



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

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

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

For more information, visit www.netinsight.net

Interim report, January-March 2008

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

January - March 2008

- **Net sales increased by 21% to SEK 64.7 million (53.4).**
- **Operating earnings improved to SEK 5.5 million (4.8)**
- **Net income improved to SEK 6.2 million (5.1).**
- **Net margin was 9.5% (9.6)**
- **Gross margin at 69.0% is affected by reclassification of support and training expenses to direct costs. Adjusted for this item gross margin was 70.8% (70.5).**
- **Software and support revenue increased to SEK 14.7 million (12.4).**
- **Total cash flow of SEK –22.4 million (8.3) was mainly driven by a temporary increase in trade receivables.**
- **Earnings per share amounted to SEK 0.02 (0.01).**

CEO comments

In the first quarter 2008, Net Insight continued the growth trend from last year and we reached our highest quarterly revenue so far. Our established customer base generates healthy business at the same time as the company adds on new customers in all main regions, Europe, US and Asia.

The high activity level in Asia has generated a significant increase in our business with new customer wins and continued deliveries to important projects in the region. Also in Asia, Net Insight once again was selected for a national DTT network, which further proves the Nimbra platform's capabilities for digital terrestrial TV, and mobile TV networks. The importance of a strong partner network was also proven when a large telecom operator in Japan selected Net Insight for a contribution network.

In the US market the good momentum accelerated when MediaXstream selected Net Insight for the first phase of a large multiservice transport network. Our US customers also continue to expand their existing Nimbra-based networks, which further strengthens our position for demanding broadcast, and media transport solutions in the region.

In Europe our customers continue to expand and upgrade their networks. Most of the large original contract for the Norwegian DTT network has been successfully installed and with these deliveries coming to an end, revenues in Europe have declined during the quarter. However, new projects in Asia and the US have continued to grow the overall revenues for the company and we expect that Europe will be strong going forward.

The transition to Digital Terrestrial TV continues throughout the world and is a fundamental market driver for Net Insights business with numerous business opportunities and customer wins. With exception of the Norwegian order, the size of initial individual DTT contracts have so far been smaller than we first anticipated. In the Broadcast & Media transport market we further strengthened our position in the quarter and we added another major telecom operator as our customer, which create a platform for new IPTV/CATV business opportunities. We now have a stable basis for future business with a strong customer base, market development and demand for our media centric transport solutions.

In the beginning of the year, the company was selected to supply Nimbra equipment for a national Digital Terrestrial TV and Mobile TV network (DVB-T/H) to the leading broadcaster and satellite operator in an Asian country.

Switzerland's public broadcaster SRG, selected Net Insight's Nimbra platform for a media contribution network spanning four Swiss sites during the European Football Championship 2008.

Net Insight received an order from MediaXstream for its new North American video transport service network. In the first phase, the network will carry real-time traffic for professional media companies across 17 of North America's largest cities.

Net Insight received a second order from HTN Communications (formerly Hughes Television Network) to expand its Nimbra-based transport network for enhanced sports programming across U.S. major league sport venues.

EBU (European Broadcasting Union) placed an expansion order for its Eurovision Nimbra network to upgrade and expand the Eurovision Nimbra network mainly for the TV feeds from the Olympic Games in Beijing. The order included both an upgrade of the Eurovision backbone network with the high capacity switch Nimbra 680 as well as more Nimbra One and Nimbra 340 access nodes.

A large communications company in Japan, that provides a multitude of services for video contribution and distribution to various operators from terrestrial broadcasters to CATV, placed an order for a contribution network for video and Ethernet services.

A public broadcaster in southern Europe placed an add-on order for expansion of its DTT network. In the beginning of 2007, this customer selected Net Insight's Nimbra platform for a small initial phase of its DTT network rollout and is now extending the network with additional transmitter sites and continues to deploy the Nimbra platform.

ST Teleport placed an add-on order to expand and upgrade its Nimbra-based pan-pacific video contribution network connecting Singapore, Hong Kong, and the US.

Business activities during the first quarter

Partnerships

The partner strategy is aimed to support the sales growth and the network of partners and value added resellers have become a highly efficient way to expand revenues and market reach towards new customers and countries. The partner network will be further expanded. At the end of the period, Net Insight had 26 local partners worldwide.

