



*Net Insight deliver the world's most efficient and scalable optical transport solution for Broadcast and 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.*

*World class customers run mission critical media services over Net Insight products for more than 100 million people in more than 25 countries. Net Insight is quoted on the Stockholm Stock Exchange.*

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

## **Interim report, January-June 2008**

*Net Insight AB (publ), Corporate Reg. No. 556533-4397*

### **January - June 2008**

- **Net sales increased by 27% to SEK 137.9 million (108.9).**
- **Operating earnings improved to SEK 20.1 million (8.1)**
- **Net income improved to SEK 22.0 million (8.6).**
- **Net profit margin was 16.0% (7.9)**
- **Gross margin at 70.2% is affected by reclassification of support and training expenses. Adjusted for this item gross margin was 72.1% (70.6).**
- **Software and support revenue increased to SEK 40.8 million (25.0).**
- **Total cash flow of SEK –9.3 million (12.3).**
- **Earnings per share amounted to SEK 0.06 (0.02).**

### **Second quarter 2008**

- **Net sales increased by 32% to SEK 73.2 million (55.5).**
- **Operating earnings improved to SEK 14.5 million (3.3)**
- **Net income improved to SEK 15.8 million (3.5).**
- **Gross margin at 71.3% is affected by reclassification of support and training expenses. Adjusted for this item gross margin was 73.2% (70.7).**
- **Software and support revenue increased to SEK 26.1 million (12.4).**
- **Total cash flow amounted to SEK 13.2 million (4.0).**
- **Earnings per share amounted to SEK 0.04 (0.01).**

## CEO comments

The positive growth trend continued during the second quarter 2008, and Net Insight is able to record a healthy profit margin, our highest quarterly revenues and our strongest overall financial performance so far.

Europe continues to generate the largest revenues but both the Asia Pacific region and North America represent strong growth during the first six months.

We continue to win new customers in our core market segments and have built a strong customer base that generates a substantial volume of repeat business.

As previously communicated the Nimbra equipment was delivered and installed under the contract with BOB for the Beijing Olympics. As communicated in the press, with 1 000 cameras at the different Olympic venues and the transport platform handling the unprecedented volume of HDTV contribution to the International Broadcasting Center, ultimately reaching TV viewers globally, this is the world's largest and most mission critical TV event.

The need for robust, high capacity, high quality and cost efficient video transmission networks continues to grow practically everywhere in the world.

Asia Pacific represents a fast growing market, now also for Net Insight. We are committed to the Asia Pacific market and continue to gain significant momentum with new business and business opportunities in the region such as the Thai telecom operator TOT.

Net Insight's Nimbra platform continues to prove its competitiveness in the important segment for Digital Terrestrial TV networks (DTT). The Irish operator RTÉ NL selected Net Insight to supply equipment for a national DTT network that will also implement our unique Time Transfer feature for GPS-free time synchronization. Many other DTT projects are being actively pursued. We were established on a new market in Europe when Net Insight was selected to supply Nimbra equipment to a national intra-city fiber backbone.

Our market momentum continues in North America where all of our recently won major customers have expanded their media transport networks during the quarter. In May, we won a new important order with a large North American telecom operator for a multiservice transport network to serve a large global media group. Our Nimbra platform will ensure the transmission of high-quality video in a secure and highly efficient manner also allowing our customer to converge everything from media services to Ethernet services on a single platform.

Our Nimbra platform guarantees exceptional quality and efficiency and our world-class customers show confidence in the Nimbra platform. All in all, I repeat that this situation is very encouraging for the future.

## Business activities during the second quarter

Net Insight was selected to supply Nimbra equipment for the Digital Terrestrial TV distribution network in Ireland. RTÉ NL is a communications network operator that distributes and transmits the national programme services of all national TV and Radio broadcasters. Net Insight's Nimbra platform will distribute TV signals (DVB-T), DAB radio, data and all current analogue and FM radio channels from the national broadcasters across Ireland. The network will also implement Net Insight's unique Time Transfer feature for GPS-free time synchronization. The order was received in cooperation with the Irish systems integrator EMR.

