

NET INSIGHT INTERIM REPORT JANUARY - SEPTEMBER 2010

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

Third Quarter 2010

- Net Sales of SEK 67.6 million (57.5) corresponding to a QoQ growth of 18%. The growth rate in comparable currencies amount to 33%.
- Operating earnings of SEK 9.2 million (10.5), corresponding to an operating margin of 13.7% (18.2).
- Earnings per share of SEK 0.03 (0.01).
- Total cash flow of SEK -4.2 million (17.6).

January - September 2010

- Net sales of SEK 199.6 million (180.6), corresponding to a YoY growth of 11%. The growth rate in comparable currencies amount to 24%.
- Operating earnings of SEK 27.4 million (31.8), corresponding to an operating margin of 13.7% (17.6).
- Earnings per share of SEK 0.21 (0.05).
- Total cash flow of SEK 52.3 million (4.0).

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 22, 2010 at 08.30 am CET.

GOOD BUSINESS MOMENTUM BUT NET SALES AND GROSS MARGIN AFFECTED BY STRENGTHENED SWEDISH KRONA

In the third quarter our revenues are 18 percent above the same quarter 2009 and Earnings before tax also exceeded that of last year. Revenues amounted to 68 MSEK and the gross margin was 70% excluding depreciation of capitalized R&D. This time it is worth noting the negative impact on revenues and the gross margin due to the strengthened Swedish Krona. Despite the negative currency effect, business and financial performance are stable.

During the third quarter, in line with our market expansion strategy, indirect sales exceeded 40% of total revenues for the first time. China is a market with upcoming opportunities where we have already landed significant business references and during the quarter we added a large new customer in China.

Whereas the satellite operators are often viewed as competitors to terrestrial networks, the trend that satellite operators complement their network infrastructure with terrestrial transport is clear. During the quarter we continued to win business in this growing segment. We also landed an order for a network build-out for a leading European broadcaster and a contract with a large Telco in the US that will offer contribution services to a large North American broadcaster.

Net Insight won yet another significant and strategically important DTT project this quarter, the new nationwide media network for Emitel in Poland. For this project Net Insight joined forces with Ericsson.

We are on a good path to deliver increased revenues 2010 in comparison to the previous year.



Stockholm, October 22, 2010
Fredrik Trägårdh
CEO

BUSINESS ACTIVITIES DURING THE THIRD QUARTER

Net Insight strengthened its position in the area of Digital Terrestrial TV networks (DTT) during the quarter through the strategic order from Emitel, the leading terrestrial radio and TV network operator in Poland. Net Insight won this order in partnership with Ericsson Poland.

In the Broadcast and Media (BMN) area several orders have been received for enabling contribution services. We see a trend that satellite operators are reducing cost by replacing satellite installations in favor of fiber networks for contribution purposes. A leading European satellite and media operator selects Net Insight for a new fiber network. Another major order within the contribution area is from a European public service broadcaster which is modernizing its contribution network. A new key account in the Chinese market was won during the quarter together with our Chinese partner CSS. One of our most significant orders this quarter comes from a leader in Broadband and other wireline and wireless communications. The company is building a new contribution network for a major North American broadcaster.

Net Insight also announced the customer name on an earlier order taken in second quarter. Dome Productions, one of Canada's leading production and broadcast service companies selected Net Insight's Nimbra platform for their new nationwide production and distribution fiber network.

Net Insight received its first commercial order on JPEG2000 on the Nimbra 600 series. JPEG2000 is a high quality compression technique perfectly suited for contribution networks, where network operators prefer it as a compression option to optimize the bandwidth utilization.

PARTNERSHIP

Net Insight continues to develop the partner network to support the geographical expansion and provide local presence and support to customers. Net Insight strengthened its partner network with five new partners in Europe, the Middle East, North and South America. Two partners were phased out. Net Insight's partner network has a total of 40 business partners at the end of the quarter.

MARKETING ACTIVITIES

Net Insight is working actively to increase visibility of the brand and the company.

Our key marketing focus during the quarter has been our participation at the IBC Show 2010 in Amsterdam, Netherlands. IBC is a leading exhibition for professionals engaged in the creation, management and delivery of entertainment and media content worldwide. In conjunction to the IBC 2010 Show Net Insight received the CSI Award for our IP Trunk. The eighth annual CSI Awards is rewarding excellence in the cable, satellite, terrestrial broadcasting and IPTV sectors.

