

# NET INSIGHT INTERIM REPORT JANUARY - MARCH 2012

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

## First Quarter 2012

- Net Sales of SEK 76.6 million (66.6) corresponding to a growth of 15.0% compared to the same period previous year. The growth rate in comparable currencies amounts to 16.8%.
- Operating earnings of SEK 5.2 million (2.9), corresponding to an operating margin of 6.7% (4.3).
- Earnings per share of SEK 0.01 (0.01).
- Total cash flow of SEK -11.0 million (-19.5).

*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 May 4, 2012 at 08.30 am CET.*

## GOOD REVENUE GROWTH OF 15% THE FIRST QUARTER

Revenues reached 77 MSEK (67 MSEK) which marks a 15 % growth year-over-year. In comparable currencies the revenue increase was 17 %. Most financial ratios improved. The gross margin reached 61.1 % (57.8), and operating earnings as well as the operating margin improved compared with the same period previous year. The cash flow was negative 11 MSEK (-20), mainly due to continued inventory build-up for long lead time components and trade receivables.

First quarter showed a good mix between strong repeat business from larger existing customers, some new customers and a new important media contribution network for Swisscom Broadcast AG, covering many significant sport arenas in Switzerland. Again a large portion of our business 80 % (63) was generated in the Broadcast and Media Network business area (BMN), we also had good repeat business for the Digital Terrestrial TV area (DTT). As I have stated many times before the revenues generated through our partner network will vary over time and for Q1 it represented 40 % (62). We booked business for several large broadcasters and media service providers relating to the major sport event in London this summer. We will deliver the Nimbra MSR platform and transport video and data for many leading service providers and broadcasters from the media center in London. In conjunction with the Olympic Games the Nimbra MSR platform will also be used for specific remote production set ups. It is our aim to drive the trend towards remote production and workflow for increased efficiency, quality of service and reduced costs for live sports production.

Net Insight also won the prestigious SCTE 2012 Technological Innovation Award (Society for Broadband Professionals). Net Insight was selected for our service aware media network solution as the Best Broadband Network Transmission Solution 2012.

In summary the year has started off in a positive way.



Stockholm, May 4, 2012  
Fredrik Trägårdh  
CEO

## BUSINESS ACTIVITIES DURING THE FIRST QUARTER

During the first quarter Broadcast and Media Networks (BMN) represented 80% of total revenues and Digital Terrestrial TV networks (DTT) represented 20%. Swisscom Broadcast selected Net Insight for a new media contribution network to cover all premier league ice hockey and football arenas in Switzerland. This order includes Net Insight's high-density technology to provide low latency video compression. From our existing customers several orders were related to the major sport event in London this summer. Net Insight has for some time been driving the trends towards remote production and at the event mentioned above there will be several commercial installations of remote production. Net Insight's customer TeliaSonera International Carrier will use its Nimbra media network to offer its customers services for remote production.

Net Insight recruited new partners in several regions during the quarter mainly in Eastern Europe and in South East Asia. At the end of the quarter Net Insight had 49 resellers in its Global Partner network.

Net Insight's major event for the first quarter was CABSAT MENA in Dubai. This is the main regional event in the Middle East area for the media and broadcast industry. Net Insight also participated in events in UK, USA, Malaysia, China, Turkey and Switzerland.

Together with Yankee Group Net Insight published a new white paper "New Video Landscape Dynamics Require Smarter Delivery of IP Video". The white paper explores how today's video landscape opens up opportunities for IP service providers to become part of the Over-the-Top value chain.

## NEW PRODUCT INTRODUCTION

In February Net Insight released a new version of its Nimbra Vision improving the service-centric network management functionality. Nimbra Vision offers enhanced scalability, improved dynamics and includes support for floor capacity to prevent starvation. The new functionality enables customers to utilize network capacity to the fullest in order to accommodate new services.

