



NeoNet's Interim Report, 1 January – 30 June 2007

16 August 2007

January to June Strongest Half Year Ever

- Operating revenues increased by 62 percent to SEK 309.8 m (191.5)
- Operating earnings before depreciation and net financial items (EBITDA) increased by 101 percent to SEK 83.8 m (41.7)
- Earnings before tax were SEK 65.8 m (22.7)
- Earnings after tax were SEK 45.9 m (15.9)
- Earnings per share were SEK 0.75 (0.31)
- Underlying cash flow was SEK 58.6 m (27.1)

Second Quarter Sees Best Ever Operating Earnings (EBITDA)

- Operating revenues increased by 56 percent to SEK 159.5 m (102.5)
- Operating earnings before depreciation and net financial items (EBITDA) increased by 94 percent to SEK 42.9 m (22.1)
- Earnings before tax were SEK 32.5 m (11.7)
- Earnings after tax were SEK 22.7 m (8.3)
- Earnings per share were SEK 0.36 (0.16)
- Underlying cash flow was SEK 31.6 m (13.8)

Significant Events

- Record equity trading during the quarter and half. The high level of trading continued into July and August, after the end of the reporting period.
- NeoNet expanded its product offering with algorithms from Citi investment bank
- NeoNet added the exchanges in Hong Kong and Singapore
- As of July, NeoNet was upgraded to the Mid Cap segment on the Nordic Exchange in Stockholm

NeoNet in the First Half of 2007

NeoNet is reporting the strongest half in the Company's history. The increase in revenues relates to a continuing strong inflow of clients, and higher trading volumes among both existing and new clients. The connection of further exchanges and the continued focus on advanced trading services have been well received. NeoNet's scalable business model and economies of scale in its technical platform and system mean that EBITDA (+101 percent) is continuing to grow at a faster rate than revenues (+62 percent).

The strong trend of trading via NeoNet has led to more records being broken during the second quarter, for example the highest ever average daily equity trading value was recorded in June.

During the second quarter NeoNet further strengthened its presence in Asia by linking up to the exchanges in Hong Kong and Singapore. This means that NeoNet now offers trading on 25 exchanges in Europe, North America and Asia, providing its clients with access to global trading round the clock.

Market

With an advanced technical offering focused partly on new marketplaces and partly on clients wanting to trade globally, NeoNet is well positioned in the changed financial landscape.

The implementation of new regulations in the form of the EU Markets in Financial Instruments Directive (MiFID) and the US Regulation National Market System

(RegNMS) is contributing to a change in trading behavior and increased competition on the financial market, partly through the emergence of new alternative marketplaces. As these develop, they are challenging the established exchanges, making new demands of market players and technical systems. The establishment of new marketplaces means that NeoNet's target client base expands.

NeoNet has a strong offering thanks to its fast and stable trading platform with advanced trading functionality. Using NeoNet's XG system and software services in combination with its broker services, clients can handle all their trading via NeoNet. In other words, NeoNet is well positioned to meet the increased demand for scalable and effective technical solutions.

Volumes traded via NeoNet increased by 55 percent compared with the second quarter of 2006. The Nordic markets represented 26 percent of NeoNet's trading in the second quarter of 2007 (40 percent in the second quarter of 2006), while the rest of Europe represented 56 percent (45) and marketplaces in North America 16 percent (15). Europe has assumed more weight in the marketing mix, which is in line with efforts to boost trading levels outside the Nordic region.

The Asian markets launched during the first half of the year have made a good start, with 20 or so clients already connected and trading in Asia via NeoNet. The introduction of the Asian markets has not yet achieved full penetration but nevertheless represented 2 percent of NeoNet's trading during the second quarter.

Clients

NeoNet's clients are institutional investors, hedge funds, and banks and broker-dealers. During the second quarter hedge funds accounted for 7 percent of transaction revenues, institutional investors for 24 percent, and banks and broker-dealers for 69 percent. In terms of geographical spread, clients in the Nordic region represented 29 percent, clients in the rest of Europe 55 percent, and clients in North America 16 percent of transaction revenues.

The total number of clients continues to grow, increasing by 7 percent compared with the previous quarter and by 14 percent compared with the second quarter of 2006.