Telenor Satellite Broadcasting selected Net Insight to upgrade its terrestrial multi-service media network. The core terrestrial network interconnects all of their major satellite uplink stations in Europe and is now being upgraded to the high-capacity Nimbra 680 switch at a number of sites to extend the capacity and to further boost the reliability of their satellites.

In April, Net Insight received an expansion order from a large European media operator who provides a large part of the infrastructure for television, radio and wireless communications in the country. The Nimbra based transport network will

cover approximately 15 sites including links to the USA and is used to network multiple satellite uplink stations and carry IP, telephony and broadcast quality video.

Cablenet is a telecommunications provider in Cyprus offering triple play services across the island. In June, Cablenet decided to upgrade their national core network with Net Insight's Nimbra platform. The network will carry high-speed data and telephony traffic between all Cablenet's main point-of-presence in 4 cities.

TOT, a national telecommunications services provider in Thailand placed a first order for a video contribution network to offer efficient transport of uncompressed SDI video contribution between broadcasters within the country. The order was received in cooperation with a new Thai partner, the systems integrator Traviscom Co., Ltd.

Net Insight received an order from a large North American telecom operator for deployment of a multiservice media network. The network will carry real-time traffic between sites in the USA and Europe for a large global media group. The network is equipped with Nimbra 680 switches that will allow the customer to integrate IP/Ethernet data with video in this network.

During the spring, mediaXstream launched its new Nimbra based network to carry real-time traffic for professional media companies across the U.S. The network offers high capacity transmissions to deliver uncompressed and compressed HD or SD video and data services. In June Net Insight received an extension order from mediaXstream to cover new sites in the US, Canada and UK.

Net Insight received a further order from HTN to expand its Nimbra-based transport network for a large number of professional sports venues in the U.S.

A large North American sports broadcaster who operates a Nimbra based network connecting the US east and west coasts with multiple locations, placed an order for additional Nimbra equipment. The initial orders for this network was received in 2007 and this new order will further expand the customer's terrestrial media network.

## Partnerships

Net Insight continues to develop the partner network to further support sales growth and local support to customers. At the beginning of the period, Net Insight had 26 local partners worldwide and during the period one new partner (Sogitec in Vietnam) has been added to the company's global partner network. New, local representatives are highly efficient to identify business opportunities and expand market reach as when we recently won new customers in cooperation with local system integrators Traviscom Co., Ltd (Thailand), and EMR (Ireland).

## Marketing activities

In April, Net Insight participated in the NABShow2008 (National Association of Broadcasters) held in Las Vegas showcasing all Nimbra products and presented the paper "Leveling the Triple Play: Consolidating IPTV Costs Through Virtual Headends" at the Telecom2008 conference.

At CommunicAsia2008, 17-20 June in Singapore, Net Insight exhibited the Nimbra product range and at the conference the company presented "GPS-free synchronization of Digital Terrestrial TV and Mobile TV distribution networks".

Net Insight's Australian partner Techtel, exhibited Nimbra equipment at the ABE (Australian Broadcasting Exhibition) in Sydney and Net Insight made a presentation about Media Networking at the conference session.

The Korean partner SanAm participated at the KOBA 2008 (Korea Broadcast) exhibition presenting the Nimbra product portfolio and in June the Chinese partner NDT represented Net Insight at the trade show Shanghai TV Festival.

## **New product introductions**

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The Nimbra product portfolio has continued to be supplemented with additional access and transport functionality.

In conjunction with the NAB exhibition, Net Insight introduced two new access modules for its Nimbra 600 series, expanding interface support to include asynchronous serial interface (ASI) and Ethernet transport. The introduction extends Nimbra 680 versatility beyond its inherent backbone switching capabilities to include high-capacity video and data aggregation.