Marketing activities

In February, Net Insight exhibited at the SMPT-VSF Joint Conference in Houston, Texas. At the DVB World seminar in Budapest, Net Insight demonstrated the Nimbra platform for applications in DTT networks.

Net Insight's partner Alphatron, exhibited Nimbra at the CABSAT show in Dubai and Net Insight made a presentation with the title "Synchronization of Digital Terrestrial and Mobile TV Distribution Networks" at the conference session.

New product introductions

Recently introduced products have continued to strengthen the company's overall competitiveness. The Nimbra product portfolio offers a complete range of powerful multi-service switches for access, edge and transport. The product portfolio will continue to be supplemented with additional access and transport functionality as well as switching capacity throughout the year. After the end of the period additional functionality has been introduced to the product range.

Significant events after the end of the period

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

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

In April, Net Insight received an expansion order from a large European media operator who provides a large part of the infrastructure for television, radio and wireless communications in the country. The Nimbra based transport network will cover approximately 15 sites including links to the USA and is used to network multiple satellite uplink stations and carry IP, telephony and broadcast quality video.

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

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

Net Insight received a further order from HTN to expand its Nimbra-based transport network. In 2007, Net Insight received a first order from HTN for a network for its media transport services in several locations in the United States. Net Insight has now received an additional order for HTN's network expansion.

Outlook

The Board is pleased with the progress in the first quarter 2008 and is confident that the positive development will continue in 2008.

Sales and earnings

Net sales for the first quarter increased by 21% to SEK 64.7 million (53.4). Sales of software, support, and services increased to SEK 14.7 million (12.4) and accounted for 23% of total revenue. Sales in Europe accounted for SEK 27.6 million (45.7), North America SEK 13.7 million (7.5), and Asia SEK 23.4 million (0.2) respectively. The Broadcast & Media Networks segment represented 83% of total sales and Digital Terrestrial TV & Mobile-TV Networks 17%.

	Q1 2008	Q1 2007	Q2 2007	Q3 2007	Q4 2007
Net sales per region (MSEK)					
EMEA	27.6	45.7	47.7	41.3	40.5
North America	13.7	7.5	6.9	13.9	12.7
APAC	23.4	0.2	0.9	3.1	8.4
Total	64.7	53.4	55.5	58.3	61.6

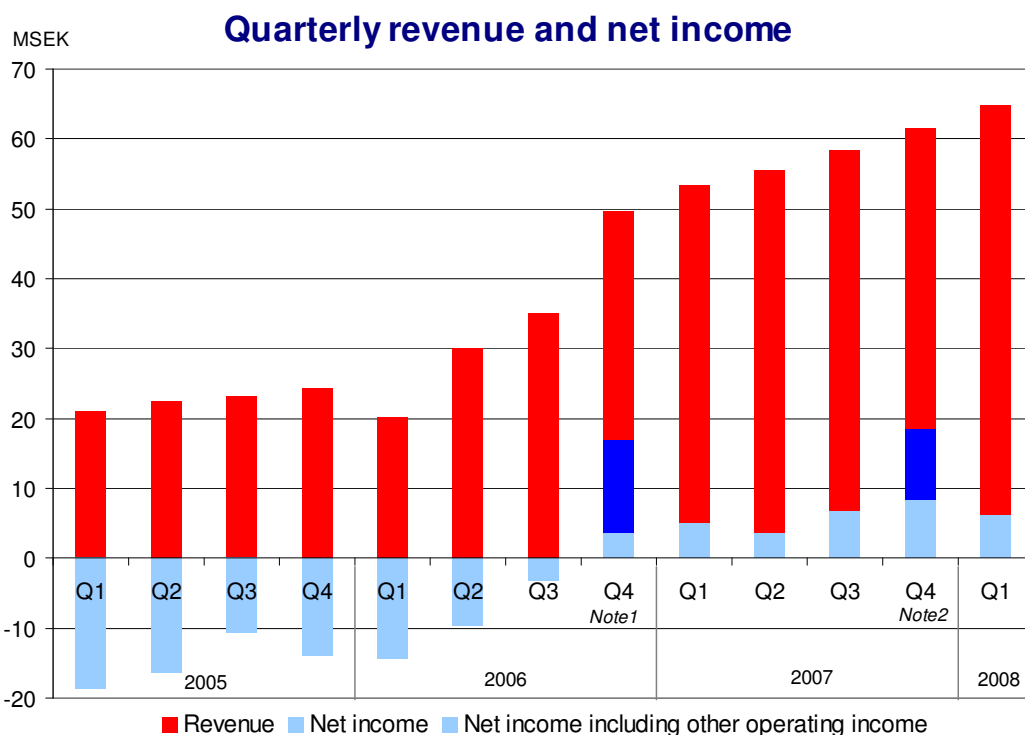
The gross margin at 69.0% was affected by reclassification of training and support expenses to direct costs. Adjusted for this, the gross margin was 70.8 percent and remained stable.

