

NET INSIGHT YEAR-END REPORT 2010

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

Fourth Quarter 2010

- Net Sales of SEK 88.1 million (52.2) corresponding to a growth of 69% compared with the same period previous year. The growth rate in comparable currencies amounts to 89%.
- Operating earnings of SEK 15.7 million (2.2), corresponding to an operating margin of 17.8% (4.2).
- Earnings per share of SEK 0.05 (0.03).
- Total cash flow of SEK 31.6 million (-3.8).

Full Year 2010

- Net sales of SEK 287.7 million (232.8), corresponding to a growth of 24% compared with previous year. The growth rate in comparable currencies amounts to 40%.
- Operating earnings of SEK 43.1 million (34.0), corresponding to an operating margin of 15.0% (14.6).
- Earnings per share of SEK 0.26 (0.09). Adjusted for the on-time effect related to the IPR transaction earlier announced, Earnings per share was 0.10 (0.09).
- Total cash flow of SEK 83.9 million (0.3).

Net Insight AB discloses the information provided herein pursuant to the Securities Market Act and/or the Financial Instruments Trading Act. The information was submitted for publication on February 18, 2011 at 08.30 am CET.



RECORD QUARTER AND FULL YEAR

FOURTH QUARTER

This is our strongest quarter so far. The revenues after currency effects grew by 69% and reached 88 MSEK (52). In fixed and comparable currencies the revenue growth was 89%. The adjusted gross margin remains high and reached 66% (74), but the gross margin was affected by a negative impact from currency effects and the fact that we have won larger projects with certain price pressure. Despite increased expenditures in sales and marketing as well as product development, the operating margin reached 18% (4). The cash flow from ongoing operations reached 47 MSEK (10) driven by increased earnings and improved cash conversion from trade receivables.

During the quarter Net Insight won several significant orders with future potential. Together with our partner, the largest swiss cable TV operator Net Insight received an order from the Swiss Public Broadcaster SRG exceeding 20 MSEK. Telia Sonera International Carrier expanded their Nimbra based national media contribution network to transport HD video from Swedish sports and event arenas. That order value exceeds 15 MSEK. We also won a significant order for the initial phase of a nationwide digital TV and media network in the EMEA region exceeding 2 MEUR.

The indirect revenue through partners amounted to 31% (35). Larger telecom equipment providers are teaming up with Net Insight to jointly secure larger projects and service providers (e.g. telecom operators) are to an increasing extent buying equipment to sell a service to the media and broadcast companies.

FULL YEAR 2010

Net sales 2010 after foreign exchange effects increased by 24% and reached 288 MSEK. In fixed and comparable foreign exchange rates our net sales growth amounted to 40%. Our cash flow from ongoing operations was 28 MSEK. The adjusted gross margin reached 71% compared with 76% in the previous year. The decline is mainly due to foreign exchange impact and a certain price pressure from winning larger projects in 2010. We continued to invest in sales and marketing in order to support our long-term growth, and we also continued with significant investments in R&D, all according to plan. In total our net cash position increased by 84 MSEK during 2010.

During the year we added fifteen new customers and eight new countries where we installed the Nimbra platform. Over a 5 year time span we have grown from a customer base of 25 network owners in 15 countries and today we count 130 customers in 50 countries, a very rapid customer and geographic expansion that we plan to continue.



Stockholm, February 18, 2011
Fredrik Trägårdh
CEO

BUSINESS ACTIVITIES DURING THE FOURTH QUARTER

Q4, 2010 was our strongest quarter so far. Net Insight won several major projects during the fourth quarter. Net Insight received an order from the Swiss Public Broadcaster SRG SSR together with our partner CableCom, the largest cable network operator in Switzerland, for a nationwide contribution and distribution network. The customers within the broadcast and media segment are continuously investing in network infrastructure to connect studios as well as more and new types of venues to increase coverage for events and sports. Telia Sonera International Carrier made a large expansion of their media contribution network to reach new Swedish sports and event arenas. This will enable services for Occasional Use or permanent connections to Telia Sonera International Carrier's global fiber network. The new network was designed and selected to meet the high quality demands for live sport broadcasts.

A third major order came from a national broadcaster in the EMEA region who will expand their contribution network to build a nationwide TV and media network. The purpose of expanding the contribution network is to transport media content between several hundred locations for digital TV broadcasting.