Offering and Product Development

During the quarter under review NeoNet has added trading opportunities on the Hong Kong and Singapore exchanges. New marketplaces are being added on an ongoing basis.

NeoNet has also launched trading algorithms from Citi, which is the first step in an expanded offering involving other providers' algorithms. In addition NeoNet has contributed to the implementation of a standard for algorithmic trading. This means, among other things, that advanced algorithms can be implemented more quickly both in NeoNet's trading platform and by the sector as a whole.

A new version of NeoNet's trading system was launched during the second quarter. New functionality includes the addition of so-called FAST (FIX Adapted for STreaming), which means that trading data is compressed so that large quantities of data can be sent more efficiently.

Revenues

Total operating revenues increased by 62 percent during the first half to SEK 309.8 m (191.5). Taking the second quarter in isolation, operating revenues rose to SEK 159.5 m (102.5), an increase of 56 percent.

Transaction revenues, which comprise brokerage commission fees for executed client transactions, increased by 58 percent to SEK 297.5 m (188.8) at the end of the first half. Taking the second quarter in isolation, transaction revenues increased by 51 percent to SEK 152.0 m (100.9).

Revenues from NeoNet XG are included in the above revenues, which amounted to SEK 12.3 m (2.7) for the first half.

Transaction Margin and Expenses

The high volume growth has resulted in a significant improvement in net transaction revenues in absolute terms. The gross margin as a percentage has fallen however, as a result of the change in distribution of trading on various marketplaces as margins differ between markets.

Net interest income for the quarter was SEK -3.7 m, comprising SEK 5.8 m in interest income and

SEK -9.5 m in interest expenses. Net interest income for the second quarter of 2006 was SEK -4.9 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 vis-à-vis institutional investors. The need for loans is influenced among other things by general trading volumes and the occurrence of corporate actions 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 (55 percent) and the general rise in interest rates on the markets on which NeoNet operates.

Personnel and other operating expenses for the first half were SEK -94.4 m (-71.5). This increase is due to new appointments, rising costs for variable salaries and additional costs of new exchange memberships and electronic trading support services.

Earnings

The Group's earnings before depreciation and net financial items (EBITDA) for the second quarter were SEK 42.9 m (22.1), giving an operating margin of 28 percent (22). EBITDA for the first half were SEK 83.8 m (41.7) and the operating margin was 28 percent (22).

Reported earnings after tax for the second quarter were SEK 22.7 m (8.3). Earnings per share for the quarter were SEK 0.36 (0.16). Reported earnings after tax for the first half were SEK 45.9 m (15.9) and earnings per share SEK 0.75 (0.31).

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

Cash flow

Underlying cash flow for the second quarter was SEK 31.6 m (13.8) and for the first half SEK 58.6 m (27.1). 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 5.5 m (4.4) for the second quarter and SEK 12.8 m (8.3) for the first half. Investments represented 4 percent (4) of transaction revenues for the second quarter and 4 percent (4) for the first half. 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 113 (93 at the beginning of the year).

NeoNet has strengthened its organization during the quarter under review, primarily within the operational departments most directly affected by increasing volumes and number of clients.

Liquidity and Financial Position

The NeoNet Group's current liquid net assets are used continuously in operations as collateral and to finance temporary holdings of securities where NeoNet is acting as intermediary.

The holding of current liquid assets comprises the sum of bank deposits, interest-bearing instruments, the difference between contract settlement receivables and liabilities, and receivables – mainly from clearing institutions – less temporary cash and securities loans. The net amount of these items at 30 June was SEK 285.6 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 609.3 m, of which SEK 596.7 m comprised blocked funds, compared with SEK 269.8 m and SEK 245.0 m at the beginning of the year. Fluctuations in the liquid assets recognized in the balance sheet are normal for this kind of business and a consequence of variations in the level of equity transactions not fully settled on the closing day.

At 30 June 2007 interest-bearing receivables, mainly in the form of bank deposits, amounted to SEK 609.3 m (269.8 on 1 January 2007) and interest-bearing current liabilities to SEK 355.8 m (171.0). 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 371.7 m (328.8 on 1 January 2007). Equity per share was SEK 5.71 (5.92). The consolidated equity/assets ratio was 28 percent (49).

