



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

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

World class customers run mission critical media services over Net Insight products for more than 100 million people in more than 20 countries. Net Insight is quoted on the Stockholm Stock Exchange.

For more information, visit www.netinsight.net

INTERIM REPORT, JANUARY-MARCH 2007

Net Insight AB (publ), corporate ID no. 556533-4397

January-March 2007

- **Net sales increased by 164% to SEK 53.4 million (20.2).**
- **Net income improved to SEK 5.1 million (-14.4).**
- **Gross margin of 70.5% (69.7%).**
- **Service and software revenue increased by 134% to SEK 12.4 million (5.3).**
- **Positive operating cash flow of SEK 4.0 million (-17.7). Total cash flow amounted to SEK 8.3 million.**
- **Earnings per share were SEK 0.01 (-0.04).**

CEO comments

Our financial performance continued to progress in the first quarter. Sales have continued to increase in the growing markets for DTT and Broadcast & Media solutions. This growth has resulted in improved net income and a solid gross margin. The demand for Net Insight's transport solutions continued to grow, resulting in a growing customer base and a larger amount of recurring business.

The sales growth was achieved while maintaining a stable and solid gross margin. This is a good indication of the competitiveness of Net Insight's offering. A healthy proportion of revenues from software, support and services, have also contributed to the gross margin.

The explosive rise in video traffic is driving demand for greater capacity and improved quality in communications networks. These changes in the market are essential drivers of Net Insight's customer offering.

We are working towards a solid base of large customers which continuously place upgrade and extension orders to their existing networks. During the quarter, the growing installed base has generated significant amount of repeat business.

Business activities during the first quarter

Sales in Europe have continued to grow in the Broadcast and Media segment, as well as the rapidly growing market for Digital Terrestrial Television (DTT). In the US we continued our focus to fully utilize our potential in the Broadcast & Media industry. In Asia we established an office to further support our market establishment and to support our partners.

In January, Net Insight received an order to expand Digita's digital terrestrial television network (DTT) in Finland. Digita has previously chosen Net Insight's Nimbra™ platform to cover northern Finland. With the new order Digita continues to deploy Nimbra in its DTT regional and national network. The equipment will be used to adapt DTT signals to Digita's existing transmission network.

Norkring continues to expand the DTT network in Norway and in January, Net Insight received further orders under the frame agreement with Norkring. The new orders exceeded 10 MSEK and the equipment will be delivered before May 2007. Additional orders were placed during the quarter as part of the continued rollout of the network.

In March, a new US customer was added when The Switch, a video switching center, selected Net Insight's Nimbra platform for the transport of video between New York and Los Angeles. The equipment will initially be used to connect the company's New York and Los Angeles facilities and furthers their ability to provide advanced media services.

In March, KPN Broadcast placed additional orders for deliveries of Net Insight's Nimbra platform to further extend their network. The order from KPN Broadcast was placed through Net Insight's Dutch partner Alpatron.

Also in March, EBU (European Broadcasting Union) ordered additional Nimbra equipment for capacity upgrades and additional customer connections in their network.

Deliveries of Nimbra products to SRG, Switzerland's public broadcaster, continued during the quarter.

Partnerships

The partner strategy is aimed to support the sales growth and a growing network of partners continues to expand the geographical reach. Two new partners have been signed during the first quarter. Kvant-Efir in Ukraine and TV & Communication Systems (TVC) in Lithuania will cooperate with Net Insight to strengthen our market presence. At the end of the period Net Insight had 21 local partners worldwide.

Exhibitions

Net Insight participated at DVB World 2007 in Dublin where specifically the Nimbra 360 was highlighted for applications in DTT networks. In the US, Net Insight made presentations at IPTV2007 in San Jose and On*Vector2007 in San Diego. A US customer also demonstrated the Nimbra products at their Engineering Showcase.

