

# Interim Report 1 January - 30 June 2010

The Teracom Group acquires the Danish terrestrial network for radio and TV.

SERVERN UPPGRADERAD [23:05:12]

DOWNLOAD SAMPLE > GREY [7.8 MB]

KASSAFLÖDE STATION # 023 [45KB]

LIVE-TV: KONTORET I LANDSKRÖNA

DISTRIBUTION: BROMMA, NACKA, VASASTAD [2008-01-05]

UTKAST TILL AFFÄRSPLAN VERS

STOCKHOLM - SKÖVDE [15:30]

"ÄLSKADE FORM" REKLAMFILM [00:40:00]

ANS: KLARTECKEN FRÅN KRISTINA

DRIFTSCENTRAL ÖPPET 24/7 [3KB]

ERBJUDANDE 2 FÖR 3 [2007-06-16]

MOTALA: KANAL 52 [2005-2015]

PRODUKTDATA HANDS-FREE [00:05:05]

BILBILDER PÅ SERVERN NU [01:01:00]

PRESSCENTER/BILDBANK/KONCERNLEDNING [205KB]



# Interim Report 1 January – 30 June 2010

## JANUARY - JUNE 2010 IN SUMMARY

- Income SEK 1 880 (1 533) million
- Operating profit SEK 72 (274) million
- Net income SEK -9 (153) million
- Earnings per share, before and after dilution SEK -36 (612)

The comparison figures stated above are related to continuing operations.

## COMMENTS FROM THE PRESIDENT AND CEO OF TERACOM

The Teracom Group is active in a highly competitive market that has attractive triple-play offerings from leading telecom companies, internet-based offerings from hardware manufacturers and an increased interest in mobile TV. Despite this, traditional TV viewing remains stable. At the same time, it is necessary to monitor developments in the telecom area in order to strengthen our competitiveness via our own platform.

In Sweden, the second quarter for TV media was very good. This was largely due to major TV events such as the FIFA World Cup and the royal wedding of Sweden's crown princess. This year, TV advertisements have grown more than the rest of the advertising market, with the exception of Internet. The digital transition of a few years ago has resulted in more channels and with that, more options for advertisers, which is one reason for the increase. The Swedish Radio and TV Authority's announcement of the availability of HDTV licenses in the terrestrial network was met with great interest by program companies, which is confirmation of the fact that the terrestrial network is an attractive and strong platform for TV broadcasting.

At the beginning of July, Teracom reached an agreement with DR and TV2 to acquire the Danish terrestrial network for radio and TV (BSD). The deal is expected to be fully implemented after the summer. The acquisition is part of the Teracom Group's strategy to run an integrated business in the markets where we are active. After the implementation of a more distinct group structure during the spring, we are now better adapted to act as a cohesive group, benefitting from each other's expertise and deriving advantages from synergies.

The Teracom Group is currently in a comprehensive phase of investment. This is occurring in the growth markets of Denmark and Finland, as well as in Sweden. In Denmark and Finland, we are in the build-up phase, expending a great deal of effort to grow the customer base. In Sweden, we are investing in content and services to strengthen Boxer's competitiveness. This, of course, impacts profitability and the Teracom Group achieved operating profit of SEK 72 million, which is significantly less than the same period last year. However, the activities in Sweden, Teracom and Boxer continue to report high profitability. This has been and will remain important to the Group's ability to grow in new markets. The recent acquisition of Danish BSD is just one example.

When it comes to pay-TV activities, the conditions in the various markets differ. In Denmark, there is growing awareness of the advantages of terrestrial digital TV and the Pay-TV offering from



Boxer. It was extremely positive that Boxer in Denmark was able to offer all of the FIFA World Cup games. As a result, growth in the number of new customers during the second quarter was good, which was largely due to the success of additional marketing efforts. In Finland, new sales for Plus TV were sluggish in the second quarter. The task here is to increase the general attraction and interest in Pay-TV compared to the large number of free TV channels that are offered in Finland. Focus is thus primarily on increasing the competitiveness of the program offering.

In Sweden, we continue to work on strengthening the terrestrial network with new content and services. During the fall, Teracom and Boxer will be able to offer an extensive offering of HDTV and Video-on-Demand (VoD) services. The large program offering and new services, combined with the terrestrial network's advantages of simplicity, coverage and mobility, gives us a very competitive product that is in high demand.

I confidently look forward to this fall and our efforts will focus on the integration of BSD, along with increasing the Pay-TV customer base in Denmark and Finland.