In June, Net Insight introduced a new eight-port 3 Gbps Video Access Module for the Nimbra 600 series multi-service switches, enabling transport of uncompressed 1080p HD video in studio and contribution networks with 100 percent quality of service (QoS) guaranteed. The new module is also capable of delivering a mixture of 1080p, 1080i, 720p and SD signals from a single Nimbra switch, which enhances customer service flexibility.

## **Significant events after the end of the period**

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Net Insight received its first order from Teracom for delivery of Nimbra equipment to a media contribution network in Sweden. Teracom is Sweden's first media operator, and the new network will interconnect its media contribution networks in Stockholm, Gothenburg and Malmo for simultaneous transport of uncompressed and compressed video.

US media operator HTN Communications continued to expand its Nimbra based transport network across several locations in the United States.

## **Outlook**

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In the previous interim report it was said that the Board is pleased with the progress in the first quarter 2008 and is confident that the positive development will continue in 2008. Due to the timing of a number of projects, the Board now states the following; the Board is pleased with the progress for the first six month period 2008 and remains confident that the positive development will continue, with quarterly fluctuations.

## Sales and earnings

### Six months

Net sales for the six months period increased by 27% to SEK 137.9 million (108.9). Sales of software, support, and services increased to SEK 40.8 million (25.0) and accounted for 30% of total sales. This increase is mainly related to leasing of equipment to Beijing Olympic Broadcasting for the Olympic Games. The EMEA region accounted for the largest sales of SEK 64.4 million (93.4). However, both North America and APAC reported a strong growth the first six months. North America sales increased to SEK 39.7 million (14.4) and APAC sales increased to SEK 33.9 million (1.0). The Broadcast & Media Networks segment represented 88% of total sales and Digital Terrestrial TV & Mobile-TV Networks 12%.

Net sales per region (MSEK)	Q2 2008	Q2 2007	Q1-Q2 2008	Q1-Q2 2007	Q307-Q208 12 months	Full Year 2007
EMEA	36.8	47.7	64.4	93.4	146.3	175.2
North America	25.9	6.9	39.7	14.4	66.0	41.0
APAC	10.5	0.9	33.9	1.0	45.5	12.6
Total	73.2	55.5	137.9	108.9	257.8	228.8

For the six months period gross margin continued to be strong and stable at 70.2% (70.6%). Effective from January 1 2008, accounting of cost of sold services (support, services and training expenses) was reclassified from indirect to direct costs.

Comparison of gross margin	Q2 2008	Q2 2007	Q1-Q2 2008	Q1-Q2 2007	Q307-Q208 12 months	Q1-Q4 2007
Gross margin incl cost of sold services	71,3%	68,7%	70,2%	68,7%	69,6%	68,8%
Gross margin excl cost of sold services	73,2%	70,7%	72,1%	70,6%	71,6%	70,8%

Operating expenses for the six months period amounted to SEK 82.2 million (70.6), an increase by 16%. The reclassification of support, services and training expenses has affected operating expenses by SEK 2.6 million. Before depreciation and capitalization of development expenditures operating expenses increased by 7%, which is in line with the Company's growth plan where new resources have been added to sales, marketing, professional services and development. Compared to the six months period 2007 the average number of employees has increased by eleven. Depreciation of capitalized development expenditures was SEK 22.7 million (18.2). Capitalization of development expenditures was SEK 22.3 million (24.4). Expenses for the employee stock option program and provision for long-term variable compensation program totaled SEK 5.6 million.

Other operating revenue of SEK 5.4 million (1.9) is made up of premiums for exercising of options under the employee option programs.

Operating earnings for the six months period amounted to SEK 20.1 million (8.1). The financial net amounted to SEK 1.9 million (0.5). Net income amounted to SEK 22.0 million (8.6), which corresponds to a net profit margin at 16.0% (7.9).

### Second quarter

Net sales for the second quarter increased by 32% to SEK 73.2 million (55.5). Sales of software, support, and services increased to SEK 26.1 million (12.4) and accounted for 36% of total revenue. This increase is mainly related to leasing of equipment to Beijing Olympic Broadcasting for the Olympic Games. Sales in EMEA accounted for SEK 36.8 million (47.7), North America SEK 25.9 million (6.9), and Asia SEK 10.5 million (0.8) respectively. The Broadcast & Media Networks segment represented 93% of total sales and Digital Terrestrial TV & Mobile-TV Networks 7%.

