4	47.8	90.0
Operating margin	28%	22%	25%	17%	23%
Earnings before tax	33.3	10.9	73.0	13.0	50.5
Earnings after tax	23.2	7.5	50.2	30.2	34.4
Underlying cash flow					
from operations (excl net interest income)	34.8	18.5	102.3	45.0	86.0
from investments in system development and hardware	-7.3	-3.9	-25.5	-15.8	-22.1
Total underlying cash flow	27.5	14.6	76.8	29.2	63.9
Current liquid assets, net	255.1	165.3	255.1	165.3	216.3

Operating Revenues, quarterly, SEK m

Underlying Cash Flow, SEK m

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


Underlying cash flow comprises the sum of:

- Cash flow from ongoing operations, excluding net interest income and changes in assets and liabilities of ongoing operations
- Investment activity, excluding acquisition/disposal of financial investments.

A summary of the Cash Flow Statement is found later in the report.

FINANCIAL STATEMENTS IN SUMMARY
Consolidated Income Statement

SEK m	3 months Jan.-Mar. 2007	3 months Jan.-Mar. 2006	12 months Apr. 2006- Mar. 2007	12 months Apr. 2005- Mar. 2006	12 months Jan.-Dec. 2006
Transaction revenues	145.5	87.9	446.0	284.2	388.4
Transaction expenses	-62.3	-35.8	-187.8	-116.0	-161.3
Transaction revenues, net	83.2	52.1	258.2	168.2	227.1
Other operating revenues	4.8	1.1	12.4	4.7	8.7
Other operating expenses	-19.5	-14.4	-65.0	-60.3	-59.9
Personnel expenses	-27.6	-19.3	-94.2	-64.8	-85.9
Net earnings from financial transactions	-0.1	-0.5	-1.7	-0.7	-2.2
Depreciation	-7.1	-5.7	-26.1	-23.8	-24.7
Interest income	4.4	1.9	14.2	6.3	11.5
Interest expenses	-4.8	-4.3	-24.8	-16.6	-24.1
Net interest expense	-0.4	-2.4	-10.6	-10.3	-12.6
Earnings before tax	33.3	10.9	73.0	13.0	50.5
Tax	-10.1	-3.4	-22.8	17.2	-16.1
Earnings after tax	23.2	7.5	50.2	30.2	34.4
Earnings per share before dilution, SEK	0.39	0.15	0.93	0.60	0.66
Earnings per share after dilution, SEK	0.38	0.13	0.89	0.53	0.60
Number of shares, 000	61 467 *	50 598	61 467 *	50 598	55 512
Average number of shares, 000	59 151	50 593	53 982	50 588	51 872
Average number of shares after dilution, 000	61 797	58 587	56 346	57 118	57 661

* During the subscription period in March 2007 warrants were exercised to subscribe for a total of 3,599,007 new shares. The new shares had not been registered as at the end of the quarter. After registration in the second quarter of 2007, the number of shares will be 65,066,114. There are no longer any outstanding warrants as the remaining warrants expired on March 30.

FINANCIAL STATEMENTS IN SUMMARY
Consolidated Balance Sheet

SEK m	Mar 31 2007	Mar 31 2006	Dec 31 2006
ASSETS			
Liquid assets	0.0	0.0	0.0
Chargeable government bonds	62.0	39.2	61.3
Loans to credit institutions	471.2	332.3	158.1
Bonds and other interest-bearing securities	50.6	35.9	50.4
Intangible fixed assets	46.7	52.2	47.7
Goodwill	77.7	77.7	77.7
Tangible fixed assets	10.5	5.5	9.3
Deferred tax asset	-	17.5	6.1
Contract settlement receivables, net	907.6	161.0	210.3
Other assets	65.9	35.4	45.8
Pre-paid expenses and accrued income	7.0	7.2	6.6
Total assets	1 699.2	763.9	673.3
LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY			
Liabilities to credit institutions	805.6	118.4	171.0
Securities loans	419.8	294.5	99.5
Tax liability	2.3	-	-
Other liabilities	51.9	17.5	30.5
Accrued expenses and deferred income	45.6	27.0	43.5
Subordinated debt	-	49.7	-
Shareholders' equity	374.0	256.8	328.8
Total liabilities, provisions and shareholders' equity	1 699.2	763.9	673.3
Memorandum items			
Blocked funds, contract settlement receivables	555.3	393.3	171.0
Other blocked funds	805.6	118.4	245.0
Floating charges	15.0	15.0	15.0

Consolidated Cash Flow Statement

SEK m	Jan.-Mar. 2007	Jan.-Mar. 2006	Jan.-Dec. 2006
Cash flow from ongoing operations, excluding settlement of executed equity transactions	37.7	22.9	91.4
Cash flow from ongoing operations attributable to settlement of executed equity transactions ¹⁾	262.0	204.6	26.7
Cash flow from investment activity ²⁾	-8.1	-3.9	-60.6
Cash flow from financing activity	21.6	0.0	-8.2
Cash flow for the period	313.2	223.6	49.3
Liquid assets at beginning of year	158.1	184.3	111.1
Liquid assets, translation difference	-0.1	-0.5	-2.3
Liquid assets at end of period	471.2	407.4	158.1

- 1) Cash flow attributable to settlement of equity transactions executed on behalf of clients varies considerably from period to period, depending on the situation with respect to settlement positions on the closing day.
- 2) Cash flow from investment activity covers investments in system development and purchase of hardware, plus the net amount of acquisition and disposal of financial investments.