Crister Fritzon, President and CEO of Teracom

## SIGNIFICANT EVENTS JANUARY- JUNE 2010

- Nine program companies have obtained a license to distribute HDTV in the Teracom Group's terrestrial TV network in Sweden. It is expected that broadcasts will be underway during the latter part of the year. Besides the nine HDTV channels, five program companies have obtained a license to broadcast standard TV in the network. The licenses are valid until March 2014.
- The Teracom Group's new organization was finalized during the quarter and a distinct Group structure now exists. Group functions have been established and staffed. The new organizations in the operating companies have also been finalized.
- Marianne Winblad von Walter has been appointed as the new HR Director for the Teracom Group. She most recently worked at OMX and she will assume this position in September.
- The Teracom Group decided to discontinue Boxer's limited activities in the area of TV via broadband (IPTV). The service is currently offered in just a few broadband networks in Sweden.

## FUTURE PROSPECTS

A new Radio and TV Act became effective on 1 August 2010. The Act contains a decision regarding the digital transition of the Swedish radio network. This means that both Sveriges Radio and the commercial radio companies will be able to apply for a digital radio license as soon as the Swedish Radio and TV Authority announces that it is ready to start accepting applications.

The establishment of Pay-TV in Denmark and Finland will continue to burden the Group's profit for the remainder of 2010, as well as 2011. Boxer Sweden and Teracom are expected to continue to deliver stable results.



## SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

Teracom AB has reached an agreement with DR and TV2 to acquire the Danish terrestrial network for radio and TV (BSD). The deal is expected to be fully implemented after the summer.

## FINANCIAL OVERVIEW

### The Group

Key ratios	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Income (MSEK)	960	920	964	911	804	729
Operating profit/loss (MSEK)	29	43	76	146	131	143
Operating margin	3%	5%	8%	16%	16%	20%
Profit/loss after financial items (MSEK)	31	32	87	144	128	124
Equity ratio	38%	41%	40%	39%	35%	44%
Cash flow (MSEK)	23	-20	16	-80	-53	177
Number of new digital TV subscriptions, in thousands	-8	-11	22	-2	269*	-9

\*) Incl. acquired subscriptions in Finland.

Key ratios	Q1-Q2 2010	Q1-Q2 2009	Change
Income (MSEK)	1 880	1 533	23%
Operating profit/loss (MSEK)	72	274	-74%
Operating margin*	4%	18%	-14 p.p.
Profit/loss after financial items (MSEK)	63	252	-75%
Equity ratio*	38%	35%	+3 p.p.
Cash flow (MSEK)	3	124	-98%
Number of digital TV subscriptions, in thousands	950	949	1

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

### Income and profits

For the first half of 2010, the Group reported income of SEK 1 880 (1 533) million, which is an increase of 23 percent compared to the same period last year. The Finnish pay-TV operations that were acquired in June 2009 represented 72 percent of the total increase in income. Operating profit worsened by slightly more than SEK 200 million to SEK 72 (274) million. The decline was primarily the result of negative results in Denmark and Finland, where the Pay-TV markets are still in the start-up phase. During the second quarter, profit was brought down by non-recurrent costs amounting to SEK 41 million. This amount consisted of restructuring costs of SEK -17 million, as well as -24



MSEK related to the decision to discontinue TV via Broadband (IPTV), which was primarily impairment losses on property, plant and equipment and inventories. The Group's operating margin declined by 14 percentage points to 4 (18) percent. Operating margin not including non-recurring costs was 6 percent. Operating margin for the Swedish operations was 17 (20) percent excluding the non-recurring costs of 20 percent.

Profit after financial items was SEK 63 (252) million, which is a decline of 75 percent. Net financial income/expense for the quarter was SEK 2 (-3) million. A change in unrealized gains (losses) related to electricity derivatives impacted net financial income/expense for the quarter by SEK 4 (9) million. Net income was SEK -9 (153) million. The amount of reported tax declined to SEK -72 (-99) million. No deferred tax asset has been reported for the period's deficit in Denmark and Finland.