New product introductions

New products introduced during 2006 have been well received and are increasingly contributing to overall sales. The Nimbra™ platform is a well-proven and cost-efficient solution for converged next generation networks with full quality of service in video transport.

The new compact access and edge switch Nimbra 360 was formally launched in February and complement our range of powerful multi-service access, edge and transport switches. It is the first transport system for TV distribution with integrated Time Transfer functionality with highly accurate timing information, fully eliminating the need for GPS receivers. The Nimbra 360 is well suited for sophisticated media networking applications and is an important product for the ongoing rollout of Digital Terrestrial TV networks.

Organization

In February, Net Insight formally opened a regional sales office in Singapore. There is an increasing demand for Net Insight's transport solutions in the Asian and Pacific markets. Additionally, the establishment of a Singapore office will strengthen customer and partner support in the region.

Significant events after the end of the period

At NAB2007 in Las Vegas Net Insight demonstrated the full Nimbra range and introduced a new product, the 8*HD/SD SDI Module.

Also at NAB2007 in Las Vegas, Net Insight received an order from a new US customer, Pacific Television Center. The Nimbra equipment will be delivered in June 2007 and serves as the foundation for Pacific Television Center's continually expanding terrestrial broadcast network.

Outlook

The Board believes that the Company will increase sales substantially in 2007, however sales can fluctuate between the quarters due to the sales processes of larger systems.

Sales and earnings

Net sales during the first quarter increased by 164% to SEK 53.4 million (20.2). Sales in Europe accounted for 86%, North America 14%, and Asia 0% respectively. Sales of software and services (professional services, support, maintenance and training) increased to SEK 12.4 million (5.3) and accounted for 23% of total revenue in the quarter.

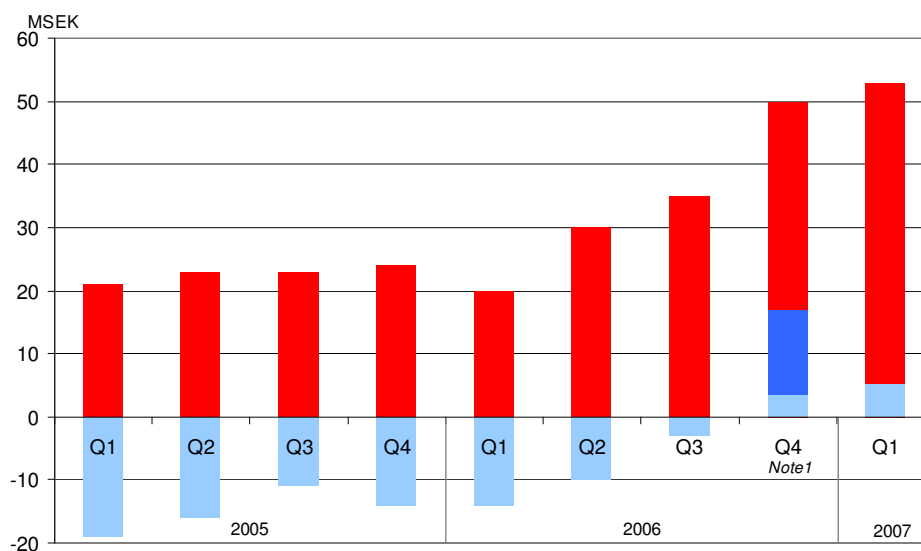
Other operating revenue of SEK 1.0 million is made up of premiums for the personnel option programs.

Net income amounted to SEK 5.1 million (-14.4). The financial net amounted to SEK 0.3 million (0.4). The improvement of the operating earnings is attributable to higher revenue with stable gross margin relating to higher sales of software and services. Furthermore, increased volumes of the more cost effective product series Nimbra 300 and 600 have also contributed to the earnings.