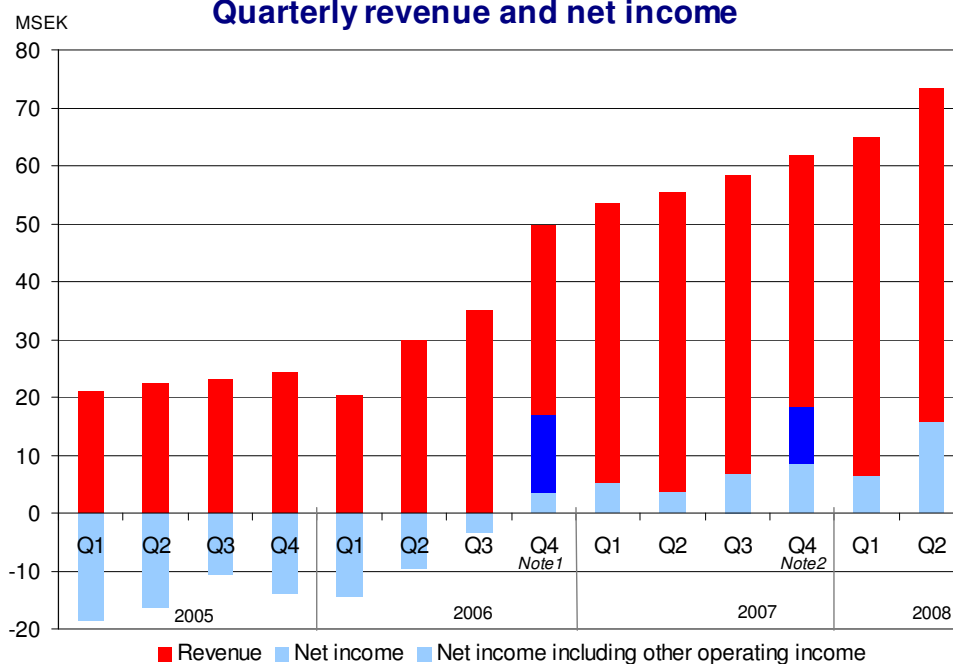
The gross margin for the second quarter was 71.3% (70.7%).

Operating expenses for the second quarter amounted to SEK 42.6 million (36.8). The reclassification of support, services and training expenses has affected operating expenses by SEK 1.4 million. Depreciation of capitalized development expenditures was SEK 11.4 million (9.6). Capitalization of development expenditures was SEK 10.1 million (14.0).

Other operating revenue of SEK 5.0 million (0.9) is made up of premiums for exercising of options under the employee option programs

Operating earnings for the quarter amounted to SEK 14.5 million (3.3). The financial net amounted to SEK 1.2 million (0.2). Net income amounted to SEK 15.8 million (3.5), which corresponds to a net profit margin at 21.6% (6.3).

### Quarterly revenue and net income



Note1: Adjusted for other operating revenue of SEK 13.5 million, net income in Q4 2006 was SEK 3.4 million.  
 Note2: Adjusted for other operating revenue of SEK 10,0 million, net income in Q4 2007 was SEK 8,3 million.

## Cash flow and financial position

Liquid funds at the end of the period totaled SEK 119.0 million (90.0).

Cash flow from ongoing operations for the first six months amounted to SEK 17.2 million (17.0) whereas total cash flow amounted to SEK - 9.3 million (12.3). This negative cash flow is mainly driven by an increase in customer receivables because of late incoming customer orders in the quarter.

Cash flow from ongoing operations for the second quarter amounted to SEK 28.9 million (9.2) whereas total cash flow amounted to SEK 13.2 million (4.0).

Shareholders' equity was SEK 212.1 million (152.5) with an equity/assets ratio of 73.6% (69.5%). On the balance sheet date, Net Insight had unutilized credit and factoring facilities of SEK 75 million.

