ANNUAL REPORT 2010

ONE HUNDRED PERCENT QUALITY OF SERVICE

Net Insight's products enable transport of video, voice and data in customer networks without loss of quality.

net insight

Contents

Net Insight in brief

Net Insight's products ensure efficient transport of video, voice and data services in terrestrial communication networks without loss of quality. Optimal use of network capacity allows new revenue-generating video services such as HDTV, digital TV and video-on-demand to be launched and delivered simultaneously with voice and data traffic. All is delivered with 100% Quality of Service – guaranteed. Net Insight's products mean lower capital expenditures, shorter payback periods and lower total cost of ownership compared with competition. Net Insight's solutions span the globe − reaching 130 customers in 50 countries. Customers are broadcast and media companies, network owners and telecom operators, cable TV and IPTV providers.

Annual General Meeting

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

Dividend

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

Full Year 2010

- Net sales of SEK 287.7 million (232.8), corresponding to a growth of 24% compared with the 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 one-time effect related to the IPR transaction earlier announced, Earnings per share were 0.10 (0.09).
- Total cash flow of SEK 83.9 million (0.3)
- Fifteen new customers were added and Net Insight won projects in eight new countries
- Launch of a new Channelized IP Trunk module with the capability for end-to-end performance monitoring on all IP/Ethernet channels providing IP media networks with advanced Quality of Service (QoS) and manageability.
- Strong performance and position in sports and event-driven business and in the Digital Terrestrial TV market.
- Partner network expanded to 40 partners and indirect sales represented 38% of total revenues.

Key Figures

	2010	2009	2008
Net sales MSEK	287.7	232.8	274.3
Operating earnings MSEK	43.1	34.0	37.9
Net income MSEK	102.8	34.4	67.9
Earnings per share SEK	0.26	0.09	0.18
Gross margin %	62.7*	76.4	72.4
Equity/assets ratio %	83	82	77
Shareholders' equity per share SEK	1.13	0.86	0.72
Average number of employees	129	116	101

*2010 accounting treatment corresponding to a gross margin of 70,9% in 2009 accounting treatment.

Highlights per Quarter

First Quarter

- Tata Communications selects Net Insight for new International Video Contribution Network
- Net Insight won two new orders for new national build-outs of DTT-networks in Sri Lanka and Slovenia
- AldeaVision Solutions Inc. significantly expands its international video network

Second Quarter

- Net Insight selected to deliver perfect HD and 3D Quality of Service for FIFA World Cup by nine global media operators and major rights holder, including ESPN
- Net Insight receives first order for Digital Terrestrial TV network in South America
- Net Insight selected for Teracom's new nationwide all-IP/Ethernet distribution network, the first IP-based DVB-T2 network in the world.

Third Quarter

- Net Insight receives order for Digital Terrestrial TV network in Poland through Ericsson
- Net Insight delivered contribution services to new major customer in China
- Net Insight wins CSI Award 2010 for Leading Video, Voice and Data Transport for its IP Trunk solution

Fourth Quarter

- Net Insight receives significant order for a Nationwide Contribution and Distribution Network for the Swiss Public Broadcaster SRG SSR
- Net Insight wins a significant contract with Telia Sonera International Carrier
- Net Insight wins significant order as an initial phase of a nationwide digital TV and media network in the EMEA region
- Net Insight wins Electronic Business of the Year 2010 Award

CEO statement

Strongest result

In 2010 we produced our strongest result in every respect and we entered several new markets during the year. Net Insight also won many new customers and our market position as one of the leading providers of efficient and scalable transport solutions for media-centric networks was further strengthened. In line with our predictions, the global market for media transport equipment continues to grow. During the year, we won several major nationwide projects meaning a larger number of big projects than ever before. A steadily increasing repeat business from existing customers, as well as winning the trust of new customers in new markets, is the real validation of our total offering.

The numbers 2010

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

Focus on two main business areas with significant potential in others

Our main markets are the Broadcast and Media area (BMN) as well as the Digital Terrestrial TV area (DTT). Net sales in 2010 amounted to 67% and 31% respectively. Thanks to continuously improved products and solutions, we managed to strengthen the market position in the core areas and, at the same time we addressed and won further business in new areas such as cable TV.

Frequent involvement in sports and event driven business

Last year, Net Insight equipment was used for live transmissions by nine different network operators and rights' holders for the FIFA World Cup 2010, the Asian Games and the Winter Olympics in Vancouver.

Telia Sonera International Carrier decided to expand its Nimbra-based national media contribution network to transport HD video from Swedish sports and event arenas.

Strong position in Digital Terrestrial TV

We continue to strengthen our position in DTT networks. In just a few years, we have won 26 different DTT networks, adding six new projects during 2010. One example is Teracom, Sweden's new nationwide and the world's first all-IP/Ethernet distribution network based on the new highly efficient DVB-T2 standard. Another example is Emitel, the leading terrestrial radio and TV network operator in Poland that will also base its network on our Nimbra platform. Furthermore we won important orders for new large networks in the EMEA region and in Latin America.

Steady customer and geographic expansion

The EMEA region delivered significant growth in 2010 and the Americas improved slightly. However, revenues in APAC were disappointing for us. During 2010, Net Insight entered eight new countries. In just over five years we have improved profitability and cash position, we also increased our number of customers from 30 to 130 and the number of countries where we have won business has grown from 15 to 50.

With our recognized understanding and experience of the media and broadcast industry, we now work strategically with many of our customers to develop and expand their business and revenue generating services.

Our partner network for indirect sales is now a strong contributor in our business. The 40 partners contributed to our turnover with more than 38% of the total revenues in 2010.

We now also work successfully with several of the leading telecom equipment providers. During 2010, that cooperation generated good business for all parties. Several telecom equipment providers see that they can become more competitive by offering Net Insight's Nimbra platform for the transmission part of larger regional or nationwide projects.

We also see the Service Providers (e.g. telecom operators) being critical in reaching new customers in the broadcast and media segment. The trend is that a growing number of broadcasters buy network capacity and services from service providers rather than owning their own private networks. Over the last year we have increased our sales to service providers including some of the world's largest telecom operators. Service providers represented more than 70% of our total revenues in 2010.

In summary, we now do business with large telecom operators, media service providers, broadcasters, production houses and media-centric network owners covering everything from occasional news programming to events and live TV around the world.

Evolving the Nimbra platform

100% Quality of Service, highest bandwidth utilization and simplicity are our key priorities when further developing the Nimbra platform. These advantages truly help our customers to lower their total cost of ownership while adding new revenue generating services. This year we have continued to launch products in the areas of IP-networking, network management and video processing. Net Insight is well positioned to support and capitalize on the migration toward IP-networks and the accelerating demand for video transmissions. We are now recognized for improving Quality of Service over IP network infrastructures.

Looking ahead

End-user demands and requirements, combined with the rapid growth in media traffic across the world drive new infrastructure investment needs. Additionally, there are many large DTT rollouts remaining as well as numerous upgrading opportunities for the first generation of DTT networks already installed. In summary, Net Insight's addressable market is growing. Our track record of profitable growth with high gross margins also guides our long-term objectives going forward.

Altogether, I am convinced that Quality of Service and cost efficiency for real-time media traffic will be key differentiators that will bring Net Insight good business and partnership opportunities for growth.

Fredrik Trägårdh
CEO, Net Insight

"In just over five years we have improved profitability and cash position, we also increased our number of customers from 30 to 130 and the number of countries where we have won business has grown from 15 to 50."

Vision, business concept, objectives and strategies

Net Insight was founded in 1997 on the vision that network traffic will increasingly be dominated by video applications such as TV, pay-per-view, video-on-demand, video conferences and music videos. These services demand substantially increased network capacity and 100% Quality of Service, and Net Insight's products are delivering just that. The Nimbra platform provides a true multi-service offering, fully infrastructure agnostic, transporting any media over any network.

Overarching objectives

Net Insight's strategic objective is to acquire a major share of the media-rich carriage market by providing transport network products that facilitate the production, distribution and delivery of media-rich content.

- To be recognized as a premier provider of high-quality media transport networks
- Grow faster than the market, with good profitability
- Generate return on equity and earnings per share to make the company an attractive investment

Business Concept

Net Insight's business concept is to develop, market and sell products to public and private networks that transport high-quality, media-rich traffic. Net Insight's customers benefit from the opportunity to introduce new revenue-generating services, while at the same time reducing capital expenditures and operating costs. The Nimbra platform is scalable and capable of handling existing and added services with a minimum of manual control, best in class total cost of ownership and a guaranteed 100% Quality of Service (QoS). Revenues are generated through direct and indirect sale of products and licenses, support and maintenance agreements, installation services and training.

Target Fulfillment

Net Insight did not provide detailed earnings or sales forecast for 2010. Revenues have been growing during 2010 to SEK 288 million, which represents a growth rate of 24%. In fixed and comparable currencies, the growth rate was 40%. Growth during the year 2010 comes mainly from a greater number of larger projects than ever before. Repeat business also showed growth and geographic expansion continued. Net Insight entered eight new countries, and per year-end we count 130 customers in 50 countries. Net Insight reported positive operating earnings of SEK 43.1 million, corresponding to an operating margin of 15% as well as a positive cash flow for the full year, supported by a strong gross margin. Net Insight closed the year with a strong balance sheet, with a net cash position of SEK 236 million and equity/asset ratio of 83%. The Company holds no interest-bearing liabilities, which is a strong position. The majority of sales, 67%, derive from the professional media industry (Broadcast & Media Business area), which is still the largest and a growing market segment. Indirect sales represented 38% during the year, which is an increase from last year and in line with the partner strategy.

Strategy

Net Insight's strategic objective is to acquire a major share of the media-rich carriage market, focusing on providing transport network products that facilitate the production, distribution and delivery of media-rich content. The strategy can be summarized as:

Net Insight will focus sales, marketing and product excellence activities in three business areas: Broadcast and Media Networks (BMN), Digital Terrestrial TV (DTT), and Cable TV and IPTV (CATV/IPTV). In BMN and DTT the main focus is to gain market share. The addressable market increases by adding the access market as well as new verticals or sub-segments coming up, for example Content Delivery Networks, digital cinema and telepresence. In our DTT business, Net Insight will capitalize on the unique Time Transfer function, i.e. GPS-independent time synchronization of networks. In the cable TV and IPTV segments, the focus of Net Insight is to overcome scalability and quality issues in the IPTV roll-outs. Net Insight will also leverage recent wins with customers in the cable TV business area.

Net Insight is continuously expanding geographically and has entered several new markets during 2010. Our market expansion going forward will focus on for example China, India and selected markets in the Middle East and Latin America. Our global partner network is essential for our expansion and Net Insight will continue to build new partnerships to support growth. At the end of 2010 we had 40 signed Value-Added Resellers and System Integrators. The go-to-market model for Net Insight is to effectively combine our direct sales force with the partner network.

For larger projects it is efficient for Net Insight to partner with larger telecom equipment providers. During 2010 we successfully partnered with e.g. Ericsson in a larger DTT project in Poland. Net Insight offers a real competitive advantage to telecom equipment provider for the transmission part of their end-to-end network solution.

An increasing part of Net Insight's revenues now comes from Service Providers entering the media-rich segment to sell services. Focusing on the Service Providers will also give Net Insight the opportunity to reach the low-end media access market in an efficient way, and to expand into new market segments. Service Providers choosing the Nimbra platform can leverage the same network for new revenue-generating business, for example IPTV, telepresence and Content Delivery Networks.

Products and Development

Net Insight develops the Nimbra platform to secure 100% Quality of Service, highest bandwidth utilization and simplicity for the customer in support of operational efficiencies and reduced total cost of ownership. A key part of the Nimbra system is the network management capabilities included in Nimbra Vision, which will continuously add more functionality and improved interfaces to integrate better with other vendors' management systems. Net Insight will broaden the portfolio scope in new product segments such as video processing, access and integration of the Nimbra platform with third-party products.

Organization

Net Insight strives to achieve an empowered organization in which employees are able to influence the company's objectives and performance. We build an organization based on continuous development of employee skills and expertise. Our objective is to build long-term commitment among the employees through career opportunities and continuous professional training in a growing international company.

BUSINESS AREA
Broadcast and Media

The Broadcast and Media business area comprises network solutions for production and contribution of media services. Net Insight's products are used in transmitting TV images and sound from sports arenas, concerts and other events to TV and media company studios, as well as interconnecting studios and media companies to facilitate their content production and delivery. Telecom and satellite operators are a growing customer segment. Broadcast and Media was the largest business area for Net Insight in 2010, and its share of the company's total revenue was 67%. The addressable market for Net Insight in this business area is EUR 250 million and the Compound Annual Growth Rate is estimated at 12%.

Trends

The ever-increasing amount of content and the demands of innovative new TV formats such as HDTV and 3D impose up to a twenty-fold increase in network transportation capacity. With the growing use of uncompressed signals in production, capacity requirements could escalate up to one hundred-fold driving large infrastructure upgrades. In addition, the commercial importance of live productions with audience interaction is growing rapidly demanding real-time Quality of Service networks.

For production companies, digitalization and use of media centric networks open up new possibilities for increased productivity with lower operating costs. Networks are becoming an integrated part of production and automation flows, which will likely lead to further development of virtualization and "cloud media" services. Tapeless, non-linear editing of huge files is already a reality. Traditional studio networks will be increasingly based on terabit-per-second LAN/WAN.

Solutions

Fiber optic-based terrestrial solutions enable TV and production companies to exchange high-quality, uncompressed material in real time, at low cost and independent of geographic distance. Our technology, with its unique "auto sensing" feature, makes it possible to transport any media format together with data and telephony within the same network, significantly reducing total communication costs.

Efficiency and shorter production

Choosing Net Insight's network solutions means better utilization of network capacity and a seamless transition from Standard Definition to High Definition 1080p and 3D. The Nimbra platform provides cost-efficient transport of compressed and uncompressed video signals handling broadcasters' production, contribution and distribution. Studio equipment and servers can be directly connected to standard video and audio interfaces in the platform. The low latency and high transmission quality gives the producer a remote environment that feels like being on-site. All this enables more efficient use of studio resources and shorter production schedules for television companies.

Customers

The many benefits of the Nimbra product family have made Net Insight a recognized supplier to the global broadcast and media industry. Customer testimonials label us an "exceptional partner," appreciated for our proven competence and commitment, and for being easy to work with. Our solutions are used by well-known companies including Korea Telecom, WDR, Telenor, Telia Sonera, TATA, ESPN, KPN Broadcast Services, EBU, ZDF, CCTV, TV Globo and at major live events such as the FIFA World Cup 2010.

Quality pays off

We see strong demand from customers for sports and event-driven business. The Nimbra platform supported nine different network operators and rights holders in the FIFA World Cup 2010 as well as the Asian Games by a Chinese network operator. Telia Sonera International Carrier is expanding its Nimbra-based national media contribution network with HD video transport from Swedish arenas, designed to meet the high quality requirements for live sport broadcasts. Both leading media operators and broadcasters benefits of the Nimbra platform in their respective environments.

TATA COMMUNICATIONS
Innovation to meet customer needs

As part of the Tata Group, one of India's most respected business conglomerates, Tata Communications delivers managed solutions to multinational enterprises, broadcasters, service providers and consumers in India. In 2008 Tata Communications began planning to broaden its service offering with comprehensive support for professional media services, initially covering major cities in India with international connectivity to Europe, North America and the Asia-Pacific region. In addition to technical requirements, Tata required a fully managed solution designed to provide a complete graphical overview of the status of all network resources, to quickly provision services from end to end, and to monitor service quality and performance. When required, the system also allows Tata's end users to manage their part of the network in-house using secure and highly granular client management definitions.

Global services

After thorough evaluation and testing in Tata Communications' labs and in the field, Net Insight was selected to deliver the solution. Key reasons to the order was the Nimbra platform's multi-service capabilities, future scalability, quality of service and wide range of network restoration options.

The new global media network was successfully launched in December 2009. Customers include other media operators as well as local broadcasters who can exchange content between India, Europe, USA, Australia and other Asian countries.

Due to the positive reception and increasing bandwidth demands from customers, a further expansion and scaling of the network was performed in 2010.

"Net Insight's proven track record has made them an ideal platform for our global video distribution network."

Genius Wong
Senior VP, Global Network Services
Tata Communications

BUSINESS AREA
Digital Terrestrial TV

The Digital Terrestrial TV (DTT) business area comprises distribution of TV-programs from a headend to transmission towers within a country or region.

DTT is currently in a major development phase as analog terrestrial networks are converted to digital. The annual growth in household digital uptake worldwide is estimated to exceed 40% for consecutive years. When in place, digital TV complements on-demand over-the-top viewing as a low-cost, high penetration broadcast platform for live content. Net Insight's revenue within the business area Digital Terrestrial TV grew during 2010 and represents 31% of the total revenues. The addressable market in the DTT business is EUR 100 million with an estimated Compound Annual Growth Rate of 7%.

Trends

A number of large countries such as Russia, Brazil, Argentina, China and India plan to roll out digital terrestrial networks during the next five years. A new DVB-T2 standard, offering 50% better spectrum utilization, also drives new infrastructure upgrades in existing DTT countries.

The number of households with digital terrestrial TV is expected to triple globally over the next four years. Fast-moving technical developments such as Next-Generation DTT transmitters taking in IP MPEG instead of ASI is also an emerging trend.

Solutions

Digital TV provides better picture and sound quality and offers more options to the viewer. The transition to digital terrestrial networks also frees up more frequencies for mobile applications such as wireless broadband and mobile TV. For operators, the technology leads to lower operating costs and the opportunity to offer more TV channels and new services.

Nimbra DTT networks provide not only nationwide TV distribution but also supports additional services such as contribution for TV and radio, radio distribution, Mobile TV, remote management to third party equipment and mobile backhaul. The advantages of the Nimbra platform are improved quality and availability with higher utilization giving operators the ability to broadcast 15-20% more TV-channels in the same infrastructure, as well as better provisioning and multicasting.

Accuracy and safety with Time Transfer GPS-free synchronization

An attractive product property that has made Net Insight even more competitive as a provider of DTT transport equipment is the time transfer function, which enables an integrated solution for time synchronization of transmission towers without introducing costly and potentially vulnerable GPS receivers. With the Nimbra platform, the transfer of time information adds a high degree of safety and accuracy over the same network that transmits TV signals.

Customers

Net Insight has 26 wins in Digital Terrestrial TV from all regions in the world. The latest wins include countries such as Sri Lanka, Sweden, South America, Cyprus and Poland.

Emitel, the leading Polish terrestrial radio and TV network operator, uses the Nimbra platform and software technology for digital terrestrial TV and GPS-free synchronization. By selecting the Nimbra platform, Emitel was able to use the same network to include contribution services between 16 TV studios in Poland.

Another strategic win during 2010 was the order for Teracom's new nationwide all-IP/Ethernet distribution network, which is the first end-to-end IP-based DVB-T2 network in the world. Net Insight has delivered its Nimbra platform to all Scandinavian countries: Digita in Finland, Teracom in Sweden, Norkring in Norway and BSD in Denmark.

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TERACOM
Exceeding customer expectations

The Teracom Group is Sweden's leading media operator, offering a wide variety of communication solutions for radio and TV. The main product areas are Pay TV, radio and TV broadcasting, capacity services for data transmission, and co-location and service. The business is run in Sweden, Denmark and Finland through subsidiaries. In Sweden, with a population of nearly 10 million, the broadcasting network covers approximately 99.8% of households.

Teracom launched the first digital terrestrial TV services in Sweden as early as 1999 and the plans for introducing new HD channels required a partial upgrade of the company's core transport network. HD broadcasts are based on the new European standard, DVB-T2 technology. Extensive preparation for HDTV in the terrestrial network has taken place during 2010, with coverage for HDTV reaching about 70% of the population by year end. A gradual expansion will continue, aimed at bringing coverage to virtually all Swedish households. The DTT network should be complete in time for the summer Olympic Games in London in 2012.

Teracom's selection criteria for the new transport network were a cost-effective, scalable solution for multiple services with IP support. Net Insight fulfilled these requirements along with a response that inspired complete confidence in the project setup. After some months in operation, Teracom reports that the new infrastructure functions as expected, and that performance exceeds expectations. As planned, the roll-out continues along with addition of new functionality and GPS-free synchronization.