The total operating expenses amounted to SEK 39.6 million (33.8), an increase by 17%. Before depreciation and capitalization of operating expenses increased by 11% which is line with the Company's growth plan where new resources have been added to the front line; sales, marketing, professional services, as well as development. Compared to Q1 2007 headcount is up by 10 people. Depreciation of capitalized development costs was SEK 11.3 million (8.7). Costs of option program and provision for long-term variable compensation program totaled SEK 1.7 million.

Operating earnings amounted to SEK 5.5 million (4.8).

The financial net amounted to SEK 0.7 million (0.3).

Net income amounted to SEK 6.2 million (5.1). Q1 2007 was positively impacted by foreign exchange rates by SEK 1.4 million whereas Q1 2008 was negatively impacted by SEK -1.2 million.



Note1: Adjusted for other operating revenue of SEK 13.5 million, net income in Q4 2006 was SEK 3.4 million.

Note2: Adjusted for other operating revenue of SEK 10.0 million, net income in Q4 2007 was SEK 8.3 million.

Cash flow and financial position

Liquid funds at the end of the period totaled SEK 105.8 million (86.0).

Cash flow from ongoing operations for the period amounted to SEK –11.7 million (7.8) whereas total cash flow amounted to SEK –22.4 million (8.3). The negative cash flow is mainly driven by a temporary increase in working capital. Customer receivables increased by SEK 17.4 million in the quarter mainly due to many incoming customer orders in the latter part of the quarter. Advance payments from customer obtained in Q4 2007 was recognized as revenue in Q1 2008, which explains the reduction of other current liabilities.

Shareholders' equity was SEK 189.5 million (146.5) with an equity/assets ratio of 73% (69%). 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 0.4 million (0.3). Capitalized development costs, reported as intangible assets, amounted to SEK 12.3 million (10.4). Depreciation of capitalized development costs was SEK 11.3 million (8.7). At the end of the period, net book value of capitalized development costs amounted to SEK 70.2 million (61.1).

Employees

At the end of the period Net Insight had 99 (89) employees. The parent company Net Insight AB had 93 (80) employees whereof three employees are based in Singapore. The US subsidiary Net Insight Inc. had 6 (9) employees.

Parent company

The Parent company's net turnover was SEK 72.9 million (62.5). Net income amounted to SEK 7.4 million (0.1). Liquid funds amounted to SEK 104.1 million (84.3).

Risk and sensitivity analysis

Net Insight's operation and results are impacted by a number of external and internal factors. A continuous process identifies all existing risks and assesses how each risk shall be managed and mitigated.

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

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

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

CONSOLIDATED INCOME STATEMENT

Amount in SEK thousands	Q1 2008	Q1 2007	Q207-Q108 12 months	Full Year 2007
Net Sales	64 744	53 376	240 132	228 764
Cost of goods sold	-20 071	-15 760	-71 099	-66 788
Gross earnings	44 673	37 616	169 033	161 976
Marketing expenses	-16 549	-14 709	-66 757	-64 917
Administration expenses	-5 791	-5 873	-22 864	-22 946
Development expenses	-17 265	-13 256	-57 379	-53 370
Other operating income	428	1 022	11 304	11 898
Operating earnings	5 496	4 800	33 337	32 641
Net financial items	666	313	1 671	1 318
Earnings before tax	6 162	5 113	35 008	33 959
Tax	0	0	0	0
Net income	6 162	5 113	35 008	33 959
Earnings per share	0,02	0,01	0,09	0,09
Earnings per share after dilution	0,02	0,01	0,09	0,09
Number of shares	370 922 587	367 783 863	369 942 082	369 157 401
Number of shares after dilution	381 883 048	381 021 408	381 481 347	381 265 937

