

# Interim Report 1 January - 31 March 2010

An expansive period, with major investments in new Pay-TV markets had an impact on the Group's profit for the first quarter of 2010.

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# Interim Report 1 January – 31 March 2010

## JANUARY - MARCH IN SUMMARY

- Income SEK 920 (729) million
- Operating profit SEK 43 (143) million
- Net income SEK 0 (69) million
- Earnings per share, before and after dilution SEK 0 (276)

The comparison figures stated above are related to continuing operations.

## COMMENTS FROM THE PRESIDENT AND CEO OF TERACOM

The Teracom Group's income for the first quarter was SEK 920 million, which is an increase of slightly more than 25 percent compared to the same period last year. The growth in income is primarily the result of having acquired a majority interest in PlusTV Finland, as well as building up the market for Boxer Denmark. During 2009, our planned international expansion got underway. The first steps were taken in our neighboring countries, which immediately results in more income, yet causes margins to deteriorate somewhat in the short and medium term.

In order to strengthen our market position and competitiveness, while simultaneously creating a Group structure that prepares us for continued growth in various markets, we are now implementing a thorough restructuring of the organization. We are coordinating competencies within the Group's companies and we have created certain Group-wide functions. A new Group management team has been formed, which means that all important strategic and operational decisions for the Group are made in one place. Included in the Group management team are the managers from the operating companies, Boxer Sweden, Boxer Denmark, PlusTV and Teracom, as well as the heads of Finance, HR and Communications. Stephan Guiance was appointed as the new head of Teracom Sweden and Jyri Ratia was appointed as the new president of PlusTV.

Activities in the Swedish Pay-TV market continue to show good development and the profitability of network activities in Sweden has improved. However, the Group's Pay-TV markets in Denmark and Finland still require significant market investments before they will start to show positive results. In Denmark, growth in the number of new customers has been slower than expected and we are now making some marketing changes in order to build up the customer base.

In order to maintain and strengthen our competitiveness in the Swedish market, we continue to make investments in networks and services. In 2010, HDTV will be launched in the terrestrial network and on-demand services will be forthcoming. We try to make things simple for our customers and this is something that guides us in every phase of our work.

Crister Fritzson, President and CEO of Teracom

## SIGNIFICANT EVENTS JANUARY - MARCH 2010

- Comprehensive changes to the organization got underway at the beginning of 2010. Teracom is coordinating competencies within the Group's companies and certain Group-wide functions have been created. The Group management team was strengthened by the addition of managers from the operating companies, i.e. network operator, Teracom, and the Pay-TV companies in Sweden, Denmark and Finland. The president of Boxer TV-Access AB, Per Norman, has left the Group. The acting president of Boxer TV-Access AB is Crister Fritzson. Stephan Guiance was appointed as the new head of Teracom Sweden.
- On 1 February, Boxer Sweden launched a new offering in the terrestrial network. Since the end of 2009, Boxer's offering has increased by a total of eight new channels. The broadcasts occur using the new coding technology, MPEG-4. In conjunction with this, Canal 7 and Axess TV also transitioned to MPEG-4 broadcasts. In addition, Axess TV decided to become part of Boxer's Pay-TV offering, which means that it is no longer a free TV channel.
- Teracom continued its expansion of the terrestrial network and on 31 March a new transmitting network for TV in Skåne became operational. As a result of the expansion, TV viewers with their own antenna will have access to a wider Pay-TV offering from Boxer.

## FUTURE PROSPECTS

The Government has submitted a proposal to the Swedish Parliament for new radio and TV legislation containing rules for the granting of licenses for digital commercial radio and which would make possible a widespread transition to digital radio in Sweden. The Swedish Parliament is expected to come to a decision on this item in June and the proposed effective date for the legislation is 1 August 2010.