Net Insight also participated in SET Broadcast and Cable in Sao Paulo, Brazil. The exhibition is the major event for Television, Radio and Telecommunications Engineering in Latin America.

Together with our sales partners we have also participated in industry shows in China and Australia.

NEW PRODUCT INTRODUCTION

During the quarter, Net Insight launched JPEG2000 on the Nimbra 600 series as well as the capability to integrate Net Insight's Nimbra Vision and ScheduALL's ScheduLINK to provide streamlined resource booking for on-demand services in Nimbra networks. This will give network operators fully automated management capabilities that allow them to ensure smooth workflow and reduce operational costs.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

During October Net Insight receives a significant order for a nationwide contribution and distribution network for the Swiss Public Broadcaster SRG SSR. Net Insight won this order together with Cablecom who will deliver project management, installation and support services. Net Insight's order value exceeds 20 MSEK and the network will be operational in Q2 2011.

SALES AND EARNINGS

Third Quarter

Net Sales for the third quarter amounted to SEK 67.6 million (57.5), which represents a growth of 17.6%. The Swedish Krona appreciated substantially against both the Euro and the USD. For that reason the revaluation of accounts receivables stock in foreign currencies had a negative effect on Net Sales of SEK 5.9 million compared to a negative effect of SEK 3.3 million for the same period last year. The growth rate in comparable currencies amount to 33%.

The growth comes from EMEA mainly following roll-out of large DTT projects. EMEA grew by SEK 18.4 million to SEK 56.6 million. Americas showed a decline of SEK 2.7 million to SEK 7.0 million (9.7) and APAC accounted for sales of SEK 4 million (9.6).

Net sales per region (MSEK)	Q3 2010	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q4'09- Q3'10	Full Year 2009
EMEA	56.6	38.2	41.1	44.5	47.8	190.0	176.8
Americas	7.0	9.7	6.8	10.3	20.7	44.8	38,0
APAC	4.0	9.6	4.3	5.7	3.0	17.0	18,0
Total	67.6	57.5	52.2	60.5	71.5	251.8	232.8

Sales in the Broadcast & Media business area made up 68% (75) of total sales and DTT & Mobile TV accounted for 30% (25). IPTV/CATV accounted for 2% (0) of the turnover.

Hardware revenue increased SEK 11.4 million to SEK 56.9 million (45.5). Sales of software licenses are slightly up by SEK 2 million to 6.6 (4.6) whereas support and service revenue are in line with previous year at SEK 9.8 million (10.9). The above figures are exclusive of Other revenues of SEK -5.7 million (-3.5) which mainly consists of revaluation of the accounts receivables stock in foreign currencies.

As reported in the 2009 Q4 report, from January 1, 2010, depreciation of capitalized R&D expenditures is recorded in cost of sales. This implies a shift of depreciation expenses from the profit and loss line "Development expenses" to "Cost of goods and services sold" and as such does not affect profit. Furthermore, this does not impact Net Insight's earnings potential on incremental sales but will impact the reported Gross margin.

Gross margin with consistent R&D reporting

SEK thousands	Q3 2010	Q3 2009	Jan-Sep 2010	Jan-Sep 2009
Net Sales	67 644	57 515	199 638	180 569
Cost of Sales	-20 190	-13 410	-53 853	-41 423
Gross Earnings - 2009 accounting treatment	47 454	44 105	145 785	139 146
Gross Margin - 2009 accounting treatment	70,2%	76,7%	73,0%	77,1%
Cost of Sales - R&D depreciation	-6 133	-4 096	-17 246	-11 463
Gross earnings - 2010 accounting treatment	41 321	40 009	128 539	127 683
Gross margin - 2010 accounting treatment	61,1%	69,6%	64,4%	70,7%

With a comparable treatment of depreciation of capitalized R&D expenses based on the accounting treatment applied in 2009, the gross margin declined 6.5 percentage points to 70.2% mainly as a result of a larger share of turn-key type business and currency effects.

The Gross margin, applying the 2010 accounting treatment of depreciation of capitalized R&D expenditures, declined by 8.5 percentage points of which increased levels of R&D depreciation accounted for 3 percentage points.