## Investments

Investments in tangible assets during the quarter amounted to SEK 12.4 million (0.7). Capitalized development expenditures for the six months period, reported as intangible assets, amounted to SEK 22.3 million (24.4). Depreciation of capitalized development expenditures was SEK 22.7 million (18.2). At the end of the period, net book value of capitalized development expenditures amounted to SEK 68.8 million (65.6).

## Employees

At the end of the period Net Insight had 99 (93) employees. The parent company Net Insight AB had 92 (85) employees whereof four employees are based in Singapore. The US subsidiary Net Insight Inc. had 7 (8) employees.

## Parent company

The Parent company's net turnover was SEK 154.6 million (126.1). Net income amounted to SEK 20.3 million (-1.9). Liquid funds amounted to SEK 117.0 million (88.7). The tax loss carry-forward at the reporting date is approximately SEK 1 020 million, which means that the value of the deferred tax asset is approximately SEK 285 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 all existing risks and assesses how each risk shall be managed and mitigated.

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

The company estimates that no additional significant risks or uncertainties than those described in the annual report 2007 have developed during the six months period.

For a complete description of the Company's risk analysis and risk management, please see pages 26-27 and 36 in the 2007 Annual report.

**CONSOLIDATED INCOME STATEMENT**

	Q2	Q2	Jan-Jun	Jan-Jun	Q307-Q208	Full Year
Amount in SEK thousands	2008	2007	2008	2007	12 months	2007
Net Sales	73 196	55 488	137 940	108 864	257 840	228 764
Cost of goods & services sold	-21 004	-16 240	-41 075	-32 000	-75 863	-66 788
<b>Gross earnings</b>	<b>52 192</b>	<b>39 248</b>	<b>96 865</b>	<b>76 864</b>	<b>181 977</b>	<b>161 976</b>
Marketing expenses	-17 667	-17 441	-34 138	-32 150	-66 905	-64 917
Administration expenses	-6 507	-6 286	-12 298	-12 159	-23 085	-22 946
Development expenses	-18 456	-13 082	-35 721	-26 338	-62 753	-53 370
Other operating income	4 980	885	5 408	1 907	15 399	11 898
<b>Operating earnings</b>	<b>14 542</b>	<b>3 324</b>	<b>20 116</b>	<b>8 125</b>	<b>44 632</b>	<b>32 641</b>
Net financial items	1 241	189	1 907	502	2 723	1 318
<b>Earnings before tax</b>	<b>15 783</b>	<b>3 513</b>	<b>22 023</b>	<b>8 627</b>	<b>47 355</b>	<b>33 959</b>
Tax	0	0	0	0	0	0
<b>Net income</b>	<b>15 783</b>	<b>3 513</b>	<b>22 023</b>	<b>8 627</b>	<b>47 355</b>	<b>33 959</b>
<b>Earnings per share</b>	0,04	0,01	0,06	0,02	0,13	0,09
<b>Earnings per share after dilution</b>	0,04	0,01	0,06	0,02	0,12	0,09
<b>Average number of shares</b>	373 128 928	369 986 960	372 103 853	369 986 960	369 942 893	369 157 401
<b>Average number of shares after dilution</b>	382 939 652	382 514 917	381 567 837	381 997 570	381 372 121	381 265 937