CONSOLIDATED CASH FLOW STATEMENT

Amount in SEK thousands	Q1 2008	Q1 2007	Q207-Q108 12 months	Dec 31, 2007 12 months
Ongoing operations				
Net income before tax	6 162	5 113	35 008	33 959
Depreciation	12 041	8 676	44 745	41 380
Other items not affecting liquidity	1 832	397	11 956	10 521
Cash flow from ongoing operations before change in working capital	20 035	14 186	91 709	85 861
Change in working capital				
Increase-/decrease+ in inventories	-3 823	-11 405	7 946	364
Increase-/decrease+ in receivables	-17 379	4 842	-22 001	220
Increase+/-decrease- in current liabilities	-10 493	145	1 196	11 834
Cash flow from ongoing operations	-11 660	7 768	78 850	98 279
Investment activity				
Acquisitions of intangible fixed assets	-12 315	-10 368	-50 967	-49 020
Acquisitions of tangible fixed assets	-423	-264	-9 184	-9 025
Increase-/decrease+ in long-term receivables	0	-105	-11	-116
Increase+/-decrease- in long-term liabilities	0	6 965	-4 777	2 188
Cash flow from investment activity	-12 738	-3 772	-64 939	-55 973
Financing activity				
New share issue	1 967	4 301	5 911	8 245
Cash flow from financing activity	1 967	4 301	5 911	8 245
Increase/decrease in liquid funds	-22 431	8 297	19 822	50 551
Liquid funds, opening balance	128 233	77 682	85 979	77 682
Liquid funds, closing balance	105 802	85 979	105 802	128 233

CONSOLIDATED BALANCE SHEET

Amount in SEK thousands	Mar 31, 2008	Mar 31, 2007	Dec 31, 2007
ASSETS			
Fixed assets			
Intangible assets			
Capitalized expenditure for development	70 224	61 071	69 194
Goodwill	4 354	4 354	4 354
Tangible fixed assets			
Equipment	3 684	1 638	3 465
Equipment for leasing	4 313	0	4 864
Financial assets			
Deposits paid, long-term	185	176	187
Total fixed assets	82 760	67 239	82 064
Current assets			
Inventory	24 334	32 280	20 511
Customer receivables	37 453	11 911	20 010
Other receivables	10 352	13 624	10 147
Cash and bank balances	105 802	85 979	128 233
Total current assets	177 941	143 794	178 901
Total assets	260 701	211 033	260 965
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted shareholders' equity			
Share capital	14 865	14 771	14 828
Other contributed capital	1 155 855	1 146 652	1 153 294
Translation difference	-2 945	-1 665	-2 478
Accumulated deficit	-978 267	-1 013 275	-984 429
Total shareholders' equity	189 508	146 482	181 215
Long term liabilities			
Long-term liabilities	2 188	3 532	2 188
Provisions	9 531	3 433	8 287
Total provisions	11 719	6 965	10 475
Current liabilities			
Accounts payable	22 088	24 651	16 255
Other liabilities	37 386	32 935	53 020
Total current liabilities	59 474	57 586	69 275
Total liabilities and equity	260 701	211 033	260 965

CHANGES IN GROUP SHAREHOLDERS' EQUITY

Amount in SEK thousands	Share capital	Other contributed capital	Reserves	Net earnings	Total shareholders' equity
07-01-01	14 710	1 142 247	-1 773	-1 018 388	136 796
Translation difference for the period	0	0	108	0	108
Total transactions reported directly in shareholders' equity	0	0	108	0	108
Net earnings	0	0	0	5 113	5 113
Total revenue/expenses for the period	0	0	108	5 113	5 221
Non-registered share capital	20	1 460	0	0	1 480
New shares issued - employee stock options	40	2 781	0	0	2 821
Employee stock option program:					
Value of employees' services	0	164	0	0	164
07-03-31	14 771	1 146 652	-1 665	-1 013 275	146 482
Translation difference for the period	0	0	-813	0	-813
Total transactions reported directly in shareholders' equity	0	0	-813	0	-813
Net earnings	0	0	0	28 846	28 846
Total revenue/expenses for the period	0	0	-813	28 846	28 033
Non-registered share capital	-16	-1 204	0	0	-1 220
New shares issued - employee stock options	74	5 090	0	0	5 164
Employee stock option program:					
Value of employees' services	0	2 756	0	0	2 756
07-12-31	14 828	1 153 294	-2 478	-984 429	181 215
08-01-01	14 828	1 153 294	-2 478	-984 429	181 215
Translation difference for the period	0	0	-467	0	-467
Total transactions reported directly in shareholders' equity	0	0	-467	0	-467
Net earnings	0	0	0	6 162	6 162
Total revenue/expenses for the period	0	0	-467	6 162	5 695
Non-registered share-capital	15	805	0	0	820
New shares issued - employee stock options	22	1 124	0	0	1 146
Employee stock option program:					
Value of employees' services	0	632	0	0	632
08-03-31	14 865	1 155 855	-2 945	-978 267	189 508