"Before choosing Net Insight, we went through a rigorous selection process with a number of possible suppliers. In the end, Net Insight matched our expectations best, not least in areas connected to the implementation phase."

Peo Gaasvik
CTO
Teracom AB

BUSINESS AREA
Cable TV and IPTV

Networks for cable TV and IPTV are used for distributing TV and video along with broadband and telephony to households. All services are transmitted in IP/Ethernet format except for older cable TV networks in which TV and video are transmitted as ASI signals.

The changing digital TV distribution business landscape is leading to increased competition. As reliable SDH-type connections will be more difficult to obtain or more expensive, IP/Ethernet transport is becoming a widespread technology for carrying media services. Download sites such as YouTube and social communities such as Facebook have caused explosive growth in network traffic. The cable TV and IPTV segment is Net Insight's smallest business area, representing 2% of total sales in 2010. This area has a large future potential but is also more competitive than the other business areas. The addressable market for Net Insight in CATV is EUR 1.5 billion and the estimated Compound Annual Growth Rate is 5%. For the IPTV area, the addressable market is EUR 350 million with an estimated Compound Annual Growth Rate of 25%.

Trends

The way end-users consume media is changing rapidly. Users expect to watch and consume media anywhere, anytime on any device and with increased interactivity. More and more people are beginning to watch TV on their broadband connection, dubbed "Over-the-Top". The addition of Video on Demand and Personal Video Recorder services is driving large infrastructure upgrades to meet the demand for network capacity. This will require network owners to store content efficiently in Content Delivery Networks. As video traffic increases and users require better and better quality, QoS will be the main differentiator for Over-the-Top.

Solutions

The operational benefits of transporting all traffic over a common IP network can be significant. However, for media services it is critical to select an IP transport solution that delivers the required quality of service and manageability with a minimum of complexity and without losing operational savings. In traditional IP networks, packets are transported using shared resources, giving flexible utilization of the network resources. However, this sharing makes it difficult to guarantee the quality of transport.

When using the Nimbra platform, a channelized IP trunk interface strictly reserves the bandwidth needed for quality-demanding media services while at the same time allowing an optimal utilization of shared capacity. Whether unicast or multicast, services can be provisioned seamlessly end-to-end across a mix of IP/Ethernet/SDH/PDH/WDM networks. In case of network failures, services will be automatically rerouted or protection-switched across infrastructure boundaries. Taken together, this provides guaranteed video service delivery with maintained high network utilization. Using the Nimbra platform for video and TV transport and multicasting also significantly reduces the operational complexity, reducing total cost of ownership.

For cable TV, the unique GPS-free Time Transfer function can be used to achieve a more efficient distribution.

Customers

Several major operators in Europe, Asia and North America use Net Insight's Nimbra platform. In Asia, Nimbra was initially deployed by telephone companies in Hong Kong, Singapore and India.

In Japan, a regional cable TV operator chose the Nimbra platform for its distribution network from regional exchanges to hub nodes.

A national North African telecom operator distributes TV through a national core network for cable TV video content with 100% QoS among 15 regional localities.

WIN
Immediate results

Wisconsin Independent Network (WIN) was founded in 1999 as part of Communications Management Group, LLC, a privately-held company based in Eau Claire, Wisconsin, USA. WIN offers state-of-the-art fiber optic network and data center services in three states and beyond, including locations in Asia. It is jointly owned by a consortium of 31 independent local telephone companies. As a group, WIN serves more than 200,000 telephone, Internet and video customers.

The issue

Network demand for media-rich content began to grow exponentially in 2007, and WIN began receiving reports that end users were experiencing tiling and artifacts in video signals. Network operators could not easily identify the source of the errors, so the engineering team introduced video quality probes on each layer to monitor the transport network performance. After several months, the problem was still not solved since the detected errors were sporadic and not confined to any one component or location.

The solution

After a reference from a member company, WIN contacted Net Insight to solve their problem. A pilot test across a 90-mile network was performed using the Nimbra 680 platform and showed immediate and overwhelmingly favorable results. Measurements proved that the existing network infrastructure suffered a highly disruptive 0.5 percent packet loss on content delivery. Once the Nimbra platform was implemented, this loss was reduced to zero. Based on these results and subsequent production deployment, WIN introduced more than 20 new Nimbra nodes across its entire network.

“The benefits of the Nimbra platform have given us the flexibility, quality and reach that we require as a Tier 1 level wholesale bandwidth provider.”

Scott Hoffmann
Executive Director
Wisconsin Independent Network (WIN)

Global presence ensures first-class service

Net Insight's customers are leading global and major national network operators and television and media companies. Net Insight reached 130 customers and 50 countries at year-end 2010.

Developing our customers' business

Net Insight products and services give customers the opportunity to introduce new revenue-generating services, while at the same time cutting capital expenditures and operating costs. Our solutions are fully capable of handling existing and additional services with a minimum of manual control, best-in-class total cost of ownership, and guaranteed 100% QoS.

Depending on specific customer needs, we offer either a comprehensive or an adapted selection of products and services. In either case, the Nimbra platform constitutes the technical backbone. Based on our extensive experience with the telecom, media and broadcasting industries, we believe in having the most reliable and easy-to-operate transportation tools on the market.

40+

partners worldwide

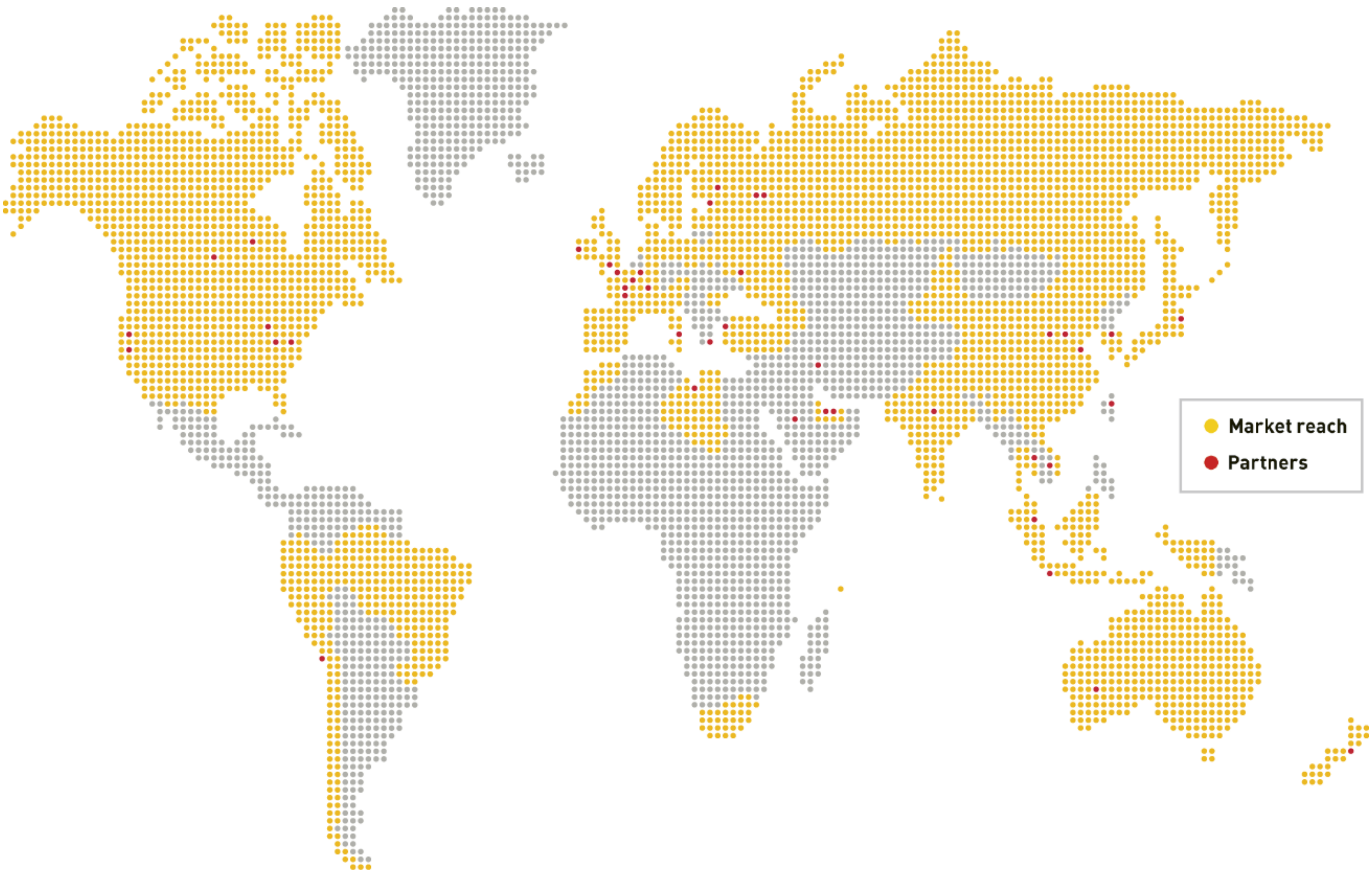
Our technology comprehensively supports the requirements for any service over any network, from production to distribution of TV and media. Nimbra is seamless, secure and cost-effective.

Excellent partnerships

Adhering to the maxim that all business is local, we continue to extend our local partner network, comprised chiefly of large system integrators and value-added resellers. We currently have 40 partners in our Global Partner network. To ensure customer satisfaction, we train and certify our partners, each of which represents specific areas of expertise, either geographically or through specialized segment capabilities.

130+

customers in over 50 countries



In addition, Net Insight is working with leading telecom equipment providers when suitable for the customer projects. The leading network equipment providers see the Nimbra platform as a competitive complement to their portfolio.

Partner program

The partner program is a framework for a strong and dynamic relationship between Net Insight and our partners.

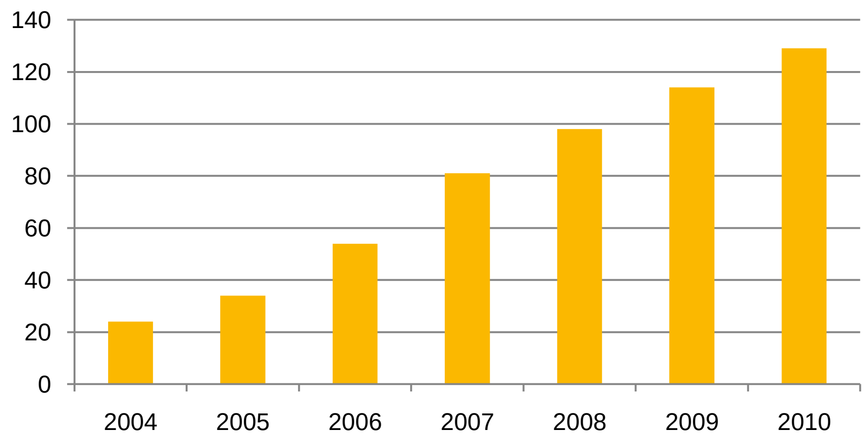
Our partner certification ensures highest quality of customer satisfaction. We reward our partners according to their success and investment in training, information sharing and business generation. The aim of the Net Insight partner program is to provide our partners with new revenue streams from the media segment. Net Insight offers our partners a world leading solution for media-rich networks.

Net Insight Academy

Through Net Insight Academy, we provide both in-house and on-site training for employees, partners and customers staff. Course modules follow a logical series of steps, where knowledge from one course facilitates participation at the next level. The curriculum covers a variety of programs of varying length and scope.

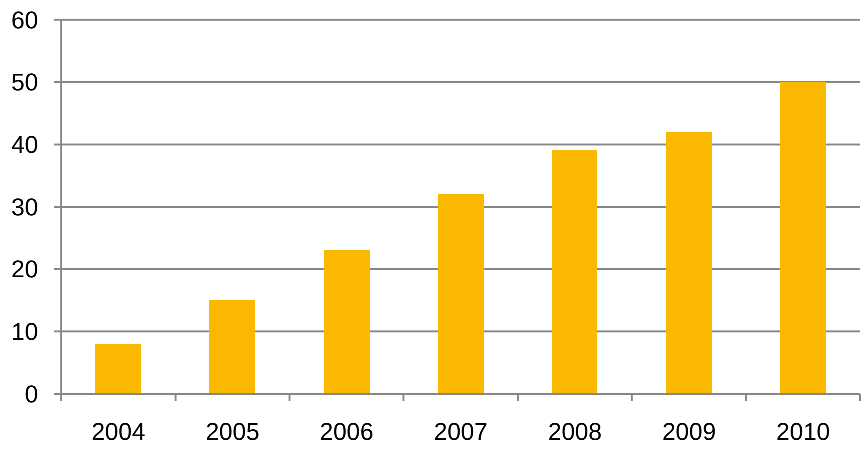
For homogenous training groups with participants from the same customer or users of the same type of product solution, modules may be customized to focus on the most relevant products.

Number of customers



Source: Net Insight

Number of countries



Source: Net Insight

Technology leader in media-rich networks

The Nimbra product family embodies the world's most efficient and scalable media-rich transport solution with the industry's highest bandwidth utilization and always with 100% Quality of Service. In developing and enhancing the Nimbra platform, we focus on three main customer values: quality of service, bandwidth efficiency and simplicity.

Any media over any type of infrastructure

The Nimbra platform ensures the necessary capacity for video, audio, data and voice throughout the network. This enables comprehensive multi-service support for any service, delivered over any type of network, including IP/Ethernet, SDH/SONET, PDH, wavelengths or dark fiber. These features make Nimbra the most versatile media transport platform on the market.

Nimbra benefits

Designed for real-time video requirements

The Nimbra platform offers resource allocation by separating different types of traffic into secure, logical channels. This means that real-time, critical services such as HD video and audio are transported without packet loss or distortion, ensuring 100% QoS for all kinds of services regardless of the complexity or size of the network.

Channelized IP ensuring 100% QoS

Our channelized IP trunk interface strictly reserves the bandwidth needed for a certain service, with any mix and any size of channels allowed. It enables the same high-quality transmission guarantee in IP networks as for traffic in fiber optic networks and telecom operators' SDH/SONET networks. It also enables easy handling of media services when constructing large IP-based media networks as well as effective performance monitoring on the IP links and end-to-end services.

Time and synchronization capabilities

The Nimbra platform features a unique solution, Time Transfer, for both network synchronization and transport of 1 PPS/10 MHz absolute time, facilitating telecom synchronization as well as GPS-free Single Frequency Network (SFN) synchronization of Digital/Mobile TV applications and remote studios.

Network and service flexibility

All network configurations are possible with Nimbra, including ring, star, point-to-point, mesh or any combination of these structures. Freedom of configuration simplifies network planning and allows for a flexible, build-as-you-grow strategy. The Nimbra platform offers comprehensive network management tools, providing a superior overview of the operation of a Nimbra network through our network management system, Nimbra Vision.

Net Insight's network operating system, NimOS, provides an automated control plane with signaled end-to-end provisioning and rerouting. NimOS is included in all hardware platforms together with a web-based element manager. It is also possible to further enhance the functionality of network elements by adding our software packages and feature licenses to the system.

Unique multicast support

The Nimbra platform efficiently distributes TV, radio and video simultaneously. Multicasting of all services, including Ethernet traffic, means that hundreds of IPTV channels may be broadcast with efficient use of bandwidth and without disrupting other traffic on the same link.

Nimbra also assures instant, dynamic fault restoration in the event of fiber cuts or other disturbances.

Ethernet switching

The Ethernet switching feature delivers an unprecedented level of flexibility. It allows for transporting any service to any network location and the creation of virtual networks for any application such as QoS multicast transport of IPTV/CATV traffic, distributed office LAN applications, file transfers or live broadcast video. Nimbra can also easily be combined with native video/audio/telecom services.

Acceptance for new formats

Nimbra supports video compression through JPEG 2000 video and IP audio as encoders use IP/Ethernet outputs instead of ASI.

Integration of third party products

Net Insight actively integrates other product vendors such as ScheduALL and Dimetis. Through this, network owners have a network that can handle the most demanding video traffic, as well as fully automated management capabilities that ensure smooth workflow.

Nimbra 380

Next generation IP media gateway

Nimbra 680

High capacity multi-service switch

Nimbra 688

Carrier grade switching for high density and core applications

Success built on people and responsibility

Net Insight is a customer- and technology-driven company. Like other creative, global high-tech players, the company's success relies on the expertise, creativity and commitment of its employees. At year-end 2010, Net Insight had 133 employees, including Net Insight Intellectual Property AB with four employees and the US subsidiary Net Insight Inc. with five employees.

The Net Insight advantage

Committed, highly skilled employees

Net Insight is characterized by a high level of education among its employees. More than 70% of the staff hold university degrees. Since our unique solutions challenge a number of established industry concepts, the company embraces people with cutting-edge skills who are able to produce solutions that add substantial customer value.

Almost half the workforce has been with Net Insight more than five years, and many since the company's establishment. The company enjoys a strong sense of loyalty from team members, as we actively strive to create a work environment where all employees are empowered.

Responsible business

Net Insight's business is characterized by respect for customers, business partners and employees. The business is always conducted in accordance with relevant legislation in each country and consistent with accepted principles of fair competition and good business practice. In all areas of Net Insight's business, we support accurate and comprehensive competition regarding bids, tenders, contracts and purchases.

Corporate responsibility

Net Insight's code of conduct for responsible business means handling environmental, ethical and social aspects in a manner that enables the creation of superior value for customers, owners and society as a whole. The executive management team coordinates our strategic efforts in Corporate Social Responsibility (CSR) and sets policies and directives for environmental, social, ethical and economic governance.

Sustainable development

The overriding ambition to meet and exceed customer requirements and expectations in every aspect of our business is at the core of Net Insight's corporate culture. All manufacturing is outsourced to external business partners and has little environmental impact on the company's own activities. We require major suppliers to be environmentally certified according to ISO 14001, and products must meet the EU's Directive on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (RoHS-5). Net Insight also requires suppliers to specify that their sub-contractors must comply with RoHS-5.

The use of the Nimbra platform supports the increased use of travel-reducing digital communication, since Net Insight actively works to improve the quality of video communication and video conference systems. In itself, this promotes energy efficiency and environmental improvement. For our customers, the Nimbra solution lowers power consumption by more than 50 percent as compared to commonly used network equipment on the market.

Net Insight follows the guidelines of Global Reporting Initiative (GRI). For 2010, Net Insight applies to Application Level C according to the GRI Reporting Framework. .

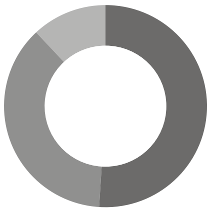
Responsibility towards employees

Net Insight has a flat organization, with the aim of reducing the distance between management and employees. We seek diversity in the workforce in terms of background and experience, and offer our employees equal treatment regardless of age, gender, ethnicity, religion, sexual orientation or anything else that does not affect and individual's ability to perform his or her job. Gender main streaming is important for Net Insight, as the company operates in a male-dominated industry. During 2010, Net Insight has participated in Womentor, a mentoring program for women leaders. Equality at Net Insight also means creating conditions for employees to balance work and private life.

Average length of employment

Level of education

Employees per area



Age distribution

Employee numbers	2010	2009	2008	2007
Average number of employees	133	116	101	93
Number of women, %	13	13	11	12
Staff turnover, %	3.1	7.6	6.6	7.6
Sickness absence (see Note 7), %	2.1	2.3	1.9	3.0
Cost/employee for skills development, SEK	1,706	2,257	3,427	1,281
value added/employee*, SEK thousand	1,343	1,377	1,604	1,540

* Definition: operating profit/loss plus salaries and fringe benefits in relation to average number of employees

The Net Insight share and Shareholders

Net Insight was first listed in 1999 and has been listed on the NASDAQ OMX Nordic Exchange Midcap (NETI B) since July 1, 2007.