**CONSOLIDATED CASH FLOW STATEMENT**

Amount in SEK thousands	Jun 30, 2008	Jun 30, 2007	Q307-Q208	Dec 31, 2007
	6 months	6 months	12 months	12 months
<b>Ongoing operations</b>				
Net income before tax	22 023	8 627	47 355	33 959
Depreciation	26 522	18 485	49 417	41 380
Other items not affecting liquidity	4 138	499	14 160	10 521
<b>Cash flow from ongoing operations before change in working capital</b>	<b>52 683</b>	<b>27 611</b>	<b>110 932</b>	<b>85 861</b>
<b>Change in working capital</b>				
Increase-/decrease+ in inventories	3 221	-13 360	16 945	364
Increase-/decrease+ in receivables	-31 518	7 335	-38 633	220
Increase+/decrease- in current liabilities	-7 141	-4 627	9 320	11 834
<b>Cash flow from ongoing operations</b>	<b>17 245</b>	<b>16 959</b>	<b>98 564</b>	<b>98 279</b>
<b>Investment activity</b>				
Acquisitions of intangible fixed assets	-22 350	-24 423	-46 947	-49 020
Acquisitions of tangible fixed assets	-12 166	-703	-20 488	-9 025
Increase-/decrease+ in long-term receivables	-53	-100	-69	-116
Increase+/decrease- in long-term liabilities	0	7 542	-5 354	2 188
<b>Cash flow from investment activity</b>	<b>-34 569</b>	<b>-17 684</b>	<b>-72 858</b>	<b>-55 973</b>
<b>Financing activity</b>				
New share issue - employee stock option program	8 065	6 575	9 735	8 245
New share issue	0	6 440	-6 440	0
<b>Cash flow from financing activity</b>	<b>8 065</b>	<b>13 015</b>	<b>3 295</b>	<b>8 245</b>
Increase/decrease in liquid funds	-9 259	12 291	29 001	50 551
Liquid funds, opening balance	128 233	77 682	89 973	77 682
<b>Liquid funds, closing balance</b>	<b>118 974</b>	<b>89 973</b>	<b>118 974</b>	<b>128 233</b>



**CONSOLIDATED BALANCE SHEET**

Amount in SEK thousands	Jun 30, 2008	Jun 30, 2007	Dec 31, 2007
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Intangible assets</b>			
Capitalized expenditure for development	68 796	65 589	69 194
Goodwill	4 354	4 354	4 354
<b>Tangible fixed assets</b>			
Equipment	3 780	1 931	3 465
Equipment for leasing	12 940	0	4 864
<b>Financial assets</b>			
Deposits paid, long-term	240	171	187
<b>Total fixed assets</b>	<b>90 110</b>	<b>72 045</b>	<b>82 064</b>
<b>Current assets</b>			
Inventory	17 290	34 235	20 511
Customer receivables	49 467	10 236	20 010
Other receivables	12 208	12 806	10 147
Cash and bank balances	118 974	89 973	128 233
<b>Total current assets</b>	<b>197 939</b>	<b>147 249</b>	<b>178 901</b>
<b>Total assets</b>	<b>288 049</b>	<b>219 294</b>	<b>260 965</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
<b>Restricted shareholders' equity</b>			
Share capital	14 984	14 799	14 828
Other contributed capital	1 162 468	1 149 319	1 153 294
Translation difference	-2 939	-1 860	-2 478
Accumulated deficit	-962 406	-1 009 762	-984 429
<b>Total shareholders' equity</b>	<b>212 107</b>	<b>152 497</b>	<b>181 215</b>
<b>Long term liabilities</b>			
Long-term liabilities	2 188	2 076	2 188
Provisions	4 560	5 466	8 287
<b>Total provisions</b>	<b>6 748</b>	<b>7 542</b>	<b>10 475</b>
<b>Current liabilities</b>			
Liabilities to credit institution	0	6 440	0
Accounts payable	18 168	19 461	16 255
Other liabilities	51 026	33 353	53 020
<b>Total current liabilities</b>	<b>69 194</b>	<b>59 254</b>	<b>69 275</b>
<b>Total liabilities and equity</b>	<b>288 049</b>	<b>219 294</b>	<b>260 965</b>

