

# NET INSIGHT INTERIM REPORT JANUARY - JUNE 2012

Net Insight AB [publ] Corporate Reg. No 556533-4397

## Second Quarter 2012

- Net Sales of SEK 75.0 million (72.2) corresponding to a growth of 3.9% compared to the same period previous year. The growth rate in comparable currencies amounts to -1.4%.
- Operating earnings of SEK 3.4 million (8.3), corresponding to an operating margin of 4.6% (11.5).
- Earnings per share of SEK 0.03 (0.02).
- Total cash flow of SEK 14.6 million (-25.8).

## January - June 2012

- Net sales of SEK 151.7 million (138.9) corresponding to a growth of 9.2% compared with the same period previous year. The growth rate in comparable currencies amounts to 7.3%.
- Operating earnings of SEK 8.6 million (11.2), corresponding to an operating margin of 5.7% (8.1).
- Earnings per share of SEK 0.05 (0.04).
- Total cash flow of SEK 3.6 million (-45.3).

*Net Insight AB discloses the information provided herein pursuant to the Securities Market Act and/or the Financial Instruments Trading Act. The information was submitted for publication on July 20, 2012 at 08.45 am CET.*

## REVENUE GROWTH OF FOUR PERCENT IN THE SECOND QUARTER

Revenues were up 4% compared with the same period in the previous year, currency adjusted the change was minus 1%. For the first half of the year our revenue growth was 9% and currency adjusted 7%. The gross margin remains strong and reached 61% (61.3) for the quarter. Operating earnings reached 3 MSEK compared with 8 MSEK in the previous year. Increased operating expenses to capture future growth and in line with earlier communications, is the main reason for the lower profitability. Cash flow during the quarter was strong and reached 15 MSEK compared with a negative 26 MSEK in second quarter the previous year. We continue to have relatively high trade receivables but the credit quality of our customer base mean a low level of risk in trade receivables.

Partners continued to generate good business during the quarter but the amount of direct business was higher than in recent periods. As stated earlier the amount of direct business will vary over time but the strong trend of doing business through our partner network remains. We also saw a large amount of repeat business with existing customers during the quarter. In line with our strategy, a major part of our business today, more than 70%, is coming from service providers i.e. network owners selling transport services. We have a special focus on fast growing economies and this time Asia represented 16% of total revenues. The revenue split between the segments this quarter was 81% in the Broadcast and Media Networks and 19% in DTT. We sold equipment for upgrades to DTT networks in e.g. Northern Europe and Latin America.

One of our major marketing efforts took place in the quarter when we were present at the NAB trade show 2012 announcing new partnerships and products. We started a new partnership to offer more complete wide as well as local area network solutions for the broadcast and studio environments. A new product in the Nimbra 300 series was launched, the Nimbra 310, that offers a cost effective and high performing MSR with guaranteed quality of service. This means a further expansion of our product portfolio to better address the access market.



Stockholm, July 20, 2012  
Fredrik Trägårdh  
CEO

## BUSINESS ACTIVITIES DURING THE SECOND QUARTER

During the second quarter Broadcast and Media Networks (BMN) represented 81% of total revenues and Digital Terrestrial TV networks (DTT) represented 19%. The DTT revenues are mainly coming from existing customers' network build-outs in Argentina, Belgium and Sweden. Net Insight has a great track record when it comes to supporting live events and mainly in sports. This quarter Net Insight supported e.g the Eurovision Song Contest delivering professional services to customers.

Net Insight recruited new partners in several regions during the quarter mainly in Eastern Europe and in Americas. At the end of the quarter Net Insight had more than 50 partners in its Global Partner network.

Net Insight's major broadcast industry events for the second quarter are NAB in Las Vegas and the Asian show CommunicAsia in June. Net Insight also participated in exhibitions in Belgium, Germany, Italy, Korea and Turkey.

At the NAB show Net Insight announced a partnership with Miranda Technologies with the purpose to simplify remote workflows and production for live events.

Net Insights' PR activities have resulted in good media coverage around topics such as the London Olympics, remote production and our new products launched at NAB.