Ownership

The company had 11,139 shareholders on December 31, 2010, compared with 12,633 the previous year. Net Insight's three founders remain as shareholders with 1.6% (1.7) of capital and 4.2% (4.5) of the votes. As of December 31, 2010, the 20 largest shareholders account for 65.7% of capital and 65.1% of votes. The major shareholders primarily consist of strong financial institutions and funds. Foreign ownership made up 22.8% of capital, compared with 23.5% the previous year.

Price movements

The share price decreased by 27.8% during the year. The highest price during the fiscal year, SEK 4.92, was quoted on February 2, 2010, and the lowest, SEK 3.25, on November 17, 2010. Net Insight's total market capitalization was SEK 1,337 million as of December 31, 2010, a decrease compared with the previous year, when it was SEK 1,846 million.

Trading volume – NASDAQ OMX

In total, about 100 million shares were sold at a total value of almost SEK 420 million, corresponding to a 25% turnover rate for 2010. On average, 397,000 shares were traded per trading day during the fiscal year, representing a 49% decline from the previous year.

Employee stock options

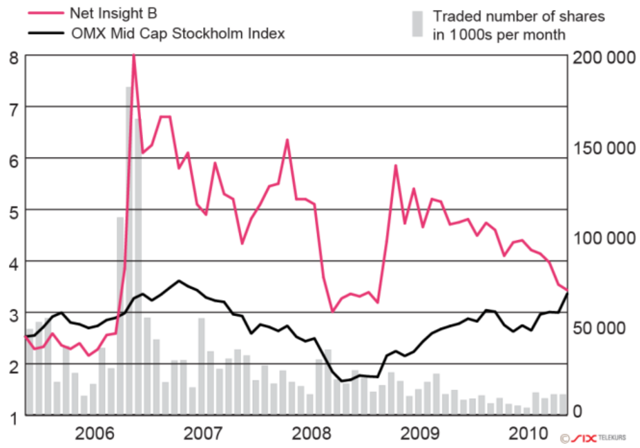
The company has two outstanding employee stock option programs, which were implemented in 2007 and 2009. In 2010, no employee stock options were exercised. The maximum dilution effect of outstanding employee stock options is 4.1% of the number of shares in the Company.

Share capital

Share capital was SEK 15,597,320 as of December 31, 2010. There were 1,150,000 Class A shares, and 388,783,009 Class B shares, for a total of 389,933,009 shares.

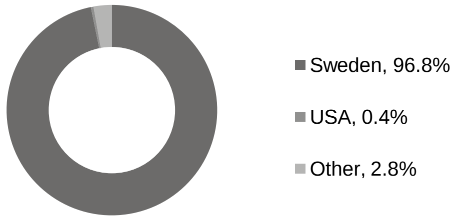
Dividend policy

Where appropriate the board will make proposals regarding dividends, upon which the AGM will decide.

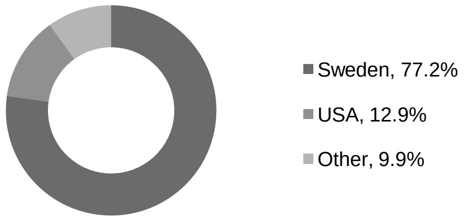


Ownership structure, (Capital, %)

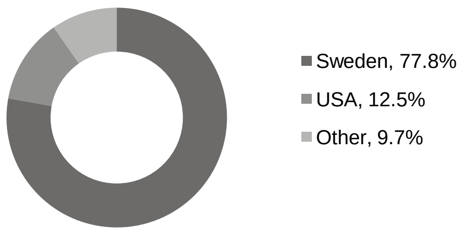
Number of owners (Concentration, %)



Number of owners (Capital, %)



Number of owners (Votes, %)



Class of shares

Per Dec 31, 2010

Class of stock	Shares	Votes	Equity, %	Votes, %
A	1,150,000	11,500,000	0.29%	2.87%
B	388,783,009	388,783,009	99.71%	97.13%
	389,933,009	**400,283,009**	**100.00%**	**100.00%**

Ownership Structure - Class B Shares

Per Dec 31, 2010

Shareholding, Number of Shares	Percentage of shareholders	Percentage of share capital
1-1000	44.3	0.500
1001-10000	39.0	4.600
10001-15000	3.7	1.400
15001-20000	2.9	1.600
20001+	10.1	91.900
Total	**100.0**	**100.000**

20 largest owners as of Dec 31, 2010

	NAME	Class A shares	Class B shares	Holdings (%)	Votes (%)	Market value SEK '000'
1	Lannebo Fonder	0	53,143,495	13.6	13.3	182,282
2	Constellation Group Capital	0	48,052,491	12.3	12.0	164,820
3	Swedbank Robur Fonder	0	40,715,476	10.4	10.2	139,654
4	Alecta Pensionsförsäkring	0	24,000,000	6.2	6.0	82,320
5	AMF - Försäkring och fonder	0	19,965,693	5.1	5.0	68,482
6	Dexia Bil Customer Account	0	11,133,390	2.9	2.8	38,188
7	Försäkringsaktiebolaget, Avanza Pension	0	9,174,974	3.4	2.3	31,470
8	JP Morgan Bank	0	8,344,823	2.1	2.1	28,623
9	Nordnet Pensionsförsäkring AB	0	7,771,471	2.0	1.9	26,656
10	Board and Management	400,000	3,842,861	1.1	2.0	13,181
11	Lars Gauffin	600,000	3,124,636	1.0	2.3	10,718
12	Swedbank Försäkring AB	0	3,538,605	0.9	0.9	12,137
13	Karl Otto Wikander m Bolag	0	3,322,915	0.9	0.8	11,398
14	Länsförsäkringar Skåne	0	3,000,000	0.8	0.8	10,290
15	Skandia Fonder	0	2,914,891	0.8	0.7	9,998
16	Carlson Fonder AB	0	2,511,300	0.6	0.6	8,614
17	Gustaviadavegårdh Fonder AB	0	2,043,473	0.5	0.5	7,009
18	Vob & T Holding AB	0	1,500,000	0.4	0.4	5,145
19	SIX SIS AG, W8IMY	0	1,347,152	0.4	0.3	4,621
20	AB, V.S.A.T.	0	1,300,000	0.3	0.3	4,459
Total of the 20 largest owners		**1,000,000**	**250,747,646**	**65.7**	**65.1**	**860,065**
Total other owners		150,000	138,035,363	34.3	34.9	473,461
Total		**1,150,000**	**388,783,009**	**100.0**	**100.0**	**1,333,526**
Total number of shares			**389,933,009**			
Total number of votes			**400,283,009**			

Distribution of share capital

Year	Transaction	Class A shares	Class B shares	Number of shares	Par value (SEK)	Share Capital (SEK)
2002	New share issue	3,600,000	65,155,020	68,755,020	0.04	2,750,201
2002	New share issue	3,600,000	133,910,040	137,510,040	0.04	5,500,402
2003	New share issue	3,600,000	179,746,720	183,346,720	0.04	7,333,869
2003	New share issue	3,600,000	225,583,400	229,183,400	0.04	9,167,336
2003	New share issue	3,600,000	253,083,400	256,683,400	0.04	10,267,336
2004	New share issue	3,600,000	284,083,400	287,683,400	0.04	11,507,336
2004	New share issue	3,600,000	286,583,400	290,183,400	0.04	11,607,336
2004	Options redeemed	3,600,000	287,405,345	291,005,345	0.04	11,640,214
2005	New share issue	3,600,000	360,332,660	363,932,660	0.04	14,557,306
2005	Options redeemed	3,600,000	364,157,010	367,757,010	0.04	14,710,280
2007	Options redeemed	3,600,000	367,002,820	370,602,820	0.04	14,824,113
2007	Conversion of Class A share to Class B share	1,900,000	368,702,820	370,602,820	0.04	14,824,113
2008	Options redeemed	1,900,000	377,990,569	379,890,569	0.04	15,195,623
2009	Conversion of Class A share to Class B share	1,300,000	378,590,569	379,890,569	0.04	15,195,623
2009	Options redeemed	1,300,000	388,633,009	389,933,009	0.04	15,597,320
2010	Conversion of Class A share to Class B share	1,150,000	388,783,009	389,933,009	0.04	15,597,320

Five Year Summary

	2010	2009	2008	2007	2006
Income statement, MSEK					
Net sales	287,7	232,8	274,3	228,8	134,8
Operating earnings	43,1	34,0	37,9	32,6	-11,4
Profit/loss after financial items	43,6	31,6	40,9	34,0	-10,2
Net Income	102,8	34,4	67,9	34,0	-10,2
Balance sheet, MSEK					
Fixed assets	159,2	134,6	103,5	82,1	65,3
Current assets	371,6	273,7	254,3	178,9	128,9
Total assets	530,8	408,3	357,8	261,0	194,2
Shareholder's equity	440,6	335,2	274,5	181,2	136,8
Liabilities	90,2	73,1	83,3	79,8	57,4
Total equity and liabilities	530,8	408,3	357,8	261,0	194,2
Key ratios					
Gross margin (%)	63	76	72	71	71
Capital expenditures, MSEK	53,8	53,3	45,7	49,0	44,7
Return on capital employed (%)	11	12	19	21	Neg.
Return on equity (%)	27	11	30	21	Neg.
Operating margin (%)	15	15	14	14	Neg.
Earnings per share					
- basic, SEK	0,26	0,09	0,18	0,09	-0,03
- diluted, SEK	0,26	0,09	0,18	0,09	-0,03
Dividend per share	0	0	0	0	0
Cash flow per share, SEK	0,19	0,16	0,26	0,23	0,05
Equity/asset ration (%)	83	82	77	69	70
Net asset value per share, SEK					
- before dilution, SEK	1,13	0,86	0,72	0,49	0,37
- after dilution, SEK	1,13	0,86	0,71	0,49	0,37
Number of employees as of December 31	133	120	108	98	82
Added value per employee, KSEK	1 385	1 377	1 604	1 540	993
Share price as of December 31, SEK	3,43	4,75	3,36	4,34	8,00
Number of shares as of December 31	389 933 009	389 933 009	379 890 569	370 602 820	367 757 010

Return on equity - Net profit as a percentage of average shareholders' equity. **Return on capital employed -** Operating earnings after financial items plus financial expenses in relation to average capital employed. Capital employed is the balance sheet total less non-interest bearing liabilities, including deferred tax liabilities. **Gross margin -** Gross profit as a percentage of net sales. **Added value per employee -** Operating earnings plus salaries and fringe benefits relative to the average number of employees. **Cash flow per share** - Cash flow from operating activities before changes in operating capital divided by average number of shares issued. **Earnings per share, diluted** - Profit for the year divided by average number of shares issued during the year (for more information please see under accounting principles). **Earnings per share, basic** - Profit/loss for the year divided by the average number of shares during the year. **Operating margin** - Calculated on profit before net financial items and before taxes. **Equity/assets ratio** - Shareholders' equity divided by the balance sheet total. **Net asset value per share, basic** - Shareholders' equity plus undisclosed reserves in assets with an objective market value less deferred tax divided by number of shares during the year. **Net asset value per share, diluted** - Shareholders' equity plus undisclosed reserves in assets with an objective market value less deferred tax divided by number of shares during the year.

Administration report

Net Insight AB (publ) Corp. ID No. 556533-4397

The Company

Net Insight develops, markets, and sells media-rich transport solutions for broadcast, IP media, TV distribution, and broadband TV networks. Net Insight's network equipment allows service providers and network owners to deliver video and media services from the core backbone to the end customer with 100% Quality of Service and optimum network utilization. In addition to helping attract and retain customers, the Nimbra platform reduces network complexity, offering network operators lower capital and operating expenditures. The majority of Net Insight's sales are in Europe, North and Latin America, Asia and the Middle East to customers such as broadcast and media companies, network owners, telecom operators and cable TV providers. Founded in 1997, Net Insight has 133 employees in Stockholm, Singapore, and the US and is listed on the Mid Cap (NETI B) list for Swedish shares on the NASDAQ OMX Stockholm Stock Exchange.

Sales

Net Sales increased to SEK 288 million which marks a growth rate of 24% over the prior year. In fixed currencies, growth was 40%. Growth comes predominately from the EMEA region and is both in the DTT and BMN business areas. Sales in APAC continued to be a challenge with a good number of prospects but little business being realized in the year. During 2010 the number of large deals closed was greater than ever before on top of a solid stream of repeat business. The geographic expansion also continued with eight new countries being added to the list of countries where Net Insight has an installed base. This extended footprint is an important base for future growth and for the strategy going forward.

Business in the BMN business area also showed good growth with a number of significant wins: Net Insight was selected, in partnership with Cablecom GmbH, to deliver a nationwide network for all publicly owned radio and video related services in Switzerland. The major benefit of implementing the Nimbra platform is to give the end-customer SRG SSR highest quality of service, control of all video, audio and data services, nationwide, over a single platform. The media network will also be fully integrated with legacy interfaces, allowing the operator to realize operational savings and utilize investments already made. GlobeCast, a subsidiary of France Telecom, continued to place significant expansion orders during the year. GlobeCast operates a secure global satellite and fibre network to manage and transport 10 million hours of video and other rich media each year. The fibre network is based on Net Insight's Nimbra platform and interconnects more than 20 major sites in Europe, Asia, Africa, Australia, North and South America.

Net Insight's Nimbra platform also played an important role in the 2010 FIFA World Cup. The Nimbra platform was used for live transmission by nine different network operators and rights holders. For the first time, the entire four-week event was broadcast live in full HD to soccer fans in more than 130 countries. In addition to live HD coverage, Net Insight also transported ESPN's 3D broadcast. Net Insight's equipment was also used in the Winter Olympics in Vancouver and the Asian games. There is a general trend towards connecting sports and event arenas, as further substantiated by the order from Telia Sonera International Carrier, a leading global IP provider and carrier in Europe, who expanded their Nimbra-based national media contribution network with 10 Gbps capacity links to transport HD video from Swedish sports and event arenas.

During the year, Net Insight continued to show its strength in the DTT business area. In Slovakia, Towercom expanded its network and implemented new services to integrate IP services in the same distribution network. Norkring, owned by Telenor, is Norway's leading provider of broadcasting services, built a new DTT network in Slovenia based on Net Insight's Nimbra platform to distribute TV to transmitter stations across the country. The network provides scalable data service multicast capabilities and incorporates Net Insight's unique Time Transfer feature for GPS-free time synchronization. During 2010, Net Insight also received its first order from a South American country for a DTT network. Another landmark win in the DTT business area was the order for the world's first IP-based DVB-T2 network. The order was received from Teracom in Sweden and has been yet another strong reference for Net Insight.

Net Insight was also awarded a major order for a DTT network in Poland in partnership with Ericsson. Emitel, the leading terrestrial radio and TV network operator in Poland, will use Net Insight's Nimbra platform and software technology for digital terrestrial TV and GPS-free synchronization. The new media network also includes contribution services between 16 TV studios in Poland. Orders for DTT networks were also received from Cyprus and Sri Lanka.

In the CableTV/IPTV business area Net Insight won new customers, one of which 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 local partner Geartech in Canada.

Partnerships

Net Insight continues to develop its partner network to further support sales growth and provide local support to customers. During the year, the partner network played an important role in winning large new customers and establishing a presence in new geographic markets. The strategy to work with large, global telecom equipment providers paid off during the year with several wins; for example the roll-out of the DTT network in Poland was won together with Ericsson Poland.

Net Insight strengthened its partner network with a net addition of ten new partners in North America, Asia, Europe, the Middle East and South America, and had 40 (30) business partners at the end of the year. Indirect sales increased to 38% (34) of total sales in 2010.

Marketing Activities

During the year, Net Insight has been working actively to increase the visibility of the brand and the company. This has been done through participation in more than 20 trade shows globally, PR activities and the introduction of newsletters to customers and partners.

Net Insight participated in the NAB Show 2010 in Las Vegas, US. NAB is the world's largest digital media industry event. In conjunction with the exhibition, Net Insight announced cooperation with the large sports broadcaster ESPN in the U.S., enabling Net Insight to increase publicity around its brand in the U.S. Another global trade show where Net Insight participated was IBC in Amsterdam. In conjunction with this 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.

Another important activity was CommuniAsia 2010 in Singapore. In conjunction with the show, Net Insight successfully increased media coverage around our cooperation with TATA Communications, India. 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. Net Insight has also participated in a number of trade shows with national reach.

In November, Net Insight received the Electronic Business of the Year 2010 award by the Swedish industry organization – Svensk Elektronik. The main criterion for winning was the company's sophisticated network technology and the profitability of its business.

Research and Development

During 2010, Research and Development work has mainly focused on three areas. First, functionality earlier introduced in the Nimbra One/Nimbra 300 series has now also been introduced on the Nimbra 600 platform. Second, a large number of general system improvements have been introduced across all platforms to meet customers' requests. Third, NimbraVision, has been developed significantly to include more functionality and improved interfaces to integrate better with other vendors management systems.

During 2010, the 6 x IP/Ethernet Trunk and the 8 x ASI/AES Access module were released for Nimbra 600. These services and functions correspond to what has earlier been available on the Nimbra One/Nimbra 300 platforms. Having released these services and functions on the Nimbra 600 platforms, customers can benefit by being able to build larger networks and offer these services. Customers also benefit from the ability to build mixed networks where both Nimbra 600 as well as Nimbra One/Nimbra 300 products can be used as access nodes.

A large number of system improvements have been released during the year. Most noticeable are the improvements within the Time Transfer and synchronization area, where a number of new features and improvements have been added to meet customers' requests. This has led to improved stability in large networks and greater customer flexibility in regards to configuring the functions.

The network management system Nimbra Vision has evolved with a large number of new functions and improvements. These improvements have, among other things, led to better integration with other vendors' management systems and improved capabilities to manage and control a Nimbra-based network. Following this, Net Insight announced integration capability with ScheduleLINK, a planning and resource reservation system from ScheduleALL. This integration capability has been highly appreciated among existing and potential customers.

The trend for video transmission in contribution networks is to use uncompressed formats. At the same time, the increasing amount of high-bandwidth HD and 3DTV content mandates that contribution networks have a compression option. In the third quarter, Net Insight introduced the JPEG2000 Video Access Module, which provides a high-density solution for JPEG2000 compression of 3G, HD and SD-SDI video.

Patents

A high degree of innovation has brought Net Insight's products and solutions to the cutting edge of technology. Consequently, using patents to prevent technology plagiarism and to protect knowledge and expertise is crucial if the Company is to retain its technological advantage. During 2010 one patent application has been filed and one withdrawn. So far, 28 families of patents have been filed in one or more countries with a total of 26 patents registered.

To strengthen the focus and management of Net Insight's Intellectual Property Rights (IPR), Net Insight concluded a transaction whereby the IPR was moved to the wholly owned subsidiary Net Insight Intellectual Property AB, which employs four people mainly working with product management and patents.

Risk and Sensitivity Analysis

Since a number of external and internal factors influence Net Insight's operations and results, the Company relies on a continuous process of identifying existing risks and assessing how each risk should be managed. The risks to which the company is exposed include customer dependence, technology development, and financial risks (predominately currency exposure). Financial risks are described under the Accounting Principles section and in the notes.

Market-related risks

Competition and technology development

Operating in a dynamic industry characterized by rapid technological development, Net Insight needs to remain at the cutting edge of development in order to provide the most attractive and competitive offering to its customers. Failing to keep pace with technological developments or making incorrect technological investments would put pressure on revenues. Net Insight's Board and management consider the risk of an unexpected forward leap in technology rendering the Company's products out of date or obsolete as low. The risk of making erroneous technological investments is also considered low. The skills and competence of the development staff combined with comprehensive market analysis, close competitor tracking, and intimate collaborations with large customers help keep Net Insight well informed and up to date on relevant trends in technology and markets.

Political risks

Most of Net Insight's customers are located in the Nordic countries, Western Europe and the United States. The countries in which Net Insight currently does the majority of its business are not seen as presenting any significant political risks. As geographical expansion is part of Net Insight's strategy, entry into new markets is preceded by a risk identification process in which payment instruments and commercial conditions are evaluated to mitigate risks to the greatest possible extent, including working with partners who have considerable knowledge of local conditions, letters of credit, and prepayment.