During the fourth quarter Net Insight has supported Teracom in rolling out their new nationwide all-IP/Ethernet distribution network, which is the first IP-based DVB-T2 network in the world. DVB-T2 is the new standard for Digital Terrestrial TV offering better utilization of capacity, which can be used for HDTV and other value-adding services, and is 50% more efficient than any other DTT system. The network went live November 1st 2010.

Net Insight continues to focus on developing the partner network for indirect sales and announced a new partner, ATCi in the US market. ATCi has its strength with satellite operators.

From a marketing perspective Net Insight has actively marketed the company in several tradeshows in the US, UK and in Japan. In November Net Insight won the Electronic Business of the Year 2010 Award by the leading industry magazine "Elektronik i Norden".

BUSINESS ACTIVITIES DURING 2010

Our two main segments, the Broadcast and Media segment (BMN) as well as the Digital Terrestrial TV (DTT) developed well. We have seen increased investments and upgrades in networks driven by the deployment of HD, 3D and the transition to digital TV. In the BMN segment we had a good repeat business and during the year we saw a strong performance in sports and event contribution. A number of wins were related to build-outs in order to manage contribution from major events such as last summer's FIFA World Cup 2010 in South Africa as well as other events such as the Asian Games and the Winter Olympics. Net Insight also transported ESPN's first live 3D broadcast, covering 25 games in 3D from the FIFA World Cup in South Africa.

During the first quarter, Net Insight announced Tata Communications, India's leading global provider of communications services and one of the world's largest IP carriers, as a customer. Net Insight's Nimbra platform was selected to deliver a solution for international video contribution. The order was announced in September 2009 but without customer name. A new key account in the Chinese market was won during the third quarter together with our Chinese partner CSS.

During 2010 Net Insight strengthened its position in DTT. Net Insight won six new contracts for national build of DTT-networks in the following countries: Sri Lanka, Slovenia, Sweden, Cyprus, Poland and a country in South America. Teracom, Sweden, selected Net Insight for the nationwide IP/Ethernet distribution network and is one of the first DVB-T2 networks in the world, enabling nationwide HD services. During the third quarter Net Insight announced the important 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 CableTV/IPTV segment Net Insight won new customers, one that is a leading communications company providing broadband cable television and telecommunication services in Canada. Net Insight's Nimbra platform will connect TV stations to the customer's cable TV network to guarantee superior media quality. Net Insight received the order in cooperation with its local partner Geartech in Canada.

PARTNERSHIP

Net Insight continued to develop the partner network to support the geographical expansion and provide local presence to support customers. Net Insight added new partners to its partner network in Europe, the Middle East, North and South America. Several of the newly recruited partners are concentrating their business to the North American market. In 2010, Net Insight worked closely with several of the leading telecom equipment providers in larger DTT projects. In the case of the important order from Emitel, Poland, Net Insight partnered with Ericsson Poland. The reason for the telecom equipment providers to add Net Insight's Nimbra platform on the transmission part is to become more competitive in their total offering. Net Insight increased its indirect sales through partners from 34% in 2009 to 38% in 2010.

MARKETING ACTIVITIES

Net Insight is working actively to increase visibility of the brand and the company. Our main focus has been event marketing, exhibitions, PR activities as well as improving our communications with existing partners and customers.

During the year Net Insight participated in more than 20 exhibitions covering Europe, Asia, Africa, Middle East, North and South America and Australia. Our main exhibitions were the NAB Show in Las Vegas in April and the IBC Show 2010 in Amsterdam in the beginning of September. We also participated in regional events such as CabSat in Middle East, CommunicAsia in Singapore and SET Broadcast & Cable 2010 in Sao Paulo, Brazil. At several of the conferences and exhibitions Net Insight has participated as a conference speaker.

Net Insight started up a new forum, the Net Forum, aimed at existing customers to share ideas and exchange experiences with colleagues in the media community.

During the year we increased our focus on PR activities in the European region. As a result Net Insight has won two awards during the year, the CSI Award for our IP Trunk and as mentioned earlier the Electronic Business of the Year 2010 Award

In order to improve our continuous information to our existing customer and partners we introduced quarterly newsletters.

One of our marketing assets is our existing customers. We continued to produce success stories to create awareness about the benefits of the Nimbra solution.