The Swedish Radio and TV Authority has developed a strategy for granting terrestrial digital TV licenses in Sweden. According to the strategy, HDTV should be part of the terrestrial network's offering and channels will be broadcast using the latest compression standard, MPEG-4, along with the latest broadcasting standard, DVB-T2. The goal is to be able to award the new licenses at the end of June 2010 and in accordance with Teracom's plan, it should be possible to start broadcasting HDTV channels towards the end of this year.

## SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

Negotiations have been conducted with the personnel organizations to implement a new organization for Teracom's network activities in Sweden, as well as for the Finnish Pay-TV business, PlusTV. As a result, around ten employees will be made redundant at the Parent Company, Teracom AB. PlusTV presented a new organization, which involves replacing several employees who were part of the company's first growth phase.



The telecommunication's operator, Anvia, has obtained a multiplex license for HDTV in the Finnish terrestrial network. It requires that broadcasts use the DVB-T2 standard along with the MPEG-4 compression standard. That means that three licenses for DVB-T2 and HDTV have thus far been granted in the Finnish terrestrial network. The network operators' immediate commercial plans are not known.

## FINANCIAL OVERVIEW

### The Group

Key ratios	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Income (MSEK)	920	964	911	804	729
Operating profit/loss (MSEK)	43	76	146	131	143
Operating margin	5%	8%	16%	16%	20%
Profit/loss after financial items (MSEK)	32	87	144	128	124
Equity ratio	41%	40%	39%	39%	44%
Cash flow (MSEK)	-20	16	-160	-27	177
Number of new digital TV subscriptions, in thousands	-11	22	-2	269*	-9

\*) Incl. acquired subscriptions in Finland.



## FINANCIAL OVERVIEW

Key ratios	Q1 2010	Q1 2009	Change
Income (MSEK)	920	729	26%
Operating profit/loss (MSEK)	43	143	-70%
Operating margin*	5%	20%	-15 p.p.
Profit/loss after financial items (MSEK)	32	124	-74%
Equity ratio*	41%	44%	-3 p.p.
Cash flow (MSEK)	-20	177	111%
Number of digital TV subscriptions, in thousands**	958	680	278

\*) The change relates to percentage points (p.p.)

\*\*\*) The numbers relate to total number at the end of the period. As of Q2 2009 acquired subscriptions Finland are included.

### Income and profits

Compared to the first quarter of 2009, the Group's income increased 26 percent and was SEK 920 (729) million. Operating profit was SEK 43 (143) million, a decline of 70 percent. Operating margin declined 15 percentage points to 5 (20) percent. The deterioration was primarily the result of negative results in Denmark and Finland, where the Pay-TV markets are still in the start-up phase. Operating margin for the Swedish business was 17 (20) percent.

Profit after financial items was SEK 32 (124) million, which is a decline of 74 percent. Net financial income/expense was SEK -11 (-19) million. Exchange gains were the primarily reason for the improvement compared to the first quarter of 2009. A change in unrealized gains (losses) related to electricity derivatives impacted net financial income/expense by SEK -8 (-6) million.

Reported tax for the quarter declined to SEK -32 (-55) million and net income was SEK 0 (69) million. No deferred tax asset has been reported for the period's deficit in Denmark and Finland.