Risks related to the operation

Product liability, intellectual property rights, and litigation

While potential defects in Net Insight's products could lead to claims for compensation and damages, the Board holds the opinion that the Company has adequate product liability insurance coverage, so direct risks are considered limited. Furthermore, the products undergo extensive testing and verification in the development process as well as in the shipping process before products are sent to customers. Since Net Insight continuously seeks to protect its company name, brands, and trademarks, it is well prepared for any infringement litigation through insurance coverage and with the help of internal expertise in the corporate legal department and external legal consultants. Neither Net Insight nor its subsidiaries are currently involved in any litigation processes, legal procedures, or arbitrations.

Customer dependency and contract risks

Should one of Net Insight's larger customers become insolvent or switch to a different supplier, it would have a manageable impact on Net Insight's earnings. The growing number of customers and the relatively high cost to customers of changing suppliers significantly limits this risk. Currently, no single customer exceeds more than 10% of Net Insight's turnover. The risk of a major customer becoming insolvent is also limited, as Net Insight's customers are generally very well established media and telecom operators in the private and the public sectors. To further limit customer risks, Net Insight continuously strives to exceed customer expectations concerning the technological performance and quality of the Company's products as well as the level of customer service.

Risk assessment summary

The following table is an attempt to assess the likelihood of Net Insight being affected by the various operational risks described in this section and the impact of those risks. The assessment does not claim to be exhaustive; it is merely intended to serve as an illustration.

Risk	Probability	Impact
Product fault leading to product liability	Low	Low
Intellectual property dispute	Low	Low
Major customer becomes insolvent	Low	Medium
Major customer leaves Net Insight for competitor	Medium	Medium
Net Insight's technology becomes outdated	Low	High
Net Insight makes incorrect technology investment	Low	High
Adverse political changes in politically unstable countries	Medium	Low

Guidelines for remuneration for senior executives

The most recently adopted guidelines for remuneration of senior executives are described in Note 7. At the 2011 Annual General Meeting, there will be a proposal to extend the current guidelines until the next Annual General Meeting. The Board shall have the right to deviate from these guidelines if special reasons exist.

Sales and earnings

Net sales for 2010 amounted to SEK 287.7 million (232.8), representing an increase of 23.6%. Revaluation of the accounts receivables stock in foreign currencies had a negative effect on net sales of SEK 7.1 million (-0.7). In comparable currencies the growth amounts to 40%.

During the period hardware revenue increased by 31.1% to SEK 220.9 million (168.5), mainly related to a strong growth in EMEA. Sales of software licenses increased by 34.4% to SEK 28.5 million (21.2) due to growth in EMEA and Americas. Support and service revenue stayed flat and sales amounted to SEK 41.5 million (41.5). Other revenue declined to a negative SEK 3.2 million (1.6) due to the revaluation effect on accounts receivables in foreign currencies.

The EMEA region accounted for SEK 229.2 million (176.8) of total sales. The improvement is mainly related to increased number of larger deals as well as a steady flow of repeat business. The Americas region reported an increase in sales to SEK 43.9 million (37.9). APAC reports a decline in sales of SEK 3.3 million declining sales to SEK 14.7 million (18.0) as business opportunities were delayed or did not eventuate.

The Broadcast & Media Networks business area represented 67% (71), Digital Terrestrial TV & Mobile TV Networks 31% (27), and IPTV/CATV 2% (2).

As from January 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 marginal.

Gross margin with consistent R&D reporting

SEK thousand	Full year 2010	Full year 2009
Net Sales	287,698	232,801
Cost of Sales	-83,862	-54,965
Gross Earnings - 2009 accounting treatment	203,836	177,836
Gross Margin - 2009 accounting treatment	**71%**	**76%**
Cost of Sales - R&D depreciation	-23,305	-23,404
Gross earnings - 2010 accounting treatment	180,530	154,432
Gross margin - 2010 accounting treatment	**63%**	**66%**

With a comparable treatment of depreciation of capitalized R&D expenses based on the accounting treatment applied in 2009, the gross margin declined 5.5%age points to 70.9% mainly as a result of negative currencies effects on net sales and lower gross margin on larger turn-key business. As shown in the consolidated profit and loss statement, the gross margin is 62.7% (76.4). The main difference beyond the explanation above is attributable to depreciation on R&D expenses.

Total operating expenses for 2010 amounted to SEK 137.4 million (143.8). Sales and marketing expenses increased, mainly related to hiring of sales, pre-sales and customer support staff. Administrative expenses are lower than 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 for the 12-month period amounted to SEK 43.1 million (34.0). Operating margin was 15.0% (14.6).

The financial net amounted to 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 balances.

Earnings before tax amounted to SEK 43.6 million (31.6), which corresponds to a profit margin of 15.1% (13.6).

Net income after tax amounted to SEK 102,8 million (34.4). Capitalization of tax loss carry forwards during the year of SEK 201.8 million (11.8) gave a positive tax of SEK 59.2 million (2.7).

Net profit margin was 35.7% (14.8).

Cash flow and financial position

At the end of the year, liquid funds totaled SEK 235.9 million (152.0). The 2010 cash flow from ongoing operations amounted to SEK 77.8 million (30.5). Working capital totaled SEK 50.5 million (56.5). The difference between the years is mainly related to an increase in current liabilities partially offset by a larger accounts receivables balance. The improvement in cash flow from investment activities is related to the first quarter 2010 IPR transaction, which gave a cash surplus of around SEK 60 million. Ongoing investments in intangible assets affected cash flow by SEK -53.3 million (-51.7). Ongoing investments in tangible assets affected cash flow by SEK 0.5 million (1.6). Total cash flow amounted to SEK 83.9 million (0.3).

Shareholders’ equity totaled SEK 440.6 million (335.2), resulting in an equity ratio of 83.0% (82.1). On the balance sheet date, Net Insight had unutilized credit and factoring facilities of SEK 48 million.

Investments

Investments in tangible assets during 2010 amounted to SEK 0.5 million (1.6). Depreciation of tangible assets amounted to SEK 1.0 million (0.9). Capitalized development expenditures, reported as intangible assets, amounted to SEK 52.6 million (50.9). Depreciation of capitalized development expenditures was SEK 23.3 million (23.4). At the end of the period, the net book value of capitalized development expenditures amounted to SEK 121.6 million (95.3). Investments in other intangible assets during 2010 amounted to 0.7 million (0).

Employees
At the end of the period, Net Insight had 133 (120) employees. The parent company, Net Insight AB, had 124 (114) employees. The US subsidiary, Net Insight Inc., had 5 (6) employees and the Swedish subsidiary, Net Insight Intellectual Property AB had 4 (0) employees.

Parent company
The parent company's net sales were SEK 349.9 million (254.1). The increase is mainly connected to growth in the EMEA region and internal sales of R&D. Net income amounted to SEK 14.3 million (32.5). Liquid funds amounted to SEK 167.7 million (148.5).

Significant events after the period
There have been no significant events between end of reporting period of 31 December 2010 and the publication deadline of this annual report.

Dividend
The Board will propose a dividend when appropriate about which the Annual General Meeting (AGM) will make a decision. The board proposes that the AGM resolve that no dividend be paid for the 2010 financial year.

Proposed distribution of earnings
The following funds are at the disposal of the parent company (SEK thousand):

Premium reserve	51,296
Retained earnings	698,866
Profit for the year	14,286
Total	**764,448**

The Board of Directors proposes that funds be disposed of as follows:
To be brought forward: 764,448

With regard to the general earnings and position of the Group and parent company, please refer to the following balance sheets, income statements, and cash flow statements and their accompanying notes.

Board's assurance
The board and CEO confirm that the Group accounts were prepared in compliance with IFRS and that they give a true and fair view of the Group's financial position and performance. The Administration Report covering the parent company and the Group gives a true and fair view of their activities, financial position, and performance and discusses material risks and exposed areas in the parent company and Group companies.

The Board's Report On Internal Controls Regarding Financial Reporting

Purpose of Internal Controls

The purpose of Net Insight's work on internal controls is to:

- Ensure adequate adherence to applicable laws, rules and regulations.
- Ensure that the financial reporting gives a fair and true reflection of the company's financial situation and gives adequate decision support for Shareholders, Board and Management.
- Ensure the operations of the Company are organized and run in such a way that financial and operational objectives are reached and that major risks are dealt with in a timely and appropriate manner.

Roles and responsibilities

Net Insight's Board is responsible for ensuring that the internal controls of its financial reporting meet the standards of the Swedish Companies Act and Swedish Code of Corporate Governance. For Net Insight, internal controls of financial reporting are an integral part of corporate governance. These controls contain processes and methods to safeguard the Group's assets and accuracy in financial reporting, in order to protect the owners' investment in the Company. The Board establishes a work plan each year, which regulates the work of the Board and matters to resolve. The Board issues instructions to the CEO, which stipulate the matters for which the CEO may exercise his authority to act on behalf of the Company after receiving authorization or approval from the Board. This instruction is reviewed annually. The Board also issues instructions to the CEO regarding financial reporting. According to his instructions, the CEO is responsible for reviewing and ensuring the quality of all financial reporting, as well as ensuring that the Board otherwise receives the reports it needs to be able to continually assess the Group's financial position. The Board in its entirety handles audit matters.

External reporting

The Board monitors and evaluates quality assurance through quarterly reports on the Company's business and earnings trends, and by considering the Group's financial situation at every regular Board meeting. On two occasions each year, the company's Auditor is present at the board meeting to present the outcome of the full year audit and third quarter review. On these occasions the Auditor also presents changes in reporting standards which are applicable to the Company. In conjunction with the presentation of the full year audit, the Auditor also gives his view, without the presence of management, on the adequacy of the organization and competence of the finance function.

To support the accuracy of external reporting and management of risk, the internal reporting and control system builds upon annual financial planning, monthly reports and daily monitoring of key business ratios. The Group's finance department inspects and monitors reporting, as well as compliance with internal and external regulations. Besides laws and regulations, internal policies and guidelines include finance policies, authorization rules, a financial handbook, credit policy, accounting policy and documented procedures for the most important tasks of the finance department. These policies and guidelines are updated regularly. Identified risks concerning financial reporting are managed through the Company's control activities. For example, the IT system has automated controls that manage access rights and signatory authority, as well as manual controls such as duality, in both current and closing entries of transactions. The business-specific controls are complemented by detailed financial analyses of Company results and follow-up checks against the budget and forecasts, which provides an overall confirmation of the quality of reporting.

Internal Audit Function

Each year the Board evaluates whether there is a need to establish a special internal review office (internal audit). The Board determined that there was no need for this in 2010. In their reasoning, the Board noted that internal controls were principally performed through:

- The central finance department.
- Supervisory controls by management.

Due to these factors and the size and limited complexity of the Company, it is the Board's view that having an additional office cannot be justified financially at present.

Group

Consolidated Income Statement

Amount in SEK thousand	NOTE	2010	2009
Net Sales	5	287,698	232,801
Cost of goods sold	9,11	-107,168	-54,965
Gross earnings		**180,530**	**177,836**
Sales and marketing expenses	7,10,11	-95,043	-81,113
Administration expenses	7,9,10,11,12	-20,257	-21,451
Development expenses	7,8,9,10,11	-22,146	-41,270
Operating earnings	6	**43,084**	**34,002**
Result from financial investments			
Financial income	13	1,430	1,648
Financial expenses	13	-956	-4,034
Result from financial investments		**474**	**-2,386**
Profit before tax		**43,558**	**31,616**
Tax	14,15	59,245	2,742
Net earnings		**102,803**	**34,358**
Net earnings for the period attributable to the stockholders of the parent company		**102,803**	**34,358**
Earnings per share before dilution	16	0.26	0.09
Earnings per share after dilution	16	0.26	0.09

Consolidated Statement of Comprehensive Income

Amount in SEK thousand	NOTE	2010	2009
Net earnings		102,803	34,358
Other comprehensive income			
Exchange rate differences		-411	-518
Other comprehensive income for the year, after tax		**-411**	**-518**
Total comprehensive income for the year		102,392	33,840
Total comprehensive income for the year attributable to the stockholders of the parent company		**102,392**	**33,840**

Consolidated Balance Sheet

Amount in SEK thousand	NOTE	Dec 31, 2010	Dec 31, 2009
ASSETS			
Intangible fixed assets			
Capitalized expenditure for development	17	121 600	95 329
Goodwill	17	4 354	4 354
Other intangible assets	17	2 156	2 257
Tangible fixed assets			
Equipment	18	1 702	2 031
Equipment for leasing	18	0	517
Financial fixed assets			
Deferred tax asset	15	29 075	29 820
Deposits, long term	19	353	248
Total fixed assets		**159 239**	**134 556**
Current assets			
Inventories	20	28 228	26 670
Accounts receivables	21	98 430	87 007
Other receivables	21,23	3 149	3 148
Prepaid expenses and accrued income	21	5 885	4 912
Cash and cash equivalents	22,23	235 857	151 999
Total current assets		**371 549**	**273 736**
Total assets		**530 788**	**408 292**
LIABILITIES AND SHAREHOLDERS´ EQUITIY			
Shareholders´ equity			
Share capital	24, 25	15 597	15 597
Other contributed capital		1 192 727	1 192 727
Translation difference		-1 659	-1 248
Net earnings		-766 091	-871 843
Total shareholders´ equity		**440 574**	**335 233**
Provisions			
Other provisions	26	13 769	15 924
Total provisions		**13 769**	**15 924**
Long term liabilities			
Long term liabilities		0	869
Total provisions		**0**	**869**
Current liabilities			
Accounts payable	23	32 719	24 259
Other liabilities	27	13 857	5 757
Accrued expenses	28	29 872	26 250
Total liabilities		**76 448**	**56 266**
Total liabilities and shareholders' equity		**530 788**	**408 292**

Consolidated Cash Flow Statement

Amount in SEK thousand	NOTE	2010	2009
Ongoing operations			
Profit before tax		43,558	31,616
Depreciation	9	25,165	24,855
Other items not affecting liquidity	29	4,291	4,335
Cash flow from ongoing operations		**73,014**	**60,806**
Change in working capital			
Increase (-)/Decrease (+) in inventories		-1,558	3,466
Increase (-)/Decrease (+) in receivables		-12,397	-22,639
Increase (+)/Decrease (-) in current liabilities		18,699	-11,092
Cash flow from ongoing operations		**77,758**	**30,541**
INVESTMENT ACTIVITY			
Acquisitions of intangible assets	17	-53,289	-51,672
Acquisitions of tangible fixed assets	18	-496	-1,622
Acquisition of net assets	14,15	59,990	0
Increase (-)/Decrease (+) in long-term assets		-105	111
Cash flow from investment activity		**6,100**	**-53,183**
FINANCING ACTIVITY			
Option programs		0	22,897
Cash flow from financing activity		**0**	**22,897**
Increase/decrease in liquid funds	30,31	83,858	255
Liquid funds, opening balance	30,31	151,999	151,744
Liquid funds, closing balance		**235,857**	**151,999**

Changes in Group Shareholders' Equity

Amount in SEK thousand	Share capital	Other contributed capital	Translation difference	Accumulated deficit	Total shareholders' equity
January 1, 2009	15,196	1,170,232	-730	-910,224	274,474
Comprehensive income					
Net earnings	0	0	0	34,358	34,358
Translation difference	0	0	-518	0	-518
Total comprehensive income	**15,196**	**1,170,232**	**-1,248**	**-875,866**	**308,313**
Transactions with owners					
Employee stock option program:					
Value of employees' services	0	0	0	4,023	4,023
Option redemption	402	22,495	0	0	22,897
Total transactions with owner	**402**	**22,495**	**0**	**4,023**	**26,920**
December 31, 2009	**15,597**	**1,192,727**	**-1,248**	**-871,843**	**335,233**
January 1, 2010	15,597	1,192,727	-1,248	-871,843	335,233
Comprehensive income					
Net earnings	0	0	0	102,803	102,803
Translation difference	0	0	-411	0	-411
Total comprehensive income	**15,597**	**1,192,727**	**-1,659**	**-769,040**	**437,625**
Transactions with owners					
Employee stock option program:					
Value of employees' services	0	0	0	2,949	2,949
Option redemption	0	0	0	0	0
Total transactions with owner	**0**	**0**	**0**	**2,949**	**2,949**
December 31, 2010	**15,597**	**1,192,727**	**-1,659**	**-766,091**	**440,574**

Parent Company

Parent Company Income Statement

Amount in SEK thousand	NOTE	2010	2009
Net Sales	5	349,859	254,109
Cost of goods sold	9,11	-177,231	-78,096
Gross earnings		**172,628**	**176,013**
Sales and Marketing expenses	7,10,11	-92,874	-81,456
Administration expenses	7,9,10,11,12	-20,257	-21,181
Development expenses	7,8,9,10,11	-22,146	-41,270
Operating earnings	6	**37,350**	**32,106**
Result from financial investments			
Result from shares in subsidiaries	13	-215,439	0
Financial income	13	1,087	1,648
Financial expenses	13	-956	-4,033
Result from financial investments		**-215,308**	**-2,385**
Earnings before tax		**-177,958**	**29,721**
Tax	14,15	192,245	2,742
Net earnings		**14,286**	**32,463**

Parent Company Statement of Comprehensive Income

Amount in SEK thousand	NOTE	2010	2009
Net earnings		14,286	32,463
Other comprehensive income			
Group contribution		747,090	0
Tax effects group contribution		-196,485	0
Other comprehensive income for the year, after tax		**550,605**	**32,463**
Total comprehensive income for the year		564,891	32,463
Total comprehensive income for the year attributable to the stockholders of the parent company		**564,891**	**32,463**

Parent Company Balance Sheet

Amount in SEK thousand	NOTE	Dec 31, 2010	Dec 31, 2009
ASSETS			
Intangible fixed assets			
Capitalized expenditure for development	17	121 600	95 329
Other intangible assets	17	2 156	2 257
Tangible fixed assets			
Equipment	18	1 702	2 031
Equipment for leasing	18	0	517
Financial fixed assets			
Shares in group companies	24	18 398	18 398
Deferred tax asset	15	25 580	29 820
Deposits, long term	19	339	248
Total financial assets		**169 775**	**148 600**
Current assets			
Work in progress	20	50	395
Finished goods	20	28 178	26 275
Receivables			
Accounts receivables	21	98 430	87 007
Receivables subsidiaries		533 937	0
Current receivables	21	5 679	3 148
Prepaid expenses and accrued income	21	5 822	4 912
Cash and bank	22	167 650	148 540
Total current assets		**839 746**	**270 277**
TOTAL ASSETS		**1 009 521**	**418 877**
LIABILITIES AND SHAREHOLDERS' EQUITIY			
Shareholders' equity			
Restricted equity			
Share capital	24, 25	15 597	15 597
Legal reserve		112 822	112 822
Non-restricted equity/Accumulated deficit			
Share premium reserve		51 296	51 296
Retained Earnings		698 867	112 850
Net Income		14 286	32 463
Total shareholders' equity		**892 869**	**325 028**
Provisions			
Other provisions	26	13 277	15 924
Total provisions		**13 277**	**15 924**
Long-term liabilities			
Long term liabilities		0	869
Total long-term liabilities		**0**	**869**
Current liabilities			
Accounts payable		32 641	24 259
Liabilities, subsidiaries		29 398	22 071
Other liabilities	27	13 161	5 757
Accrued expenses	28	28 177	24 969
Total liabilities		**103 377**	**77 056**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1 009 521**	**418 877**
Pledged assets	30	0	0
Contingent liabilities		None	None

Parent Company Cash Flow Statement

Amount in SEK thousand	NOTE	2010	2009
Ongoing operations			
Loss before tax		-177,958	29,721
Depreciation	9	25,165	24,855
Other items not affecting liquidity	29	219,648	4,853
Cash flow from ongoing operations before change in working capital		**66,855**	**59,429**
Change in working capital			
Increase (-)/decrease (+) in inventories		-1,558	3,466
Increase (-)/decrease (+) in receivables		-17,151	-22,753
Increase (-)/decrease (+) in current liabilities		24,840	-11,196
Cash flow from ongoing operations		**72,986**	**28,946**
INVESTMENT ACTIVITY			
Acquisitions of intangible assets	17	-53,289	-51,672
Acquisitions of tangible fixed assets	18	-496	-1,622
Increase (-)/decrease (+) in long-term assets		-91	111
Cash flow from investment activity		**-53,876**	**-53,183**
FINANCING ACTIVITY			
Option programs		0	22,897
Cash flow from financing activity		**0**	**22,897**
Increase/decrease in liquid funds	30,31	19,110	-1,340
Liquid funds, opening balance	30,31	148,540	149,880
Liquid funds, closing balance		**167,650**	**148,540**

Changes in Parent Company Shareholders' Equity

Amount in SEK thousand	Share Capital	Legal Reserve	Share premium reserve	Retained earnings	Net income	Total share-holders' equity
January 1, 2009	15 196	112 822	28 801	47 412	61 415	265 646
Comprehensive income						
Redistribution previous year net earnings	0	0	0	61 415	-61 415	0
Net earnings	0	0	0	0	32 463	32 463
Total comprehensive income	**15 196**	**112 822**	**28 801**	**108 827**	**32 463**	**298 109**
Transactions with owners						
Employee stock option program:						
Value of employees' services	0	0	0	4 023	0	4 023
Option redemption	402	0	22 495	0	0	22 897
Total transactions with owners	**402**	**0**	**22 495**	**4 023**	**0**	**26 920**
December 31, 2009	**15 597**	**112 822**	**51 296**	**112 850**	**32 463**	**325 028**
January 1, 2010	15 597	112 822	51 296	112 850	32 463	325 028
Total comprehensive income						
Redistribution previous year net earnings	0	0	0	32 463	-32 463	0
Net income	0	0	0	0	14 286	14 286
Group contribution	0	0	0	747 090	0	747 090
Tax effect group contribution	0	0	0	-196 485	0	-196 485
Total comprehensive income	**15 597**	**112 822**	**51 296**	**695 918**	**14 286**	**889 919**
Transactions with owners						
Employee stock option program:						
Value of employees' services	0	0	0	2 949	0	2 949
Total transactions with owners	**0**	**0**	**0**	**2 949**	**0**	**2 949**
December 31, 2010	**15 597**	**112 822**	**51 296**	**698 867**	**14 286**	**892 869**

Notes

Note 1 General information

Net Insight develops and sells network equipment for fiber optic networks that transmit voice, data, and video. With the Nimbra product family, traffic in the network can be transmitted with 100% quality of service while fully utilizing the network's capacity, resulting in major operational and capital expenditure savings for customers. The Company sells primarily in Europe, North and Latin America, Asia and the Middle East to television broadcasters, production companies, cable TV, and telecommunication operators. Net Insight was founded in 1997 and has 133 employees in Sweden, the US, and Singapore. Net Insight entered the Stockholm Stock Exchange in 1999 and has been listed on the NASDAQ OMX Nordic Mid Cap SEK index since July 1, 2007. The parent company Net Insight AB, corporate registration number 556533-4397, is a Swedish limited liability company whose domicile is in Stockholm.