Net Insight is working to increase awareness about the company and our solutions. In the newly published "Big Broadcast survey" by Devoncroft, a market research company, it is shown that Net Insight has increased its awareness significantly since the 2011 report.

## NEW PRODUCT INTRODUCTION

In April Net Insight launch several new products and features to the market. A new product in the Nimbra MSR 300 series, Nimbra 310 was introduced to address the need of, a cost-efficient compact one-box access MSR for true multi-service transport of media and data services. New protection scheme features on the Nimbra platform were launched to offer enhanced Ethernet service protection to offer high availability mission-critical services. The product portfolio was also broadened by adding smart form-factor pluggable transceivers (SFPs) to its existing interfaces, enabling interconnectivity with new technologies resulting in cost savings for our customers.

## SALES AND EARNINGS

Net Sales for the second quarter amounted to SEK 75.0 million (72.2), which represents a year over year growth of 3.9%. In comparable currencies the growth amounted to -1.4%. Revaluation of accounts receivables in foreign currencies had a positive effect on Net Sales of SEK 1.6 million compared to SEK 1.4 million for the same period last year.

APAC shows good growth compared to last year mainly related to China whereas the Americas were not able to repeat the strong volumes reached during the second quarter 2011 which included large orders from The Switch. EMEA came in on par with previous year.

### NET SALES PER REGION

	Q2	Q2	Q3	Q4	Q1	Q3'11-	Full year
Amount in SEK million	2012	2011	2011	2011	2012	Q2'12	2011
EMEA	45,6	45,1	51,8	56,7	54,6	208,7	203,9
Americas	17,5	21,8	16,8	18,3	13,7	66,3	70,1
APAC	11,9	5,3	6,8	5,3	8,3	32,3	20,5
<b>Total</b>	<b>75,0</b>	<b>72,2</b>	<b>75,4</b>	<b>80,3</b>	<b>76,6</b>	<b>307,3</b>	<b>294,5</b>

Sales in the Broadcast & Media business area amount to 81% (65) of total sales and Digital Terrestrial TV accounted for 19% (23). IPTV/CATV accounted for 0% (12) of the turnover.

Hardware revenue amounted to SEK 52.8 million (48.9). Sales of software licenses declined slightly to SEK 6.2 million (8.1) whereas support and service revenues were in line with previous year at SEK 13.1 million (13.1). The above figures are exclusive of other revenues of SEK 2.9 million (0.4) which mainly consists of revaluation of the accounts receivables stock in foreign currencies and leasing revenues.

As shown in the condensed income statement on page 11, the Gross margin is 60.8% (61.3). The decline is related to increased amounts of depreciation of capitalized R&D expenditures.

Total operating expenses for the first quarter amounted to SEK 42.2 million (35.9). Sales and marketing expenses amounted to SEK 25 million (21.9). The increase is related to an increased number of sales and sales support staff. Administrative expenses are in line with previous year at SEK 7.8 million to SEK 7.2. R&D expenses have increased to SEK 9.4 million (6.7) as more resources have been added and the rate of capitalization has decreased somewhat.

Operating earnings amounted to SEK 3.4 million (8.3), which correspond to an operating margin of 4.6% (11.5). The decrease is related to higher operating expenses related to hiring of staff, mainly in the R&D and sales areas.

The financial net amounted to SEK 0.6 million (1.4). The decrease is mainly attributable to translation differences on intra Group balances and revaluation effects on bank balances held in foreign currencies.

Earnings before tax amounted to SEK 4.1 million (9.7), which corresponds to a profit margin of 5.4% (13.5).

Net income amounted to SEK 12.5 million (9.3) resulting in a Net Profit margin of 16.7% (12.9). A positive tax adjustment with the net effect of SEK 8.4 million has been made for capitalized loss carry forwards.

### Six Months

Net Sales for the six months period amounted to SEK 151.7 million (138.9), which is an improvement of 9.2% over last year. In comparable currencies the growth amounts to 7.3%. There were no significant effects on Net Sales from revaluation of the accounts receivables stock.