As shown in the condensed income statement on page 11, the Gross margin is 61.1% (76.7).

Total operating expenses for the third quarter amounted to SEK 32.1 million (33.6). Sales and marketing expenses have increased by SEK 2.6 million mainly following increased staffing levels, marketing activities and commissions to partners. Administrative expenses are lower mainly as fewer consultants have been engaged in the period. R&D expenses show a decrease of SEK 3.9 million compared to last year. The decline is related to depreciation of capitalized R&D expenditures being charged to cost of sales as of January 1, 2010. Adjusted for this, R&D expenses have increased by SEK 2.2 million.

Operating earnings for the third quarter amounted to SEK 9.2 million (10.5), which corresponds to an Operating Margin of 13.7% (18.2)

The financial net amounted to SEK 0.3 million (-2.3). The improvement is due to increased interest rates. In Q3 2009, significant revaluation losses on cash held in foreign currencies were recorded which was not the case in Q3 2010.

Earnings before tax amounted to SEK 9.6 million (8.2), which corresponds to a profit margin of 14.2% (14.2).

Net Income amounted to SEK 11.1 million (5.8) resulting in a Net Profit margin of 16.4% (10.1).

Nine Months

Net Sales for the nine months period amounted to SEK 199.6 million (180.6), which is an improvement of 10.5% over last year. Revaluation of the accounts receivables stock had a negative impact on Net Sales of SEK 7.3 million (2.2). In comparable currencies, the growth rate was 23.5%

The EMEA region accounted for SEK 148.9 million (135.8), Americas SEK 38.0 million (31.1) and APAC SEK 12.7 million (13.6).

Sales by business area are distributed between Broadcast & Media 70% (69), DTT & Mobile TV 28% (28) and IPTV/CATV 2% (3).

Hardware sales amounted to SEK 152.7 million (134.1), support and service revenue SEK 30.2 million (31.5) and software licenses SEK 21.0 million (16.2). The above figures are exclusive of Other revenues of SEK -4.2 million (-1.3) which mainly consists of revaluation of the accounts receivables stock in foreign currencies.

Applying the 2009 accounting treatment, the Gross Margin declined by 4.1 percentage points. The decrease is related to combination of change in product mix, a larger share of turn-key type business and currency effects.

The Gross margin, applying the 2010 accounting treatment of depreciation of capitalized R&D expenditures, declined by 6.3 percentage points of which increased levels of R&D depreciation accounted for 2.9 percentage points.

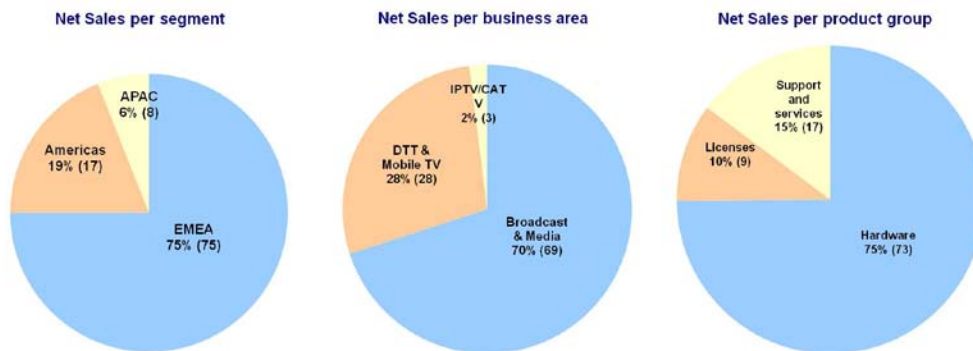
As shown in the condensed income statement on page 11, the Gross margin is 64.4 percent (77.1).

Operating earnings amounted to SEK 27.4 million (31.8), which correspond to an Operating Margin of 13.7% (17.6).

The Financial Net was a negative SEK 0.1 million (-2.5).

Earnings before tax amounted to SEK 27.3 million (29.3) and the corresponding profit margin amount to 13.7% (16.2)

Net Income amounted to SEK 83.8 million (20.9). The transaction, announced in Q1, whereby Net Insights intellectual property rights were moved to a new wholly owned limited liability company gave a positive tax and cash effect of approximately SEK 60 million, while utilizing around SEK 700 million of tax losses carried forward. As a result, Net profit margin was 42.0% (11.6).