Note 2 Summary of important accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies were consistently applied to all years presented, unless otherwise stated.

2.1 Basis for the report's preparation

The consolidated financial statements were prepared in accordance with the Annual Accounts Act, International Financial Reporting Standards (IFRS), and interpretational statements from the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Commission. The Swedish Financial Accounting Standards Council's recommendation RFR 1.3, Supplemental Accounting Regulations for Groups, was also applied. The consolidated financial statements have been prepared under the historical cost convention, except regarding financial assets and liabilities (including derivatives) at fair value through profit and loss.

The preparation of the financial statements in accordance with IFRS requires the use of certain critical accounting estimates and management's judgments in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statement are disclosed in note 3.

Change of classification of R&D expenses

Effective from January 1, 2010: For research and development projects that lead to completed products with continuous sales, the depreciation has been reported as cost of goods sold. This was a shift of expenses from the research and development expense line to cost of goods sold and has had no impact on profit. This has not influenced the Group's earnings potential on additional sales. A retrospective application has not been possible to carry out.

Changes in accounting policy and disclosures

The Group adopted the following new and amended IFRS items as of January 1, 2010:

- IFRS 3 (revised), Business combinations
  The revised standard continues to apply the acquisition method to business combinations with some significant changes. For example all payments to purchase a business were recorded at fair value at the acquisition date and the acquisition-related costs were expensed. Contingent payments will be classified as financial debt and substantially remeasured through the income statement. There is a choice on an acquisition by acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquirer's net asset. No acquisitions have occurred during 2010.

- IAS 27 (revised), Consolidated and separate financial statement.
  IAS 27 (revised) requires the effects of all transactions with non-controlling interest to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. If the control is lost any remaining interest in the entity is re-measured to fair value, and gains and loss is recognized in profit or loss. This standard will be applied if there will be non-controlling interest going forward.

- IASB Annual improvement projects. The Group follows the outcome of the IASB annual improvement projects, which are the minor changes to IFRS amendments.

Other new or changed standards should not have any effect on the consolidated financial statements.

The following amendments to existing standards were published and are mandatory for the Group's accounting periods beginning on or after January 1, 2011, but they have not been adopted yet.

- IFRS 9, Financial instruments
  This standard is the first step in the process to replace IAS 39. It enters into effect on January 1, 2013 or later, and has not been adopted by EU. The standard is not yet complete and consists of evaluations and classifications of financial instruments. When the standard is completed its impact on the Group's financial reporting will be evaluated.

- IAS 24 (revised), 'Related party disclosures', issued in November 2009. IAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011. Earlier application, in whole or in part, is permitted.

- IAS 31 'Classification of rights issues' (amendment), issued in October 2009. The amendment applies to annual periods beginning on or after 1 February 2010.

- IFRIC 19, 'Extinguishing financial liabilities with equity instruments', effective 1 July 2010.

- IASB Annual improvement projects
  The Group follows the outcome of the ISAB annual improvement projects, which are the minor changes to IFRS amendments.

From January 1, 2011 other standards and interpretations have been published which are mandatory for the Group to comply with. These standards and interpretations will not have major impact on the Groups financial reporting.

2.2 Consolidation

Subsidiaries

Subsidiaries are all companies (including special purpose companies) for which the Group is entitled to govern financial and operational strategies in a manner usually pursuant to shareholdings that amount to more than half of the voting rights. The occurrence and effect of potential voting rights that are currently utilizable or convertible are observed in the assessment of whether the Group exercises control over another company.

A subsidiary is to be included in the consolidated financial statements as of the date that control is transferred to the Group. A subsidiary is de-consolidated from the date that control ceases. The purchase method of accounting is used to report the Group's acquisition of subsidiaries. The purchase cost of an acquisition comprises the fair value of assets provided as payment, issued equity instruments. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed when they occur. Identifiable acquired assets, assumed liabilities, and contingent liabilities in a corporate acquisition are initially valued at fair value as of the date of acquisition. On acquisition-by- acquisition basis, the group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net asset.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the purchase cost is less than the fair value of the acquired subsidiary's net assets, the difference is reported directly in the income statement.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the CEO, who is responsible for allocating resources and assessing the performance of the operating segments and making strategic decisions. Segment information is presented in three geographic areas: EMEA, APAC, and the Americas.

2.4 Translation of foreign currencies

A. Functional currency and reporting currency

Items included in the financial statements for the different units in the Group are valued in the currency used in the economic environment in which the respective companies are primarily active (functional currency). In the consolidated financial statements and the parent company's financial statements, Swedish kronor (SEK) are used, which is the parent company's functional and the Group's reporting currency.

B. Transactions and balance sheet items

Foreign currency transactions are translated to the functional currency at the exchange rates applicable on the transaction date or valuation where items are re-measured. Exchange gains and losses arising on payment of such transactions and in translation of monetary assets and liabilities in foreign currencies are reported as follows in the income statement:

- Translation of accounts receivables are reported as net sales.
- Translation of accounts payables are reported as cost of sales.
- Translation of monetary assets and foreign subsidiary debts to the parent company are reported as net financial items.

C. Group companies

The financial position and performance of foreign subsidiaries that have a different functional currency than the reporting currency are translated to the Group's reporting currency as follows:

- Assets and liabilities on the balance sheet are translated at the closing rate of the balance sheet date.
- Income and expenses are translated at the average exchange rate for the quarter.
- All exchange rate differences that arise are reported as a separate component of equity and in other comprehensive income.

2.5. Tangible assets

The Company's tangible fixed assets are carried at purchase cost with deductions for accumulated depreciations and write-downs. In the purchase cost all expenses that can be directly attributed to the acquisition of the asset is included. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset only when it is probable that future economic benefits will flow to the group and the cost of the item can be measured reliably. The straight-line depreciation method is applied to all types of assets over their estimated useful lives, which is three to five years for equipment. The assets' residual values and useful lives are reviewed annually and adjusted if appropriate. Gains and losses on disposals are recognized in the income statement within other gains/losses.

2.6. Intangible assets

A. Costs directly linked to the development of products to be sold are recognized as intangible assets. They are capitalized when criteria for development phase are met. Development expenses include internal employee expenses arising through the development of products and a reasonable proportion of direct and indirect costs. Other development expenses are reported as incurred. Development expenses that were previously reported as a cost are not reported as an asset in an ensuing period. Capitalized development expenditures with a limited useful life are amortized straight-line from the time that the commercial production of the product is initiated. Amortization occurs over its expected useful life which is five years.

An impairment test is done at the end of each period, and if an asset's carrying amount exceeds its estimated recoverable amount, the asset is impaired to its recoverable amount.

B. Goodwill consists of the amount by which the purchase cost exceeds the fair value of the Group's share of the acquired subsidiary's identifiable net assets at the time of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets and has an indefinite useful life. Goodwill is tested at least annually to identify potential impairment requirements and is reported at purchase cost less accumulated impairment losses. Gains or losses on disposal of a unit include residual carrying amounts of the goodwill pertaining to the disposed unit.

2.7 Impairment

Non-financial assets that have an indefinite useful life are reviewed annually for potential impairment requirements and are not subject to amortization. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Impairment is applied in the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less selling costs and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Net Insight is one cash-generating unit.

2.8 Financial assets

The Group classifies financial assets in the following categories; financial assets at fair value through profit and loss, loans and receivables and available-for sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

A. Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

B. Loans and receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. The group's receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

C. Available-for sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the reporting period. The Group has currently no financial assets within this category.

Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade date – the date the group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets valued through profit or losses are initially recognized at fair value and transactions costs are expensed in the income statement.

Financial assets are derecognized when the rights to receive cash-flow from the investment have expired or have been transferred and the substantially risk and rewards of the ownership is transferred. Loans and receivables are subsequently carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the income statement within net sales – net in the period in which they arise.

2.9 Accounts receivable

Accounts receivables are reported initially at fair value and subsequently measured at amortized cost using the effective interest method. A provision for accounts receivable bad debts is applied when there is objective proof and other indications that the Group will not be able to recover all amounts due under the receivables' original terms. The reserved amount is recognized in the income statement under the *Sales and Marketing expenses* item.

The Company has an agreement relating to loans on accounts receivables. The ownership right to the accounts receivable remains with the Company along with the risk of potential losses on accounts receivables. This agreement was not used in 2010 (2009).

2.10 Accounts payable

Accounts payables are initially recognized at fair value and thereafter at amortized cost using the effective interest method.

2.11 Inventories

Inventory is reported at the lower of the purchase cost and the net selling price. The purchase cost is determined by using FIFO. The net selling price is the estimated selling price in the operating activities less applicable variable selling expenses.

2.12 Cash and cash equivalents

Cash and cash equivalents include cash, bank balances, and other investments with maturity dates of less than three months.

2.13 Share capital

Ordinary shares are classified as equity. Transaction costs that can be directly attributed to the issue of new shares or options are reported in Group equity as a deduction from the issue funds. In the parent company, this transaction cost is reported on the income statement.

2.14 Employee compensation

A. Bonuses

The Company reports a liability and an expense for bonuses based on goal fulfillment with regard to achieved sales, earnings trends, and achieved market objectives.

B. Pension commitments

The Company only has defined contribution pension plans, which are expensed as needed. The Company has no obligation after the pension premium is paid.

C. Share-related benefits

The Group has share-related compensation plans in which payment is made with shares. The fair value of the service that entitles employees to allocation of options is expensed. The total amount to be expensed during the vesting period is based on the fair value of the allocated options, excluding potential impact from non-market-related terms for vesting, e.g., profitability and objectives for sales increases. Non-market-related terms for vesting are observed in the assumption about how many options are expected to be redeemable. Every reporting date, the Company revises its assessments of how many shares are expected to be redeemable. The revision's potential impact on the original assessments is reported in the income statement divided over the remainder of the vesting period, and corresponding adjustments are made in equity.

D. Compensation on termination

Compensation on termination is paid when an employee's employment is terminated prior to normal retirement age or when an employee voluntarily resigns from employment in exchange for such compensation. The Group reports severance pay when it is demonstrably obliged either to terminate employees according to a formal detailed plan without the possibility of revocation, or to provide compensation upon termination resulting from offers made to encourage voluntary resignation from employment.

2.15 Provisions

Provisions are made when a legal or informal obligation arises as a result of past events. It is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. The Company makes provisions for warranty costs that will probably arise. The product warranty provision is based on historical outcomes and is placed in relation to the Company's sales. If there are several similar commitments, it is likely that an outflow of resources will probably be required upon settlement for this entire group of commitments. A provision is reported, although the probability of an outflow is small.

2.16 Revenue recognition

Revenues include the fair value of goods and services sold excluding value added tax and discounts, and in the Group after elimination of intra-Group sales. Revenues are recognized as follows:

A. Sales of goods

Revenues mainly consist of hardware sales. The revenues pertain entirely to the parent company and are reported on delivery when risk and ownership rights transfer to the buyer. In cases where the sale involves significant installation or integration as well as final acceptance from the customer, revenues are recognized upon acceptance.

B. Revenue from licenses, support, and services

Support agreements are recognized as revenue on a straight-line basis over the term of the contract.

2.17 Leasing

A lease for which a significant part of the risks and benefits of ownership is retained by the lessor is classified as an operating lease. Payments made during the lease term are expensed straight-line in the income statement over the lease term. When assets are leased out as an operating lease, the asset is reported on the balance sheet in the relevant asset class. Lease income is recognized on a straight-line basis over the term of the lease.

2.18 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries and associates operate and generate taxable income.

Deferred income tax is recognized using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the consolidated financial statement. Deferred income tax is determined using tax rates (and laws) that were enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be applied.

Deferred income tax and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on net basis.

2.19 Cash flow statement

The cash flow statement is prepared according to the indirect method. The reported cash flow only includes transactions involving deposits or payments. Cash and bank balances are classified as liquid assets, as are short-term financial investments, which are only exposed to an insignificant risk of value fluctuation and:

- are traded on the open market for known amounts, OR
- have a remaining duration of less than one month from their purchase date.

2.20 Accounting policies – parent company

The parent company's annual report was prepared in accordance with RFR 2.3 and the Annual Accounts Act. The parent company follows the Group policies stated above with exceptions as stated below. These policies were applied consistently for all years represented unless otherwise stated.

Segment reporting

Net sales are reported by product group and geographic market.

Reporting format

The income statement and balance sheet are formatted according to the Annual Accounts Act.

Leasing

All leasing agreements, whether financial or operating leases, are recognized as operating leases in the parent company.

Shares and participations in subsidiaries

Shares and participations in subsidiaries are reported at historical cost after deduction for possible impairments. If there is an indication that the shares or participations have lost value, the recoverable value is calculated, and if it is below historical cost, the impairment is taken.

Group contributions and shareholder contributions

The Company reports shareholder contributions as an increase in the value of shares and participations. Shares and participations are then tested for impairment. Group contributions are recognized based on economic substance; in other words, directly against profit/loss brought forward after deduction for the current tax effect. Group contributions received that are equivalent to dividends are recognized as dividends from Group companies in the income statement. A Group contribution that is equivalent to a shareholders' contribution is reported, taking into account the current tax effect, according to the principle for shareholder contributions stated above.

Note 3 Financial risks

Net Insight is exposed to a variety of financial risks: market risk (including currency risk, fair value interest risk, cash flow interest risk, and price risk), credit risk, and liquidity risk. The foreign currency risk dominates and the Board assesses that Net Insight is primarily exposed to the following financial risks:

3.1 Currency risk

Currency risk is defined as the risk of a decreasing result and/or cash due to changes in exchange rates. Net Insight has a strong international character with most of its sales in EUR and USD. Components are mainly purchased in Swedish kronor (SEK) but are linked to USD through currency clauses that are regularly adjusted. Currency risks are managed according to the finance policy established by the Board. The risk of transaction exposure is managed by regularly updating the price lists in EUR and USD, matching ingoing and outgoing in the same currency, and hedging larger contracts in foreign currency. At year end December 31, 2010, Net Insight had forward exchange agreements of USD 0,4 million (0) and EUR 3,8 million (0).

If the SEK had strengthened/weakened by 5% against the EUR, all other variables remaining constant, 2010 revenue would have been SEK 10 million lower/higher. If the SEK had strengthened/weakened by 5% against the USD, all other variables remaining constant, 2010 revenues would have been SEK 3 million lower/higher. The exposure against the EUR increased in 2010 because the EUR represented a larger portion of net sales than in 2009.

3.2 Liquidity risk

Liquidity risk means that Net Insight cannot sell a financial instrument at market price or only with unnecessarily increased costs. Net Insight's policy is to only invest liquid assets in banks or financial institutions with a credit rating of at least P1 or A+ (Moodys or equivalent). Liquidity may not be invested for more than 12 months, and the investment terms must at all times reflect the capital needs of the Company. All reported accounts payables are due within one year and show the undiscounted amount.

3.3 Capital risk

The Group's capital structure objectives are to secure continuous operations, generate returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to keep capital down. The purpose of this is to maintain or adjust the capital structure, repay capital to shareholders, issue new shares, or sell assets to reduce liabilities. The Group's target is for its equity ratio to be at least 65%.

3.4 Interest risk

Interest risk is the risk that the value of a financial instrument varies due to changes in market rates. Net Insight's interest risk is low because the need for external financing has been limited. The Company's advance on receivables was not utilized in 2010 or 2009. Cash and cash equivalents are usually invested with a fixed interest period from two weeks up to six months.

3.5 Credit risk

Credit risk means that a party in a transaction with a financial instrument cannot fulfill its commitment. The Company's customers are generally large, well-established companies with strong payment capacity, distributed over several geographic markets. There is no significant concentration of credit risks either geographically or to a particular customer segment. To limit the risks of potential credit losses, the Company's credit policy includes guidelines and regulations for new customers, terms of payment, and procedures for handling unpaid claims.

Note 4 Critical accounting estimates and judgments

Estimates and judgments are evaluated on an ongoing basis, based on historical experience and other factors, including expectations of future events that are considered reasonable under the prevailing circumstances.

The Group makes estimates and assumptions about the future, but the resulting accounting estimates seldom equal the related actual result. The estimates and assumptions that entail a significant risk of material adjustments in carrying amounts for assets and liabilities during the next fiscal year are discussed below.

A. Assessment of impairment requirements for goodwill

The Group assesses if any impairment requirements exist for goodwill on an annual basis in accordance with the accounting principle described in clause 2.7. The recoverable amount for the Company's cash-generating unit was established by calculating its value in use. For these calculations, certain estimates must be made (Note 17).

B. Assessment of impairment requirements for capitalized development expenditures

Costs arising in development projects are reported as intangible fixed assets when it is probable that the project will be successful in terms of its commercial and technical potential and when the costs can be measured reliably. At each reporting period, the Company assesses if any impairment requirements exist within capitalized development expenditures. This means that a complete review of these products is performed with regard to economic life and the products' profitability. The products' estimated technical useful life for accounting purposes are five years.

C. Deferred tax

Deferred tax asset pertaining to loss carry-forwards are recognized to the extent that it is probable that future taxable profit will be available against which unused tax losses can be applied. In 2010, Net Insight capitalized an additional SEK 5,3 million (11.8) in deferred tax assets, corresponding to tax loss deductions of SEK 20,2 million (44,7). The capitalization is based on the previous year's earnings along with an expected positive long-term earnings trend.

