

NET INSIGHT

INTERIM REPORT JANUARY – SEPTEMBER 2012

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

Third Quarter 2012

- Net Sales of SEK 60.3 million (75.4) corresponding to a decline of 20.0% compared with the same period previous year. The decline in comparable currencies amounts to 13.2%.
- Operating earnings of SEK -3.6 million (15.5), corresponding to an operating margin of -6.0 % (20.6).
- Earnings per share of SEK -0.01 (0.04).
- Total cash flow of SEK million -9.2 (4.8).
- An efficiency and costs reduction program is introduced aiming at reducing the cost base by SEK 25 million on an annual basis with full effect from January 1, 2013. This includes termination of consultancy contracts as well as up to 10 positions being made redundant.

January - September 2012

- Net sales of SEK 212.0 million (214.2) corresponding to a decline of 1.0 % compared with the same period previous year. The decline in comparable currencies amounts to 0.1%.
- Operating earnings of SEK million 5.0 (26.7), corresponding to an operating margin of 2.3 % (12.5).
- Earnings per share of SEK 0.04 (0.07).
- Total cash flow of SEK -5.6 million (-40.5).

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 October 24, 2012 at 08.45 am CET.

CHALLENGING DEVELOPMENT IN CERTAIN MARKETS

After 23 consecutive profitable quarters we report negative operating earnings of SEK -3.6 million for the third quarter. It was mainly our business in Eastern Europe and the Middle East that fell significantly short of expectations. The third quarter started off in a strong way but half way, significant project delays occurred.

Financials are weaker than the previous year mainly as a result of lower revenues. We have invested significantly over the last few years in R&D to broaden the product portfolio and in Sales and Marketing to broaden our customer base and geographic reach. We are now at the stage where we will focus efforts and put in place an efficiency and cost reduction program aiming at reducing the cost base by SEK 25 million on an annual basis, with full effect from January 1, 2013. A restructuring charge estimated to SEK 7 million will affect the 2012 fourth quarter result.

The Broadcast and Media Network (BMN) business showed a significant win with a major network provider in South Korea that ordered our Nimbra MSR Platform for contribution and distribution services throughout South Korea. There are many DTT/TV distribution projects remaining around the world that we are following very closely. This quarter we won another DTT rollout for the national broadcaster in Austria, ORS. Many DTT upgrades and deliveries to existing DTT customers occurred during the quarter in several countries.

Together with many of our customers we were involved in live transmissions from the London Olympic Games. We have pioneered what it is called remote production meaning that large and small broadcasters are able to significantly reduce technical production costs and focus on content creation to become more competitive. The London Olympic Games was the first really large sporting event where remote productions were commercially used to gain efficiencies.

During the fall Net Insight launched several new products and features improving our competitiveness in the access market and significantly improving capacity, network management and Ethernet capabilities.

I am disappointed by the weak quarterly result and we do face delays when it comes to larger project procurements. The timing of larger projects is and always will be difficult to specify but I am convinced that a significant number of them will happen and, that we are tracking and pursuing the business opportunities within our addressable market in a good way, which is the key determining factor for future growth.



Stockholm, October 24, 2012
Fredrik Trägårdh
CEO

BUSINESS ACTIVITIES DURING THE THIRD QUARTER

During the third quarter Net Insight received two significant orders, one within Digital Terrestrial TV networks (DTT) and the other within Broadcast and Media Networks (BMN). The Austrian national public service broadcaster ORS selected Net Insight for their national DVB-T2 network. The Nimbra transport solution uses ORS's underlying IP infrastructure for distribution of signals throughout Austria. Net Insight won this order together with the Austrian partner TV-Connect Broadcast Systems. The other order was won in partnership with our South Korean partner Sanam Technology and included an offering which provides contribution and distribution services for all media: video, audio and data. This is the second deployment of the Nimbra platform in South Korea.