CASH FLOW AND FINANCIAL POSITION

Cash flow from ongoing operations in the third quarter amounted to SEK 8.5 million (29.2). The decrease is related to build-up of working capital, mainly accounts receivables, during the quarter. The build-up is mainly contract related. Third quarter cash flow amount to negative SEK 4.2 million and liquid funds at the end of the period totaled SEK 204.3 million (155.8).

Cash flow from ongoing operations for the nine month period amounted to SEK 31.2 million (20.3). The cash flow generated through ongoing operations has been partially offset by an increase in the receivables stock following higher activity levels and a general trend towards longer payment terms. The improvement in cash flow from the investment activity is related to the first quarter IPR transaction which gave a cash surplus of around SEK 60 million. Total cash flow for the nine month period amounted to SEK 52.3 million (4.0).

Shareholders' equity amounted to SEK 420.1 million (320.2) with a resulting equity ratio of 84.2% (80.1).

INVESTMENTS

Third quarter investments in tangible assets amounted to SEK 0.0 million (0.5) and depreciation of tangible assets amounted to SEK 0.2 million (0.3). Capitalization of development expenditures totaled SEK 12.4 million (11.2). Depreciation of capitalized development expenditures totaled SEK 6.1 million (6.0).

Investments in tangible assets for the nine months period amounted to SEK 0.2 million (1.6) and depreciation of tangible assets amounted to SEK 0.8 million (0.8). Capitalization of development expenditures totaled SEK 37.8 million (37.6). Depreciation of capitalized development expenditures totaled SEK 17.2 (16.8).

At the end of the period, net book value of capitalized development expenditures amounted to SEK 115.9 million (88.8).

EMPLOYEES

At the end of the period Net Insight had 133 (121) employees. The parent company Net Insight AB had 124 (115) employees, Net Insight Intellectual Property AB 4 (0) and the US subsidiary Net Insight Inc. had 5 (6) employees.

PARENT COMPANY

The parent company's Net Sales during the third quarter were SEK 87.1 million (62.2). Net income amounted to SEK 21.4 million (4.4).

For the nine month period ending September 30th, the Net Sales amounted to SEK 243.1 (196.5) and the Net Income amounted to 213.0 (18.7). The large increase in Net income is related to capitalized tax losses carried forward. The capitalization equates to a utilization of approximately SEK 700 million of tax losses carried forward. Liquid funds amounted to SEK 135.1 million (154.6).

Remaining tax losses carried forward amount to SEK 246 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 (including predominately currency exposure).

No additional significant risks or uncertainties than those described in the annual report 2009 have developed in the third quarter.

For a complete description of the Company's risk analysis and risk management, see page 26 and 37 in the 2009 Annual report.

CONSOLIDATED INCOME STATEMENT

Amount in SEK thousands	Q3 2010	Q3 2009	Jan-Sep 2010	Jan-Sep 2009	Q4'09 - Q3'10 12 months	Full Year 2009
Net Sales	67 644	57 515	199 638	180 569	251 870	232 801
Cost of goods & services sold	-26 323	-13 410	-71 099	-41 423	-84 641	-54 965
Gross earnings	41 321	44 105	128 539	139 146	167 229	177 836
Sales and marketing expenses	-22 344	-19 743	-70 480	-58 644	-92 949	-81 113
Administration expenses	-4 827	-5 050	-15 105	-17 979	-18 577	-21 451
Development expenses	-4 914	-8 831	-15 594	-30 719	-26 145	-41 270
Other operating income	0	0	0	0	0	0
Operating earnings	9 236	10 481	27 360	31 804	29 558	34 002
Net financial items	344	-2 308	-95	-2 504	23	-2 386
Earnings before tax	9 580	8 173	27 265	29 300	29 581	31 616
Tax	1 490	-2 364	56 531	-8 352	67 625	2 742
Net income	11 070	5 809	83 796	20 948	97 206	34 358
Net income for the period attributable to the stockholders of the parent company	11 070	5 809	83 796	20 948	97 206	34 358
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	0,01	0,21	0,05	0,25	0,09
Earnings per share after dilution	0,03	0,01	0,21	0,05	0,25	0,09
Average number of shares in thousands before dilution	389 933	389 933	389 933	386 920	389 933	387 616
Average number of shares in thousands after dilution	389 933	389 933	389 933	386 920	389 933	387 616