The EMEA region accounted for SEK 100.2 million (95.4), Americas SEK 31.2 million (35.0) and APAC SEK 20.2 million (8.4).

Sales by business area are distributed between Broadcast & Media 79% (64), DTT 21% (28) and IPTV/CATV 0% (8).

Hardware sales amounted to SEK 107.2 million (101.2), support and service revenue SEK 24.5 million (22.9) and software licenses SEK 18.1 million (13.8).

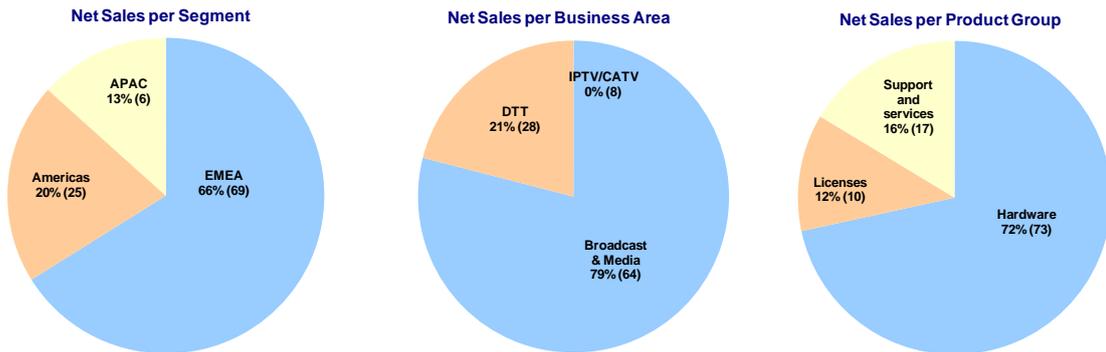
As shown in the condensed income statement on page 11, the Gross margin is 60.9% (59.6).

Operating earnings amounted to SEK 8.6 million (11.2), which correspond to an Operating Margin of 5.7% (8.1).

The financial net amount to SEK 0.7 million (2.3).

Earnings before tax amounted to SEK 9.3 million (13.6) and the corresponding profit margin amounts to 6.1% (9.8)

Net Income amounted to SEK 17.7 million (14.1). A positive tax adjustment with the net effect of SEK 8.4 has been made for capitalization of loss carry forwards.



## CASH FLOW AND FINANCIAL POSITION

Cash flow in the second quarter amounted to SEK 14.6 million (-25.8). The strong Q2 cash flow is mainly related to collections partially offset by inventory build-up of safety stock.

Cash flow for the six month period amounted to SEK 3.6 million (-45.3). The cash flow is mainly derived from improved collections, increased current liabilities but partially offset by build-up of safety stock.

Liquid funds at the end of the period totaled SEK199.8 million (190.6).

Total shareholders' equity amounted to SEK 509.7 million (454.7) with a resulting equity ratio of 85.4% (86.6).

## INVESTMENTS

Second quarter investments in tangible assets amounted to SEK 0.1 million (0.9) and depreciation of tangible assets amounted to SEK 0.3 million (0.2). Investments in other intangible assets amount to SEK 2.4 million (0). Capitalization of development expenditures totaled SEK 16.8 million (15.5). Depreciation of capitalized development expenditures totaled SEK 9.8 million (6.7).

Investments in tangible assets for the six month period amounted to SEK 0.3 million (1.0) and depreciation of tangible assets amounted to SEK 0.6 million (0.4). Investments in other intangible assets amounted to SEK 2.4 million and depreciation amounted to SEK 0.5 million (0). Capitalization of development expenditures amounted to SEK 35.7 million (31.5) and depreciation of capitalized development expenditures amounted to SEK 18.0 million (13.2)

At the end of the period, net book value of capitalized development expenditures amounted to SEK 174.4 million (139.9).

## EMPLOYEES

At the end of the period Net Insight had 155 (138) employees. The parent company Net Insight AB had 145 (129) employees, Net Insight Intellectual Property AB 5 (4) and the US subsidiary Net Insight Inc. had 5 (5) employees.