London Olympics was the major sport event during the quarter where the Nimbra platform was used by many customers such as Telia Sonera International Carrier, EBU, Aldea, SRG SSR, Foxtel among others. The Swedish telco TeliaSonera International Carrier delivered remote production services for clients over its fibre-based media network. TeliaSonera provided broadcasters from Scandinavia, Japan, Korea and Brazil access to eight TV studios located at the edge of the Olympic site to create content for their Olympic coverage. The remote production techniques enabled SVT, Swedish Television, to reduce the number of technicians on site, saving costs, and as a benefit be able to focus more on the content creation side.

Net Insight recruited a few new partners mainly in Western Europe and at the end of the quarter Net Insight had more than 50 resellers in its Global Partner network.

During the third quarter the key marketing focus has been our participation at the IBC Show 2012 in Amsterdam, Netherlands. IBC is a leading exhibition for professionals engaged in the creation, management and delivery of entertainment and media content worldwide. Net Insight launched several new products and features at this year's exhibition mentioned in the new product introduction section below.

Net Insight also participated in SET Broadcast and Cable in Sao Paulo, Brazil as well as in the Saudi Broadcasting Forum in Riyadh, Saudi Arabia together with our partner ACES. Net Insight held a partner event for all our sales partners in the Asian Pacific region during the quarter.

For the third consecutive year Net Insight won an award from the CSI organization in conjunction to IBC 2012. This year Net Insight won the "Highly commended award" in the category "Best cable or fibre contribution/distribution/transmission solution" for the Service Aware Media Network (SAMN) solution.

NEW PRODUCT INTRODUCTION

In August and September Net Insight launched several new products and features. In order to address the access market as well as live contribution and remote production the Nimbra 640 was launched. The Nimbra 640 is also suitable for other applications such as primary DTT distribution, Cable TV/IPTV distribution and studio interconnect. A new multi-format video access module for the Nimbra 600 series MSR was introduced. The module can be equipped with intelligent SFP modules and takes another step towards integration of more advanced video processing functionality into the company's Nimbra 600 video transport platform which in turn enables a richer set of services and cost savings for customers.

Net Insight holds a patent for the networked solution for distribution of time, Time Transfer. Now Net Insight has introduced this unique feature over IP, offering a secure and convenient way to provide accurate, absolute time synchronization using the same network infrastructure used for video transport, and without GPS-receivers.

SALES AND EARNINGS

Net Sales for the third quarter amounted to SEK 60.3 million (75.4), which represents a year over year decline of 20.0%. In comparable currencies the decline amounted to 13.2%. Revaluation of accounts receivables in foreign currencies had a negative effect on Net Sales of SEK 2.7 million compared to a positive effect of SEK 2.4 million for the same period last year.

EMEA showed a decline of SEK 20.8 million and were not able to repeat the volumes reached during the third quarter 2011 mainly as Middle East and Eastern Europe fell short of expectations. Americas showed a decline of SEK 4.6 million whereas APAC showed strong growth mainly related to an order from a major South Korean network provider.

NET SALES PER REGION

	Q3	Q3	Q4	Q1	Q2	Q4'11-	Full year
Amount in SEK million	2012	2011	2011	2012	2012	Q3'12	2011
EMEA	31,0	51,8	56,7	54,6	45,6	187,9	203,9
Americas	12,2	16,8	18,3	13,7	17,5	61,7	70,1
APAC	17,1	6,8	5,3	8,3	11,9	42,6	20,5
Totalt	60,3	75,4	80,3	76,6	75,0	292,2	294,5

Sales in the Broadcast & Media business area amount to 89% (89) of total sales and Digital Terrestrial TV accounted for 10% (9). IPTV/CATV accounted for 1% (2) of the turnover.

Hardware revenue amounted to SEK 41.3 million (56.1). Sales of software licenses were in line with previous year at SEK 6.0 million (6.5) whereas support and service revenues increased by SEK 3.5 million to SEK 13.8 million (10.3). The above figures are exclusive of other revenues of SEK -0.8 million (2.5) 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 12, the Gross margin is 57.9% (65.8). The decline is fully related to increased amounts of depreciation of capitalized R&D expenditures. The Gross margin exclusive of depreciation of capitalized R&D expenditures amounts to 75.4% (74.7).