**CHANGES IN GROUP SHAREHOLDERS' EQUITY**

<b>Amount in SEK thousands</b>	<b>Share capital</b>	<b>Other contributed capital</b>	<b>Reserves</b>	<b>Net earnings</b>	<b>Total shareholders' equity</b>
<b>07-01-01</b>	14 710	1 142 247	-1 773	-1 018 388	136 796
Translation difference for the period	0	0	-87	0	-87
Total transactions reported directly in shareholders' equity	0	0	-87	0	-87
Net earnings	0	0	0	8 627	8 627
Total revenue/expenses for the period	0	0	-87	8 627	8 540
Non-registered share capital	0	0	0	0	0
New shares issued - employee stock options	89	6 486	0	0	6 575
Employee stock option program: Value of employees' services	0	586	0	0	586
<b>07-06-30</b>	14 799	1 149 319	-1 860	-1 009 762	152 497
Translation difference for the period	0	0	-618	0	-618
Total transactions reported directly in shareholders' equity	0	0	-618	0	-618
Net earnings	0	0	0	25 333	25 333
Total revenue/expenses for the period	0	0	-618	25 333	24 715
Non-registered share capital	4	256	0	0	260
New shares issued - employee stock options	25	1 385	0	0	1 410
Employee stock option program: Value of employees' services	0	2 334	0	0	2 334
<b>07-12-31</b>	14 828	1 153 294	-2 478	-984 429	181 215
<b>08-01-01</b>	14 828	1 153 294	-2 478	-984 429	181 215
Translation difference for the period	0	0	-461	0	-461
Total transactions reported directly in shareholders' equity	0	0	-461	0	-461
Net earnings	0	0	0	22 023	22 023
Total revenue/expenses for the period	0	0	-461	22 023	21 562
Non registered share-capital	22	1 291	0	0	1 313
New shares issued - employee stock options	134	6 618	0	0	6 752
Employee stock option program: Value of employees' services	0	1 265	0	0	1 265
<b>08-06-30</b>	<b>14 984</b>	<b>1 162 468</b>	<b>-2 939</b>	<b>-962 406</b>	<b>212 107</b>

**Consolidated condensed income statement  
and key figures, SEK m**

	<b>Q2 2008</b>	<b>Q2 2007</b>	<b>Q3 2007</b>	<b>Q4 2007</b>	<b>Q1 2008</b>
Net sales	73.2	55.5	58.3	61.6	64.7
Gross earnings	52.2	39.2	41.1	44.0	44.7
<i>Gross margin</i>	<i>71.3%</i>	<i>70.7%</i>	<i>70.6%</i>	<i>71.4%</i>	<i>69.0%</i>
Operating earnings	14.5	3.3	6.5	17.7	5.5
<i>Operating margin</i>	<i>19.9%</i>	<i>6.0%</i>	<i>11.1%</i>	<i>28.8%</i>	<i>8.5%</i>
Pretax profit	15.8	3.5	6.7	18.3	6.2
Net income	15.8	3.5	6.7	18.3	6.2
Net profit margin	21.6%	6.3%	11.5%	29.8%	9.5%

**PARENT COMPANY INCOME STATEMENT**

Amount in SEK thousands	Q2 2008	Q2 2007	Jan-Jun 2008	Jan-Jun 2007	Q307-Q208 12 months	Full Year 2007
Net Sales	81 779	63 637	154 629	126 134	287 872	269 730
Cost of goods & services sold	-27 391	-29 372	-53 798	-58 993	-109 261	-111 242
<b>Gross earnings</b>	<b>54 388</b>	<b>34 265</b>	<b>100 831</b>	<b>67 142</b>	<b>178 611</b>	<b>158 488</b>
Marketing expenses	-17 763	-17 205	-34 396	-31 698	-63 326	-62 768
Administration expenses	-6 507	-8 117	-12 298	-15 682	-28 403	-30 013
Development expenses	-18 456	-11 072	-35 721	-22 104	-53 256	-45 872
Other operating income	0	0	0	0	9 806	9 806
<b>Operating earnings</b>	<b>11 662</b>	<b>-2 129</b>	<b>18 416</b>	<b>-2 342</b>	<b>43 432</b>	<b>29 641</b>
Net financial items	1 236	176	1 893	477	3 752	2 692
<b>Earnings before tax</b>	<b>12 898</b>	<b>-1 953</b>	<b>20 309</b>	<b>-1 865</b>	<b>47 184</b>	<b>32 333</b>
Tax	0	0	0	0	0	0
<b>Net income</b>	<b>12 898</b>	<b>-1 953</b>	<b>20 309</b>	<b>-1 865</b>	<b>47 184</b>	<b>32 333</b>