## Profit by segment

Segment *	Q1 2010	Q1 2009	Change	Q1-Q4 2009
<b>Pay-TV</b>				
Income (MSEK), incl. intercompany sales	685	494	39%	2415
Operating profit/loss (MSEK)	-31	69	-145%	128
Operating margin**	-5%	14%	-19 p.p.	5%
<b>TV and Radio</b>				
Income (MSEK), incl. intercompany sales	260	238	9%	989
Operating profit/loss (MSEK)	78	48	63%	295
Operating margin**	30%	20%	10 p.p.	30%
<b>Capacity, Co-Location and Service</b>				
Income (MSEK), incl. intercompany sales	89	99	-10%	424
Operating profit/loss (MSEK)	-4	30	-113%	73
Operating margin**	-4%	30%	-34 p.p.	17%
<b>Elimination of Group transactions</b>				
Revenue (MSEK)	-114	-102	-	-420
Operating profit/loss (MSEK)	0	-4	-	0
<b>Group's income</b>	<b>920</b>	<b>729</b>	<b>26%</b>	<b>3408</b>
<b>Group's operating profit/loss</b>	<b>43</b>	<b>143</b>	<b>-70%</b>	<b>496</b>
<b>Group's operating margin (%) **</b>	<b>5%</b>	<b>20%</b>	<b>-15 p.p.</b>	<b>15%</b>
<b>Broadband (divested operations)</b>				
Income (MSEK), incl. intercompany sales	0	51	-100%	136
Operating profit/loss (MSEK)	0	-16	-100%	-82
Operating margin**	0%	-31%	31 p.p.	-60%
Group's income incl. divested operations	920	780	18%	3 544
Group's operating profit incl. divested operations	43	127	-66%	414
Group's operating margin **	5%	16%	-11 p.p.	12%

\*) In accordance with IFRS 8, segment information is reported in Note 2.

\*\*\*) Relates to change in percentage points (p.p.)

The Pay-TV segment was responsible for 73 (68) percent of the Group's total income from external sources for its continuing operations during the first quarter. Income in this segment increased 39 percent compared to the first quarter of 2009 to SEK 685 (494) million. The Finnish operations, which were acquired in June 2009, were responsible for 80 percent of the segment's increase in income. Operating margin declined by 19 percentage points to -5 (14) percent. The decline was primarily due to intensive marketing activities in Denmark and Finland. At the end of the first quarter in 2010, the businesses in Sweden, Denmark and Finland reported 957,611 (680,473) Pay-TV subscriptions. The increase in subscriptions was primarily due to the acquisition of Digi TV Plus Oy in Finland.

The TV and Radio segment was responsible for 17 (22) percent of the Group's total income from external sources for its continuing operations during the first quarter. Income from this segment was SEK 260 (238) million, which is an increase compared to the first quarter of 2009 and it was primarily the result of increased capacity in the transmitting networks. Operating margin increased by 10 percentage points and was 30 (20) percent. The increase was primarily the result of lower operating expenses during the first quarter of 2010 compared to the first quarter last year.

The Capacity, Co-Location and Service segment was responsible for 10 (10) percent of the Group's total income from external sources for its continuing operations during the first quarter. Income amounted to SEK 89 (99) million, a decline of 10 percent compared to the same period in 2009. The segment's operating margin declined 34 percentage points to -4 (30) percent. One-off items had a positive effect on operating margin during the first quarter of 2009, but the effect of such items was negative for the first quarter of 2010.

#### **Financial position**

During the second quarter of 2009, Teracom acquired 51 percent of the shares in the Finnish pay-TV operator, Digi TV Plus Oy. The acquisition analysis is still preliminary, since the value of both current and long-term receivables is being investigated.

The Group reported a strong financial position at the end of the quarter with an equity ratio of 41 (44) percent. The Group's interest-bearing liabilities were SEK 967 (326) million. Total assets increased by SEK 167 million to SEK 4,073 (3,906) million.

#### **Cash flow**

Cash flow from operating activities was SEK 66 (190) million. The decline of 65 percent compared to the first quarter in 2009 was primarily the result of a worsened operating profit and having more capital tied up in accounts receivable. During the first quarter, the Group invested SEK 37 (31) million in property, plant and equipment and intangible assets, and it amortized its interest-bearing loans by SEK 43 million. During the corresponding period last year, new loans were SEK 20 million. Cash flow for the period was SEK -20 (177) million.

At the end of the quarter, cash equivalents and current investments, including available bank credit was SEK 989 (1,629) million.