Total operating expenses for the third quarter amounted to SEK 38.5 million (34.1). Sales and marketing expenses amounted to SEK 24.9 million (22.5). The increase is related to an increased number of sales and sales support staff and partner commissions. Administrative expenses are slightly below previous year at SEK 6.2 million (7.2) mainly relating to lower costs for consultants. R&D expenses have increased to SEK 7.4 million (4.4) as more resources have been added and the rate of capitalization has decreased somewhat.

Operating earnings amounted to SEK -3.6 million (15.5), which correspond to an operating margin of -6.0% (20.6). The decrease is mainly related to lower sales volumes, increased amounts of depreciation of capitalized R&D expenditures and higher operating expenses related to hiring of staff, mainly in the R&D and sales areas.

The financial net amounted to SEK 0.7 million (1.5). The decrease is attributable to translation differences on cash balances held in foreign currencies.

Earnings before tax amounted to SEK -2.9 million (17.0), which corresponds to a profit margin of -4.9% (22.6).

Net income amounted to SEK -3.6 million (14.3) resulting in a Net Profit margin of -6.0% (19.0).

During the fourth quarter Net Insight will launch an efficiency and cost reduction program aiming at reducing the cost base by SEK 25 million on an annual basis with full effect from January 1, 2013. The program is estimated to affect up to 10 positions and includes termination of consultancy contracts. An estimated restructuring charge of SEK 7 million will affect the 2012 fourth quarter result.

Nine Months

Net Sales for the nine months period amounted to SEK 212.0 million (214.2), which is a decline of 1.0% compared to the same period last year. In comparable currencies Net Sales is on par with the same period last year. Revaluation of accounts receivables in foreign currencies affected Net Sales negatively by SEK 2.9 million compared to a positive effect of SEK 2.5 million for the same period last year.

The EMEA region accounted for SEK 131.2 million (147.2), Americas SEK 43.4 million (51.8) and APAC SEK 37.3 million (15.2).

Sales by business area are distributed between Broadcast & Media 79% (73), DTT 21% (22) and IPTV/CATV 0% (5).

Hardware sales amounted to SEK 148.5 million (156.5), support and service revenue grew to SEK 38.3 million (33.8) and software licenses amounted to SEK 24.1 million (20.2).

As shown in the condensed income statement on page 12, the Gross margin is 60.1% (61.8). The decrease is related to increased amounts of depreciation of capitalized R&D expenditures. The Gross margin exclusive of depreciation of capitalized R&D expenditures amounts to 73,5% (71.1)

Operating expenses have increased by SEK 16.7 million to SEK 122.4 million (105.6) mainly due increased number of staff and somewhat lower level of capitalization of R&D expenditures.

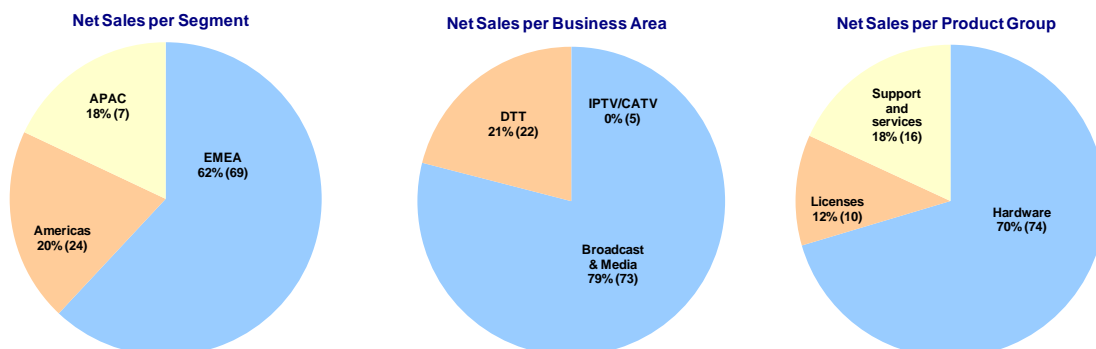
Operating earnings amounted to SEK 5.0 million (26.7), which correspond to an Operating Margin of 2.4% (12.5).

The financial net amounts to SEK 1.4 million (3.8). The decrease is mainly related to translation differences on bank balances held in foreign currencies.