## SALES AND EARNINGS

Net Sales for the first quarter amounted to SEK 76.6 million (66.6), which represents a year over year growth of 15.0%. In comparable currencies the growth amounted to 16.8%. Revaluation of accounts receivables in foreign currencies had a negative effect on Net Sales of SEK 1.7 million compared to negative effect of SEK 1.4 million for the same period last year.

The increase in sales comes from EMEA and APAC whereas the Americas came in on par with previous year. The growth in EMEA and APAC is a combination of repeat business and new customer wins.

### NET SALES PER REGION

|                       | Q1          | Q1          | Q2          | Q3          | Q4          | Q2'11-       | Full year    |
|-----------------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|
| Amount in SEK million | 2012        | 2011        | 2011        | 2011        | 2011        | Q1'12        | 2011         |
| EMEA                  | 54,6        | 50,3        | 45,1        | 51,8        | 56,7        | 208,2        | 203,9        |
| Americas              | 13,7        | 13,2        | 21,8        | 16,8        | 18,3        | 70,6         | 70,1         |
| APAC                  | 8,3         | 3,1         | 5,3         | 6,8         | 5,3         | 25,7         | 20,5         |
| <b>Total</b>          | <b>76,6</b> | <b>66,6</b> | <b>72,2</b> | <b>75,4</b> | <b>80,3</b> | <b>304,5</b> | <b>294,5</b> |

Sales in the Broadcast & Media business area amount to 80% (63) of total sales and Digital Terrestrial TV accounted for 20% (34). IPTV/CATV accounted for 0% (3) of the turnover.

Hardware revenue amounted to SEK 54.5 million (52.3). Sales of software licenses increased by 6.3 million to SEK 11.9 million (5.6) whereas support and service revenue increased to SEK 11.4 million (9.7). The above figures are exclusive of other revenues of SEK -1.2 million (-1.0) which mainly consists of revaluation of the accounts receivables stock in foreign currencies.

As shown in the condensed income statement on page 10, the Gross margin is 61.1% (57.8). This is a result of a favorable product mix and a larger share of repeat business.

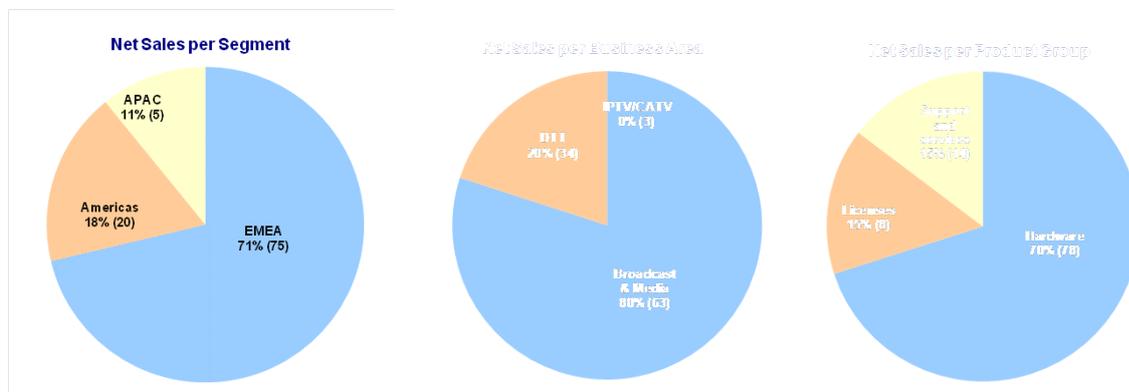
Total operating expenses for the first quarter amounted to SEK 41.6 million (35.6). Sales and marketing expenses amounted to SEK 26.8 (22.4) million. The increase is related to increased sales and sales support staff. Administrative expenses have decreased by SEK 1.2 million to SEK 6.8 million mainly as fewer consultants have been engaged. R&D expenses have increased to SEK 8.1 million (5.2) mainly as more resources have been added.