**PARENT COMPANY BALANCE SHEET**

Amount in SEK thousands	Jun 30, 2008	Jun 30, 2007
<b>ASSETS</b>		
<b>Fixed assets</b>		
<b>Intangible assets</b>		
Capitalized expenditures for development	68 796	64 697
<b>Tangible fixed assets</b>		
Equipment	3 780	1 850
Equipment for leasing	12 940	0
<b>Financial assets</b>		
Shares in group companies	3 387	-4 921
Deposits paid, long-term	240	171
<b>Total fixed assets</b>	<b>89 143</b>	<b>61 797</b>
<b>Current assets</b>		
Inventory	17 290	34 235
Customer receivables	49 467	10 236
Other receivables	11 845	12 777
Receivable other group companies	11 645	0
Cash and bank balances	116 988	88 718
<b>Total current assets</b>	<b>207 235</b>	<b>145 966</b>
<b>TOTAL ASSETS</b>	<b>296 378</b>	<b>207 763</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>Shareholders' equity</b>		
<b>Restricted shareholders' equity</b>		
Share capital	14 984	14 799
Other contributed capital	166 193	120 712
Group contribution	2 092	0
Non-restricted equity/Accumulated deficit	20 310	-1 865
<b>Total shareholders' equity</b>	<b>203 579</b>	<b>133 646</b>
<b>Long term liabilities</b>		
Long term liabilities	2 188	2 076
Guarantee provisions	4 560	5 466
<b>Total long-term liabilities and provisions</b>	<b>6 748</b>	<b>7 542</b>
<b>Current liabilities</b>		
Liabilities to credit institution	0	6 440
Accounts payable	18 168	19 461
Liabilities, subsidiaries	18 572	9 348
Other liabilities	49 311	31 326
<b>Total liabilities</b>	<b>86 051</b>	<b>66 575</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>296 378</b>	<b>207 763</b>

This interim report has been prepared in accordance with International Financial Reporting Standards (IFRS) and the structure follows IAS 34 Interim Financial Reporting. IFRS standards and interpretations, which have been published but not yet have come into effect, and are expected to have an effect on Net Insight's financial reporting but not yet are applied are IFRS 8 Operating Segments and IAS 1 Presentation of Financial Statements. For information on the accounting principles applied, see the 2007 Annual Report. The accounting principles are unchanged, compared with those applied in 2007.

The company's auditors have not examined this report.

## Reporting dates

Interim report for January – September:	23 October 2008
Year-end report 2008:	20 February 2009
Interim report for January – March 2009:	13 May 2009

## Certification by the Board of Directors and the CEO

The Board of Directors and the CEO certify that the six-month report provides a true and fair picture of the income statement, the balance sheet and the cash flow statement and the explaining notes gives a true and fair view of the company's position and results, and that it describes the significant risks and uncertainties impacting the operation and the results.

Stockholm, 28 August 2008

**Lars Berg**  
Chairman of the Board

**Bernt Magnusson**  
Board member

**Ragnar Bäck**  
Board member

**Clifford H Friedman**  
Board member

**Gunilla Fransson**  
Board member

**Arne Wessberg**  
Board member

**Fredrik Trägårdh**  
Chief Executive Officer

### For more information, please contact:

Fredrik Trägårdh, CEO Net Insight AB  
Tel.: +46 (0) 8-685 04 00, email: fredrik.tragardh@netinsight.net

Lars Kevsjö, CFO Net Insight AB  
Tel.: +46 (0) 8-685 04 00, email: lars.kevsjo@netinsight.net

Net Insight AB  
Box 42093  
126 14 Stockholm  
Tel +46 (0) 8 685 04 00  
www.netinsight.net  
Corporate Reg. No. 556533-4397