Earnings before tax amounted to SEK 6.4 million (30.6) and the corresponding profit margin amounts to 3.0% (14.3).

Net Income amounted to SEK 14.2 million (28.4). A positive tax adjustment with the net effect of SEK 8.4 was made for capitalization of loss carry forwards in the first half of the year. The Net profit margin amounts to 6.7% (13.3)

The Swedish Government has proposed to lower the corporate tax rates from 26.3% to 22%. Should this be ratified, a revaluation of the deferred tax asset will be made in Q4.



CASH FLOW AND FINANCIAL POSITION

Cash flow in the third quarter amounted to SEK -9.2 million (4.8). Cash flow for the quarter is negative due to acquisitions of intangible fixed assets, capitalized R&D, being larger than cash flow from ongoing operations.

Cash flow for the nine month period amounted to SEK -5.6 million (-40.5). The Cash flow is negative mainly due to investments in intangible fixed assets exceeding cash flow from ongoing operations.

Liquid funds at the end of the period totaled SEK190.6 million (195.4).

Total shareholders' equity amounted to SEK 505.7 million (469.9) with a resulting equity ratio of 88% (86.8).

INVESTMENTS

Third quarter investments in tangible assets amounted to SEK 0.6 million (1.8) and depreciation of tangible assets amounted to SEK 0.6 million (0.3). Investments in other intangible assets amount to SEK 0.0 million (0.0) and depreciation amounted to 0.4 (0.2). Capitalization of development expenditures totaled SEK 13.1 million (14.2). Depreciation of capitalized development expenditures totaled SEK 10.6 million (6.7).

Investments in tangible assets for the nine month period amounted to SEK 0.9 million (2.8) and depreciation of tangible assets amounted to SEK 0.9 million (0.7). Investments in other intangible assets amounted to SEK 2.4 million (0.0) and depreciation amounted to SEK 0.9 million (0.6). Capitalization of development expenditures amounted to SEK 48.9 million (45.7) and depreciation of capitalized development expenditures amounted to SEK 28.6 million (19.9)

At the end of the period, net book value of capitalized development expenditures amounted to SEK 177.0 million (147.5).

EMPLOYEES

At the end of the period Net Insight had 157 (146) employees. The parent company Net Insight AB had 147 (137) 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 third quarter amounted to SEK 81.3 million (94.5). Net income amounted to SEK 0.4 million (15.1). Sales for the nine month period amount to SEK 280.8 million (277.7) and Net Income to a loss of SEK 40.5 million compared to a profit of 36.9 for the same period last year. 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 on Group level amount to SEK 152 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 third 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

	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010
Net sales	60 302	75 038	76 627	80 303	75 367	72 236	66 618	88 060
Profit/loss after financial items	-2 925	4 068	5 254	16 503	17 008	9 745	3 815	16 293
Earnings per share, SEK	-0,01	0,03	0,01	0,06	0,04	0,02	0,01	0,05
Cash flow from operations per share, SEK	-0,02	0,04	-0,03	0,00	0,01	-0,12	-0,05	0,08
Return on capital employed (%)	-0,6%	0,8%	1,1%	3,4%	3,7%	2,2%	0,9%	3,8%
Return on equity (%)	-0,7%	2,5%	1,1%	4,5%	3,1%	2,1%	1,1%	4,4%
Equity per share, SEK								
- before dilution, SEK	1,30	1,31	1,27	1,26	1,20	1,17	1,14	1,13
- after dilution, SEK	1,30	1,31	1,27	1,26	1,20	1,17	1,14	1,13