### Profit by segment

Segment *	Q1-Q2 2010	Q1-Q2 2009	Change	Q1-Q4 2009
<b>Pay-TV</b>				
Income (MSEK), incl. intercompany sales	1 386	1 050	32%	2415
Operating profit/loss (MSEK)	-63	112	-156%	128
Operating margin**	-5%	11%	-16 p.p.	5%
<b>TV and Radio</b>				
Income (MSEK), incl. intercompany sales	532	495	7%	989
Operating profit/loss (MSEK)	127	116	9%	295
Operating margin**	24%	23%	+1 p.p.	30%
<b>Capacity, Co-Location and Service</b>				
Income (MSEK), incl. intercompany sales	189	215	-12%	424
Operating profit/loss (MSEK)	8	46	-83%	73
Operating margin**	4%	21%	-17 p.p.	17%
<b>Elimination of Group transactions</b>				
Income (MSEK)	-227	-227	-	-420
Operating profit/loss (MSEK)	-	-	-	0
<b>Group's income</b>	<b>1 880</b>	<b>1 533</b>	<b>23%</b>	<b>3408</b>
<b>Group's operating profit/loss</b>	<b>72</b>	<b>274</b>	<b>-74%</b>	<b>496</b>
<b>Group's operating margin (%) **</b>	<b>4%</b>	<b>18%</b>	<b>-14 p.p.</b>	<b>15%</b>
<b>Broadband (divested operations)</b>				
Income (MSEK), incl. intercompany sales	-	102	-	136
Operating profit/loss (MSEK)	-	-15	-	-82
Operating margin**	-	-15%	-	-60%
Group's income incl. divested operations	-	1 635	-	3 544
Group's operating profit incl. divested operations	-	259	-	414
Group's operating margin **	-	16%	-	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 74 (68) percent of the Group's total income from external sources for its continuing operations during the second quarter. Income in this segment increased 32 percent compared to the second quarter of 2009 and was SEK 1 386 (1 050) million. The Finnish operations, which were acquired in June 2009, were responsible for 74 percent of the segment's increase in income. Operating margin declined by 16 percentage points to -5 (11) percent. The decline was primarily the result of negative results in Finland and Denmark, where the businesses are still in the start-up phase. The decision to discontinue TV via Broadband (IPTV) burdened the segments profit by SEK 9 million in the second quarter. This amount consisted primarily of impairment losses on property, plant and equipment and inventories. At the end of the second quarter, the total number of Pay-TV subscriptions reported by the businesses in Sweden, Denmark and Finland was 949,890 (949,350).

The TV and Radio segment was responsible for 16 (20) percent of the Group's total income from external sources for its continuing operations during the second quarter. Income from this segment was SEK 532 (495) million, which is an increase of 7 percent compared to the second quarter of 2009. This was primarily the result of increased capacity in the transmitting networks. Operating margin increased 1 percentage point to 24 (23) percent. For the second quarter, profit in this segment was impacted by SEK 15 million due to impairment losses on intangible assets following the decision to discontinue operations in the area of TV via Broadband (IPTV).

The Capacity, Co-Location and Service segment was responsible for 10 (11) percent of the Group's total income from external sources for its continuing operations during the second quarter. Income amounted to SEK 189 (215) million, a decline of 12 percent compared to the same period in 2009. The segment's operating margin declined 17 percentage points to 4 (21) percent. Non-recurrent items consisting primarily of a write-down reversal had a positive impact on operating margin during the first half of 2009. Additionally, there is tough competition in the market for capacity and service, which pushes margins downward.

### **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 final acquisition analysis was established during the second quarter of 2010 and it is consistent with the one that was described in the 2009 annual report.

The Group's equity ratio improved 3 percentage points to 38 (35) percent. The Group's interest-bearing liabilities were SEK 976 (756) million. Total assets declined by SEK 705 million to SEK 4 011 (4 716) million compared to the same point in time last year. The decline was primarily related to property, plant and equipment in the subsidiary, Comet Networks, which was divested during the third quarter of 2009, as well as lower working capital and cash equivalents from continuing operations.

### **Cash flow**

Cash flow from operating activities improved by 84 percent compared to the same period last year and was SEK 267 (145) million. During the first half of the year, there was a positive effect on cash flow from efforts aimed at reducing the amount of capital tied up in inventories and accounts receivable.

During the first half of the year, the Group invested SEK 100 (103) million in property, plant and equipment and intangible assets. During the second quarter, dividends of SEK 110 (150) million were paid to shareholders. Cash flow for the second quarter of 2010 was SEK 23 (-53) million. Cash flow for the first six months was SEK 3 (124) MSEK.



At the end of the quarter, cash equivalents and current investments, including available bank credit, was SEK 1 001 (1 269) million.