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Net income	11 070	5 809	83 796	20 948	97 206	34 358
Other comprehensive income						
Exchange rate differences	-1 024	-645	-476	-716	-278	-518
Total other comprehensive income, net after tax	-1 024	-645	-476	-716	-278	-518
Total comprehensive income for the period	10 046	5 164	83 320	20 232	96 928	33 840
Total comprehensive income for the period attributable to the stockholders of the parent company	10 046	5 164	83 320	20 232	96 928	33 840

CONSOLIDATED CASH FLOW STATEMENT

Amount in SEK thousands	Q3 2010	Q3 2009	Jan-Sep 2010	Jan-Sep 2009	Q4'09- Q3'10 12 mths	Full year 2009
Ongoing operations						
Net income before tax	9 580	8 173	27 265	29 300	29 581	31 616
Depreciation	6 555	6 325	18 688	17 590	25 953	24 855
Other items not affecting liquidity	-1 124	856	797	2 363	2 769	4 335
Cash flow from ongoing operations before change in working capital	15 011	15 354	46 750	49 253	58 303	60 806
Change in working capital						
Increase-/decrease+ in inventories	-25	-204	1 776	8 710	-3 468	3 466
Increase-/decrease+ in receivables	-5 420	8 509	-24 130	-29 647	-17 122	-22 639
Increase+/-decrease- in current liabilities	-1 075	5 553	6 761	-8 057	3 726	-11 092
Cash flow from ongoing operations	8 491	29 212	31 157	20 259	41 439	30 541
Investment activity						
Acquisitions of intangible fixed assets	-12 671	-11 232	-38 523	-37 644	-51 818	-51 672
Acquisitions of tangible fixed assets	0	-527	-236	-1 612	-979	-1 622
Acquisition of net assets	0	0	59 990	0	59 990	0
Increase-/decrease+ in long-term receivables	28	114	-117	136	-142	111
Cash flow from investment activity	-12 643	-11 645	21 114	-39 120	7 051	-53 183
Financing activity						
New share issued - employee stock option program	0	0	0	22 897	0	22 897
Cash flow from financing activity	0	0	0	22 897	0	22 897
Increase/decrease in liquid funds	-4 152	17 567	52 271	4 036	48 490	255
Liquid funds, opening balance	208 422	138 213	151 999	151 744	155 780	151 744
Liquid funds, closing balance	204 270	155 780	204 270	155 780	204 270	151 999

CONSOLIDATED BALANCE SHEET

Amount in SEK thousands	Sep 30, 2010	Sep 30, 2009	Dec 31, 2009
ASSETS			
Intangible assets			
Capitalized expenditure for development	115 893	88 762	95 329
Goodwill	4 354	4 354	4 354
Other intangible assets	2 372	-	2 257
Tangible fixed assets			
Equipment	1 702	4 597	2 031
Equipment for leasing	238	-	517
Financial assets			
Deferred tax asset	26 361	18 726	29 820
Deposits paid, long-term	365	223	248
Total fixed assets	151 285	116 662	134 556
Current assets			
Inventory	24 894	21 426	26 670
Customer receivables	109 046	90 579	87 007
Other receivables	10 151	11 496	8 060
Cash and bank balances	204 270	155 780	151 999
Total current assets	348 361	279 281	273 736
Total assets	499 646	395 943	408 292
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	-1 724	-1 446	-1 248
Accumulated deficit	-785 778	-886 631	-871 843
Total shareholders' equity	420 822	320 248	335 233
Long-term liabilities			
Long-term liabilities	229	1 071	869
Provisions	6 856	6 080	7 299
Total long-term liabilities	7 085	7 151	8 168
Current liabilities			
Accounts payable	26 258	21 705	24 259
Other liabilities	45 481	46 839	40 632
Total current liabilities	71 739	68 544	64 891
Total liabilities and equity	499 646	395 943	408 292