#### **PARENT COMPANY**

During the first quarter, the Parent Company reported income of SEK 348 (371) million, which is a decline of 6 percent compared to the same quarter in 2009. Operating profit increased by 9 percent to SEK 71 (65) million and operating margin improved 2 percentage points to 20 (18) percent. Profit after financial items was SEK 68 (293) million, which is a decline of 77 percent. This was primarily the result of a change in the date for receiving dividends from subsidiaries. Last year, dividends of SEK 233 million were received during the first quarter. This year, dividends from subsidiaries will be received during the second quarter in the amount of SEK 100 million.

Compared to the first quarter in 2009, cash flow from operating activities improved and was SEK 117 (19) million. The Parent Company has invested SEK 27 (27) million in property, plant and equipment



and intangible assets. Primarily, these were investments in the digital TV network. During the first quarter, amortization of interest-bearing loans was SEK 101 (210) million. The period's cash flow worsened to SEK -17 (5) million. This should be viewed in light of the fact that there was a positive effect on cash flow in the first quarter of 2009 of SEK 233 million due to the receipt of dividends from subsidiaries.

At the end of the first quarter, the Parent Company reported an improved equity ratio of 58 (56) percent and long-term liabilities were SEK 743 (818) million.

## EMPLOYEES

At the end of the first quarter in 2010, the Group had 626 (633) permanent employees. Of this total, 483 (517) were employed by the Parent Company, Teracom AB.

## RISKS AND UNCERTAINTIES

In June 2009, the Finnish Pay-TV operator, Digi TV Plus Oy was acquired. The acquisition analysis is still preliminary.

Please see pages 68-73 and note 20 of the 2009 Teracom Annual Report for a description of the risks and risk management.



## INCOME STATEMENT, MSEK

The Group	Note	2010-01-01	2009-01-01	2009-01-01
		2010-03-31	2009-03-31	2009-12-31
<b>Operating income</b>				
Net sales		919	727	3 402
Other income		1	2	6
	2	<b>920</b>	<b>729</b>	<b>3 408</b>
<b>Work performed by the company for its own use and capitalized</b>				
		<b>0</b>	<b>2</b>	<b>9</b>
<b>Operating expenses</b>				
Material costs		-71	-29	-200
Employee benefit costs		-140	-118	-472
Depreciation/amortization		-77	-65	-293
Reversal of write-downs/impairment losses		0	12	12
Other expenses		-589	-388	-1 968
<b>Operating profit/loss</b>	2	<b>43</b>	<b>143</b>	<b>496</b>
Net financial income/expense		-11	-19	-13
<b>Profit/loss after financial items</b>				
		<b>32</b>	<b>124</b>	<b>483</b>
Tax on net profit/loss for the period		-32	-55	-214
<b>Net profit/loss for the period from continuing operations</b>				
		<b>0</b>	<b>69</b>	<b>269</b>
Net profit/loss for the period from discontinued operations		0	-12	-78
<b>Net profit/loss for the period</b>				
		<b>0</b>	<b>57</b>	<b>191</b>
Attributable to:				
Parent Company shareholders		0	57	191
Minority interest		0	0	0
Net profit/loss for the period		0	57	191
PER SHARE INFORMATION				
<b>Continuing operations</b>				
Earnings per share, before and after dilution SEK		0	276	1 076
<b>Total, including discontinued operations</b>				
Number of shares at the end of the period		250 000	250 000	250 000
Average number of shares before and after dilution		250 000	250 000	250 000
Earnings per share, before and after dilution, SEK		0	228	764



## STATEMENT OF COMPREHENSIVE INCOME, MSEK

The Group	2010-01-01	2009-01-01	2009-01-01
	2010-03-31	2009-03-31	2009-12-31
Net profit/loss from continuing operations	0	69	269
Net profit/loss from discontinued operations	0	-12	-78
<b>"Other comprehensive income": *</b>			
Translation differences	-27	7	-22
Income tax related to "Other comprehensive income" items		0	0
<b>Total "Other comprehensive income"</b>	<b>-27</b>	<b>7</b>	<b>-22</b>
<b>Comprehensive income for the period</b>	<b>-27</b>	<b>64</b>	<b>169</b>
Comprehensive income for the period related to:			
Parent Company shareholders	-27	64	169
Minority interest	0	0	0

\*Other comprehensive income is entirely related to continuing operations.