New capital adequacy regulations (Basel II) were introduced in February 2007. Under the new regulations, the capital base is compared with the estimated capital requirement. At 30 June NeoNet's capital base amounted to SEK 325.8 m and the capital requirement to SEK 65.4 m (giving a capital adequacy ratio of 5). NeoNet fulfils the requirements set out in the new capital adequacy regulations with a good margin. The newly introduced method means that no comparative figures are available. For further information on NeoNet's capital adequacy, 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.

Risks and uncertainties

NeoNet's activities are exposed to risks on a daily basis. These risks are measured and controlled, and

steps taken where necessary to protect the company's capital and reputation. The ways in which NeoNet identifies, monitors and manages these risks is a central element of its activities. A detailed description of the Group's risk exposure and risk management will be found in Note 1 in the Annual Report 2006. No significant risks are considered to have emerged beyond what is described in the annual report.

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 wider 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.

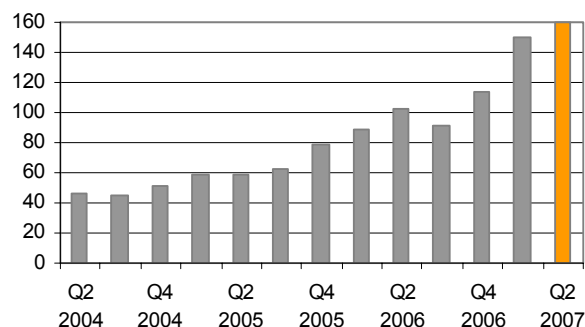
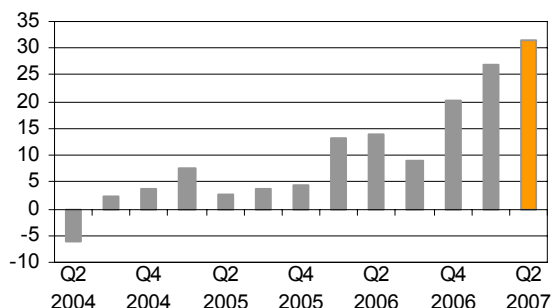
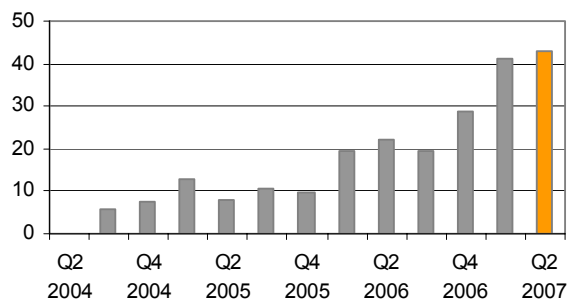
The parent company reported net sales of SEK 0 (0). Earnings before tax for the first half were SEK -9.3 m (-5.9).

Equity in the parent company amounted to SEK 268.8 m at the end of the second quarter (281.0 at the beginning of the year).

No investments have been made in the parent company during the first half. Liquid assets at 30 June were SEK 2.3 m compared with SEK 21.3 m at the beginning of the year.

FINANCIAL DEVELOPMENT IN SUMMARY

SEK m	3 months Apr.-June 2007	3 months Apr.-June 2006	6 months Jan.-June 2007	6 months Jan.-June 2006	12 months July 2006- June 2007	12 months July 2005- June 2006	12 months Jan.-Dec. 2006
Income statement							
Transaction revenues	152.0	100.9	297.5	188.8	497.1	327.8	388.4
Operating revenues	159.5	102.5	309.8	191.5	515.4	332.8	397.1
Operating earnings before depreciation (EBITDA)	42.9	22.1	83.8	41.7	132.1	62.1	90.0
Operating margin (EBITDA)	28%	22%	28%	22%	27%	19%	23%
Earnings before tax	32.5	11.7	65.8	22.7	93.6	24.6	50.5
Earnings after tax	22.7	8.3	45.9	15.9	64.4	38.4	34.4
Underlying cash flow ¹⁾							
- from operations	37.1	18.2	71.4	35.4	114.5	51.5	78.7
- from investments in system development and hardware	-5.5	-4.4	-12.8	-8.3	-26.6	-15.9	-22.1
Total underlying cash flow	31.6	13.8	58.6	27.1	87.9	35.6	56.4
Current liquid assets, net ²⁾	285.6	175.3	285.6	175.3	285.6	175.3	216.3

Operating Revenues, quarterly, SEK m

Underlying Cash Flow, SEK m

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


¹⁾ Underlying cash flow comprises the sum of:

- Cash flow from ongoing operations, excluding changes in assets and liabilities related to settlement of executed equity transactions
- Investment activity, excluding acquisition/ disposal of financial investment assets.