The total operating costs amounted to SEK 33.8 (28.8). Recruitment is proceeding with focus on sales, professional services and development. New important and strategic product development projects to further strengthen the company's competitive edge were commenced during the quarter. Provisions for social costs for the personnel option programs based on the options' actual value on the balance sheet date have affected operating costs by SEK 1.0 million.

■ Revenue
■ Net income
■ Net income including non-recurring revenue

Quarterly revenue and net income



Note1: Adjusted for a non-recurring revenue of SEK 13.5 million, net income in Q4 2006 was SEK 3.4 million.

Cash flow and financial position

First quarter is the third consecutive quarter with positive cash flow. Cash flow from operations during the period amounted to SEK 4.0 million whereas total cash flow during the period amounted to SEK 8.3 million. Redemption of personnel options provided SEK 4.3 million in cash to the company during the quarter. Cash and cash equivalents at the end of the period was SEK 86.0 million (75.2). On the balance sheet date, Net Insight had unutilized credit and factoring facilities of SEK 75 million.

Investments

Investments in tangible assets during the quarter amounted to SEK 0.3 million (0.2). Capitalized development costs, reported as intangible assets, amounted to SEK 10.4 million (10.1). At the end of the quarter, net book value of capitalized development costs amounted to SEK 61.1 million (48.0).

Employees

At the end of the period Net Insight had 89 (78) employees. The parent company Net Insight AB had 80 (71) employees and the US subsidiary Net Insight Inc. had 9 (7) employees.

Parent company

The Parent company's net turnover was SEK 62.5 million (27.8). Earnings after financial items amounted to SEK 0.1 million (-10.1). Liquid funds amounted to SEK 84.3 million (74.2).

CONSOLIDATED INCOME STATEMENT

Amount in SEK thousands	Q1 2007	Q1 2006	Q206-Q107 12 months	Full Year 2006
Net Sales	53 376	20 156	168 003	134 783
Cost of goods sold	-15 760	-6 102	-49 466	-39 808
Gross earnings	37 616	14 054	118 537	94 975
Marketing expenses	-14 709	-11 962	-54 988	-52 241
Administration expenses	-5 873	-4 929	-19 904	-18 960
Development expenses	-13 256	-11 953	-49 983	-48 680
Other operating income	1 022	0	14 519	13 497
Operating earnings	4 800	-14 790	8 181	-11 409
Net financial items	313	364	1 190	1 241
Earnings before tax	5 113	-14 426	9 371	-10 168
Tax	0	0	0	0
Net income	5 113	-14 426	9 371	-10 168
Earnings per share	0,01	-0,04	0,03	-0,03
Earnings per share after dilution	0,01	-0,04	0,02	-0,03
Number of shares	368 767 860	367 757 010	368 515 148	367 757 010

CONSOLIDATED CASH FLOW STATEMENT

Amount in SEK thousands	Q1 2007	Q1 2006	Q206-Q107 12 months	Dec 31, 2006 12 months
Cash flow ongoing operations before change in working capital	14 186	-8 624	41 530	18 720
Change in working capital				
Increase-/decrease+ in inventories	-11 405	-537	-17 882	-7 014
Increase-/decrease+ in receivables	4 842	4 277	5 016	4 451
Increase+/-decrease- in current liabilities	145	-2 557	17 012	14 310
Cash flow from ongoing operations	7 768	-7 441	45 676	30 467
Investment activity				
Acquisitions of intangible fixed assets	-10 368	-10 073	-44 983	-44 688
Acquisitions of tangible fixed assets	-264	-160	-1 049	-945
Increase-/decrease+ in long-term receivables	-105	0	-176	-71
Increase+/-decrease- in long-term liabilities	6 965	0	6 965	0
Cash flow from investment activity	-3 772	-10 233	-39 243	-45 704
Financing activity				
New share issue	4 301	0	4 301	0
Cash flow from financing activity	4 301	0	4 301	0
Increase/decrease in liquid funds	8 297	-17 674	10 734	-15 237
Liquid funds, opening balance	77 682	92 919	75 245	92 919
Liquid funds, closing balance	85 979	75 245	85 979	77 682