Operating earnings amounted to SEK 5.2 million (2.9), which correspond to an operating margin of 6.9% (5.7)

The financial net amounted to SEK 0.1 million (0.9). The decrease is due to revaluation effects on bank balances held in foreign currencies.

Earnings before tax amounted to SEK 5.3 million (3.8), which corresponds to a profit margin of 6.9% (5.7).

Net income amounted to SEK 5.3 million (4.7) resulting in a Net Profit margin of 6.9% (7.1).



## CASH FLOW AND FINANCIAL POSITION

Cash flow in the first quarter amounted to SEK -11.0 million (-19.5). The negative first quarter cash flow is primarily related to build up of safety stock, increased customer receivables and to some extent increased investments in intangible fixed assets.

Liquid funds at the end of the period totaled SEK 185.2 million (216.3).

Total shareholders' equity amounted to SEK 496.9 million (445.1) with a resulting equity ratio of 85.8% (83.1).

## INVESTMENTS

First quarter investments in tangible assets amounted to SEK 0.2 million (0.1) and depreciation of tangible assets amounted to SEK 0.5 million (0.2). Capitalization of development expenditures totaled SEK 18.9 million (16.0). Depreciation of capitalized development expenditures totaled SEK 8.2 million (6.5).

At the end of the period, net book value of capitalized development expenditures amounted to SEK 167.4 million (131.1).

## EMPLOYEES

At the end of the period Net Insight had 155 (137) employees. The parent company Net Insight AB had 144 (128) employees, Net Insight Intellectual Property AB 5 (5) and the US subsidiary Net Insight Inc. had 6 (4) employees.

## PARENT COMPANY

The parent company's net sales during the first quarter amounted to SEK 97.6 million (88.3). Net income amounted to a loss of SEK 57.2 million (8.3). During the quarter, Group internal charges for development expenditures have been adjusted 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 forward amount to SEK 126 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 are 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 first quarter.

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

## SEASONALITY

Any seasonality effects Net Insight is subject to follow customers' purchase pattern. Based on the last three 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

|  | Q1     | Q4     | Q3     | Q2     | Q1     | Q4     | Q3     | Q2     |
|--|--------|--------|--------|--------|--------|--------|--------|--------|
|  | 2012   | 2011   | 2011   | 2011   | 2011   | 2010   | 2010   | 2010   |
| Net sales                                | 76 627 | 80 303 | 75 367 | 72 236 | 66 618 | 88 060 | 67 644 | 71 465 |
| Profit/loss after financial items        | 5 254  | 16 503 | 17 008 | 9 745  | 3 815  | 16 293 | 9 580  | 11 672 |
| Earnings per share, SEK                  | 0,01   | 0,06   | 0,04   | 0,02   | 0,01   | 0,05   | 0,03   | 0,02   |
| Cash flow from operations per share, SEK | -3%    | 0%     | 1%     | -12%   | -5%    | 8%     | -1%    | 1%     |
| Return on capital employed (%)           | 1,1%   | 3,4%   | 3,7%   | 2,2%   | 0,9%   | 3,8%   | 2,3%   | 2,9%   |
| Return on equity (%)                     | 1,1%   | 4,5%   | 3,1%   | 2,1%   | 1,1%   | 4,4%   | 2,7%   | 2,2%   |
| Equity per share, SEK                    |        |        |        |        |        |        |        |        |
| - before dilution, SEK                   | 1,27   | 1,26   | 1,20   | 1,17   | 1,14   | 1,13   | 1,08   | 1,05   |
| - after dilution, SEK                    | 1,27   | 1,26   | 1,20   | 1,17   | 1,14   | 1,13   | 1,08   | 1,05   |