CHANGES IN GROUP SHAREHOLDERS' EQUITY

Amount in SEK thousands	Share capital	Other contributed capital	Translation difference	Accumulated deficit	Total shareholders' equity
2009-01-01	15 196	1 170 232	-730	-910 224	274 474
Total comprehensive income	-	-	-716	20 948	20 232
New shares issued - employee stock options	402	22 495	-	-	22 897
Employee stock option program:					
Value of employees' services	-	-	-	2 645	2 645
2009-09-30	15 597	1 192 727	-1 446	-886 631	320 248
Total comprehensive income	-	-	198	13 410	13 608
New shares issued - employee stock options	-	-	-	-	-
Employee stock option program:					
Value of employees' services	-	-	-	1 378	1 378
2009-12-31	15 597	1 192 727	-1 248	-871 843	335 233
2010-01-01	15 597	1 192 727	-1 248	-871 843	335 233
Total comprehensive income	-	-	-476	83 796	83 320
New shares issued - employee stock options	-	-	-	-	-
Employee stock option program:					
Value of employees' services	-	-	-	2 268	2 268
2010-09-30	15 597	1 192 727	-1 724	-785 778	420 822

SEGMENT REPORT

SEK million	Q3 2010				Q3 2009				Jan-Sep 2010				Jan-Sep 2009			
	EMEA	APAC	AM	Total	EMEA	APAC	AM	Total	EMEA	APAC	AM	Total	EMEA	APAC	AM	Total
Net Sales	57	4	7	68	38	10	10	58	149	13	38	200	135	14	31	181
Regional Contribution	17	0	2	19	19	2	4	24	48	-2	12	58	69	0	12	81
Regional Contribution%	31%	-6%	25%	28%	50%	19%	37%	42%	32%	-14%	32%	29%	51%	-3%	39%	45%
Adjusted for R&D Depreciation	5	0	1	6					13	1	3	17				
Adjusted Regional Contribution	23	0	2	25					61	-1	15	75				
Adjusted Regional Contribution%	40%	3%	34%	37%	50%	19%	37%	42%	41%	-5%	41%	38%	51%	-3%	39%	45%

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

Adjusted Regional Contribution is according to 2009's accounting treatment of R&D depreciation.

Condensed consolidated income statement and key figures, SEK m	Q3 2010	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Jan-Sep 2010	Jan-Sep 2009
Net sales	67.6	57.5	52.2	60.5	71.5	199.6	180.6
Gross earnings	41.3	44.1	38.7	39.8	47.4	128.5	139.1
Gross margin	61.1%	76.7%	74.1%	65.8%	66.4%	64.4%	77.0%
Operating earnings	9.2	10.5	2.2	6.2	11.9	27.4	31.8
Operating margin	13.6%	18.2%	4.2%	10.2%	16.6%	13.7%	17.6%
Pretax profit	9.6	8.2	2.3	6.0	11.7	27.3	29.3
Net income	11.1	5.8	13.4	64.0	8.7	83.8	20.9
Net margin	16.4%	10.1%	25.7%	105.8%	12.2%	42.0%	11.6%

Gross margin with consistent R&D reporting

SEK thousands	Q3 2010	Q3 2009	Jan-Sep 2010	Jan-Sep 2009	Q4'09-Q3'10 12 mths	Q4 2009	Full Year 2009
Net Sales	67 644	57 515	199 638	180 569	251 870	52 232	232 801
Cost of Sales	-20 190	-13 410	-53 853	-41 423	-67 395	-13 542	-54 965
Gross Earnings - 2009 accounting treatment	47 454	44 105	145 785	139 146	184 475	38 690	177 836
Gross Margin - 2009 accounting treatment	70,2%	76,7%	73,0%	77,1%	73,2%	74,1%	76,4%
Cost of Sales - R&D depreciation	-6 133	-4 096	-17 246	-11 463	-22 008	-4 762	-16 225
Gross earnings - 2010 accounting treatment	41 321	40 009	128 539	127 683	162 467	33 928	161 611
Gross margin - 2010 accounting treatment	61,1%	69,6%	64,4%	70,7%	64,5%	65,0%	69,4%