NEW PRODUCT INTRODUCTION

Net Insight has launched several new products during 2010. We introduced our IP Trunk Module for the 600 series. Performance monitoring capabilities have been introduced on all Nimbra platforms. With the new module, operators can create scalable, cost-efficient IP media networks over IP, or in combined IP and SDH/SONET or WDM networks, with high quality and end-to-end management capability. At the NAB Show Net Insight launched Access Bundles for the Nimbra 340 and Nimbra 680 series. In September, Net Insight launched JPEG2000 for video compression 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 to reduce operational costs.

SALES AND EARNINGS

Fourth Quarter

Net Sales for the fourth quarter amounted to SEK 88.1 million (52.2), which represents a growth of 68.8% from the same period 2009. The Swedish Krona has been stable during the current quarter with minor differences in the exchange rate against both the EUR and the USD. The accounts receivables stock in foreign currencies had a positive revaluation effect of SEK 0.6 million.

In comparable currencies the growth amounts to 89%.

The increase in sales comes from EMEA and is mainly following the roll-out of large projects in the segments Broadcast & Media and DTT & Mobile TV. EMEA grew by SEK 39.0 million to SEK 80.1 million (41.1). Americas showed a decline in sales of SEK 0.6 million to SEK 6.2 million (6.8) and APAC a decline of SEK 2.5 million to 1.8 (4.3).

Net sales per region (MSEK)	Q4 2010	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Full Year 2010	Full Year 2009
EMEA	80,1	41.1	44.5	47.8	56.6	229,2	176.8
Americas	6,2	6.8	10.3	20.7	7.0	43,8	38,0
APAC	1,8	4.3	5.7	3.0	4.0	14,7	18,0
Total	88,1	52.2	60.5	71.5	67.6	287,7	232.8

Sales in the Broadcast & Media business area made up 82% (73) of total sales and DTT & Mobile TV accounted for 17% (19). IPTV/CATV accounted for 1% (8) of the turnover.

Hardware revenue increased SEK 33.8 million to SEK 68.2 million (34.4). Sales of software licenses are up by SEK 2.5 million to 7.5 (5.0) whereas support and service revenue shows a slight improvement over previous year at SEK 11.3 million (10.1). The above figures are exclusive of other revenues of SEK 1.1 million (2.7) which mainly consist of revaluation of the accounts receivables stock in foreign currencies.

As reported in the 2009 Q4 report, depreciation of capitalized R&D expenditures is recorded in cost of sales 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, and as such does not affect profit for the company. Furthermore, this does not impact Net Insight's earnings potential on incremental sales but will impact the reported Gross margin.

With a comparable treatment of depreciation of capitalized R&D expenses based on the accounting treatment applied in 2009, the gross margin declined 8.2 percentage points to 65.9% (74.1) mainly as a result of larger share of turn-key type projects and an appreciating Swedish Krona.

Gross margin with consistent R&D reporting

SEK thousands	Q4 2010	Q4 2009	Full year 2010	Full year 2009
Net Sales	88 060	52 232	287 698	232 801
Cost of Sales	-30 010	-13 542	-83 862	-54 965
Gross Earnings - 2009 accounting treatment	58 051	38 690	203 836	177 836
Gross Margin - 2009 accounting treatment	65,9%	74,1%	70,9%	76,4%
Cost of Sales - R&D depreciation	-6 059	-6 658	-23 305	-23 404
Gross earnings - 2010 accounting treatment	51 992	32 032	180 530	154 432
Gross margin - 2010 accounting treatment	59,0%	61,3%	62,7%	66,3%

The Gross margin, applying the 2010 accounting treatment of depreciation of capitalized R&D expenditures, declined by 2.3 percentage points.

As shown in the condensed income statement on page 12, the Gross margin of the Q4 is 59.0% (74.1).

Total operating expenses for the fourth quarter amounted to SEK 36.3 million (36.5). Sales and marketing expenses have increased by SEK 2.1 million mainly following increased staffing levels, marketing activities and commissions to partners. Administrative expenses have increased mainly as more consultants have been engaged in the period. R&D expenses show a decrease of SEK 4.0 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 2.7 million.