## SUMMARY STATEMENT OF FINANCIAL POSITION (MSEK)

The Group	Note	2010-03-31	2009-03-31	2009-12-31
<b>ASSETS</b>				
<b>Fixed assets</b>				
Property, plant and equipment		1 637	1 921	1 675
Intangible assets		1 372	1 067	1 405
Deferred tax assets		11	19	12
Other long-term liabilities		117	36	95
<b>Total fixed assets</b>		<b>3 137</b>	<b>3 043</b>	<b>3 187</b>
<b>Current assets</b>				
Inventories		49	27	62
Current receivables		829	587	863
Cash equivalents		58	249	78
<b>Total current assets</b>		<b>936</b>	<b>863</b>	<b>1 003</b>
<b>TOTAL ASSETS</b>	2	<b>4 073</b>	<b>3 906</b>	<b>4 190</b>

The Group		2010-03-31	2009-03-31	2009-12-31
<b>EQUITY AND LIABILITIES</b>				
Equity		1 658	1 730	1 685
Liabilities to credit institutions		770	326	780
Long-term liabilities and provisions		489	848	513
Current liabilities and provisions		1 156	1 002	1 212
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4 073</b>	<b>3 906</b>	<b>4 190</b>
<b>Memorandum items</b>				
Pledged assets		0	0	0
Contingent liabilities		0	0	0



## STATEMENT OF CHANGES IN EQUITY

### The Group

MSEK	Share capital	Other contributed capital	Translation reserve	Earned profits	Total equity attributable to parent Company' shareholders	Minority share of equity	Total equity
<b>Opening balance 2009-01-01</b>	<b>250</b>	<b>653</b>	<b>6</b>	<b>757</b>	<b>1 666</b>	<b>0</b>	<b>1 666</b>
Dividends				-150	-150	0	-150
Comprehensive income for the year			-22	191	169	0	169
<b>Closing balance 2009-12-31</b>	<b>250</b>	<b>653</b>	<b>-16</b>	<b>798</b>	<b>1 685</b>	<b>0</b>	<b>1 685</b>
Comprehensive income for the period			-27	0	-27	0	-27
<b>Closing balance 2010-03-31</b>	<b>250</b>	<b>653</b>	<b>-43</b>	<b>798</b>	<b>1 658</b>	<b>0</b>	<b>1 658</b>

### The Group

MSEK	Share capital	Other contributed capital	Translation reserve	Earned profits	Total equity attributable to parent Company' shareholders	Minority share of equity	Total equity
<b>Opening balance 2008-01-01</b>	<b>250</b>	<b>653</b>	<b>0</b>	<b>827</b>	<b>1 730</b>	<b>80</b>	<b>1 810</b>
Acquisition of minority shares				0	0	-91	-91
Dividends				-400	-400	-80	-480
Comprehensive income for the year			6	330	336	91	427
<b>Closing balance 2008-12-31</b>	<b>250</b>	<b>653</b>	<b>6</b>	<b>757</b>	<b>1 666</b>	<b>0</b>	<b>1 666</b>
Comprehensive income for the period			1	63	64	0	64
<b>Closing balance 2009-03-31</b>	<b>250</b>	<b>653</b>	<b>7</b>	<b>820</b>	<b>1 730</b>	<b>0</b>	<b>1 730</b>