CONSOLIDATED INCOME STATEMENT

Amount in SEK thousands	Q3 2012	Q3 2011	Jan-Sep 2012	Jan-Sep 2011	Q4'11-Q3'12 12 months	Fully year 2011
Net sales	60 302	75 367	211 967	214 221	292 270	294 524
Cost of goods & service sold	-25 392	-25 760	-84 642	-81 855	-115 139	-112 352
Gross earnings	34 910	49 607	127 325	132 366	177 131	182 172
Sales and marketing expenses	-24 879	-22 452	-76 598	-66 787	-101 729	-91 918
Administration expenses	-6 229	-7 234	-20 824	-22 462	-25 727	-27 365
Development expenses	-7 421	-4 424	-24 948	-16 391	-28 622	-20 065
Operating earnings	-3 619	15 497	4 955	26 726	21 053	42 824
Net financial items	694	1 511	1 441	3 842	1 846	4 247
Earnings before tax	-2 925	17 008	6 396	30 568	22 899	47 071
Tax	-650	-2 659	7 769	-2 148	12 774	2 857
Net income	-3 575	14 349	14 165	28 420	35 673	49 928
Net income for the period attributable to the stockholders of the parent company	-3 575	14 349	14 165	28 420	35 673	49 928

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	0,04	0,04	0,07	0,09	0,13
Earnings per share after dilution	-0,01	0,04	0,04	0,07	0,09	0,13
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						
Net income	-3 575	14 349	14 165	28 420	35 673	49 928
Other comprehensive income						
Exchange rate differences	-721	60	-420	69	-350	139
Total other comprehensive income, net after tax	-721	60	-420	69	-350	139
Total comprehensive income for the period	-4 296	14 409	13 745	28 489	35 323	50 067
Total comprehensive income for the period attributable to the stockholders of the parent company	-4 296	14 409	13 745	28 489	35 323	50 067

CONSOLIDATED CASH FLOW STATEMENT

Amount in SEK thousands	Q3 2012	Q3 2011	Jan-Sep 2012	Jan-Sep 2011	Q4'11-Q3'12 12 months	Full year 2011
Ongoing operations						
Net income before tax	-2 925	17 008	6 396	30 568	22 899	47 071
Depreciation	11 266	7 213	30 419	21 260	38 615	29 456
Other items not affecting liquidity	-427	320	2 018	45	2 413	440
Cash flow from ongoing operations before change in working capital	7 914	24 541	38 833	51 873	63 927	76 967
Change in working capital						
Increase-/decrease+ in inventories	-1 910	4 014	-12 826	-8 499	-12 452	-8 125
Increase-/decrease+ in receivables	16 742	-6 703	28 949	-13 788	14 792	-27 945
Increase+/decrease- in current liabilities	-18 212	-993	-8 564	-21 558	1 954	-11 040
Cash flow from ongoing operations	4 534	20 859	46 392	8 028	68 221	29 857
Investment activity						
Acquisitions of intangible fixed assets	-13 117	-14 260	-51 242	-45 724	-71 524	-66 006
Acquisitions of tangible fixed assets	-641	-1 779	-895	-2 796	-1 553	-3 454
Acquisition of net assets	0	0	0	0	0	0
Increase-/decrease+ in long-term receivables	-7	-11	132	13	75	-44
Cash flow from investment activity	-13 765	-16 050	-52 005	-48 507	-73 002	-69 504
Increase/decrease in liquid funds	-9 231	4 809	-5 613	-40 479	-4 781	-39 647
Liquid funds, opening balance	199 828	190 569	196 210	235 857	195 378	235 857
Liquid funds, closing balance	190 597	195 378	190 597	195 378	190 597	196 210

CONSOLIDATED BALANCE SHEET

Amount in SEK thousands	Sep 30, 2012	Sep 30, 2011	Dec 31, 2011
ASSETS			
Intangible assets			
Capitalized expenditure for development	176 951	147 457	158 871
Goodwill	4 354	4 354	4 354
Other intangible assets	2 813	1 507	1 291
Tangible fixed assets			
Equipment	3 978	3 754	4 075
Financial assets			
Deferred tax asset	39 943	26 926	31 932
Deposits paid, long-term	265	340	397
Total fixed assets	228 304	184 338	200 920
Current assets			
Inventory	49 179	37 123	36 353
Customer receivables	92 784	111 166	123 896
Other receivables	13 676	11 719	11 513
Cash and bank balances	190 597	195 378	196 210
Total current assets	346 236	355 386	367 972
Total assets	574 540	539 724	568 892
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted shareholders' equity			
Share capital	15 597	15 597	15 597
Other contributed capital	1 192 727	1 192 727	1 192 727
Translation difference	-1 940	-1 590	-1 520
Accumulated deficit	-700 698	-736 865	-715 088
Total shareholders' equity	505 686	469 869	491 716
Long-term liabilities			
Provisions	4 029	6 202	7 771
Total long-term liabilities	4 029	6 202	7 771
Current liabilities			
Accounts payable	16 167	14 878	26 130
Other liabilities	48 658	48 775	43 275
Total current liabilities	64 825	63 653	69 405
Total liabilities and equity	574 540	539 724	568 892