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

	Q1 2008	Q1 2007	Q2 2007	Q3 2007	Q4 2007
Net sales	64.7	53.4	55.5	58.3	61.6
Gross earnings	44.7	37.6	39.2	41.1	44.0
<i>Gross margin</i>	<i>69.0%</i>	<i>70.5%</i>	<i>70.7%</i>	<i>70.6%</i>	<i>71.4%</i>
Operating earnings	5.5	4.8	3.3	6.5	17.7
<i>Operating margin</i>	<i>8.5%</i>	<i>9.0%</i>	<i>6.0%</i>	<i>11.1%</i>	<i>28.8%</i>
Pretax profit	6.2	5.1	3.5	6.7	18.3
Net income	6.2	5.1	3.5	6.7	18.3
Net margin	9.5%	9.6%	6.3%	11.5%	29.8%

PARENT COMPANY INCOME STATEMENT

Amount in SEK thousands	Q1 2008	Q1 2007	Q207-Q108 12 months	Full Year 2007
Net Sales	72 850	62 498	280 082	269 730
Cost of goods sold	-26 407	-29 621	-108 028	-111 242
Gross earnings	46 443	32 877	172 054	158 488
Marketing expenses	-16 633	-14 494	-64 907	-62 768
Administration expenses	-5 791	-7 565	-28 239	-30 013
Development expenses	-17 265	-11 032	-52 105	-45 872
Other operating income	0	0	9 806	9 806
Operating earnings	6 754	-214	36 609	29 641
Net financial items	657	301	3 048	2 692
Earnings before tax	7 411	87	39 657	32 333
Tax	0	0	0	0
Net income	7 411	87	39 657	32 333

PARENT COMPANY BALANCE SHEET

Amount in SEK thousands	Mar 31, 2008	Mar 31, 2007
ASSETS		
Fixed assets		
Intangible assets		
Capitalized expenditures for development	70 224	59 400
Tangible fixed assets		
Equipment	3 683	1 502
Equipment for leasing	4 313	0
Financial assets		
Shares in group companies	3 387	3 387
Deposits paid, long-term	185	176
Total fixed assets	81 792	64 465
Current assets		
Inventory	24 334	32 280
Customer receivables	37 453	11 911
Other receivables	10 288	13 596
Receivable other group companies	11 749	8 713
Cash and bank balances	104 141	84 289
Total current assets	187 965	150 789
TOTAL ASSETS	269 757	215 254
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Restricted shareholders' equity		
Share capital	14 865	14 771
Other contributed capital	159 581	118 045
Group contribution	2 092	0
Non-restricted equity/Accumulated deficit	7 411	87
Total shareholders' equity	183 949	132 903
Long term liabilities		
Long term liabilities	2 188	0
Guarantee provisions	9 531	6 965
Total long-term liabilities and provisions	11 719	6 965
Current liabilities		
Accounts payable	22 088	24 651
Liabilities, subsidiaries	15 898	18 930
Other liabilities	36 103	31 805
Total liabilities	74 089	75 386
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	269 757	215 254

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

The company's auditors have not examined this report.

Additional information

Annual general Meeting

As previously announced, the Annual General Meeting decided in accordance with the proposals from the Board of Directors, to determine the annual report, allocation of result and discharge the Board Members and CEO from liability, and approved guidelines for remuneration and other terms of employment for the group management. The Annual General Meeting also decided the number of board members to be six members without deputies. Lars Berg was re-elected as chairman of the board, board members Clifford H. Friedman, Bernt Magnusson and Ragnar Bäck were re-elected. Gunilla Fransson and Arne Wessberg were elected.

Reporting dates

Interim report for January – June:	28 August 2008
Interim report for January – September:	23 October 2008
Year-end report 2008:	20 February 2009

Stockholm, 9 May 2008

Fredrik Trägårdh

Chief Executive Officer

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