## SUMMARY STATEMENT OF CASH FLOWS (MSEK)

The Group	2010-01-01	2009-01-01	2009-01-01	
	Note	2010-03-31	2009-03-31	2009-12-31
<b>Profit/loss after financial items</b>		<b>32</b>	<b>124</b>	<b>483</b>
Adjustments for items not included in cash flow		92	31	336
Income tax paid		-59	-73	-255
<b>Cash flow before changes in working capital</b>		<b>65</b>	<b>82</b>	<b>564</b>
Changes in working capital		1	108	-278
<b>Cash flow from operating activities</b>		<b>66</b>	<b>190</b>	<b>286</b>
Acquisition of property, plant and equipment and intangible assets		-37	-31	-239
Acquisitions		0	0	-201
Divestment of operations		0	0	-63
Cash flow from other investing activities		-6	-2	-16
<b>Cash flow from investing activities</b>		<b>-43</b>	<b>-33</b>	<b>-519</b>
Dividends		0	0	-150
New loans		0	20	476
Amortization		-43	0	-33
<b>Cash flow from financing activities</b>		<b>-43</b>	<b>20</b>	<b>293</b>
<b>Cash flow for the period/year from continuing operations</b>		<b>-20</b>	<b>177</b>	<b>60</b>
<b>Cash flow from discontinued operations</b>				
Cash flow from operating activities		0	9	-26
Cash flow from investing activities		0	-9	-28
Cash flow from financing activities		0	0	0
<b>Cash flow for the period/year from discontinued operations</b>		<b>0</b>	<b>0</b>	<b>-54</b>
<b>Cash flow for the period/year</b>		<b>-20</b>	<b>177</b>	<b>6</b>
Cash equivalents at the beginning of the period/year		78	72	72
<b>Cash equivalents at the end of the period</b>		<b>58</b>	<b>249</b>	<b>78</b>



## SUMMARY INCOME STATEMENT (MSEK)

Parent Company	2010-01-01	2009-01-01	2009-01-01	
	Note	2010-03-31	2009-03-31	2009-12-31
<b>Operating income</b>				
Net sales		348	364	1 440
Other income		0	7	6
		<b>348</b>	<b>371</b>	<b>1 446</b>
<b>Work performed by the company for its own use and capitalized</b>		<b>0</b>	<b>2</b>	<b>9</b>
<b>Operating expenses</b>				
Material costs		-9	-7	-36
Employee benefit costs		-106	-110	-407
Depreciation/amortization		-65	-77	-272
Reversal of write-downs/impairment losses		0	12	12
Other expenses		-97	-126	-441
		<b>71</b>	<b>65</b>	<b>311</b>
<b>Operating profit/loss</b>				
Net financial income/expense		-3	228	152
		<b>68</b>	<b>293</b>	<b>463</b>
<b>Profit/loss after financial items</b>				
Appropriations		0	0	6
Tax on net profit/loss for the period		-19	-22	-85
		<b>49</b>	<b>271</b>	<b>384</b>
<b>NET PROFIT/LOSS FOR THE PERIOD</b>		<b>49</b>	<b>271</b>	<b>384</b>



## SUMMARY BALANCE SHEET (MSEK)

Parent Company	2010-03-31	2009-03-31	2009-12-31
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible assets	23	28	25
Property, plant and equipment	1 627	1 705	1 664
Financial assets	1 818	1 439	1 812
<b>Total fixed assets</b>	<b>3 468</b>	<b>3 172</b>	<b>3 501</b>
<b>Current assets</b>			
Current receivables from Group companies	45	442	44
Current receivables	233	253	259
Current investments	0	0	0
Cash and bank balances	27	21	44
<b>Total current assets</b>	<b>305</b>	<b>716</b>	<b>347</b>
<b>TOTAL ASSETS</b>	<b>3 773</b>	<b>3 888</b>	<b>3 848</b>

Parent Company	2010-03-31	2009-03-31	2009-12-31
<b>EQUITY AND LIABILITIES</b>			
Equity	1 172	1 161	1 123
Untaxed reserves	1 387	1 394	1 387
Provisions	20	41	33
Long-term liabilities to Group companies	0	474	169
Non-current liabilities	743	344	765
Current liabilities to Group companies	108	113	6
Current liabilities	343	361	365
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3 773</b>	<b>3 888</b>	<b>3 848</b>
<b>Memorandum items</b>			
Pledged assets	0	0	0
Contingent liabilities	0	0	0