CHANGES IN GROUP SHAREHOLDERS' EQUITY

Amount in SEK thousands	Share capital	Other contributed capital	Translation difference	Accumulated deficit	Total shareholders' equity
2011-01-01	15 597	1 192 727	-1 659	-766 091	440 574
Total comprehensive income	0	0	69	28 420	28 489
New shares issued - employee stock options	0	0	0	0	0
Employee stock option program:					
Value of employees' services	0	0	0	806	806
2011-09-30	15 597	1 192 727	-1 590	-736 865	469 869
2011-10-01					
Total comprehensive income	0	0	70	21 508	21 578
New shares issued - employee stock options	0	0	0	0	0
Employee stock option program:					
Value of employees' services	0	0	0	269	269
2011-12-31	15 597	1 192 727	-1 520	-715 088	491 716
2012-01-01	15 597	1 192 727	-1 520	-715 088	491 716
Total comprehensive income	0	0	-420	14 165	13 745
Employee stock option program:					
Value of employees' services	0	0	0	225	225
2012-09-30	15 597	1 192 727	-1 940	-700 698	505 686

SEGMENT REPORT

Amount in SEK million	Q3 2012				Q3 2011				Jan-Sep 2012				Jan-Sep 2011			
	EMEA	APAC	AM	Total	EMEA	APAC	AM	Total	EMEA	APAC	AM	Total	EMEA	APAC	AM	Total
Net Sales	31	17	12	60	52	7	17	75	132	37	43	212	142	15	57	214
Regional Contribution	5	2	2	9	20	0	8	27	32	5	11	48	42	-1	23	64
Regional Contribution (%)	16%	12%	17%	15%	38%	-7%	49%	36%	24%	14%	26%	23%	30%	-7%	40%	30%
Adjusted for R&D Depreciation	5	3	2	10	5	1	1	7	17	6	5	28	13	1	5	20
Adjusted Regional Contribution	10	5	4	19	25	1	9	34	49	11	16	76	55	0	28	84
Adjusted Regional Contribution (%)	32%	29%	33%	32%	47%	8%	55%	46%	37%	30%	37%	36%	39%	2%	49%	39%

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	Q3 2012	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Jan-Sep 2012	Jan-Sep 2011
Net Sales	60,3	75,4	80,3	76,6	75,0	211,9	214,2
Gross earnings	34,9	49,6	49,9	46,8	45,6	127,3	132,3
Gross margin	57,9%	65,8%	62,1%	61,1%	60,8%	60,1%	61,8%
Operating earnings	-3,6	15,5	16,1	5,2	3,4	5,0	26,7
Operating margin	-5,9%	20,6%	20,0%	6,8%	4,5%	2,4%	12,5%
Pretax profit	-2,9	17,0	16,5	5,3	4,1	6,5	30,5
Net income	-3,6	14,3	21,5	5,3	12,5	14,2	28,4
Net margin	-6,0%	19,0%	26,8%	6,9%	16,7%	6,7%	13,3%