## CONSOLIDATED INCOME STATEMENT

| Amount in SEK thousands   | Q1<br>2012    | Q1<br>2011    | Q2'11-Q1'12<br>12 months | Full year<br>2011 |
|---|---------------|---------------|--------------------------|-------------------|
| Net sales   | 76 627        | 66 618        | 304 533                  | 294 524           |
| Cost of goods & service sold  | -29 829       | -28 104       | -114 077                 | -112 352          |
| <b>Gross earnings</b>   | <b>46 798</b> | <b>38 514</b> | <b>190 456</b>           | <b>182 172</b>    |
| Sales and marketing expenses  | -26 752       | -22 388       | -96 282                  | -91 918           |
| Administration expenses   | -6 792        | -8 022        | -26 135                  | -27 365           |
| Development expenses  | -8 103        | -5 222        | -22 946                  | -20 065           |
| <b>Operating earnings</b>   | <b>5 151</b>  | <b>2 882</b>  | <b>45 093</b>            | <b>42 824</b>     |
| Net financial items   | 103           | 934           | 3 416                    | 4 247             |
| <b>Earnings before tax</b>  | <b>5 254</b>  | <b>3 816</b>  | <b>48 509</b>            | <b>47 071</b>     |
| Tax   | 0             | 915           | 1 942                    | 2 857             |
| <b>Net income</b>   | <b>5 254</b>  | <b>4 731</b>  | <b>50 451</b>            | <b>49 928</b>     |
| <b>Net income for the period attributable to the stockholders of the parent company</b> | <b>5 254</b>  | <b>4 731</b>  | <b>50 451</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                    | 0,01    | 0,01    | 0,13    | 0,13    |
| Earnings per share after dilution                     | 0,01    | 0,01    | 0,13    | 0,13    |
| Average number of shares in thousands before dilution | 389 933 | 389 933 | 389 933 | 389 933 |
| Average number of shares in thousands after dilution  | 389 933 | 389 933 | 389 933 | 389 933 |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| Amount in SEK thousands   |              |              |               |               |
|---|--------------|--------------|---------------|---------------|
| <b>Net income</b>   | <b>5 254</b> | <b>4 731</b> | <b>50 451</b> | <b>49 928</b> |
| <b>Other comprehensive income</b>   |              |              |               |               |
| Exchange rate differences   | -308         | -503         | 334           | 139           |
| <b>Total other comprehensive income, net after tax</b>  | <b>-308</b>  | <b>-503</b>  | <b>334</b>    | <b>139</b>    |
| <b>Total comprehensive income for the period</b>  | <b>4 946</b> | <b>4 228</b> | <b>50 785</b> | <b>50 067</b> |
| <b>Total comprehensive income for the period attributable to the stockholders of the parent company</b> | <b>4 946</b> | <b>4 228</b> | <b>50 785</b> | <b>50 067</b> |

## CONSOLIDATED CASH FLOW STATEMENT

| Amount in SEK thousands   | Q1<br>2012     | Q1<br>2011     | Q2 '11-Q1 '12<br>12 months | Full year<br>2011 |
|---|----------------|----------------|----------------------------|-------------------|
| <b>Ongoing operations</b>   |                |                |                            |                   |
| Net income before tax   | 5 254          | 3 815          | 48 510                     | 47 071            |
| Depreciation  | 8 737          | 6 898          | 31 295                     | 29 456            |
| Other items not affecting liquidity   | 2 213          | -1 716         | 4 369                      | 440               |
| <b>Cash flow from ongoing operations<br/>before change in working capital</b> | <b>16 204</b>  | <b>8 997</b>   | <b>84 174</b>              | <b>76 967</b>     |
| <b>Change in working capital</b>  |                |                |                            |                   |
| Increase-/decrease+ in inventories  | -7 019         | -10 469        | -4 675                     | -8 125            |
| Increase-/decrease+ in receivables  | -6 341         | -3 688         | -30 598                    | -27 945           |
| Increase+/decrease- in current liabilities                                    | 5 190          | 1 722          | -7 572                     | -11 040           |
| <b>Cash flow from ongoing operations</b>                                      | <b>8 034</b>   | <b>-3 438</b>  | <b>41 329</b>              | <b>29 857</b>     |
| <b>Investment activity</b>  |                |                |                            |                   |
| Acquisitions of intangible fixed assets                                       | -18 905        | -15 980        | -68 931                    | -66 006           |
| Acquisitions of tangible fixed assets   | -195           | -139           | -3 510                     | -3 454            |
| Acquisition of net assets   | 0              | 0              | 0                          | 0                 |
| Increase-/decrease+ in long-term receivables                                  | 105            | 32             | 29                         | -44               |
| <b>Cash flow from investment activity</b>                                     | <b>-18 995</b> | <b>-16 087</b> | <b>-72 412</b>             | <b>-69 504</b>    |
| Increase/decrease in liquid funds   | -10 961        | -19 525        | -31 083                    | -39 647           |
| Liquid funds, opening balance   | 196 210        | 235 857        | 216 332                    | 235 857           |
| <b>Liquid funds, closing balance</b>  | <b>185 249</b> | <b>216 332</b> | <b>185 249</b>             | <b>196 210</b>    |