## PARENT COMPANY

The parent company's net sales during the second quarter amounted to SEK 101.9 million (94.9). Net income amounted to SEK 20.6 million (13.5). During the quarter tax loss carried forwards has been booked giving a net positive tax effect of SEK 14.5 million. Sales for the six month period amount to SEK 199.5 million (183.2) and Net Income to a loss of SEK 40.9 million (21.8). The loss relates to the first quarter adjustment regarding Group internal charges for development expenditures, which resulted in a one-time charge affecting the Net Income by SEK 68.3 million. This adjustment does not affect over-all Group results

Remaining tax losses carried forwards amount to SEK 179 million.

## RISK AND SENSITIVITY ANALYSIS

Net Insight's operation and results are impacted by a number of external and internal factors. A continuous process identifies existing risks and assesses how each risk shall be managed and mitigated.

The risks to which, the company is exposed are divided into market related risks (including competition, technology development, political risks), operational risks (including product reliability, intellectual property rights, litigation and customer dependence) and financial risks.

No additional significant risks or uncertainties than those described in the annual report 2011 have developed in the second quarter.

For a complete description of the Company's risk analysis and risk management, see page 23 in the 2011 Annual report.

## SEASONALITY

Based on the last three fiscal years, there has been a relatively weak seasonality pattern where Net Sales in the first quarter amount to 23% of annual Net Sales and the fourth quarter amount to 27% of annual sales and the second and third quarter amount to 25% of annual sales respectively.

### KEY FIGURES

	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
	2012	2012	2011	2011	2011	2011	2010	2010
Net sales	75 038	76 627	80 303	75 367	72 236	66 618	88 060	67 644
Profit/loss after financial items	4 068	5 254	16 503	17 008	9 745	3 815	16 293	9 580
Earnings per share, SEK	0,03	0,01	0,06	0,04	0,02	0,01	0,05	0,03
Cash flow from operations per share, SEK	0,04	-0,03	0,00	0,01	-0,12	-0,05	0,08	-0,01
Return on capital employed (%)	0,8%	1,1%	3,4%	3,7%	2,2%	0,9%	3,8%	2,3%
Return on equity (%)	2,5%	1,1%	4,5%	3,1%	2,1%	1,1%	4,4%	2,7%
Equity per share, SEK								
- before dilution, SEK	1,31	1,27	1,26	1,20	1,17	1,14	1,13	1,08
- after dilution, SEK	1,31	1,27	1,26	1,20	1,17	1,14	1,13	1,08

**CONSOLIDATED INCOME STATEMENT**

Amount in SEK thousands	Q2	Q2	Jan-Jun	Jan-Jun	Q3'11-Q2'12	Fully year
	2012	2011	2012	2011	12 months	2011
Net sales	75 038	72 236	151 665	138 855	307 334	294 524
Cost of goods & service sold	-29 421	-27 990	-59 251	-56 095	-115 508	-112 352
<b>Gross earnings</b>	<b>45 617</b>	<b>44 246</b>	<b>92 414</b>	<b>82 760</b>	<b>183 543</b>	<b>182 172</b>
Sales and marketing expenses	-24 967	-21 947	-51 719	-44 335	-99 302	-91 918
Administration expenses	-7 803	-7 206	-14 595	-15 228	-26 732	-27 365
Development expenses	-9 424	-6 745	-17 527	-11 968	-25 624	-20 065
<b>Operating earnings</b>	<b>3 423</b>	<b>8 348</b>	<b>8 573</b>	<b>11 229</b>	<b>40 168</b>	<b>42 824</b>
Net financial items	645	1 397	748	2 331	2 664	4 247
<b>Earnings before tax</b>	<b>4 068</b>	<b>9 745</b>	<b>9 321</b>	<b>13 560</b>	<b>42 832</b>	<b>47 071</b>
Tax	8 420	-405	8 420	510	10 767	2 857
<b>Net income</b>	<b>12 488</b>	<b>9 340</b>	<b>17 741</b>	<b>14 070</b>	<b>53 599</b>	<b>49 928</b>
<b>Net income for the period attributable to the stockholders of the parent company</b>	<b>12 488</b>	<b>9 340</b>	<b>17 741</b>	<b>14 070</b>	<b>53 599</b>	<b>49 928</b>