## PARENT COMPANY

The Parent Company reported income for the first six months of the year of SEK 721 (745) million, which was a decline of 3 percent. Operating profit declined 3 percent to SEK 146 (150) million. Operating margin was unchanged compared to the corresponding period in 2009 and was 20 (20) percent. During the second quarter, profit was brought down by restructuring costs that amounted to SEK 11 million. Dividends from subsidiaries were SEK 100 (233) million, which is SEK 133 million less than last year. As a result, profit after financial items worsened by 35 percent and was SEK 240 (372) million.

Cash flow from operating activities declined 16 percent and was SEK 214 (255) million for the first half of 2010. Cash flow for the period was SEK -39 (-8) million.

During the first half of the year, the Parent Company invested SEK 83 (74) million in property, plant and equipment and intangible assets, primarily related to the digital TV network. During the second quarter, dividends from subsidiaries were SEK 100 million. Last year's dividends of SEK 233 million were received during the first quarter. In conjunction with a new issue in May 2010 by the subsidiary, Digi TV Plus Oy, the Parent Company acquired 268,577 shares for a total of SEK 29 million. The Parent Company's ownership of Digi TV Plus Oy increased by 2.1945 percentage points to 53.1945 (51) percent.

At the end of the second quarter, the Parent Company reported an equity ratio of 58 (48) percent. The improvement of 10 percentage points was primarily the result of a higher level of equity combined with the effects of the divestment of the subsidiary, Comet Networks. Total assets decreased by SEK 400 million when the divestment was made in the third quarter of 2009. Long-term liabilities amounted to SEK 822 (776) million.

## EMPLOYEES

At the end of the second quarter in 2010, the Group had 621 (648) permanent employees. Of this total, 495 (480) were employed by the Parent Company, Teracom AB. As a result of restructuring that occurred during the quarter, staff was reduced by approximately 25 persons in the Group, of which 15 were employed by the Parent Company.

## RISKS AND UNCERTAINTIES

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	2010-04-01	2009-04-01	2010-01-01	2009-01-01	2009-01-01
		2010-06-30	2009-06-30	2010-06-30	2009-06-30	2009-12-31
<b>Operating income</b>						
Net sales		960	800	1 879	1 527	3 402
Other income		0	4	1	6	6
	2	<b>960</b>	<b>804</b>	<b>1 880</b>	<b>1 533</b>	<b>3 408</b>
<b>Work performed by the company for its own use and capitalized</b>						
		<b>1</b>	<b>4</b>	<b>1</b>	<b>6</b>	<b>9</b>
<b>Operating expenses</b>						
Material costs		-115	-92	-186	-121	-200
Employee benefit costs		-161	-133	-301	-251	-472
Depreciation/amortization		-77	-70	-154	-135	-293
Reversal of write-downs/impairment losses	3	-18	0	-18	12	12
Other expenses		-561	-382	-1 150	-770	-1 968
	2	<b>29</b>	<b>131</b>	<b>72</b>	<b>274</b>	<b>496</b>
<b>Operating profit/loss</b>						
Net financial income/expense		2	-3	-9	-22	-13
		<b>31</b>	<b>128</b>	<b>63</b>	<b>252</b>	<b>483</b>
<b>Profit/loss after financial items</b>						
Tax on net profit/loss for the period		-40	-44	-72	-99	-214
<b>Net profit/loss for the period from continuing operations</b>						
		<b>-9</b>	<b>84</b>	<b>-9</b>	<b>153</b>	<b>269</b>
Net profit/loss for the period from discontinued operations						
		-	1	-	-11	-78
<b>Net profit/loss for the period</b>						
		<b>-9</b>	<b>85</b>	<b>-9</b>	<b>142</b>	<b>191</b>
Attributable to:						
Parent Company shareholders		-9	85	-9	142	191
Minority interest		0	0	0	0	0
Net profit/loss for the period						
		-9	85	-9	142	191
PER SHARE INFORMATION						
<b>Continuing operations</b>						
Earnings per share, before and after dilution SEK		-36	336	-36	612	1 076
<b>Total, including discontinued operations</b>						
Number of shares at the end of the period		250 000	250 000	250 000	250 000	250 000
Average number of shares before and after dilution		250 000	250 000	250 000	250 000	250 000
Earnings per share, before and after dilution, SEK		-36	340	-36	568	764