## CONSOLIDATED BALANCE SHEET

| Amount in SEK thousands                     | Mar 31 2012    | Mar 31 2011    | Dec 31 2011    |
|---|----------------|----------------|----------------|
| <b>ASSETS</b>                               |                |                |                |
| <b>Intangible assets</b>                    |                |                |                |
| Capitalized expenditure for development     | 167 367        | 131 101        | 158 871        |
| Goodwill                                    | 4 354          | 4 354          | 4 354          |
| Other intangible assets                     | 1 075          | 1 940          | 1 291          |
| <b>Tangible fixed assets</b>                |                |                |                |
| Equipment                                   | 3 945          | 1 637          | 4 075          |
| Equipment for leasing                       | 0              | 0              | 0              |
| <b>Financial assets</b>                     |                |                |                |
| Deferred tax asset                          | 31 932         | 29 990         | 31 932         |
| Deposits paid, long-term                    | 292            | 321            | 397            |
| <b>Total fixed assets</b>                   | <b>208 965</b> | <b>169 343</b> | <b>200 920</b> |
| <b>Current assets</b>                       |                |                |                |
| Inventory                                   | 43 372         | 38 697         | 36 353         |
| Customer receivables                        | 129 017        | 98 209         | 123 896        |
| Other receivables                           | 12 733         | 12 943         | 11 513         |
| Cash and bank balances                      | 185 249        | 216 332        | 196 210        |
| <b>Total current assets</b>                 | <b>370 371</b> | <b>366 181</b> | <b>367 972</b> |
| <b>Total assets</b>                         | <b>579 336</b> | <b>535 524</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                      | -1 828         | -2 162         | -1 520         |
| Accumulated deficit                         | -709 609       | -761 092       | -715 088       |
| <b>Total shareholders' equity</b>           | <b>496 887</b> | <b>445 070</b> | <b>491 716</b> |
| <b>Long-term liabilities</b>                |                |                |                |
| Long-term liabilities                       | 0              | 0              | 0              |
| Provisions                                  | 3 769          | 5 580          | 7 771          |
| <b>Total long-term liabilities</b>          | <b>3 769</b>   | <b>5 580</b>   | <b>5 001</b>   |
| <b>Current liabilities</b>                  |                |                |                |
| Accounts payable                            | 25 935         | 36 905         | 26 130         |
| Other liabilities                           | 52 745         | 47 969         | 43 275         |
| <b>Total current liabilities</b>            | <b>78 680</b>  | <b>84 874</b>  | <b>69 405</b>  |
| <b>Total liabilities and equity</b>         | <b>579 336</b> | <b>535 524</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                         | -503                   | 4 730               | 4 227                      |
| New shares issued - employee stock options | 0             | 0                         | 0                      | 0                   | 0                          |
| Employee stock option program:             |               |                           |                        |                     |                            |
| Value of employees' services               | 0             | 0                         | 0                      | 269                 | 269                        |
| <b>2011-03-31</b>                          | <b>15 597</b> | <b>1 192 727</b>          | <b>-2 162</b>          | <b>-761 092</b>     | <b>445 070</b>             |
| <b>2011-04-01</b>                          |               |                           |                        |                     |                            |
| Total comprehensive income                 | 0             | 0                         | 642                    | 45 198              | 45 840                     |
| New shares issued - employee stock options | 0             | 0                         | 0                      | 0                   | 0                          |
| Employee stock option program:             |               |                           |                        |                     |                            |
| Value of employees' services               | 0             | 0                         | 0                      | 806                 | 806                        |
| <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                         | -308                   | 5 254               | 4 946                      |
| Employee stock option program:             |               |                           |                        |                     |                            |
| Value of employees' services               | 0             | 0                         | 0                      | 225                 | 225                        |
| <b>2012-03-31</b>                          | <b>15 597</b> | <b>1 192 727</b>          | <b>-1 828</b>          | <b>-709 609</b>     | <b>496 887</b>             |