Note 5 Net sales and segment information

Management determined the operating segments based on reports reviewed by the CEO, who makes strategic decisions. The CEO reviews the business from the EMEA, Americas, and APAC geographic perspectives. The operating segments are measured in terms of regional contribution defined as gross earnings less marketing expenses. In the regional contribution report, centralized marketing and sales expenses are allocated based on net sales. There has been no transaction between the segments and the segment report to the CEO does not contain any information regarding assets and liabilities. The segment information provided to the CEO for the year ended December 31, 2010, is as follows:

Segment Report

SEK million	2010 EMEA	2010 APAC	2010 AM	2010 Total	2009 EMEA	2009 APAC	2009 AM	2009 Total
Net Sales	229	15	44	288	177	18	38	233
Regional Contribution	75	-3	13	85	86	-3	14	97
Regional Contribution, %	33%	-19%	31%	30%	48%	-14%	36%	42%

According to 2009 accounting treatment of R&D depreciation the total value for regional contribution 2010 is SEK 109 million.

Net sales are reported by product group, but do not qualify as a reportable operating segment (IFRS 8), as no other measurements are reported.

Net Sales per Product Group

SEK thousand	2010	2009
Hardware	220,946	168,509
Software licenses	28,462	21,214
Support and services	41,489	41,543
Other revenue	-3,199	1,534
Total	**287,698**	**232,801**

All invoicing is done from the parent company, where all revenues are reported. The following indicates the distribution of net sales:

Net Sales, Group

SEK thousand	2010	2009
Sweden	44,364	23,214
EMEA excl Sweden	184,808	153,617
Americas	43,850	37,947
APAC	14,676	18,023
Total	**287,698**	**232,801**

Net Sales, Parent Company

SEK thousand	2010	2009
Sweden	106,525	44,522
EMEA excl Sweden	184,808	153,617
Americas	43,850	37,947
APAC	14,676	18,023
Total	**349,859**	**254,109**

No revenue from a single customer exceeds 10% of total revenue.

Internal invoicing for services received in the form of further development of products and for administrative services to the subsidiary by the parent company has occurred since 2004. The subsidiary invoices the parent company monthly for a license fee for using intellectual property rights. During the year, invoices to the subsidiary amounted to SEK 62,161 thousand (21,308). This invoicing pertains to further development of products licensed to the parent company and administrative costs incurred by Net Insight AB on the partnership’s behalf.

Internal transactions

SEK thousand	2010	2009
Sales to NIIP HB	5,632	21,308
Sales to Q2 Labs	2,401	0
Sales to NIIP AB	54,128	0
Purchases from NIIP HB	4,076	23,131
Purchases from NIIP AB	70,064	0

Note 6 Exchange rate differences

Operating exchange rate gains and losses are included in operating earnings.

	Group		Parent Company	
Operating exchange rate differences, SEK thousand	2010	2009	2010	2009
Exchange rate gains	15,573	24,679	15,573	24,679
Exchange rate losses	22,659	25,565	22,659	25,565
Net exchange rate differences	-7,085	-886	-7,085	-886

Hedge accounting is not applied; instead, the total effect of rate fluctuations is reported directly in the income statement.

Note 7 Employees

Average number of employees, salaries, other benefits, and social security contributions.

	2010		2009	
	Average number of employees	Of which men	Average number of employees	Of which men
Group (incl subsidiaries)				
Sweden	120	86%	106	88%
Singapore	4	100%	4	100%
USA	5	100%	6	92%
Parent Company				
Sweden	118	86%	106	88%
Singapore	4	100%	4	100%

At year-end, Net Insight had 133 (120) employees. The parent company Net Insight AB had 124 (114) employees, Net Insight Intellectual Property AB 4 (0) employees and the U.S. subsidiary Net Insight Inc had 5 (6) employees. Absence due to sick leave amounted to 2.2% (2.3) of total ordinary work hours in the Company. Of absences due to sick leave, 0.9% (1.4) was consecutive absences of more than 60 days, i.e., sick leave absences excluding long-term absences amounted to 1.2% (0.9). Women's absences amounted to 1.0% (1.3) of total work hours in the Company. In the 30−49 age group, sick leave was 1.8% (0.5) of total ordinary work hours, while in the 50−65 age group sick leave was 0.2% (5.7). The other age groups include fewer than 10 people, which is why they are not reported separately.

Number of directors and executive management

	December 31, 2010	Of which men	December 31, 2009	Of which men
Group (incl subsidiary)				
Board members	11	91%	9	89%
Chief Executive Officer and other executive management	8	75%	7	86%
Parent Company				
Board members	7	86%	6	83%
Chief Executive Officer and other executive management	8	75%	7	86%

Compensation and other benefits

Board of Directors Fee, SEK thousand	2010	2009
Lars Berg (Chairman)	350	350
Ragnar Bäck	150	150
Clifford H. Friedman	150	150
Bernt Magnusson	150	150
Gunilla Fransson	150	150
Arne Wessberg	150	150
Anders Harrysson	150	0
Total	**1,250**	**1,100**

The amounts refer to fees for the parent company as approved at the 2010 (2009) Annual General Meeting (AGM).

GROUP

Distributed among the CEO, VP, other senior executives, and other employees (Approved compensation excluding pension costs and share-related compensation in accordance with IFRS 2).

2010

SEK thousand	Salary	Variable compen-sation	Other benefits	Pension expense	Share-based compen-sation	Total
Fredrik Trägårdh (CEO)	1,750	1,488	0	605	231	4,074
Anders Persson (EVP)	1,500	648	0	412	208	2,768
Other senior executives (5)	4,519	1,800	0	868	506	7,693
Other employees	65,350	6,001	625	9,635	2,004	83,615
Total	**73,119**	**9,936**	**625**	**11,519**	**2,949**	**98,150**

2009

SEK thousand	Salary	Variable compen-sation	Other benefits	Pension expense	Share-based compen-sation	Total
Fredrik Trägårdh (CEO)	1,750	875	0	642	358	3,625
Anders Persson (EVP)	1,500	450	0	259	317	2,526
Other senior executives (5)	4,203	1,273	0	874	684	7,034
Other employees	60,739	8,957	606	9,575	2,665	82,542
Total	**68,192**	**11,555**	**606**	**11,350**	**4,023**	**95,726**

Other benefits refer to health insurance.

2010

SEK thousand	Salary	Variable compen-sation	Other benefits	Pension expense	Share-based compen-sation	Social expense	Total
Sweden	68,689	9,048	0	11,519	2,949	25,695	117,900
USA	4,430	888	625	0	0	449	6,392

2009

SEK thousand	Salary	Variable compen-sation	Other benefits	Pension expense	Share-based compen-sation	Social expense	Total
Sweden	62,632	10,310	0	11,350	4,023	23,721	112,036
USA	5,560	1,245	606	0	0	526	7,937

Other benefits refer to health insurance.

For 2010, the senior executives' terms and compensation and general compensation principles do not deviate from that which was approved at the 2010 AGM.

The senior executives terms and remunerations and general principles for remuneration

The company offers salaries and remunerations in line with market practice, as concerned by external compensation database, based on a fixed and a variable component. Remuneration to the CEO and senior executives consist of base salary, variable remuneration, employee stock options and pension benefits. "Senior executives" refers to the CEO and the other members of the management team, which in addition to the CEO, consists of six persons. The division between fixed and variable remuneration is in proportion to the respective manager's responsibility and authority. The variable remuneration is based on a combination of revenue, results and activity targets.

For the CEO the annual variable remuneration is capped at 100% and for other senior executives, not including the global head of sales, at 30-60% of the base salary. 70% of the variable remuneration is based on measurable financial targets. For the global head of sales applies a compensation model where the variable remuneration is 100% based on net sales.

For certain senior executives, the agreed base salary is fixed during 2009, 2010 and 2011. Half of the outcome of the variable remuneration during 2009, 2010 and 2011 is put in escrow and paid out in April 2012, after applying a multiplier on the accumulated amount in escrow. The multiplier is dependent on the increase of the company's market capitalization compared to the average market capital during the six months, from and including October 2011 up to and including March 2012. This variable remuneration is paid out if the company's market capitalization as above corresponds to a share price of not lower than SEK 6 and with a cap determined at SEK 12.50. Any outcome of the employee stock option plans 2007 and 2009 is set off from the resulting amount.

Almost the entire personnel have some kind of variable remuneration and all personnel are offered to participate in employee stock option plans, assuming that they are employed when the program is launched.

Reservation of all variable remuneration as well as social charges is made in the accounts.

Pension liability

The company's pension liability towards the CEO amounts to 35% of the fixed annual salary, excluding variable remuneration. Towards the other group managers the pension liability amounts to between 20 to 35% of the annual salary. All contributions to pension plans are defined. The retirement age for the CEO and the other group managers is 65 years.

Redundancy payment

The company and the CEO have a reciprocal notice period of six months. Upon termination by the company, a redundancy payment corresponding to 18 monthly salaries is obtained. Any salary or other remuneration that the CEO obtains from employment or other business conducted under the 18 months period following the termination is set off against the redundancy payment. Upon termination by the company, the Executive Vice President obtains a redundancy payment of three monthly salaries. Any salary or other remuneration that the Executive Vice President obtains from employment or other business conducted under the three months period following the termination is set off against the redundancy payment. The company and the other group managers have a reciprocal notice period of three to six month.

The Board shall have the right to deviate from these guidelines if special reasons exist.

Financial instruments

On December 31, 2010, the CEO had 1,235,000 employee stock options, the Executive Vice President had 1,085,000 employee stock options, and the other senior executives had 2,150,000 employee stock options.

	Employee Stock Options 2007	Employee Stock Options 2009
CEO		
Beginning balance	750,000	485,000
Change for the year	0	0
Ending balance	750,000	485,000
Value	1,192,500	790,550
VP		
Beginning balance	650,000	435,000
Change for the year	0	0
Ending balance	650,000	435,000
Value	1,033,500	709,050
Other senior executives		
Beginning balance	1,090,000	1,060,000
Change for the year	0	0
Ending balance	1,090,000	1,060,000
Value	1,733,100	1,727,800

Value in the table above refers to the estimated market value at the grant date of the 2009 and 2007 stock option plans. The market value was calculated using the Black & Scholes valuation model. Based on an analysis of the historical volatility of the Company's share price, the expected volatility is estimated to be 50% for 2009 and 40% for 2007. However, the disposition restrictions that apply to employee stock options have a value-reducing effect that is calculated based on anticipated employee turnover and the probability of redemption of the instruments before their expiration dates. The value-reducing effect is estimated at 30% (2009) and 35% (2007) compared to the estimated value of the employee option in accordance with the Black & Scholes valuation model. Possible future dividends were not taken into account. The value per employee stock option as of the grant date was calculated as SEK 1.63 (2009) and SEK 1.59 (2007). The Group has no legal or constructive obligation to repurchase or settle the options in cash. A no risk interest of 2.0% is used in the model. Both 2007 and 2009 stock option plans has a duration of four years. The cost for 2010 fiscal year for 2007 and 2009 stock option plans was SEK 2,949 thousand (4,023).

Preparatory and decision-making process

Compensation to the CEO for the 2010 fiscal year was approved by the Board of Directors. Compensation to other senior executives was approved by the Remuneration Committee after consultation with the CEO.

Related party transactions

Related party transactions were only carried out with subsidiaries during 2009, as specified in Note 5.

Employee stock option programs

The AGM approved employee stock option programs for 2007 and 2009. The 2009 AGM resolved to issue employee stock options that allow all employees in the Group to acquire Class B shares with a grant date of May 28, 2009. The vesting schedule is such that one-third is vested one year after the grant date and an additional third at each of the following anniversary dates. There are three operational hurdles for the 2009 employee stock option program. The allocation of employee stock option depends on the result of these operational hurdles. For full allocation all three operational hurdles need to be met. The three operational hurdles are 1) Availability of IP-trunk for N680 at a certain time, 2) At least five customers having deployed the IP-trunk at a certain time, 3) The card to be used for JPEG2000 compression available at a certain time. All three operational hurdles have been met. Upon termination of employment, employee stock options normally expire if they can no longer be utilized. Employee stock options are allocated without fees and may not be transferred. Terms, redemption prices, and number of allocated and outstanding options are listed below. The employee stock option program is intended to be an incentive for Group employees, thereby contributing to the Group's continued development.

Employee stock option plan 2007

Maturity date April 26, 2011	2010	2009
As of January 1	6,451,667	6,325,000
Allocated	0	250,000
Forfeited	-25,000	-123,333
Utilized	0	0
Expired	0	0
As of December 31	6,426,667	6,451,667
Possible to exercise	6,426,667	4,301,111
Total number of options	9,900,000	9,900,000
Redemption price	7.10	7.10
Number of shares per option	1.00	1.00

Employee stock option plan 2009

Maturity date May 28, 2013	2010	2009
As of January 1	6,180,000	0
Allocated	80,000	6,195,000
Forfeited	-6,667	-15,000
Utilized	0	0
Expired	0	0
As of December 31	6,253,333	6,180,000
Possible to exercise	2,084,444	0
Total number of options	8,500,000	8,500,000
Redemption price	5.70	5.70
Number of shares per option	1.00	1.00

In 2010 or 2009, no employee stock options were exercised.

Social security contributions

Net Insight Consulting AB, a wholly owned subsidiary, holds 4,400,000 warrants that may be used to avoid any potential impact on cash flow from social security contributions that may arise from both employee stock option programs. In the event of full utilization of all outstanding subscription options issued in conjunction with the employee stock option programs, dilution is calculated to be approximately 4.1 percent of the total number of shares and approximately 4.0 percent of the total number of votes in the Company. Dilution effects were calculated by dividing the total number of exercisable shares/votes from employee stock option programs by the total number of shares/votes after the warrants are exercised.

Note 8 Development expenses

Development expenses primarily consist of salaries, product development, components, patent applications, licenses, and other development-related expenses.

Note 9 Depreciation and amortization of tangible and intangible fixed assets

	Group		Parent Company	
SEK thousand	2010-12-31	2009-12-31	2010-12-31	2009-12-31
Capitalized development expenditures	23,305	23,404	23,305	23,404
Other intangible assets	722	521	722	521
Equipment for leasing	222	222	222	222
Equipment	916	708	916	708
Total	**25,165**	**24,855**	**25,165**	**24,855**

Note 10 Operating leases

The nominal value of future leasing fees (including rent for premises) for non-terminable leases is distributed as follows:

SEK thousand	Group	Parent Company
2011	5,896	5,896
2012	5,123	5,123
2013	5,086	5,086
2014	0	0
2015	0	0
Total	**16,105**	**16,105**

Leasing costs for the year totaled SEK 5,869 thousand (6,655) for both the Group and Parent company. No single contract has a term of three years or more except for the lease for the Company's premises, which was extended in 2009 and has a tenure of 60 months.

Note 11 Expenses by nature

	Group		Parent Company	
SEK thousand	2010	2009	2010	2009
Goods of resale:				
Cost of sales	83,862	54,965	153,926	78,096
Amortization of capitalized R&D expenditures	23,305	23,404	23,305	16,225
Expense type:				
Salary and salary related expenses	128,632	120,442	119,476	111,789
Sales and marketing expenses	16,128	11,024	25,678	22,748
Travel and entertainment expenses	8,410	9,051	6,692	7,092
Office expenses	11,871	10,973	11,459	10,526
Other administrative expenses	2,001	587	1,895	459
External services	8,235	7,157	7,908	6,693
Development expenses, gross	10,170	10,874	10,170	10,874
Capitalization	-49,567	-50,868	-49,567	-50,868
Amortization and depreciation excluding capitalized R&D expenditures	1,566	1,190	1,566	1,190
Total expenses	**244,614**	**198,799**	**312,508**	**214,824**

Note 12 Fees and remunerations

	Group		Parent Company	
Audit services and other tasks, SEK thousand	2010	2009	2010	2009
PwC				
Audit engagement	300	240	300	240
Audit business in addition to audit engagement	75	82	82	82
Tax consultancy	314	0	314	0
Other tasks	292	358	292	358
Total	**981**	**680**	**988**	**680**

Note 13 Financial income and costs

	Group		Parent Company	
SEK thousand	2010	2009	2010	2009
Result from shares in subsidiaries				
Impairment of shares in group company	0	0	-215 439	0
Result from shares in subsidiaries	**0**	**0**	**-215 439**	**0**
Financial income				
Interest income	1 017	1 139	674	1 139
Exchange rate differences	413	461	413	461
Other financial income	0	48	0	48
Financial income	**1 430**	**1 648**	**1 087**	**1 648**
Financial costs				
Interest expenses	-123	-156	-123	-155
Exchange rate differences on current receivables	-833	-3 878	-833	-3 878
Financial expenses	**-956**	**-4 034**	**-956**	**-4 033**
Net financial income/costs	**474**	**-2 386**	**-215 308**	**-2 385**

Note 14 Income tax expense

	Group		Parent Company	
Group, SEK thousand	2010	2009	2010	2009
Current tax:				
Current tax on profits for the year	-11 062	-9 023	-9 542	-9 023
Tax on acquisition of net assets*	59 990	0	0	0
Total current tax	**48 928**	**-9 023**	**-9 542**	**-9 023**
Deferred tax (note 15):				
Loss carry-forward	10 317	11 765	201 787	11 765
Total deferred tax	**10 317**	**11 765**	**201 787**	**11 765**
Income tax expense	**59 245**	**2 742**	**192 245**	**2 742**

Difference between reported tax expense and tax expense based on applicable tax rate, SEK thousand	Group		Parent Company	
	2010	2009	2010	2009
Reported net income before tax	43 558	31 616	-177 958	29 721
Tax according to current tax rate	-11 456	-8 315	46 803	-7 817
Effect of foregin tax rates	92	91	0	0
Tax effect from non-deductible expenses and non-taxable revenue	1 821	-799	-56 345	-1 206
Tax on acquisition of net assets*	59 990	0	0	0
Non-reported effect of loss carry-forwards	8 797	11 765	201 787	11 765
Tax on profit/loss for the year as per the income statement	59 245	2 742	192 245	2 742

* In connection with a transaction whereby intellectual property rights were moved to a new wholly owned subsidiary, SEK 728 million of SEK 946 million of tax losses carried forward were utilized. The transaction resulted in a positive cash and result effect of approximately SEK 60 million, which has been booked as tax income.

Note 15 Deferred tax assets

Deferred tax assets on tax deficits

	Group		Parent Company	
SEK thousand	2010	2009	2010	2009
Opening balance	29 820	27 078	29 820	27 078
Charged directly to equity	-59 990	0	-196 485	0
Recognized in the income statement	59 245	2 742	192 245	2 742
Closing balance	**29 075**	**29 820**	**25 580**	**29 820**

Deferred tax assets pertaining to loss carry-forwards are recognized to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be applied. Net Insight capitalized SEK 5,302 thousand (11,765) in deferred tax assets, corresponding to tax loss deductions of SEK 20,166 thousand (44,734). The capitalization is based on the previous year's earnings along with an expected positive long-term earnings trend. There are also loss carry-forwards amounting to SEK 162,554 thousand that were not valued as deferred tax asset. Net Insight AB holds the absolute majority of the loss carry-forwards, which are Swedish loss carry-forwards of unlimited duration.

Loss carry forward for which deferred tax assets are not reported

	Group		Parent Company	
SEK thousand	2010	2009	2010	2009
Loss carry-forward	162 554	945 964	153 742	937 152

Intellectual property rights have been transferred to a wholly-owned limited company implying that approximately SEK 728 million of loss carry forward has been used. See note 14.

Note 16 Earnings per share

Earnings per share were calculated by dividing profit for the year with the weighted number of registered shares.

	2010	2009
Profit for the year attributable to Parent Company shareholders, SEK thousand	102,803	34,358
Average number of shares	389,933,009	387,615,523
Earnings per share before dilution, SEK	0.26	0.09

In the calculation of diluted earnings per share, the registered number of shares is adjusted for the warrants that could have been converted. The fair value was calculated as the average value of the share, which was SEK 4.26 for 2010. A dilutive effect arises if the present value of the warrants is less than the fair value of the share. In 2010, all employee stock options had a redemption price that was higher than this value, thereby giving no dilution.