This definition has been changed with effect from the present report.

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

²⁾ For a definition of Current liquid net assets, see the description under Liquidity and Financial Position.

FINANCIAL STATEMENTS IN SUMMARY
Consolidated Income Statement

SEK m	3 months Apr.-June 2007	3 months Apr.-June 2006	6 months Jan.-June 2007	6 months Jan.-June 2006	12 months July 2006- June 2007	12 months July 2005- June 2006	12 months Jan.-Dec. 2006
Transaction revenues	152.0	100.9	297.5	188.8	497.1	327.8	388.4
Transaction expenses	-69.3	-42.5	-131.6	-78.3	-214.6	-136.7	-161.3
Transaction revenues, net	82.7	58.4	165.9	110.5	282.5	191.1	227.1
Other operating revenues	7.5	1.6	12.3	2.7	18.3	5.0	8.7
Other operating expenses	-19.2	-15.7	-38.7	-30.0	-68.6	-61.4	-59.9
Personnel expenses	-28.1	-22.2	-55.7	-41.5	-100.1	-72.6	-85.9
Net earnings from financial transactions	0.1	0.4	0.0	-0.1	-2.1	-0.7	-2.2
Depreciation	-6.8	-5.9	-13.9	-11.6	-27.0	-23.9	-24.7
Interest income	5.8	3.3	10.2	5.2	16.5	8.4	11.5
Interest expenses	-9.5	-8.2	-14.3	-12.5	-25.9	-21.3	-24.1
Net interest expense	-3.7	-4.9	-4.1	-7.3	-9.4	-12.9	-12.6
Earnings before tax	32.5	11.7	65.8	22.7	93.6	24.6	50.5
Tax	-9.8	-3.4	-19.9	-6.8	-29.2	13.7	-16.1
Earnings after tax	22.7	8.3	45.9	15.9	64.4	38.4	34.4
Earnings per share before dilution, SEK	0.36	0.16	0.75	0.31	1.12	0.76	0.66
Earnings per share after dilution, SEK	0.36	0.14	0.75	0.27	1.12	0.66	0.60
Number of shares, 000	65 066	50 741	65 066	50 741	65 066	50 741	55 512
Average number of shares, 000	63 840	50 665	61 509	50 630	57 267	50 608	51 872
Average number of shares after dilution, 000	63 840	59 394	61 509	59 358	57 267	58 129	57 661

FINANCIAL STATEMENTS IN SUMMARY
Consolidated Balance Sheet

SEK m	30 June 2007	30 June 2006	31 Dec. 2006
ASSETS			
Liquid assets	0.0	0.0	0.0
Chargeable treasury bills	89.8	42.5	61.3
Loans to credit institutions	481.1	466.6	158.1
Bonds and other interest-bearing securities	38.4	32.0	50.4
Intangible fixed assets	45.7	50.0	47.7
Goodwill	77.7	77.7	77.7
Tangible fixed assets	10.1	6.1	9.3
Deferred tax asset	-	14.0	6.1
Contract settlement receivables, net	491.5	339.5	210.3
Other assets	80.9	65.2	45.8
Pre-paid expenses and accrued income	7.9	6.8	6.6
Total assets	1 323.1	1 100.4	673.3
LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY			
Liabilities to credit institutions	355.8	326.0	171.0
Securities loans	444.7	406.7	99.5
Tax liability	9.4	-	-
Other liabilities	83.3	20.0	30.5
Accrued expenses and deferred income	58.2	39.0	43.5
Subordinated debt	-	49.9	-
Shareholders' equity	371.7	258.8	328.8
Total liabilities, provisions and shareholders' equity	1 323.1	1 100.4	673.3
Memorandum items			
Blocked funds, contract settlement receivables	355.7	326.0	171.0
Other blocked funds	596.7	499.7	245.0
Floating charges	15.0	15.0	15.0