Change in Consolidated Shareholders' Equity

Jan.-Mar. 2007		Other injected		Retained	Total Share-
SEK m	Share capital	capital	Reserves	earnings	holders' equity
Opening balance, Jan 1, 2007	2.8	271.1	-4.6	59.5	328.8
Reclassification	-	-	-0.5	0.5	0.0
Translation difference	-	-	0.4	-	0.4
New subscription through exercise of warrants	0.3	-0.3	-	-	0.0
Payments received for new share subscriptions	-	21.6	-	-	21.6
Total transactions recognized directly in shareholders' equity	3.1	292.4	-4.7	60.0	350.8
Net earnings	-	-	-	23.2	23.2
Closing balance, Mar 31, 2007	3.1	292.4	-4.7	83.2	374.0

Jan.-Mar. 2006

SEK m					
Opening balance, Jan 1, 2006	2.5	206.2	-2.4	43.4	249.7
Translation difference	-	-	-0.3	-0.1	-0.4
New subscription through exercise of warrants	-	-	-	-	-
Payments received for new share subscriptions	-	-	-	-	-
Total transactions recognized directly in shareholders' equity	2.5	206.2	-2.7	43.3	249.3
Net earnings	-	-	-	7.5	7.5
Closing balance, Mar 31, 2006	2.5	206.2	-2.7	50.8	256.8

Jan.-Dec. 2006

SEK m					
Opening balance, Jan 1, 2006	2.5	206.2	-2.4	43.4	249.7
Translation difference	-	-	-2.2	-0.5	-2.7
New subscription through exercise of warrants	0.3	29.2	-	-	29.5
Payments received for new share subscriptions	-	35.7	-	-	35.7
Warrant buy-back	-	-	-	-5.2	-5.2
Dividend paid	-	-	-	-12.6	-12.6
Total transactions recognized directly in shareholders' equity	2.8	271.1	-4.6	25.1	294.4
Net earnings	-	-	-	34.4	34.4
Closing balance, Dec 31, 2006	2.8	271.1	-4.6	59.5	328.8

Accumulated translation differences at March 31, 2007 were SEK -4.7 m (-2.7).

Accounting Policies

The present interim report has been prepared in accordance with IAS 34 Interim Financial Reporting.

Since January 1, 2005 the NeoNet Group has been applying International Financial Reporting Standards (IFRS), as adopted in the EU; the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL); and the regulations of the Swedish Financial Supervisory Authority. The transition to IFRS, as adopted in the EU, from the previous accounting policies has taken place in accordance with IFRS 1.

The same accounting policies, definitions concerning key figures and calculation methods are used as in the most recent annual report.

The parent company applies the Swedish Annual Accounts Act and RR 32 Accounting for Legal Entities.

Stockholm, April 26, 2007

NeoNet AB (publ)

Simon Nathanson
President and CEO

The interim report is published by the President and CEO with the authorization of the Board of Directors.

Group rests with the Company's Board and CEO. Our responsibility is to express an opinion on the interim report based on our review.

We have performed our review in accordance with standard SÖG 2410 Review of interim financial information performed by the Company's elected auditor. A review consists in asking questions, in the first instance of persons responsible for financial and accounting issues; performing an analytical review; and carrying out other review measures. A review has a different focus and a significantly reduced scope compared with the focus and scope of an audit in accordance with Swedish Auditing Standards and good auditing practice in general. The review measures carried out in a review do not allow us to be certain that we are aware of all the important circumstances which could have been identified if an audit had been performed. The opinion expressed on the basis of a review does not therefore offer the certainty of an opinion expressed on the basis of an audit.

Based on our review, no circumstances have emerged which give us reason to assume that the interim report has not, in all material aspects, been prepared in accordance with IAS 34, the Annual Accounts Act for the parent company and the Annual Accounts Act for Credit Institutions and Securities Companies for the Group.

Auditor's Review Report

We have performed a review of the interim report for NeoNet AB (publ) at March 31, 2007 and for the period January 1, 2007 to March 31, 2007. Responsibility for preparing and presenting a fair interim report in accordance with IAS 34, the Annual Accounts Act for the parent company and the Annual Accounts Act for Credit Institutions and Securities Companies for the

Stockholm, April 26, 2007

PricewaterhouseCoopers AB

Eva Riben
Authorized Public Accountant

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Financial calendar

Annual General Meeting, 26 April 2007, 18.00 CET, Kungstornen konferens, Kungsgatan 33 2nd floor, Stockholm
Interim Report Q2 2007, 16 August 2007
Interim Report Q3 2007, 26 October 2007
Year-End Report 2007, 7 February 2008