Operating earnings for the fourth quarter amounted to SEK 15.7 million (2.2), which corresponds to an Operating Margin of 17.8% (4.2)

The financial net amounted to SEK 0.6 million (0.1). The improvement is due to increased interest rates on short term investments and higher average of cash and bank balances.

Earnings before tax amounted to SEK 16.3 million (2.3), which corresponds to a profit margin of 18.5% (4.4).

Net Income amounted to SEK 19.0 million (13.4) resulting in a Net Profit margin of 21.6% (25.7). The improved Net Income is mainly a result of the improved Operating Earnings and capitalization of SEK 5.3 million (11.8) of deferred tax assets.

Full Year

Net Sales for the twelve months period amounted to SEK 287.7 million (232.8), which is an improvement of 23.6% over last year. Revaluation of the accounts receivables stock had a negative impact on Net Sales of SEK -7.1 million (0.7). In comparable currencies, the growth rate was 40%.

The EMEA region accounted for SEK 229.2 million (176.8). The improvement is mainly related to increased value for the ten largest closed deals. The Americas region reported sales of SEK 43.8 million (38.0) and APAC SEK 14.7 million (18.0). The decrease in APAC is due to business opportunities being delayed or not eventuating.

Sales by business area are distributed between Broadcast & Media 67% (71), DTT & Mobile TV 31% (27) and IPTV/CATV 2% (2).

Hardware sales amounted to SEK 220.9 million (168.5), support and service revenue SEK 41.5 million (41.5) and software licenses SEK 28.5 million (21.2). The above figures are exclusive of other revenues of SEK -3.2 million (1.6) which mainly consists of revaluation of the accounts receivables stock in foreign currencies.

Applying the 2009 accounting treatment, the Gross Margin declined by 5.5 percentage points to 70.9% (76.4). The decrease is related to a larger share of turn-key type business and negative currency effects.

The Gross margin, applying the 2010 accounting treatment of depreciation of capitalized R&D expenditures, declined by 3.6 percentage points to 62.7% (66.3).

As shown in the condensed income statement on page 12, the Gross margin is 62.7 percent (76.4).

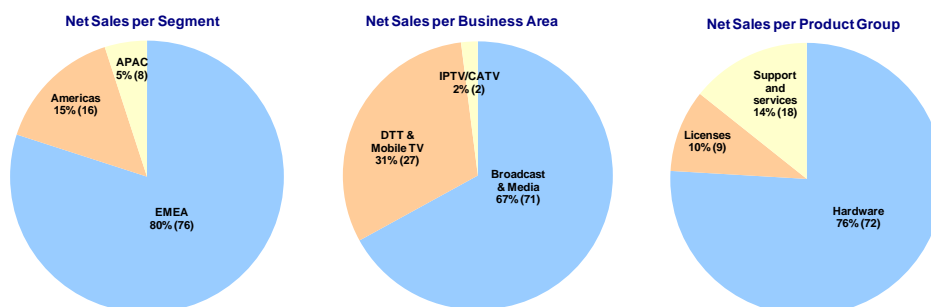
Total operating expenses for 2010 amounted to SEK 137.4 million (143.8). Sales and marketing expenses increase, mainly related to hiring of sales, pre-sales and customer support staff. Administrative expenses are lower from last year, mainly due to fewer consultants engaged. Development expenses show a decrease of SEK 19 million to SEK 22.1 million (41.3). The decline is related to depreciation of capitalized R&D expenditures being charged to cost of sales. Adjusted for this, R&D expenses show an increase of SEK 4.3 million mainly as a result of more developers being employed during 2010.

Operating earnings amounted to SEK 43.1 million (34.0), which correspond to an Operating Margin of 15.0% (14.6).

The Financial Net was a positive SEK 0.5 million (-2.4). The positive financial net is explained by higher interest rates on short term investments and higher average of cash and bank balance.

Earnings before tax amounted to SEK 43.6 million (31.6) and the corresponding profit margin amount to 15.1% (13.6)

Net Income amounted to SEK 102.8 million (34.4). 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 35.7% (14.8).



CASH FLOW AND FINANCIAL POSITION

Cash flow from ongoing operations in the fourth quarter amounted to SEK 46.5 million (10.3). The increase is primarily related to improved operating earnings and strong payments of customer receivables during the quarter. Fourth quarter cash flow amounts to SEK 31.6 million (-3.8), and liquid funds at the end of the period totaled SEK 235.9 million (152.0).