PARENT COMPANY INCOME STATEMENT

Amount in SEK thousands	Q3 2010	Q3 2009	Jan-Sep 2010	Jan-Sep 2009	Q4'09-Q3'10 12 months	Full Year 2009
Net Sales	87 089	62 248	243 069	196 458	300 720	254 109
Cost of goods & services sold	-45 495	-19 502	-118 292	-59 602	-136 786	-78 096
Gross earnings	41 594	42 746	124 777	136 856	163 934	176 013
Sales and marketing expenses	-21 339	-19 821	-69 626	-58 919	-92 163	-81 456
Administration expenses	-4 826	-4 986	-15 105	-17 709	-18 577	-21 181
Development expenses	-4 914	-8 831	-15 594	-30 719	-26 145	-41 270
Operating earnings	10 515	9 108	24 452	29 509	27 049	32 106
Net financial items	240	-2 307	-249	-2 503	-131	-2 385
Earnings before tax	10 755	6 801	24 203	27 006	26 918	29 721
Tax	10 614	-2 365	188 753	-8 352	199 847	2 742
Net income	21 369	4 436	212 956	18 654	226 765	32 463

PARENT COMPANY BALANCE SHEET

Amount in SEK thousands	Sep 30, 2010	Sep 30, 2009	Dec 31, 2009
ASSETS			
Fixed assets			
Intangible assets			
Capitalized expenditures for development	115 893	88 762	95 329
Other intangible assets	2 372	-	2 257
Tangible fixed assets			
Equipment	1 702	4 597	2 031
Equipment for leasing	238	-	517
Financial assets			
Shares in group companies	18 398	18 398	18 398
Deferred tax asset	218 573	18 726	29 820
Deposits paid, long-term	365	223	248
Total fixed assets	357 541	130 706	148 600
Current assets			
Inventory	24 894	21 425	26 670
Customer receivables	109 046	90 579	87 007
Receivables, subsidiaries	56 199	0	0
Other receivables	10 054	32 694	8 060
Cash and bank balances	135 141	154 596	148 540
Total current assets	335 334	299 294	270 277
TOTAL ASSETS	692 875	430 000	418 877
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted shareholders' equity			
Share capital	15 597	15 597	15 597
Other contributed capital	302 888	266 779	276 968
Non-restricted equity/Accumulated deficit	221 767	27 466	32 463
Total shareholders' equity	540 252	309 842	325 028
Long term liabilities			
Long term liabilities	229	1 071	869
Other provisions	6 468	6 080	7 299
Total long-term liabilities	6 697	7 151	8 168
Current liabilities			
Accounts payable	26 258	21 705	24 259
Liabilities, subsidiaries	77 831	46 374	22 071
Other liabilities	41 837	44 928	39 351
Total liabilities	145 926	113 007	85 681
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	692 875	430 000	418 877

ADDITIONAL INFORMATION

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable rules in the Annual Accounts 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 2009, as described in those annual financial statements.

The standards, amendments to standards and interpretations that are mandatory for the first time for the financial year beginning 1 January 2010, are not currently relevant for the group.

Following a new analysis of the research and development expenses, the assessment for which projects the depreciation of capitalized expenditures should be reported as cost of goods sold and for which projects depreciation should be continued to be reported as research and development expenses, will lead to a change from January 1, 2010. This implies a shift of depreciation expenses from the profit and loss line "Development expenses" to "Cost of goods and services sold", which has no impact on profit. Furthermore, it does not impact the Company's earnings potential on incremental sales but will impact the gross margin.

NOMINATION COMMITTEE

In accordance with the decision on the Annual General Meeting held on April 29th, 2010 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 2011 Annual General Meeting consists of Lars Bergkvist (Lannebo Fonder), Clifford H. Friedman (Constellation Growth Capital), Åsa Nisell (Swedbank Robur fonds), 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 2012.

REPORTING DATES

Year-end report for 2010
Annual General Meeting 2011

February 18, 2011
April 28, 2011

Stockholm, October 22, 2010

Fredrik Trägårdh
Chief Executive Officer

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REVIEW REPORT

We have reviewed this report for the period 1 January 2010 to 30 September 2010 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.

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 Standards on Auditing in Sweden, RS, 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.

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 22, 2010

ÖhrlingsPricewaterhouseCoopers

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 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 40 countries. Net Insight is quoted on the NASDAQ OMX Nordic Exchange, Stockholm.

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