## SUMMARY OF CHANGES IN EQUITY (SEK)

Parent Company	2010-01-01	2009-01-01	2009-01-01
	2010-03-31	2009-03-31	2009-12-31
<b>Equity at the beginning of the period</b>	<b>1 123</b>	<b>890</b>	<b>890</b>
Net profit/loss for the period	49	271	384
Dividends	0	0	-150
Group contributions paid, net	0	0	-1
<b>Equity at the end of the period</b>	<b>1 172</b>	<b>1 161</b>	<b>1 123</b>



## SUMMARY CASH FLOW ANALYSIS, (MSEK)

Parent Company	Note	2010-01-01	2009-01-01	2009-01-01
		2010-03-31	2009-03-31	2009-12-31
<b>Profit/loss after financial items</b>		<b>68</b>	<b>293</b>	<b>463</b>
Adjustments for items not included in cash flow		55	-180	61
Income tax paid		-29	-44	-131
<b>Cash flow before changes in working capital</b>		<b>94</b>	<b>69</b>	<b>393</b>
Changes in working capital		23	-50	77
<b>Cash flow from operating activities</b>		<b>117</b>	<b>19</b>	<b>470</b>
Dividends received from subsidiaries		0	233	234
Acquisition of property, plant and equipment and intangible assets		-27	-27	-187
Acquisitions		0	0	-365
Cash flow from other investing activities		-6	-10	-74
<b>Cash flow from investing activities</b>		<b>-33</b>	<b>196</b>	<b>-392</b>
Dividends		0	0	-150
Amortization/New loans		-101	-210	100
<b>Cash flow from financing activities</b>		<b>-101</b>	<b>-210</b>	<b>-50</b>
<b>Cash flow for the period</b>		<b>-17</b>	<b>5</b>	<b>28</b>
Cash equivalents at the beginning of the period/year		44	16	16
<b>Cash equivalents at the end of the period</b>		<b>27</b>	<b>21</b>	<b>44</b>

## NOTES

### Note 1 Accounting Principles

The Group's reporting is in accordance with the Government Ownership Policy and the guidelines for external reporting that apply to state-owned companies. Accordingly, the interim report for the Group was prepared in accordance with IAS 34, Interim Financial Reporting and the Swedish Annual Accounts Act and for the Parent Company, in accordance with the Swedish Annual Accounts Act.

The Group applies the same accounting principles as those described in the 2009 Annual Report. New and revised IFRS standards that must be applied as of 2010 have not affected Teracom's financial statements.

The Group's activities in the Broadband sector were divested at the beginning of September 2009. In accordance with IFRS 5, Non-Current Assets Held for Sale and Discontinued Operations, the comparison period's net profit from this business divestiture in the Broadband segment has been reported in the Group's income statement under the item, "Net profit from discontinued operations". This means that the income and expenses associated with the Broadband segment have been excluded from all income statement items related to the current comparison period and later periods in 2009. Furthermore, the Group's cash flow statement for the first quarter in 2009 excludes the divested activities. The balance sheet as of 31 March 2009 is the one that was previously published, i.e. it includes the Broadband activities.

### Note 2 Segment information

The segments are reported in accordance with the same accounting principles applied by the Group. Sales between segments occur at prices that are fair estimates of current market prices. Operating profit is used to assess the performance of each segment. Financial expenses, financial income and income tax are dealt with at the Group level.