**Earnings/loss per share, based on net profit attributable to the parent company's shareholders during the period (in SEK per share)**

Earnings per share before dilution	0,03	0,02	0,05	0,04	0,11	0,13
Earnings per share after dilution	0,03	0,02	0,05	0,04	0,11	0,13
						0,00
Average number of shares in thousands before dilution	389 933	389 933	389 933	389 933	389 933	389 933
Average number of shares in thousands after dilution	389 933	389 933	389 933	389 933	389 933	389 933

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

Amount in SEK thousands						
<b>Net income</b>	<b>12 488</b>	<b>9 340</b>	<b>17 741</b>	<b>14 070</b>	<b>53 599</b>	<b>49 928</b>
<b>Other comprehensive income</b>						
Exchange rate differences	-302	9	5	-494	638	139
<b>Total other comprehensive income, net after tax</b>	<b>-302</b>	<b>9</b>	<b>5</b>	<b>-494</b>	<b>638</b>	<b>139</b>
<b>Total comprehensive income for the period</b>	<b>12 186</b>	<b>9 349</b>	<b>17 746</b>	<b>13 576</b>	<b>54 237</b>	<b>50 067</b>
<b>Total comprehensive income for the period attributable to the stockholders of the parent company</b>	<b>12 186</b>	<b>9 349</b>	<b>17 746</b>	<b>13 576</b>	<b>54 237</b>	<b>50 067</b>

## CONSOLIDATED CASH FLOW STATEMENT

	Q2	Q2	Jan-Jun	Jan-Jun	Q3'11-Q2'12	Full year
Amount in SEK thousands	2012	2011	2012	2011	12 months	2011
<b>Ongoing operations</b>						
Net income before tax	4 068	9 745	9 321	13 560	42 832	47 071
Depreciation	10 416	7 149	19 153	14 047	34 562	29 456
Other items not affecting liquidity	311	-1 991	2 441	-275	3 156	440
<b>Cash flow from ongoing operations before change in working capital</b>	<b>14 795</b>	<b>14 903</b>	<b>30 915</b>	<b>27 332</b>	<b>80 550</b>	<b>76 967</b>
<b>Change in working capital</b>						
Increase-/decrease+ in inventories	-3 897	-2 044	-10 916	-12 513	-6 528	-8 125
Increase-/decrease+ in receivables	18 550	-3 397	12 209	-7 085	-8 651	-27 945
Increase+/decrease- in current liabilities	4 375	-18 843	9 649	-20 565	19 174	-11 040
<b>Cash flow from ongoing operations</b>	<b>33 823</b>	<b>-9 381</b>	<b>41 857</b>	<b>-12 831</b>	<b>84 545</b>	<b>29 857</b>
<b>Investment activity</b>						
Acquisitions of intangible fixed assets	-19 219	-15 484	-38 122	-31 464	-72 664	-66 006
Acquisitions of tangible fixed assets	-59	-878	-256	-1 017	-2 693	-3 454
Acquisition of net assets	0	0	0	0	0	0
Increase-/decrease+ in long-term receivables	34	-8	139	24	71	-44
<b>Cash flow from investment activity</b>	<b>-19 244</b>	<b>-16 370</b>	<b>-38 239</b>	<b>-32 457</b>	<b>-75 286</b>	<b>-69 504</b>
Increase/decrease in liquid funds	14 579	-25 763	3 618	-45 288	9 259	-39 647
Liquid funds, opening balance	185 249	216 332	196 210	235 857	190 569	235 857
<b>Liquid funds, closing balance</b>	<b>199 828</b>	<b>190 569</b>	<b>199 828</b>	<b>190 569</b>	<b>199 828</b>	<b>196 210</b>