PARENT COMPANY INCOME STATEMENT

Amount in SEK thousands	Q3 2012	Q3 2011	Jan-Sep 2012	Jan-Sep 2011	Q4'11-Q3'12 12 months	Full Year 2011
Net Sales	81 287	94 468	280 788	277 692	384 307	381 211
Cost of goods & services sold	-32 965	-44 585	-63 327	-136 187	-114 837	-187 697
Gross earnings	48 322	49 883	217 461	141 505	269 470	193 514
Sales and marketing expenses	-23 163	-19 030	-73 199	-56 744	-103 120	-86 665
Administration expenses	-5 346	-9 495	-20 823	-29 081	-19 106	-27 364
Development expenses	-19 585	-4 422	-178 659	-16 390	-182 334	-20 065
Operating earnings	228	16 936	-55 220	39 290	-35 090	59 420
Net financial items	418	1 148	510	2 868	-138 097	-135 739
Earnings before tax	646	18 084	-54 710	42 158	-173 187	-76 319
Tax	-224	-2 959	14 226	-5 241	18 131	-1 336
Net income	422	15 125	-40 484	36 917	-155 056	-77 655

PARENT COMPANY BALANCE SHEET

Amount in SEK thousands	Sep 30, 2012	Sep 30, 2011	Dec 31, 2011
ASSETS			
Intangible assets			
Capitalized expenditure for development	0	147 457	158 871
Other intangible assets	2 813	1 507	1 291
Tangible fixed assets			
Equipment	3 978	3 754	4 075
Financial assets			
Shares in group companies	117 427	18 398	18 398
Deferred tax asset	31 577	20 339	17 109
Deposits paid, long-term	265	340	397
Total fixed assets	156 060	191 795	200 141
Current assets			
Inventory	49 179	37 123	36 353
Customer receivables	92 784	111 166	123 896
receivables, subsidiaries	511 660	613 194	429 097
Other receivables	13 090	12 071	13 390
Cash and bank balances	126 605	130 559	123 670
Total current assets	793 318	904 113	726 406
Total assets	949 378	1 095 908	926 547
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted shareholders' equity			
Share capital	15 597	15 597	15 597
Other contributed capital	112 822	112 822	112 822
Non-restricted equity/Accumulated deficit	667 607	802 174	707 865
Total shareholders' equity	796 026	930 593	836 284
Long-term liabilities			
Other provisions	3 821	5 511	7 771
Total long-term liabilities	3 821	5 511	7 771
Current liabilities			
Accounts payable	15 950	14 646	25 839
Liabilities, subsidiaries	86 769	98 483	16 618
Other liabilities	46 812	46 675	40 035
Total current liabilities	149 531	159 804	82 492
Total liabilities and equity	949 378	1 095 908	926 547

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 interim 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.

NOMINATION COMMITTEE

In accordance with the decision of the Annual General Meeting held on April 26th, 2012 the members of the nomination committee shall be nominated by the four largest shareholders (voting rights). In addition, the company's Chairman of the board shall be part of the nomination committee.

Net Insight's nomination committee for the 2013 Annual General Meeting consists of Lars Bergkvist (Lannebo Fonder), Clifford H. Friedman (Constellation Growth Capital), Annika Andersson (Swedbank Robur funds), Ramsay Brufer (Alecta) and Lars Berg (Chairman of the Net Insight Board and European Venture Partner for Constellation Growth Capital). The nomination committee appointed Lars Bergkvist (Lannebo Fonder) to serve as Chairman of the Committee.

The nomination committee's task is to present proposals to the Annual General Meeting for Chairman of the Annual General Meeting, Chairman of the Board of Directors, members of the Board of Directors and auditors, as well as fees and other remuneration to each member of the board and any remuneration for committee work and audit fees. Furthermore, the nomination committee shall make a proposal regarding the composition of the nomination committee and its tasks for the Annual General Meeting 2014.

REPORTING DATES

Year-end report 2012	14 February, 2013
Annual General Meeting 2013	25 April, 2013
Interim report January – March	3 May, 2013

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, October 24, 2012

Fredrik Trägårdh

Chief Executive Officer

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REPORT OF REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed this report for the period 1 January 2012 to 30 September 2012 for Net Insight AB (publ). The board of directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the Swedish Standard on Review Engagements SÖG 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, October 24, 2012

ÖhrlingsPricewaterhouseCoopers AB

Sten Håkansson
Authorised Public Accountant

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 Insight's 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.

More than 150 world class customers run mission critical video services over Net Insight products in over 50 countries. Net Insight is quoted on the NASDAQ OMX, Stockholm.

For more information, visit www.netinsight.net