	2010	2009
Profit for the year attributable to Parent Company shareholders, SEK thousand	102,803	34,358
Average number of shares	389,933,009	387,615,523
Earnings per share after dilution, SEK	0.26	0.09

Note 17 Intangible assets

SEK thousand	Group		Parent Company	
	2010-12-31	2009-12-31	2010-12-31	2009-12-31
Accumulated purchase costs at the beginning of the year	266,365	212,422	231,819	177,876
New purchases	53,289	51,673	53,289	51,673
Disposal	-3,000	0	-3,000	0
Reclassification	0	2,270	0	2,270
Total	**316,654**	**266,365**	**282,108**	**231,819**
Accumulated amortization according to plan at beginning of year	-168,778	-144,558	-134,232	-110,012
Amortization for the year	-24,119	-23,924	-24,119	-23,924
Reclassification	0	-296	0	-296
Total	**-192,897**	**-168,778**	**-158,351**	**-134,232**
Net book value according to plan by year end	123,756	97,587	123,756	97,587

Most depreciation pertaining to intangible fixed assets, both in the parent company and the Group, are included in Cost of goods sold.

Goodwill

SEK thousand	Group	
	2010-12-31	2009-12-31
Accumulated purchase costs at beginning of the year	4,354	4,354
Net book value according to plan by year-end	**4,354**	**4,354**

Assessment of impairment requirements for goodwill and capitalized assets

The acquisition of the Q2 Lab Group in March 2004 resulted in goodwill of SEK 4,354 thousand. The Group has only one cash-generating unit (CGU) within which goodwill is reported. The recoverable amount for the Group's CGU is established based on calculations of value in use. These calculations are based on estimated future cash flow based on financial forecasts approved by management that cover a four-year period. Cash flow beyond the four-year period is extrapolated with the help of an assessed growth rate. The terminal growth rate applied is 4%. The growth rate does not materially deviate from the long-term growth rate for the telecommunications market in which the CGU in question is active. The weighted average cost of capital (WACC) used is 12% before tax. It reflects the specific risks that apply to the segment in which the company has operations. A change in WACC of 3%age points does not give rise to any impairment requirements. A change in estimated EBITDA of 2%age points does not result in any impairment requirements. A change in estimated gross margins of 3%age points does not give rise to any impairment requirements. Based on this, no impairment of assets was deemed necessary.

Note 18 Tangible fixed assets

SEK thousand	Group 2010-12-31	Group 2009-12-31	Parent Company 2010-12-31	Parent Company 2009-12-31
Accumulated purchase costs at beginning of the year	9,599	10,247	9,017	9,665
New purchases	496	1,622	496	1,622
Reclassifications	-739	-2,270	-739	-2,270
Total	**9,356**	**9,599**	**8,774**	**9,017**
Accumulated depreciation at beginning of the year	-7,051	-6,417	-6,469	-5,835
Depreciation for the year	-1,046	-930	-1,046	-930
Reclassifications	443	296	443	296
Total	**-7,654**	**-7,051**	**-7,072**	**-6,469**
Net book value according to plan by year-end	1,702	2,548	1,702	2,548
Depreciation included in Cost of Sales	-222	-222	-222	-222
Depreciation included develpoment expense	-640	-657	-640	-657
Depreciation included in administrative expense	-185	-51	-185	-51
Total depreciation	**-1,047**	**-930**	**-1,047**	**-930**

Note 19 Deposits paid

The amount pertains to deposits in connection with the establishment of a sales office in Singapore.

Note 20 Inventories

SEK thousand	Group 2010-12-31	Group 2009-12-31	Parent Company 2010-12-31	Parent Company 2009-12-31
Products in progress	50	395	50	395
Finished Goods	28,178	26,275	28,178	26,275
Total	**28,228**	**26,670**	**28,228**	**26,670**

The expensed inventories are included in the cost of goods sold item and amounts to SEK 73,785 thousand (43,970). Inventories valued at SEK 44,662 thousand (45,030) were impaired at an assessed net selling price of SEK 28,228 thousand (26,670). Impairment gain of inventories for the year amount to SEK 566 thousand (-2,751) and is recorded in cost of goods sold.

Note 21 Accounts receivable and other receivables

SEK thousand	Group Dec 31, 2010	Group Dec 31, 2009	Parent Company Dec 31, 2010	Parent Company Dec 31, 2009
Accounts receivable	105,216	89,504	105,216	89,504
Provision for impairment of receivables	-6,784	-2,497	-6,784	-2,497
Accounts receivable, net	**98,430**	**87,007**	**98,430**	**87,007**
Current receivables	3,149	3,148	5,679	3,148
Prepaid expenses and accrued income	5,885	4,912	5,822	4,912
Carrying amount of accounts receivable and other receivables	**107,464**	**95,067**	**109,931**	**95,067**

The Group reported SEK 886 thousand (0) loss on accounts receivable in 2010. Below is an aging analysis of accounts receivables due and related reserves.

Invoices past due, SEK thousand	2010	2009
Less than 3 months	14,479	19,168
3-6 months	2,601	9,686
more than 6 months	15,479	6,621
Total	**32,559**	**35,475**

Change in provision for bad debts, SEK thousand	2010	2009
As of January 1	-2,497	-228
Unused amounts reversed	1,530	228
Used amount	967	0
Provision for bad debts	-6,784	-2,497
As of December 31	**-6,784**	**-2,497**

The Group's accounts receivable and other receivables in carrying amount by currency	2010	2009
SEK	30,248	6,792
USD	22,289	35,313
EUR	56,484	52,457
SGD	437	310
AED	535	195
Total	**109,994**	**95,067**

These amounts were translated to SEK at the balance date rate. The Company has an agreement relating to loans on accounts receivable. The loan amount is 80% up to a maximum of EUR 5,370,569. At year-end, no loans had been taken out on accounts receivable.

Current receivables contain the following major items:

	Group		Parent Company	
SEK thousand	Dec 31, 2010	Dec 31, 2009	Dec 31, 2010	Dec 31, 2009
VAT claims	3,803	2,243	3,803	2,243
Other	1,876	905	1,876	905
Total	**5,679**	**3,148**	**5,679**	**3,148**

Accrued income and prepaid expenses include the following large items:

	Group		Parent Company	
SEK thousand	Dec 31, 2010	Dec 31, 2009	Dec 31, 2010	Dec 31, 2009
Rent for the first quarter of 2011 (2010)	1,794	1,476	1,794	1,476
Prepaid license-/service fees	640	335	640	335
Prepaid insurance	1,721	1,586	1,658	1,586
Prepaid exhibition	334	524	334	524
Accrued interest	52	81	52	81
Other items	1,344	910	1,344	910
Total	**5,885**	**4,912**	**5,822**	**4,912**

Note 22 Cash and cash equivalents

SEK thousand	Group		Parent Company	
	Dec 31, 2010	Dec 31, 2009	Dec 31, 2010	Dec 31, 2009
Cash and bank balances	215,857	74,999	147,650	71,540
Investments	20,000	77,000	20,000	77,000
Total cash equivalents	**235,857**	**151,999**	**167,650**	**148,540**
of which in blocked account	0	0	0	0

The average interest rate on investments during the year was 0,54 percent (1,07).

Note 23 Financial assets

SEK thousand	2010			2009		
	Fair value level	Book value	Fair value	Fair value level	Book value	Fair value
Accounts receivables	1	1,050	1,050	1	905	905
Derivatives	2	827	827	2	0	0
Cash and Cash equivalents	1	235,857	235,857	1	151,999	151,999
Accounts payables	1	32,719	32,719	1	24,259	24,259

1. Loans and receivables
2. Financial assets at fair value through profit and loss

Fair value on derivatives are based on inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly (Level 2).

Note 24 Shares in Group companies

Parent Company, SEK thousand	Proportion of equity %	Proportion of votes %	Number of shares	Book value	Shareholder's equity
Net Insight Inc, Domicile: Delaware USA	100	100	1,000	2,777	6,822
Net Insight Consulting AB, Corp. ID. No. 556583-7365, Domicile: Stockholm, Sweden	100	100	5,000	500	493
Q2 Labs AB, Corp. ID. No. 556640-8570, Domicile: Stockholm, Sweden	100	100	142,864	15,021	2,952
Ten Tech AB, Corp. ID. No. 556669-4559, Domicile: Stockholm, Sweden	100	100	1,000	100	91

Purchase costs, SEK thousand	Dec 31, 2010	Dec 31, 2009
Accumulated purchase costs at the beginning of the year	18 398	18 398
Purchase cost of the period	0	0
Total share in Group companies	**18 398**	**18 398**

Note 25 Share capital

Share capital amounts to SEK 15,597 thousand distributed over 389,933,009 shares with a nominal value of SEK 0.04 per share. One A-series share entitles the holder to ten (10) votes and one B-series share entitles the holder to one (1) vote. Distribution of the different classes of shares is as follows:

	Number of shares		Options	
	Dec 31, 2010	Dec 31, 2009	Dec 31, 2010	Dec 31, 2009
Unrestricted A-shares	1,150,000	1,300,000		
Unrestricted B-shares	388,783,009	388,633,009		
Warrants 2007/2011			9,900,000	9,900,000
Warrants 2009/2013			8,500,000	8,500,000
Total	**389,933,009**	**389,933,009**	**18,400,000**	**18,400,000**

During first quarter of 2010 one of Net Insight's founder has called for a conversion of shares of class A to shares of class B. The conversion ratio was 1 to 1.

Note 26 Other provisions

	Short-term provisions		Long-term provisions		
Group, SEK thousand	Warranty provision	Other provisions	Warranty provision	Cash incentive program provision	Total
As of 1 Jan 2009					
Opening balance	5,168	4,075	5,168	0	14,411
- additional provisions	912	1,508	912	1,219	4,551
- reversed unused amounts	0	-3,038	0	0	-3,038
As of 31 dec 2009	**6,080**	**2,545**	**6,080**	**1,219**	**15,924**
As of 1 Jan 2010					
Opening balance	6,080	2,545	6,080	1,219	15,924
- additional provisions	3,642	2,756	0	1,711	8,109
- used amounts	-841	-3,576	-479	0	-4,896
- reversed unused amounts	-1,839	0	-3,181	-348	-5,368
As of 31 dec 2010	**7,042**	**1,725**	**2,420**	**2,582**	**13,769**

	Short-term provisions		Long-term provisions		
Parent Company, SEK thousand	Warranty provision	Other provisions	Warranty provision	Cash incentive program provision	Total
As of 1 Jan 2009					
Opening balance	5,168	4,075	5,168	0	14,411
- additional provisions	912	1,508	912	1,219	4,551
- reversed unused amounts	0	-3,038	0	0	-3,038
As of 31 dec 2009	**6,080**	**2,545**	**6,080**	**1,219**	**15,924**
As of 1 Jan 2010					
Opening balance	6,080	2,545	6,080	1,219	15,924
- additional provisions	3,642	2,756	0	1,219	7,617
- used amounts	-841	-3,576	-479	0	-4,896
- reversed unused amounts	-1,839	0	-3,181	-348	-5,368
As of 31 dec 2010	**7,042**	**1,725**	**2,420**	**2,090**	**13,277**

Product warranty provisions were made to cover any anticipated expenses that may arise from business transactions that are carried out. Provisions for the cash incentive program were made to cover probable future compensation.

Note 27 Other liabilities

SEK thousand	Group		Parent Company	
	Dec 31, 2010	Dec 31, 2009	Dec 31, 2010	Dec 31, 2009
Prepayment from customer	3,529	0	3,529	0
Prepaid extended warranty, short-term	870	750	870	750
Special employer's contribution	476	451	450	451
Tax at source	2,203	1,859	2,129	1,859
Other current liabiltities	6,779	2,697	6,183	2,697
Total current liabilities	**13,857**	**5,757**	**13,161**	**5,757**

Note 28 Accrued expenses

SEK thousand	Group		Parent Company	
	Dec 31, 2010	Dec 31, 2009	Dec 31, 2010	Dec 31, 2009
Vacation pay liability	5,585	4,834	5,022	4,465
Social security contribution	5,517	5,274	5,343	5,274
Accrued bonus	10,080	10,365	9,231	9,936
Prepaid revenue from customer	5,037	3,374	5,037	3,374
Other	3,653	2,402	3,544	1,919
Total accrued expenses	**29,872**	**26,250**	**28,177**	**24,969**

Note 29 Items not affecting liquidity

SEK thousand	Group		Parent Company	
	2010	2009	2010	2009
Translation difference	-411	-518	0	0
Provisions	-1,543	830	-2,034	830
Adjustments - employee stock options	2,949	4,023	2,949	4,023
Disposal	3,000	0	3,000	0
Impairment of shares in subsidiary	0	0	215,439	0
Other items	296	0	296	0
Total	**4,291**	**4,335**	**219,650**	**4,853**

Note 30 Pledged assets

The amount pertains to blocked bank balances of SEK 0 thousand (0).

Note 31 Cash flow statement

Liquid assets at the beginning of the year and at the end of the year are related to bank balances for both years. Of the total liquid assets in the Group in 2010, SEK 952 thousand (3,292) pertain to liquid assets in the Net Insight Inc. subsidiary.

Note 32 Operating leases

Operating leases in which a Group company is the lessor. Future minimum lease fees that refer to non-cancelable operating leases are as follows:

SEK thousand	2010	2009
Within 1 year	0	984
Between 1-5 years	0	0
Total	**0**	**984**

Note 33 Significant events after the period

There have been no significant events between end of reporting period of 31 December 2010 and the publication deadline of this annual report.

The income statement and balance sheet will be submitted to
the Annual General Meeting on April 28 for adoption.

Stockholm February 18, 2011.

Lars Berg Chairman	Clifford H Friedman
Bernt Magnusson	Anders Harrysson
Gunilla Fransson	Arne Wessberg
Ragnar Bäck	Fredrik Trägårdh Chief Executive Officer

Our auditors' report was submitted on March 4, 2011.

Sten Håkansson
Authorized Public Accountant

Auditors’ report

To the annual meeting of the shareholders of Net Insight AB (publ)
Corporate identity number 556533-4397

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the managing director of Net Insight AB (publ) for the year 2010. (The company’s annual accounts and the consolidated accounts are included in the printed version on pages 23-62). The board of directors and the managing director are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the managing director and significant estimates made by the board of directors and the managing director when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the managing director. We also examined whether any board member or the managing director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company’s financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act and give a true and fair view of the group’s financial position and results of operations. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the annual meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the administration report and that the members of the board of directors and the managing director be discharged from liability for the financial year.

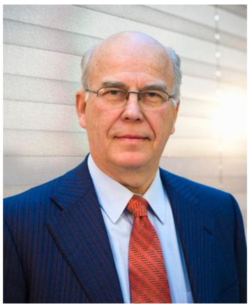
Stockholm 4th of March 2011

Öhrlings PricewaterhouseCoopers AB

Sten Håkansson
Authorized Public Accountant

Board of Directors

Lars Berg
Chairman of the Board
Born in 1947.
Bachelor of Business Administration. Chairman of the Board since 2001 (board member since 2000).
Main assignment: European Venture Partner, Constellation Growth Capital, New York. Other significant Board assignments: Board member of Ratos, Tele2 and KPN/OnePhone. Previous positions include Member of Mannesmann's executive board with responsibility for the Telecom Division, President and CEO of Telia, and various executive positions within the Ericsson Group. Independent in relation to the Company. European Venture Partner, representing Constellation Growth Capital.
Shareholdings in Net Insight: 1 008 332 Class B shares.
Presence at board meetings 2010: 6/6



Ragnar Bäck
Board member
Born in 1944.
Master of Science in Engineering. Board member since 2006.
Ragnar Bäck has previously worked at Ericsson where he held several executive positions such as CEO in Italy and in the Netherlands, Executive Manager for the Asian/Pacific region in Hong Kong, and Executive Manager for Western Europe in London. He is a Board member of Unfors, Nordia Innovation and NGB (Next Generation Broadcasting). Independent in relation to the Company and in relation to major shareholders of the Company.
Shareholdings in Net Insight: 20 000 Class B shares.
Presence at board meetings 2010: 6/6

Gunilla Fransson
Board member
Born in 1960.
Master and Tech.Lic in Nuclear Science. Board member since 2008.
Gunilla Fransson is the Senior VP and General Manager of Saab Security and Defence Solutions. Gunilla has over 20 years of experience from the telecommunications industry. She has held various leading positions within the Ericsson Group where she most recently was Head of portfolio at Ericsson Multimedia and Head of Product Management at Ericsson Enterprise between 2005 and 2008. She is a Board member of Swedish National Space Board in Sweden. Independent in relation to the Company and in relation to major shareholders of the Company.
Shareholdings in Net Insight: 4 000 Class B shares.
Presence at board meetings 2010: 6/6

Clifford H Friedman

Board member

Born in 1959.

Bachelor of Science in Electrical Engineering, Master of Science in Electro Physics and MBA in Finance and Investments. Board member since 2004.

Clifford H . Friedman is Managing Director for Highbridge Principal Strategies and Constellation Growth Capital. He has over 30 years of experience in finance and private equity, technology and media industries. Clifford is a Board member of TVONE, Hibernia Atlantic, Widevine Technologies. Independent in relation to the Company. Represents the largest shareholder Constellation Growth Capital.

Shareholdings in Net Insight: 0 shares.

Presence at board meetings 2010: 5/6

Bernt Magnusson

Board Member

Born in 1941.

Master of Arts (Politics). Board Member since 1997.

Chairman of the Board of Kwintet; Fareoffice AB, Höganäs AB, Coor Service Management AB, Nordia Innovation AB, STC Interfinans and Pricer AB. Previous positions include Chairman of the Boards of Swedish Match, Nobel Industrier AB, Assi Domän AB, Skandia AB, NCC AB and CEO Nordstjernan AB. Independent in relation to the Company and in relation to major shareholders of the Company.

Shareholdings in Net Insight: Bernt Magnusson and wife, 1 232 947 Class B shares.

Presence at board meetings 2010: 6/6

Arne Wessberg

Board member

Born in 1943. Studies in Economics at Tammerfors University. Board member since 2008. Arne Wessberg is President of Prix Europa and the President of IIC (International Institute of Communications) and Chairman of the Board of DigiTVPlus O y. He has a longstanding and solid experience from the media and communications industry. Between 2000 and 2006, Arne was President of the EBU (European Broadcasting Union) and during more than ten years he was Director General of YLE (the Finnish broadcasting company) in which he also started his career within the broadcasting industry in the beginning of the 1970s. Between 1999 and 2003, Arne was Chairman of the Board of Digita Oy and also served on the Board of Directors of the Nokia Corporation during five years until 2006. Independent in relation to the Company and in relation to major shareholders of the Company.

Shareholdings in Net Insight: 0 shares.

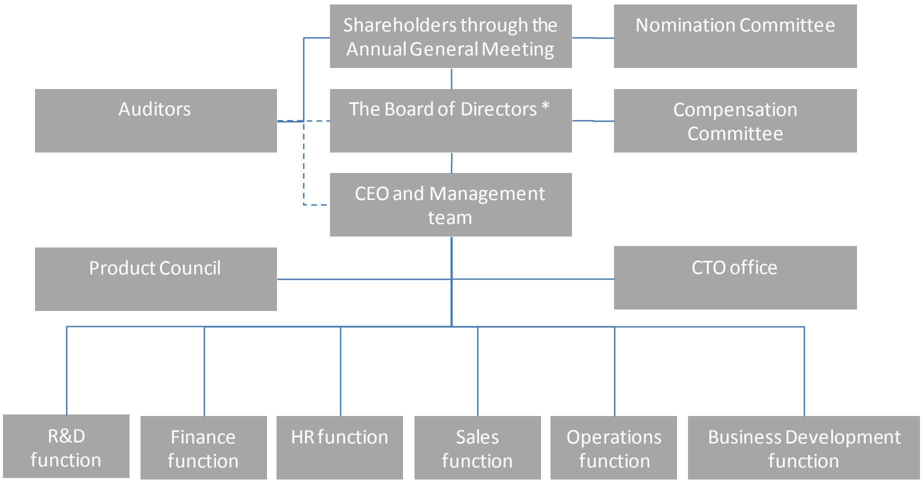
Presence at board meetings 2010: 6/6

Anders Harrysson
Board member
Born in 1959.
Holds a Master of Science in Engineering Physics from Linköping Institute of Technology. Anders Harrysson has more than 20 years of international experience from senior positions in the IT industry, including 14 years at IBM with several years at the European Headquarters in Paris and the group's headquarters in the United States. Between 1998 and 2010 he was Vice President at Sun Microsystems with responsibility for its activities in Northern Europe. Anders is a Board member of OP5 AB. Independent in relation to the Company and in relation to major shareholders of the Company.
Shareholdings in Net Insight: 8000 shares.
Presence at board meetings 2010: 5/6

The Board's Corporate Governance Report

Net Insight AB (publ) is a public stock company domiciled in Stockholm. Net Insight's stock is listed on the Nasdaq OMX Nordic Exchange Midcap Stockholm. The basis for governance of the Company and Group includes its Articles of Association, the Swedish Companies Act and the regulations of the Nasdaq OMX Stockholm AB issuers' rules, including the Swedish Corporate Governance Code as of February 1, 2010.