## CONSOLIDATED BALANCE SHEET

Amount in SEK thousands	Jun 30, 2012	Jun 30, 2011	Dec 31, 2011
<b>ASSETS</b>			
<b>Intangible assets</b>			
Capitalized expenditure for development	174 384	139 889	158 871
Goodwill	4 354	4 354	4 354
Other intangible assets	3 234	1 724	1 291
<b>Tangible fixed assets</b>			
Equipment	3 631	2 279	4 075
Equipment for leasing	0	0	0
<b>Financial assets</b>			
Deferred tax asset	40 351	29 585	31 932
Deposits paid, long-term	258	329	397
<b>Total fixed assets</b>	<b>226 212</b>	<b>178 160</b>	<b>200 920</b>
<b>Current assets</b>			
Inventory	47 269	41 540	36 353
Customer receivables	110 380	104 123	123 896
Other receivables	12 822	10 900	11 513
Cash and bank balances	199 828	190 569	196 210
<b>Total current assets</b>	<b>370 299</b>	<b>347 132</b>	<b>367 972</b>
<b>Total assets</b>	<b>596 511</b>	<b>525 292</b>	<b>568 892</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
<b>Restricted shareholders' equity</b>			
Share capital	15 597	15 597	15 597
Other contributed capital	1 192 727	1 192 727	1 192 727
Translation difference	-1 515	-2 155	-1 520
Accumulated deficit	-697 122	-751 483	-715 088
<b>Total shareholders' equity</b>	<b>509 687</b>	<b>454 686</b>	<b>491 716</b>
<b>Long-term liabilities</b>			
Long-term liabilities	0	0	0
Provisions	4 154	5 958	7 771
<b>Total long-term liabilities</b>	<b>4 154</b>	<b>5 958</b>	<b>5 001</b>
<b>Current liabilities</b>			
Accounts payable	30 300	18 763	26 130
Other liabilities	52 370	45 885	43 275
<b>Total current liabilities</b>	<b>82 670</b>	<b>64 648</b>	<b>69 405</b>
<b>Total liabilities and equity</b>	<b>596 511</b>	<b>525 292</b>	<b>568 892</b>

## CHANGES IN GROUP SHAREHOLDERS' EQUITY

Amount in SEK thousands	Share capital	Other contributed capital	Translation difference	Accumulated deficit	Total shareholders' equity
<b>2011-01-01</b>	15 597	1 192 727	-1 659	-766 091	440 574
Total comprehensive income	0	0	-496	14 070	13 574
New shares issued - employee stock options	0	0	0	0	0
Employee stock option program:					
Value of employees' services	0	0	0	538	538
<b>2011-06-30</b>	<b>15 597</b>	<b>1 192 727</b>	<b>-2 155</b>	<b>-751 483</b>	<b>454 686</b>
<b>2011-07-01</b>					
Total comprehensive income	0	0	635	35 858	36 493
New shares issued - employee stock options	0	0	0	0	0
Employee stock option program:					
Value of employees' services	0	0	0	537	537
<b>2011-12-31</b>	<b>15 597</b>	<b>1 192 727</b>	<b>-1 520</b>	<b>-715 088</b>	<b>491 716</b>
<b>2012-01-01</b>	15 597	1 192 727	-1 520	-715 088	491 716
Total comprehensive income	0	0	5	17 741	17 746
Employee stock option program:					
Value of employees' services	0	0	0	225	225
<b>2012-06-30</b>	<b>15 597</b>	<b>1 192 727</b>	<b>-1 515</b>	<b>-697 122</b>	<b>509 687</b>

## SEGMENT REPORT

Amount in SEK million	Q2 2012				Q2 2011				Jan-Jun 2012				Jan-Jun 2011			
	EMEA	APAC	AM	Total	EMEA	APAC	AM	Total	EMEA	APAC	AM	Total	EMEA	APAC	AM	Total
Net Sales	46	12	17	75	40	5	27	72	101	20	31	152	90	8	41	139
Regional Contribution	12	2	6	19	9	0	9	18	27	3	9	39	19	-1	14	32
Regional Contribution (%)	25%	14%	35%	25%	22%	-2%	31%	25%	27%	15%	29%	26%	21%	-9%	33%	23%
Adjusted for R&D Depreciation	6	2	2	10	4	0	3	7	12	3	3	18	9	1	4	13
Adjusted Regional Contribution	18	3	8	29	13	0	11	25	39	5	12	56	27	0	17	45
Adjusted Regional Contribution (%)	38%	28%	46%	38%	34%	8%	41%	31%	39%	25%	39%	37%	30%	0%	43%	32%

Regional Contribution is defined as Gross earnings less Sales and Marketing expenses. AM is short for Americas.