Cash flow from ongoing operations for the twelve month period amounted to SEK 77.8 million (30.5). The improvement is largely due to improved operating earnings. 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 twelve month period amounted to SEK 83.9 million (0.3).

Total shareholders' equity amounted to SEK 440.6 million (335.2) with a resulting equity ratio of 83.0% (82.1).

INVESTMENTS

Fourth quarter investments in tangible assets amounted to SEK 0.3 million (0.7) and depreciation of tangible assets amounted to SEK 0.2 million (0.4). Capitalization of development expenditures totaled SEK 14.8 million (13.2). Depreciation of capitalized development expenditures totaled SEK 6.1 million (6.7).

Investments in tangible assets for the twelve months period amounted to SEK 0.5 million (1.6) and depreciation of tangible assets amounted to SEK 1.0 million (0.9). Capitalization of development expenditures totaled SEK 52.6 million (50.9). Depreciation of capitalized development expenditures totaled SEK 23.3 (23.4).

At the end of the period, net book value of capitalized development expenditures amounted to SEK 121.6 million (95.3).

EMPLOYEES

At the end of the period Net Insight had 133 (120) employees. The parent company Net Insight AB had 124 (114) 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 fourth quarter were SEK 106.8 million (57.7). Net income amounted to SEK -198.7 million (13.8). The negative result for the quarter is due to a write down of shares in a fully owned subsidiary and is a part of the IPR transaction. It has no effect on the result on the group.

For the twelve month period the Net Sales amounted to SEK 349.9 (254.1) due to a growth in the EMEA region. The Net Income amounted to 14.3 (32.5). Liquid funds amounted to SEK 167.7 million (148.5).

Remaining tax losses carried forward amount to SEK 163 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	Q4 2010	Q4 2009	Full year 2010	Full Year 2009
Net Sales	88 060	52 232	287 698	232 801
Cost of goods & services sold	-36 069	-13 542	-107 168	-54 965
Gross earnings	51 991	38 690	180 530	177 836
Sales and marketing expenses	-24 563	-22 469	-95 043	-81 113
Administration expenses	-5 152	-3 473	-20 257	-21 451
Development expenses	-6 552	-10 551	-22 146	-41 270
Operating earnings	15 724	2 197	43 084	34 002
Net financial items	569	118	474	-2 386
Earnings before tax	16 293	2 315	43 558	31 616
Tax	2 714	11 093	59 245	2 742
Net income	19 007	13 408	102 803	34 358
Net income for the period attributable to the stockholders of the parent company	19 007	13 408	102 803	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	0,05	0,03	0,26	0,09
Earnings per share after dilution	0,05	0,03	0,26	0,09
Average number of shares in thousands before dilution	389 933	389 933	389 933	387 616
Average number of shares in thousands after dilution	389 933	389 933	389 933	387 616

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Net income	19 007	13 408	102 803	34 358
Other comprehensive income				
Exchange rate differences	65	198	-411	-518
Total other comprehensive income, net after tax	65	198	-411	-518
Total comprehensive income for the period	19 072	13 606	102 392	33 840
Total comprehensive income for the period attributable to the stockholders of the parent company	19 072	13 606	102 392	33 840

CONSOLIDATED CASH FLOW STATEMENT

Amount in SEK thousands	Q4 2010	Q4 2009	Full year 2010	Full year 2009
Ongoing operations				
Net income before tax	16 293	2 315	43 558	31 616
Depreciation	6 477	7 265	25 165	24 855
Other items not affecting liquidity	3 494	2 593	4 291	4 335
Cash flow from ongoing operations before change in working capital	26 264	12 173	73 014	60 806
Change in working capital				
Increase-/decrease+ in inventories	-3 334	-5 244	-1 558	3 466
Increase-/decrease+ in receivables	11 733	7 008	-12 397	-22 639
Increase+/decrease- in current liabilities	11 938	-3 653	18 699	-11 092
Cash flow from ongoing operations	46 601	10 284	77 758	30 541
Investment activity				
Acquisitions of intangible fixed assets	-14 766	-13 295	-53 289	-51 672
Acquisitions of tangible fixed assets	-260	-745	-496	-1 622
Acquisition of net assets	0	0	59 990	0
Increase-/decrease+ in long-term receivables	12	-25	-105	111
Cash flow from investment activity	-15 014	-14 065	6 100	-53 183
Financing activity				
New share issued - employee stock option program	0	0	0	22 897
Cash flow from financing activity	0	0	0	22 897
Increase/decrease in liquid funds	31 587	-3 781	83 858	255
Liquid funds, opening balance	204 270	155 780	151 999	151 744
Liquid funds, closing balance	235 857	151 999	235 857	151 999