The Group, operating segments	Q1 2010				Total
	Pay-TV	Capacity, TV and Radio	Co-Location and Service	Elimination	
<b>Income</b>					
Sales to external customers	677	154	89	0	<b>920</b>
Sales between segments	8	106	0	-114	<b>0</b>
<b>Total income</b>	<b>685</b>	<b>260</b>	<b>89</b>	<b>-114</b>	<b>920</b>
<b>Net profit/loss</b>					
Operating profit/loss	-31	78	-4	0	<b>43</b>
Net financial income/expense	-	-	-	-	<b>-11</b>
<b>Profit (loss) before taxes</b>					<b>32</b>
<b>Assets</b>					
Assets belonging to the segment	1 034	2 317	653	0	<b>4 004</b>
Non-distributed assets	-	-	-	-	<b>69</b>
<b>Total assets</b>					<b>4 073</b>

**Q1 2009**

<b>The Group, operating segments</b>	<b>Pay-TV</b>	<b>Capacity, Co-TV and Radio</b>	<b>Location and Service</b>	<b>Elimination</b>	<b>Total continuing operations</b>	<b>Broadband</b>	<b>Total incl. divested operations</b>
<b>Income</b>							
Sales to external customers	494	160	75	0	<b>729</b>	51	780
Sales between segments	0	78	24	-102	<b>0</b>	0	0
<b>Total income</b>	494	238	99	-102	<b>729</b>	51	780
<b>Net profit/loss</b>							
Operating profit/loss	69	48	30	-4	<b>143</b>	-16	127
Net financial income/expense	-	-	-	-	<b>-19</b>	-	-19
<b>Profit (loss) before taxes</b>					<b>124</b>	-16	108
<b>Assets</b>							
Assets belonging to the segment	459	1 762	496	0	<b>2 717</b>	921	3 638
Non-distributed assets	-	-	-	-	<b>258</b>	10	268
<b>Total assets</b>					<b>2 975</b>	931	3 906

**Q1-Q4 2009**

<b>The Group, operating segments</b>	<b>Pay-TV</b>	<b>Capacity, Co-TV and Radio</b>	<b>Location and Service</b>	<b>Elimination</b>	<b>Total continuing operations</b>	<b>Broadband</b>	<b>Total incl. divested operations</b>
<b>Income</b>							
Sales to external customers	2 415	615	381	0	<b>3 411</b>	133	3 544
Sales between segments	0	374	43	-420	<b>-3</b>	3	0
<b>Total income</b>	2 415	989	424	-420	<b>3 408</b>	136	3 544
<b>Net profit/loss</b>							
Operating profit/loss	128	295	73	0	<b>496</b>	-82	414
Net financial income/expense	-	-	-	-	<b>-13</b>	-	-13
<b>Profit (loss) before taxes</b>					<b>483</b>	-82	401
Income tax					<b>-214</b>	4	-210
<b>Profit (loss) for the year</b>					<b>269</b>	-78	191
<b>Assets</b>							
Assets belonging to the segment	1 010	2 242	848	0	<b>4 100</b>	0	4 100
Non-distributed assets	-	-	-	-	<b>90</b>	-	90
<b>Total assets</b>					<b>4 190</b>	0	4 190



**FORTHCOMING FINANCIAL REPORTS**

Interim Report 1 January – 30 June 2010	16 August 2010
Interim Report 1 January – 31 September 2010	29 October 2010
Q4/Year-End Report 1 January – 31 December 2010	11 February 2011
Interim Report 1 January – 31 March 2011	28 April 2011

On behalf of the Board of Directors  
Sundbyberg, 28 April 2010

Crister Fritzson  
President and CEO of Teracom

**REVIEW REPORT**

The Company's auditors have not reviewed this report.

**FOR MORE INFORMATION, CONTACT:**

Crister Fritzson, President and CEO, +46 8 555 421 08  
Lennart Ivarsson, Head of Corporate Communications, +46 8 555 420 21  
Helena Nathhorst, CFO Teracom Group, +46 8 555 421 28

Teracom AB  
Box 1366  
172 27 Sundbyberg

Tel: +46 8 555 420 00  
Fax: +46 8 555 420 01  
[www.teracom.se](http://www.teracom.se)  
CIN: 556441-5098