## CONDENSED CONSOLIDATED INCOME STATEMENT

Amount in SEK, millions	Q2 2012	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Jan-Jun 2012	Jan-Jun 2011
Net Sales	75,0	72,2	75,4	80,3	76,6	151,6	138,8
Gross earnings	45,6	44,2	49,6	49,9	46,8	92,4	82,7
<b>Gross margin</b>	<b>60,8%</b>	<b>61,3%</b>	<b>65,8%</b>	<b>62,1%</b>	<b>61,1%</b>	<b>60,9%</b>	<b>59,6%</b>
Operating earnings	3,4	8,3	15,5	16,1	5,2	8,6	11,2
<b>Operating margin</b>	<b>4,6%</b>	<b>11,5%</b>	<b>20,6%</b>	<b>20,0%</b>	<b>6,8%</b>	<b>5,7%</b>	<b>8,1%</b>
Pretax profit	4,1	9,7	17,0	16,5	5,3	9,4	13,6
Net income	12,5	9,3	14,3	21,5	5,3	17,8	14,0
<b>Net margin</b>	<b>16,7%</b>	<b>12,9%</b>	<b>19,0%</b>	<b>26,8%</b>	<b>6,9%</b>	<b>11,7%</b>	<b>10,1%</b>

## PARENT COMPANY INCOME STATEMENT

	Q2	Q2	Jan-Jun	Jan-Jun	Q3'11-Q2'12	Full Year
Amount in SEK thousands	2012	2011	2012	2011	12 months	2011
Net Sales	101 850	94 944	199 499	183 224	397 486	381 211
Cost of goods & services sold	-35 566	-45 825	-30 362	-91 602	-126 457	-187 697
<b>Gross earnings</b>	<b>66 284</b>	<b>49 119</b>	<b>169 137</b>	<b>91 622</b>	<b>271 029</b>	<b>193 514</b>
Sales and marketing expenses	-24 545	-16 504	-50 036	-37 714	-98 987	-86 665
Administration expenses	-8 687	-11 566	-15 477	-19 586	-23 255	-27 364
Development expenses	-27 221	-6 746	-159 074	-11 968	-167 171	-20 065
<b>Operating earnings</b>	<b>5 831</b>	<b>14 303</b>	<b>-55 450</b>	<b>22 354</b>	<b>-18 384</b>	<b>59 420</b>
Net financial items	334	1 055	92	1 720	-137 367	-135 739
<b>Earnings before tax</b>	<b>6 165</b>	<b>15 358</b>	<b>-55 358</b>	<b>24 074</b>	<b>-155 751</b>	<b>-76 319</b>
Tax	14 450	-1 897	14 450	-2 282	15 396	-1 336
<b>Net income</b>	<b>20 615</b>	<b>13 461</b>	<b>-40 908</b>	<b>21 792</b>	<b>-140 355</b>	<b>-77 655</b>