## SEGMENT REPORT

| Amount in SEK million              | Q1 2012 |      |     |            | Q1 2011 |      |     |            |
|------------------------------------|---------|------|-----|------------|---------|------|-----|------------|
|                                    | EMEA    | APAC | AM  | Total      | EMEA    | APAC | AM  | Total      |
| Net Sales                          | 55      | 8    | 14  | <b>76</b>  | 50      | 3    | 13  | <b>67</b>  |
| Regional Contribution              | 15      | 1    | 3   | <b>19</b>  | 10      | -1   | 5   | <b>14</b>  |
| Regional Contribution (%)          | 28%     | 7%   | 23% | <b>25%</b> | 20%     | -23% | 36% | <b>21%</b> |
| Adjusted for R&D Depreciation      | 6       | 1    | 1   | <b>8</b>   | 6       | 0    | 0   | <b>6</b>   |
| Adjusted Regional Contribution     | 21      | 2    | 4   | <b>27</b>  | 16      | -1   | 5   | <b>20</b>  |
| Adjusted Regional Contribution (%) | 39%     | 19%  | 31% | <b>35%</b> | 31%     | -19% | 40% | <b>31%</b> |

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 |              |              |              |              |              | Full year    |
|-------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                         | Q1 2012      | Q1 2011      | Q2 2011      | Q3 2011      | Q4 2011      | 2011         |
| Net Sales               | 76,6         | 66,6         | 72,2         | 75,4         | 80,3         | 294,5        |
| Gross earnings          | 46,8         | 38,5         | 44,2         | 49,6         | 49,9         | 182,2        |
| <b>Gross margin</b>     | <b>61,2%</b> | <b>57,8%</b> | <b>61,2%</b> | <b>65,8%</b> | <b>62,1%</b> | <b>61,9%</b> |
| Operating earnings      | 5,2          | 2,9          | 8,3          | 15,5         | 16,1         | 42,8         |
| <b>Operating margin</b> | <b>6,8%</b>  | <b>4,4%</b>  | <b>11,5%</b> | <b>20,6%</b> | <b>20,0%</b> | <b>14,5%</b> |
| Pretax profit           | 5,3          | 3,8          | 9,7          | 17,0         | 16,5         | 47,0         |
| Net income              | 5,3          | 4,7          | 9,3          | 14,3         | 21,5         | 49,8         |
| <b>Net margin</b>       | <b>6,9%</b>  | <b>7,1%</b>  | <b>12,9%</b> | <b>19,0%</b> | <b>26,8%</b> | <b>16,9%</b> |