Consolidated Cash Flow Statement

SEK m	Jan.-June 2007	Jan.-June 2006	Jan.-Dec. 2006
Cash flow from ongoing operations, excluding settlement of equity transactions	102.5	13.1	91.4
Cash flow ¹⁾ from ongoing operations attributable to settlement of equity transactions	252.8	358.8	26.7
Cash flow from investment activity:			
- Financial investment assets	-16.5	-1.3	-38.5
- Other fixed assets	-12.8	-8.3	-22.1
Cash flow from financing activity	-3.0	-6.8	-8.2
Cash flow for the period	323.0	355.5	49.3
Liquid assets at beginning of year ²⁾	158.1	111.1	111.1
Liquid assets, translation difference	0.0	0.0	-2.3
Liquid assets at end of period²⁾	481.1	466.6	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) The term 'liquid assets' in the Cash Flow Statement refers solely to cash and loans to credit institutions, i.e. bank deposits.

Change in Consolidated Shareholders' Equity

January-June 2007		Other injected		Retained	Total
SEK m	Share capital	capital	Reserves	earnings	shareholders'
					equity
Opening balance, 1 Jan. 2007	2.8	271.1	-4.6	59.5	328.8
Reclassification	-	-	-0.5	0.5	0.0
New subscription through exercise of warrants	0.5	21.1	-	-	21.6
Dividend paid	-	-	-	-24.6	-24.6
Total transactions recognized directly in shareholders' equity	3.3	292.2	-5.1	35.4	325.8
Net earnings	-	-	-	45.9	45.9
Closing balance, 30 June 2007	3.3	292.2	-5.1	81.3	371.7

January-June 2006

SEK m					
Opening balance, 1 Jan. 2006	2.5	206.2	-2.4	43.4	249.7
Translation difference	-	-	-1.2	-0.4	-1.6
Payments received for new share subscriptions	0.0	9.4	-	-	9.4
Warrant buy-back	-	-	-	-2.1	-2.1
Dividend paid	-	-	-	-12.6	-12.6
Total transactions recognized directly in shareholders' equity	2.5	215.6	-3.6	28.4	242.9
Net earnings	-	-	-	15.9	15.9
Closing balance, 30 June 2006	2.5	215.6	-3.6	44.3	258.8

January-December 2006

SEK m					
Opening balance, 1 Jan. 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, 31 Dec. 2006	2.8	271.1	-4.6	59.5	328.8

Accumulated translation differences at 30 June 2007 were SEK -5.1 m (-3.6).

PARENT COMPANY FINANCIAL STATEMENTS

Parent Company Income Statement	3 months Apr.-June	3 months Apr.-June	6 months Jan.-June	6 months Jan.-June
SEK m	2007	2006	2007	2006
Operating expenses	-5.0	-3.0	-12.1	-6.5
Total operating earnings	-5.0	-3.0	-12.1	-6.5
Financial items	0.9	0.3	2.8	0.6
Earnings after financial items	-4.1	-2.7	-9.3	-5.9
Tax	-	-	-	-
Net earnings	-4.1	-2.7	-9.3	-5.9

**Parent Company
Balance Sheet**

SEK m	30 June 2007	30 June 2006	31 Dec. 2006
ASSETS			
Fixed assets	199.3	164.3	163.6
Current assets	109.5	112.3	164.4
Total assets	308.8	276.6	328.0
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity	268.8	222.1	281.0
Non-current liabilities	-	50.0	-
Current liabilities	40.0	4.5	47.0
Total liabilities and shareholders' equity	308.8	276.6	328.0

Accounting Policies

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

Since 1 January 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.

The half-year report provides a fair review of the Group's and the Company's activities, position and earnings, and describes significant risks and uncertainties to which the parent company and the companies in the Group are subject.

Stockholm, 16 August 2007

Staffan Persson, Chairman

Hans Karlsson, board member

Nils-Robert Persson, board member

Thord Wilkne, board member

Gerard Versteegh, board member

Simon Nathanson, President and CEO

Auditor's Review Report

We have performed a review of the interim report for NeoNet AB (publ) at 30 June 2007 and for the period 1 January 2007 to 30 June 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 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.

Stockholm, 16 August 2007

Öhrlings PricewaterhouseCoopers AB

Eva Riben, Authorized Public Accountant

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Financial calendar

Interim Report Q3 2007, 26 October 2007

Year-End Report 2007, 7 February 2008