CONSOLIDATED BALANCE SHEET

Amount in SEK thousands	Dec 31, 2010	Dec 31, 2009
ASSETS		
Intangible assets		
Capitalized expenditure for development	121 600	95 329
Goodwill	4 354	4 354
Other intangible assets	2 156	2 257
Tangible fixed assets		
Equipment	1 702	2 031
Equipment for leasing	0	517
Financial assets		
Deferred tax asset	29 075	29 820
Deposits paid, long-term	353	248
Total fixed assets	159 239	134 556
Current assets		
Inventory	28 228	26 670
Customer receivables	98 430	87 007
Other receivables	9 034	8 060
Cash and bank balances	235 857	151 999
Total current assets	371 549	273 736
Total assets	530 788	408 292
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Restricted shareholders' equity		
Share capital	15 597	15 597
Other contributed capital	1 192 727	1 192 727
Translation difference	-1 659	-1 248
Accumulated deficit	-766 091	-871 843
Total shareholders' equity	440 574	335 233
Long-term liabilities		
Long-term liabilities	0	869
Provisions	5 001	7 299
Total long-term liabilities	5 001	8 168
Current liabilities		
Accounts payable	32 719	24 259
Other liabilities	52 494	40 632
Total current liabilities	85 213	64 891
Total liabilities and equity	530 788	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	-	-	-518	34 358	33 840
New shares issued - employee stock options	402	22 495	-	-	22 897
Employee stock option program					
Value of employees' services	-	-	-	4 023	4 023
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	-	-	-411	102 803	102 392
New shares issued - employee stock options	-	-	-	-	-
Employee stock option program					
Value of employees' services	-	-	-	2 949	2 949
2010-12-31	15 597	1 192 727	-1 659	-766 091	440 574

SEGMENT REPORT

SEK million	Q4 2010				Q4 2009				Jan-Dec 2010				Jan-Dec 2009			
	EMEA	APAC	AM	Total	EMEA	APAC	AM	Total	EMEA	APAC	AM	Total	EMEA	APAC	AM	Total
Net Sales	80	2	6	88	41	4	7	52	229	15	44	288	177	18	38	233
Regional Contribution	27	-1	1	27	16	-2	2	16	75	-3	13	85	86	-3	14	97
Regional Contribution%	34%	-64%	22%	31%	39%	-38%	25%	31%	33%	-19%	31%	30%	48%	-14%	36%	42%
Adjusted for R&D Depreciation	6	0	0	6					19	1	4	23				
Adjusted Regional Contribution	33	-1	2	33					93	-2	17	109				
Adjusted Regional Contribution%	41%	-57%	29%	38%	39%	-38%	25%	31%	41%	-11%	39%	38%	48%	-14%	36%	42%

Regional Contribution is defined as Gross earnings less Sales and 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	Q4 2010	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Full Year 2010	Full Year 2009
Net Sales	88,1	52,2	60,5	71,5	67,6	287,7	232,8
Gross earnings	52,0	38,7	39,8	47,4	41,3	180,5	177,8
Gross margin	59,0%	74,1%	65,8%	66,4%	61,1%	62,7%	76,4%
Operating earnings	15,7	2,2	6,2	11,9	9,2	43,1	34,0
Operating margin	17,8%	4,2%	10,2%	16,6%	13,6%	15,0%	14,6%
Pretax profit	16,3	2,3	6,0	11,7	9,6	43,6	31,6
Net income	19,0	13,4	64,0	8,7	11,1	102,8	34,4
Net margin	21,6%	25,7%	105,8%	12,2%	16,4%	35,7%	14,8%