## PARENT COMPANY INCOME STATEMENT

| Amount in SEK thousands       | Q1<br>2012     | Q1<br>2011    | Q2'11-Q1'12<br>12 months | Full Year<br>2011 |
|-------------------------------|----------------|---------------|--------------------------|-------------------|
| Net Sales                     | 97 649         | 88 280        | 390 580                  | 381 211           |
| Cost of goods & services sold | 5 204          | -45 777       | -136 716                 | -187 697          |
| <b>Gross earnings</b>         | <b>102 853</b> | <b>42 503</b> | <b>253 864</b>           | <b>193 514</b>    |
| Sales and marketing expenses  | -25 491        | -21 210       | -90 946                  | -86 665           |
| Administration expenses       | -6 790         | -8 020        | -26 134                  | -27 364           |
| Development expenses          | -131 853       | -5 222        | -146 696                 | -20 065           |
| <b>Operating earnings</b>     | <b>-61 281</b> | <b>8 051</b>  | <b>-9 912</b>            | <b>59 420</b>     |
| Net financial items           | -242           | 665           | -136 646                 | -135 739          |
| <b>Earnings before tax</b>    | <b>-61 523</b> | <b>8 716</b>  | <b>-146 558</b>          | <b>-76 319</b>    |
| Tax                           | 0              | -385          | -951                     | -1 336            |
| <b>Net income</b>             | <b>-61 523</b> | <b>8 331</b>  | <b>-147 509</b>          | <b>-77 655</b>    |

## PARENT COMPANY BALANCE SHEET

| Amount in SEK thousands                     | Mar 31, 2012   | Mar 31, 2011     | Dec 31, 2011   |
|---|----------------|------------------|----------------|
| <b>ASSETS</b>                               |                |                  |                |
| <b>Intangible assets</b>                    |                |                  |                |
| Capitalized expenditure for development     | 0              | 131 101          | 158 871        |
| Other intangible assets                     | 1 075          | 1 940            | 1 291          |
| <b>Tangible fixed assets</b>                |                |                  |                |
| Equipment                                   | 3 945          | 1 637            | 4 075          |
| <b>Financial assets</b>                     |                |                  |                |
| Shares in group companies                   | 117 427        | 18 398           | 18 398         |
| Deferred tax asset                          | 17 109         | 25 195           | 17 109         |
| Deposits paid, long-term                    | 292            | 321              | 397            |
| <b>Total fixed assets</b>                   | <b>139 848</b> | <b>178 592</b>   | <b>200 141</b> |
| <b>Current assets</b>                       |                |                  |                |
| Inventory                                   | 43 372         | 38 697           | 36 353         |
| Customer receivables                        | 129 017        | 98 209           | 123 896        |
| receivables, subsidiaries                   | 448 651        | 561 244          | 429 097        |
| Other receivables                           | 14 803         | 14 296           | 13 390         |
| Cash and bank balances                      | 121 110        | 150 055          | 123 670        |
| <b>Total current assets</b>                 | <b>756 953</b> | <b>862 501</b>   | <b>726 406</b> |
| <b>Total assets</b>                         | <b>896 801</b> | <b>1 041 093</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   | 646 567        | 773 049          | 707 865        |
| <b>Total shareholders' equity</b>           | <b>774 986</b> | <b>901 468</b>   | <b>836 284</b> |
| <b>Long-term liabilities</b>                |                |                  |                |
| Other provisions                            | 3 703          | 5 022            | 7 771          |
| <b>Total long-term liabilities</b>          | <b>3 703</b>   | <b>5 022</b>     | <b>7 771</b>   |
| <b>Current liabilities</b>                  |                |                  |                |
| Accounts payable                            | 25 751         | 36 817           | 25 839         |
| Liabilities, subsidiaries                   | 42 773         | 51 878           | 16 618         |
| Other liabilities                           | 49 588         | 45 908           | 40 035         |
| <b>Total current liabilities</b>            | <b>118 112</b> | <b>134 603</b>   | <b>82 492</b>  |
| <b>Total liabilities and equity</b>         | <b>896 801</b> | <b>1 041 093</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 – June      | 20 July, 2012    |
| Interim Report January – September | 24 October, 2012 |

## 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, May 4, 2012

**Fredrik Trägårdh**  
Chief Executive Officer

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)