Corporate Governance at Net Insight



* The Board of Directors also acts as audit committee

The Board's Corporate Governance Report does not constitute a formal part of the annual report and as such is not audited.

Introduction

Net Insight follows the Swedish Code of Corporate Governance, deviating from the code in one respect:

Rule	Deviation	Explanation
2.4	The Nomination Committee includes two Board members who are dependent in relation to the second largest shareholder	The Chairman of the Board is represented on the Nomination Committee due to his experience and many years with the Company. The fact that the second largest owner is a member of the Nomination Committee as well as the Board of Directors is an expression of active ownership

The Articles of Association describe the business of the Company, its share capital, the number and types of shares, allocation of votes, the number of directors and auditors, notices of and matters to be dealt with at the Annual General Meeting, and the requirement that this meeting be held in Stockholm. During the period between the Annual General Meetings, Net Insight's Board of Directors is the highest decision-making body in the Company. The duties of the Board are regulated in the Companies Act and the Articles of Association. The current Articles of Association were adopted at the Annual General Meeting held on April 28, 2009. The Articles of Association are available in their entirety at www.netinsight.net.

Annual General Meeting

The Annual Shareholders' Meeting of Net Insight AB (publ) was held on April 29, 2010. The Company's Nomination Committee is responsible for proposing a chairman for the Annual General Meeting. Lars Berg was elected chairman of the meeting. The Annual General Meeting made the following decisions:

- Adoption of annual financial statements, appropriation of results and discharge from liability for board of directors and CEO.
- The number of board members should be seven.
- Lars Berg, Clifford H. Friedman, Bernt Magnusson, Ragnar Bäck, Gunilla Fransson and Arne Wessberg were re-elected to the Board. Anders Harrysson was new-elected member of the board.
- Lars Berg was re-elected Chairman of the Board.
- The remuneration to the board should be SEK 1,250 thousand to be allocated with SEK 350 thousand to the chairman of the board of directors and SEK 150 thousands to each member of the board of directors.
- Approval of the Board of Directors' proposal regarding guidelines for remuneration and other terms of employment for group management.

The complete minutes of the Annual General Meeting, as well as the supporting documentation, is available at: www.netinsight.net/corporate_governance.asp

Nomination Committee

The Nomination Committee is responsible for submitting nominations for the chairman and other members of the Board, as well as fees and other compensation to each member for their Board duties. The Nomination Committee is also responsible for submitting proposals for the election of the auditor and auditors' fees. The members of the Nomination Committee should be appointed, or the method for appointing the members should be decided, at the Annual General Meeting. In accordance with the decision of the annual general meeting, Net Insight's Nomination Committee consists of the Chairman of the Board of Net Insight AB and the company's four largest shareholders as of September 30 each year, who are then each entitled to appoint a representative for membership on the Nomination Committee. The composition of the Nomination Committee was published on October 21, 2010. Net Insight's nomination committee for the 2011 Annual General Meeting is as follows: Lars Bergkvist (Lannebo Fonder), Clifford H. Friedman (Constellation Growth Capital), Åsa Nisell (Swedbank Robur fonder), Ramsay Brufer (Alecta) and Lars Berg (Chairman of the Board of Net Insight AB and European Venture Partner of Constellation Growth Capital). The Nomination Committee elected Lars Bergkvist as its chairman. The Nomination Committee has held 3 meetings in preparation for the 2011 Annual General Meeting. Net Insight deviates from the Swedish Corporate Governance Code concerning the composition of the Nomination Committee in that the two Board members who are also members of the Nomination Committee, are dependent in relation to the Company's second largest shareholder.

Board of Directors

The Board administers the Company's affairs in the interests of the Company and all of its shareholders. The size and composition of the Board guarantees its ability to administer the Company's affairs effectively and with integrity. The Board's tasks include establishing business goals and strategies, deciding on acquisitions and divestitures, capitalization of the company, appointing, evaluating and determining the compensation of the CEO, ensuring that there are effective systems to monitor and control the Company's business, ensuring that the necessary ethical guidelines for the Company's conduct are established, and evaluating the Board's work. The Board's work plan is established annually at the Statutory Board Meeting or when necessary. In addition to the assignments mentioned above, the work plan stipulates items including Board meeting procedures, instructions for the Company's CEO, decision-making procedures within the Company, allocation of work, and the provision of information between the Company and the Board. The Board monitors the CEO's performance, including implementation of the Board's decisions and guidelines, and evaluates his efforts annually. The Board held six meetings during the year, not counting two per capsulam meetings. At these meetings, the Board considered standing agenda items for each Board meeting such as the state of the business, year-end and interim reports, budgets, etc. General issues such as the prevailing economic situation, long-term strategies, business plans and partners were also considered. At the Statutory Board Meeting, the Board considered and adopted the work plan for the Board and instructions for the CEO. Fees to the Board totaled SEK 1,250 thousand, of which SEK 350 thousand was paid to the Chairman of the Board and SEK 150 thousands each to the other Board members.

Independence of the Board

The Board occupies an independent position vis-à-vis the Company since all its members are also independent in relation to the Company. Five Board members are independent in relation to the company's principal owners. Two board members Lars Berg and Clifford H. Friedman, are dependent in relation to Constellation Growth Capital, the second largest shareholder of Net Insight. None of Net Insight's Board members work for the company in an operative capacity.

For information about the Board members and CEO, see page 64 and 70.

Compensation Committee

The Board's overall responsibility cannot be delegated, but it has instituted a compensation committee charged with preparing questions concerning salaries, compensation and other terms of employment for the CEO, as well as compensation programs of a broader nature, such as option programs, for final decision by the Board. The Compensation Committee resolves questions regarding salaries and compensation and other terms of employment for all direct reports to the CEO. The committee reports to the Board on a continuous basis. The compensation committee consists of Chairman of the Board Lars Berg and Board member Bernt Magnusson. During the year, the committee held two meetings at which minutes were kept, discussing the following matters: the CEO's variable compensation for 2009 to be decided by the Board; a decision on variable compensation for 2009 for the rest of the management team; the CEO's business goals for 2010; the compensation structure for the rest of the management team.

Audit Process and Auditors

Net Insight's Board of Directors has chosen not to have a separate audit committee; instead, the full Board acts in this capacity. The Board has chosen this approach since it is suitable as long as the company has a relatively uncomplicated business and audit structure. In consultation with the company's auditors, the Board has also proactively discussed new accounting recommendations that may affect future company accounting and reporting. Twice a year, after the third and fourth quarter closing of the books, the Group's auditors report their observations from their audit to the entire Board. These meetings also serve the purpose of keeping the board informed of the direction and scope of the audit, as well as discussing the coordination of the external audit, internal controls and the auditor's views of risks in the Company. During one of these meetings, the auditors present and discuss their views without the presence of Company management.

In addition to normal auditing functions, ÖhrlingsPricewaterhouseCoopers also provides Net Insight with general accounting and tax advice. It is the responsibility of ÖhrlingsPricewaterhouseCoopers to ensure its independence as auditors in its role as advisor. The legally mandated term of auditors is four years. The Company's auditor, ÖhrlingsPricewaterhouseCoopers AB, was re-elected at the 2007 Annual General Meeting for a term lasting until the 2011 annual meeting. Sten Håkansson was appointed the new auditor in charge.

2010 Attendance

Attendance by each Board member is presented below.

Name	Presence at Board meetings	Compensation Committee
Lars Berg	6/6	2/2
Bernt Magnusson	6/6	2/2
Clifford H. Friedman	5/6	
Ragnar Bäck	6/6	
Gunilla Fransson	6/6	
Arne Wessberg	6/6	
Anders Harrysson	5/6	

Auditor´s report on the Corporate Governance Statement

To the annual meeting of the shareholders in Net Insight AB (publ) AB, corporate identity number 556533-4397.

It is the board of directors who is responsible for the corporate governance statement for the year 2010 [on pages 67-69] and that it has been prepared in accordance with the Annual Accounts Act.

As a basis for our opinion that the corporate governance statement has been prepared and is consistent with the annual accounts and the consolidated accounts, we have read the corporate governance statement and assessed its statutory content based on our knowledge of the company.

In our opinion, the corporate governance statement has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Stockholm 4th of March, 2011

Sten Håkansson

Authorized Public Accountant

Executive management

Fredrik Trägårdh
Chief Executive Officer
Born: 1956.
Master of Business Administration.
Employed since 2002, then as the CFO. Took office as CEO in February 2006. Fredrik Trägårdh previously worked at German DaimlerChrysler Rail Systems as senior vice President and Director of Group Finance. Fredrik has extensive international experience and has previously held management positions within ABB Financial Services.
Shareholdings in Net Insight: 343,332 Class B shares,
1,235,000 employee stock options

Anders Persson
Executive Vice President and Director of Product Development
Born: 1957.
Master of Science in Engineering.
Employed since 2000. Anders Persson has many years of experience with the Ericsson Group, where his latest position was General Manager for Network Design and Performance Improvement. In addition, Anders has held a number of other leading management positions at Ericsson.
Shareholdings in Net Insight: Mr and Mrs Anders Persson 220,000 Class B shares, 1,085,000 employee stock options

Thomas Bergström
Chief Financial Officer
Born: 1968
Master of Science in Business Administration.
Thomas Bergström became the CFO of Net Insight in August 2009. He has 15 years of experience from a broad variety of finance roles in an international environment primarily within the telecom sector. Thomas was most recently CFO at Aastra Telecom Sweden and has previously held various finance and management positions within the Ericsson group in Sweden and Australia.
Shareholdings in Net Insight: 100,000 employee stock options

Per Lindgren
Vice President Business Development (founder)
Born: 1967
PhD.
Employed since 1997. Per Lindgren has a Ph.D. in telecommunications and has previously served as an Assistant Professor at KTH (Royal Institute of Technology, Stockholm), where he worked with optical networks, EU projects related to new broadband services, etc.
Shareholdings in Net Insight: 400,000 Class A shares, 2,000,000 Class B shares, 985,000 employee stock options

Stig Stålnacke
Senior Vice President and Global Head of Sales
Born: 1958
Master of Science in Engineering.
Stig Stålnacke was appointed Senior Vice President and Global Head of Sales in February 2009. Stig Stålnacke comes from a long career with Cisco where he held several senior positions within sales. Most recently Stig, as client director, was part of Cisco Sweden's management team with responsibility for large telecom customers.
Shareholdings in Net Insight: 500,000 employee stock options

Thomas Wahlund
Vice President Operations
Born: 1969
Master of Science in Engineering.
Thomas started at Net Insight in 1997 and since 1999 he has been responsible for building up the Operations organization, including responsibility for sales support, customer support, services and training. He has extensive industry experience in network planning.
Shareholdings in Net Insight: 46,582 Class B shares, 435,000 employee stock options

Anna Karin Verneholt
Director of Corporate Communications
Born: 1967
Master of Science in Business Administration and Economics
Anna Karin Verneholt joined Net Insight in 2010 as Head of Corporate Communications. Anna Karin has 13 years of experience from a broad variety of Marketing roles in an international environment primarily within the telecom sector. Anna Karin was recently Head of Enterprise Marketing and Communication at Aastra Telecom Sweden and she has held various Marketing positions within the Ericsson group, lately as Head of Enterprise Marketing and Communication at Business Unit Multimedia.
Shareholdings in Net Insight: 40,000 employee stock options

Marie Kjellberg
Director of Human Resources
Born: 1958
BSc in Human Resources Development and Labour Relations
Marie Kjellberg joined Net Insight in 2008 as HR Director. She has a solid experience from a broad variety of HR roles, 15 years at Digital Equipment AB and most recently eight years as HR Director at Teleopti AB.
Shareholdings in Net Insight: 130,000 employee stock options

Glossary

ACCESS NETWORK
The part of the public network closest to end-users. Consists of copper lines in the telephone network and coaxial cable for cable TV. Fiber and wireless solutions are also increasingly being used.
ASI
(Asynchronous serial Interface). A standardized physical interface for compressed video. Used within the media industry to transport content between geographically remote production units and in cable TV networks.
BANDWIDTH
Measure of how much information can be sent over a line. Measured in bits per second, bps.
BROADBAND NETWORK
Network with extremely high capacity, at least 2 mbps to each end-user.
BROADCAST
Transmission from a single sender to all possible recipients in a network.
CDN
(Content Delivery Networks) an overlay network of customer content, distributed geographically to enable rapid, reliable retrieval from any end-user location
CONTENT
Content that is distributed in the network.
CONTRIBUTION
Communication for production and processing of material before it is transmitted to the end-user.
CORE
Larger transport networks between cities and backbone networks.
DTT
(Digital Terrestrial Television). Name for digital terrestrial TV to ordinary TV receivers equipped with ”set-top boxes”. Also called DVB-T.
DVB
(Digital Video Broadcast) Standard for transmission of digital video over various kinds of media.
DVB-H
(Digital Video Broadcast – handheld). A standard for digital terrestrial TV to mobile receivers, such as a cell phone or other mobile unit with a screen.
DVB-T
(Digital Video Broadcast – Terrestrial). Name of the standard for digital terrestrial TV to ordinary TV receivers equipped with ”set-top boxes”. Also called DTT.
DVB-T2
Second Generation of Digital Video Broadcasting Terrestrial; it is the extension of the television standard DVB-T. Suited system for carrying HDTV signals
ETHERNET
The most common technology for communication in local area networks, LAN. Transmission speeds of 10/100 mbps, 1Gbps and 10 Gbps.
GIGABIT ETHERNET
Development of the Ethernet primarily used in large LA N and backbone networks. Can handle transmission speeds of up to 1,000 mbps.

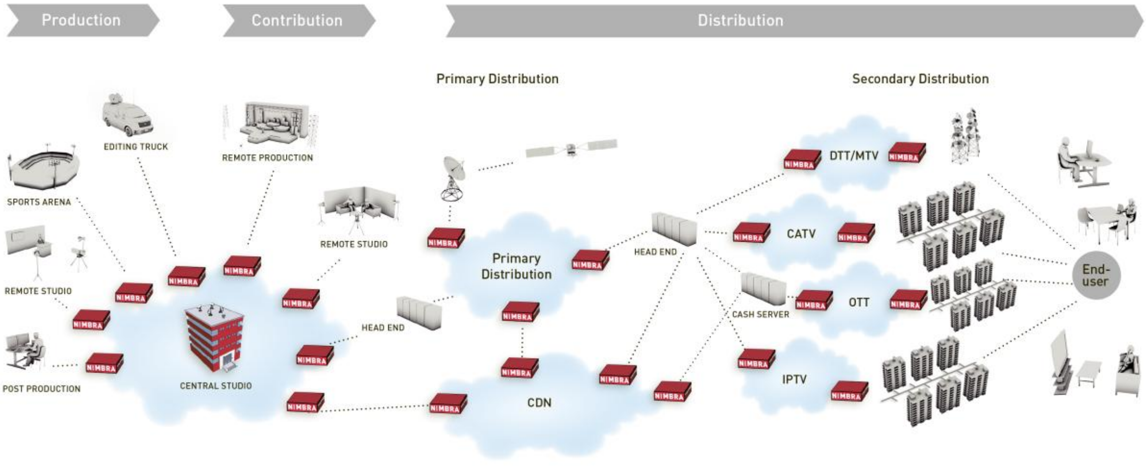
GRANULARITY
Resolution.
HD
(High Definition). High resolution.
HDTV
(High Definition TV). High resolution TV.
INTEROPERABILITY
Two devices operating together.
IP
(Internet Protocol) Protocol used for data transmission over the Internet. All Internet traffic is transmitted in IP packets.
IPTV
Television that is broadcast over IP (broadband).
LAN
(Local Area Network). Smaller local networks for data communication within a department, building or block.
MPLS
(Multi Protocol Label Switching). minutes for efficient management of connections over a package-switched network.
MULTICAST
Transmits the same message to a large number of recipients without needing to be addressed to every single individual (unicast) or sent to all possible recipients (broadcast).
NEXT GENERATION SDH/SONET
SDH/SONET enhanced with functions based on GFP, LCAS and VCAT (see elsewhere in the glossary for explanation).
NGN
Next Generation Networks or Next Generation Network. General concept for the development of networks and/ or a standardization framework to enable new services and integrate fixed and mobile services over common infrastructure in future networks.
NODE
A unit that is connected to a network, either as a sender/ receiver, or to connect together different networks.
OVER-THE-TOP
Term for service that you utilize over a network that is not offered by that network operator. Viewers are using their broadband connection for consuming TV.
PAY_PER_VIEW
Pay only for what you watch. Unlike video-on-demand, the programs or films must be viewed at set times.
POST PRODUCTION
Post production of e.g. TV programs or films.
PROTOCOL
An agreed set of rules as to how different network equipment should communicate with each other.
QOS
(Quality of Service). Name for the quality of service (that can be provided by a network). Video require a higher QoS. QoS is achieved in a network either by separating traffic so that interference cannot occur or by prioritization where the highest priority is sent first.

REAL-TIME
Immediate transmission of material without delay.

ROUTER
A unit to guide and forward data packets, for example, in the Internet.
ROUTING
Guiding and forwarding data packets through a computer network.
SDH/SONET
Circuit-switched technology for communication in optical backbone networks. SDH is the European standard and Sonet is the American standard.
SDI
(Serial Digital Interface). A physical standard for professional, uncompressed 270 mbps video. Is used in the media industry to connect sound and image equipment in production areas.
METRO AREA NETWORK
A high-capacity network that links together an urban or regional area. often referred to MAN.
BACKBONE NETWORK
High-capacity network linking together geographically remote areas or a number of smaller networks within an area. Also known as a transport network or backbone.
STUDIO QUALITY
The quality obtained if studio production equipment is connected together locally. Can be achieved with a low or constant delay over a network with an extremely high QoS.
TELEPRESENCE
Next generation videoconferencing solution.
TOPOLOGY
In networks, the topology describes how the nodes are linked together, for example, in a ring or star where all nodes are switched directly to a central node, or a mesh, an irregular structure with multiple switches between many nodes.
TRIPLE PLAY
A technology used for the transport of TV/video, data and telephony via a single network.
UPLINK STATIONS
Where the content in a fiber optic network or other terrestrial- based network contacts a satellite network. For example, when programming companies broadcast their content for distribution.
VCAT
(Virtual Concatenation) Facility to combine different noncontiguous data containers (SDh/SoNET containers).
VIDEO-ON-DEMAND
Enables digital delivery of films over a broadband network. The ”video store” on the network means that there is always
a copy available even of the most popular movie that can be ordered at any time.
VPN
(Virtual Private Network) Technology for setting up a secure private network within the public network by using Internet infra-structure.
SWITCH
Used to direct information between different network links and users

Area of usage, Nimbra platform

Illustration shows transport of media from production to end-user



Financial information

Annual General Meeting:	**April 28**
Interim Report January – March:	**May 6**
Interim Report January – June:	**July 20**
Interim Report January- September:	**October 25**

Net Insight's financial information is available in both Swedish and English. The reports are most conveniently available from the Net Insight web site: www.netinsight.net.Reports can also be ordered by e-mail: info@netinsight.net or by telephone +46 (0)8-685 04 00.

SWEDEN

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net insight™