Gross margin with consistent R&D reporting

SEK thousands	Q4 2010	Q4 2009	Full year 2010	Full year 2009
Net Sales	88 060	52 232	287 698	232 801
Cost of Sales	-30 010	-13 542	-83 862	-54 965
Gross Earnings - 2009 accounting treatment	58 051	38 690	203 836	177 836
Gross Margin - 2009 accounting treatment	65,9%	74,1%	70,9%	76,4%
Cost of Sales - R&D depreciation	-6 059	-6 658	-23 305	-23 404
Gross earnings - 2010 accounting treatment	51 992	32 032	180 530	154 432
Gross margin - 2010 accounting treatment	59,0%	61,3%	62,7%	66,3%

PARENT COMPANY INCOME STATEMENT

Amount in SEK thousands	Q4 2010	Q4 2009	Full Year 2010	Full Year 2009
Net Sales	106 790	57 651	349 859	254 109
Cost of goods & services sold	-58 940	-18 494	-177 231	-78 096
Gross earnings	47 851	39 157	172 628	176 013
Sales and marketing expenses	-23 248	-22 537	-92 874	-81 456
Administration expenses	-5 152	-3 472	-20 257	-21 181
Development expenses	-6 552	-10 551	-22 146	-41 270
Operating earnings	12 899	2 597	37 350	32 106
Net financial items	-215 060	118	-215 308	-2 385
Earnings before tax	-202 161	2 715	-177 958	29 721
Tax	3 492	11 094	192 245	2 742
Net income	-198 669	13 809	14 286	32 463

PARENT COMPANY BALANCE SHEET

Amount in SEK thousands	Dec 31, 2010	Dec 31, 2009
ASSETS		
Fixed assets		
Intangible assets		
Capitalized expenditures for development	121 600	95 329
Other intangible assets	2 156	2 257
Tangible fixed assets		
Equipment	1 702	2 031
Equipment for leasing	0	517
Financial assets		
Shares in group companies	18 398	18 398
Deferred tax asset	25 580	29 820
Deposits paid, long-term	339	248
Total fixed assets	169 775	148 600
Current assets		
Inventory	28 228	26 670
Customer receivables	98 430	87 007
Receivables, subsidiaries	533 937	0
Other receivables	11 501	8 060
Cash and bank balances	167 650	148 540
Total current assets	839 746	270 277
TOTAL ASSETS	1 009 521	418 877
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Restricted shareholders' equity		
Share capital	15 597	15 597
Other contributed capital	112 822	276 968
Non-restricted equity/Accumulated deficit	764 449	32 463
Total shareholders' equity	892 869	325 028
Long term liabilities		
Long term liabilities	0	869
Other provisions	4 509	7 299
Total long-term liabilities	4 509	8 168
Current liabilities		
Accounts payable	32 641	24 259
Liabilities, subsidiaries	29 398	22 071
Other liabilities	50 105	39 351
Total liabilities	112 144	85 681
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1 009 521	418 877

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.

This report has not been subject to review by the company's auditors.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held Thursday April 28, 2011, at 10:00 am at the Net Insight's office in Stockholm.

Shareholders who are entered in the share register kept by the Securities Register Center (EuroClear Sweden AB) on 20 April 2011 and apply to the Company no later than 20 April 2011 are entitled to attend and vote at the Annual General Meeting.

Applications to participate may be sent to the address Net Insight AB, Box 42093, 126 14 Stockholm or by telephone to +46 (0) 8 685 04 00 or by fax to +46 (0) 8 685 04 20 or by e-mail to agm@netinsight.net.

Shareholders wanting to have business taken up at the Annual General Meeting may submit their proposals to the Chairman of the Board of Directors to agm@netinsight.net.

The Annual Report 2010 will be published in the week starting with April 4, 2011 on www.netinsight.net.

DIVIDEND

The Board proposes that the AGM resolves that no dividend be paid for the financial year 2010.

REPORTING DATES

Annual General Meeting 2011	April 28, 2011
Interim report January - March 2011	May 6, 2011
Interim report January – June 2011	July 20, 2011
Interim report January – September 2011	October 25, 2011

Stockholm, February 18, 2011

Fredrik Trägårdh
Chief Executive Officer

For more information, please contact:

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

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

World class customers run mission critical video services over Net Insight products for more than 100 million people in more than 40 countries. Net Insight is quoted on the NASDAQ OMX Nordic Exchange, Stockholm.

For more information, visit www.netinsight.net



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