CONSOLIDATED BALANCE SHEET

Amount in SEK thousands	Mar 31, 2007	Mar 31, 2006	Dec 31, 2006
ASSETS			
Fixed assets			
Intangible assets			
Capitalized expenditure for development	61 071	47 969	59 380
Goodwill	4 354	4 354	4 354
Tangible fixed assets			
Equipment	1 638	1 005	1 497
Financial assets			
Deposits paid, long-term	176	0	71
Total fixed assets	67 239	53 328	65 302
Current assets			
Inventory	32 280	14 398	20 875
Customer receivables	11 911	23 069	20 848
Other receivables	13 624	7 532	9 529
Cash and bank balances	85 979	75 245	77 682
Total current assets	143 794	120 244	128 934
Total assets	211 033	173 572	194 236
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted shareholders' equity			
Share capital	14 771	14 710	14 710
Other contributed capital	1 146 652	1 141 941	1 142 247
Translation difference	-1 665	-741	-1 773
Accumulated deficit	-1 013 275	-1 022 647	-1 018 388
Total shareholders' equity	146 482	133 263	136 796
Long term liabilities			
Other long-term liabilities	3 532	0	0
Guarantee provisions	3 433	2 000	0
Total provisions	6 965	2 000	0
Current liabilities			
Accounts payable	24 651	11 079	25 265
Other liabilities	32 935	27 230	32 176
Total liabilities	57 586	38 309	57 441
Total liabilities and equity	211 033	173 572	194 237
Pledged assets:	None	None	None
Contingent liabilities:	1 314	1 314	1 314

CHANGES IN GROUP SHAREHOLDERS' EQUITY

Amount in SEK thousands	Share capital	Other contributed capital	Translation difference	Net earnings	Total shareholders' equity
06-01-01	14 710	1 141 839	-634	-1 008 221	147 694
Translation difference for the period			-107		-107
Total transactions reported directly in shareholders' equity			-107		-107
Net earnings				-14 426	-14 426
			-107	-14 426	-14 533
06-03-31	14 710	1 141 839	-741	-1 022 647	133 161
Translation difference for the period			-1 032		-1 032
Total transactions reported directly in shareholders' equity			-1 032		-1 032
Net earnings				4 259	4 259
			-1 032	4 259	3 227
Staff warrant program:					
Value of employees' services		408			408
06-12-31	14 710	1 142 247	-1 773	-1 018 388	136 796
07-01-01	14 710	1 142 247	-1 773	-1 018 388	136 796
Translation difference for the period			108		108
Total transactions reported directly in shareholders' equity			108		108
Net earnings				5 113	5 113
			108	5 113	5 221
Non registered share-capital	20	1 460			1 480
Options redeemed	40	2 781			2 822
07-03-31	14 770	1 146 488	-1 665	-1 013 275	146 318
Staff warrant program:					
Value of employees' services		164			164
07-03-31	14 771	1 146 652	-1 665	-1 013 275	146 482

This report has been prepared in accordance with International Financial Reporting Standards (IFRS) and IAS 34.

The company's auditors have not examined this report.

Reporting dates

Interim report for January – June:	22 August, 2007
Interim report for January – September:	26 October, 2007
Year-end report 2007:	21 February 2008

Additional information, clarification of information policy

Net Insight's information policy adheres to the requirements for listed companies at the Stockholm Stock Exchange. Normally, no press releases are made for orders below 1 MSEK, and in general we do not disclose order values below 10 MSEK. For order values above 10 MSEK we strive to indicate the amount or state the fact that the order is above 10 MSEK. Customers decide whether they accept to have their names in our press releases or not. We respect the customer decision but always try to give a customer name where approved.

Stockholm, 3 May 2007
Fredrik Trägårdh, CEO Net Insight AB

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