## PARENT COMPANY BALANCE SHEET

Amount in SEK thousands	Jun 30, 2012	Jun 30, 2011	Dec 31, 2011
<b>ASSETS</b>			
<b>Intangible assets</b>			
Capitalized expenditure for development	0	139 889	158 871
Other intangible assets	3 234	1 724	1 291
<b>Tangible fixed assets</b>			
Equipment	3 631	2 279	4 075
<b>Financial assets</b>			
Shares in group companies	117 427	18 398	18 398
Deferred tax asset	31 559	23 297	17 109
Deposits paid, long-term	258	329	397
<b>Total fixed assets</b>	<b>156 109</b>	<b>185 916</b>	<b>200 141</b>
<b>Current assets</b>			
Inventory	47 269	41 540	36 353
Customer receivables	110 380	104 124	123 896
receivables, subsidiaries	482 471	589 892	429 097
Other receivables	12 446	11 138	13 390
Cash and bank balances	137 546	125 034	123 670
<b>Total current assets</b>	<b>790 112</b>	<b>871 728</b>	<b>726 406</b>
<b>Total assets</b>	<b>946 221</b>	<b>1 057 644</b>	<b>926 547</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
<b>Restricted shareholders' equity</b>			
Share capital	15 597	15 597	15 597
Other contributed capital	112 822	112 822	112 822
Non-restricted equity/Accumulated deficit	667 182	786 779	707 865
<b>Total shareholders' equity</b>	<b>795 601</b>	<b>915 198</b>	<b>836 284</b>
<b>Long-term liabilities</b>			
Other provisions	4 017	5 333	7 771
<b>Total long-term liabilities</b>	<b>4 017</b>	<b>5 333</b>	<b>7 771</b>
<b>Current liabilities</b>			
Accounts payable	29 978	18 687	25 839
Liabilities, subsidiaries	66 683	74 562	16 618
Other liabilities	49 942	43 864	40 035
<b>Total current liabilities</b>	<b>146 603</b>	<b>137 113</b>	<b>82 492</b>
<b>Total liabilities and equity</b>	<b>946 221</b>	<b>1 057 644</b>	<b>926 547</b>

## ADDITIONAL INFORMATION

This interim report has been prepared in accordance with IAS 34 Interim financial Reporting and applicable rules in the Annual Accounting Act. The interims report for the parent company was prepared in accordance with Chapter 9 of the annual Accounts Act, interim report. The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2011, as described in those annual financial statements.

The company's auditors have not examined this report.

## REPORTING DATES

Interim Report January – September

24 October, 2012

## CERTIFICATION BY THE BOARD OF DIRECTORS AND CEO

The Board of Directors and the CEO certify that the Interim report for the period January - June 2012 gives a true and fair overview of the Parent Company Net Insight AB and the Group's operations, their financial position and results of operations, and describes significant risks and uncertainties facing the Parent Company and other companies in the Group.

## NET INSIGHT

### **Business concept and model**

Net Insight's business concept is to develop, market and sell products to public and private network owners that need high-quality transport for media-rich traffic. Net Insight's customers benefit from the opportunity to introduce new revenue-generating services while reducing their capital expenditures and operating costs. Revenue is generated through direct and indirect sales of products and licenses, support and maintenance services, installation services and training.

### **Strategy**

Net Insight's objective is to grow faster than the market with good profitability. Net Insight's growth strategy is based on five pillars: segment focus, geographical expansion, reseller partnerships, partnerships with the global telecom equipment providers, and partnerships with service providers.

### **Value Drivers**

Net Insight benefits from the general increase in video traffic such as higher consumption of mobile and broadband TV (OTT), adoption of remote workflows and production as well a wider coverage of live events. An important driver is also the conversion to new TV formats in the broadcast and media industry.

Stockholm, July 20, 2012

**Lars Berg**  
Styrelseordförande

**Bernt Magnusson**  
Board member

**Arne Wessberg**  
Board member

**Gunilla Fransson**  
Board member

**Clifford H Friedman**  
Board member

**Anders Harrysson**  
Board member

**Fredrik Trägårdh**  
Board member and  
Chief Executive Officer

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Net Insight delivers the world's most efficient and scalable transport solution for Broadcast and IP Media, Digital Terrestrial TV, Mobile TV and IPTV/CATV networks.

Net Insight products truly deliver 100 percent Quality of Service with three times improvement in utilization of bandwidth for a converged transport infrastructure. Net Insights Nimbra™ platform is the industry solution for video, voice and data, reducing operational costs by 50 percent and enhancing competitiveness in delivery of existing and new media services.

World class customers run mission critical video services over Net Insight products for more than 100 million people in more than 50 countries. Net Insight is quoted on the NASDAQ OMX, Stockholm.

For more information, visit [www.netinsight.net](http://www.netinsight.net)