## STATEMENT OF COMPREHENSIVE INCOME (MSEK)

The Group	2010-01-01 2010-06-30	2009-01-01 2009-06-30	2009-01-01 2009-12-31
Net profit/loss from continuing operations	-9	153	269
Net profit/loss from discontinued operations	-	-11	-78
<b>"Other comprehensive income": *</b>			
Translation differences	-25	9	-22
Income tax related to "Other comprehensive income" items	0	0	0
<b>Total "Other comprehensive income"</b>	<b>-25</b>	<b>9</b>	<b>-22</b>
<b>Comprehensive income for the period</b>	<b>-34</b>	<b>151</b>	<b>169</b>
Comprehensive income for the period related to:			
Parent Company shareholders	-34	151	169
Minority interest	0	0	0

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



## SUMMARY STATEMENT OF FINANCIAL POSITION (MSEK)

The Group	Note	2010-06-30	2009-06-30	2009-12-31
<b>ASSETS</b>				
<b>Fixed assets</b>				
Property, plant and equipment		1 624	1 917	1 675
Intangible assets		1 342	1 519	1 405
Deferred tax assets		13	121	12
Other long-term liabilities		111	36	95
<b>Total fixed assets</b>		<b>3 090</b>	<b>3 593</b>	<b>3 187</b>
<b>Current assets</b>				
Inventories		38	35	62
Current receivables		802	866	863
Cash equivalents		81	222	78
<b>Total current assets</b>		<b>921</b>	<b>1 123</b>	<b>1 003</b>
<b>TOTAL ASSETS</b>	2	<b>4 011</b>	<b>4 716</b>	<b>4 190</b>
<b>The Group</b>				
		2010-06-30	2009-06-30	2009-12-31
<b>EQUITY AND LIABILITIES</b>				
Equity		1 541	1 667	1 685
Liabilities to credit institutions		782	756	780
Long-term liabilities and provisions		489	859	513
Current liabilities and provisions		1 199	1 434	1 212
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4 011</b>	<b>4 716</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's 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>
Dividends				-110	-110		-110
Comprehensive income for the period			-34	0	-34	0	-34
<b>Closing balance 2010-06-30</b>	<b>250</b>	<b>653</b>	<b>-50</b>	<b>688</b>	<b>1 541</b>	<b>0</b>	<b>1 541</b>

### The Group

MSEK	Share capital	Other contributed capital	Translation reserve	Earned profits	Total equity attributable to Parent Company's 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>
Dividends				-150	-150		-150
Comprehensive income for the period			9	142	151	0	151
<b>Closing balance 2009-06-30</b>	<b>250</b>	<b>653</b>	<b>15</b>	<b>749</b>	<b>1 667</b>	<b>0</b>	<b>1 667</b>



## SUMMARY STATEMENT OF CASH FLOWS (MSEK)

The Group	2010-04-01	2009-04-01	2010-01-01	2009-01-01	2009-01-01
	Note	2010-06-30	2009-06-30	2010-06-30	2009-06-30
<b>Profit/loss after financial items</b>		<b>31</b>	<b>128</b>	<b>63</b>	<b>252</b>
Adjustments for items not included in cash flow		120	66	212	97
Income tax paid		-61	-59	-120	-132
<b>Cash flow before changes in working capital</b>		<b>90</b>	<b>135</b>	<b>155</b>	<b>217</b>
Changes in working capital		111	-180	112	-72
<b>Cash flow from operating activities</b>		<b>201</b>	<b>-45</b>	<b>267</b>	<b>145</b>
Acquisition of property, plant and equipment and intangible assets		-63	-72	-100	-103
Acquisitions		0	-201	0	-201
Divestment of operations		0	0	0	-63
Cash flow from other investing activities		-16	-15	-22	-17
<b>Cash flow from investing activities</b>		<b>-79</b>	<b>-288</b>	<b>-122</b>	<b>-321</b>
Dividends		-110	-150	-110	-150
New loans/amortization		11	430	-32	450
<b>Cash flow from financing activities</b>		<b>-99</b>	<b>280</b>	<b>-142</b>	<b>300</b>
<b>Cash flow for the period/year from continuing operations</b>		<b>23</b>	<b>-53</b>	<b>3</b>	<b>124</b>
<b>Cash flow from discontinued operations</b>					
Cash flow from operating activities		-	41	-	50
Cash flow from investing activities		-	-15	-	-24
Cash flow from financing activities		-	0	-	0
<b>Cash flow for the period/year from discontinued operations</b>		<b>0</b>	<b>26</b>	<b>0</b>	<b>26</b>
<b>Cash flow for the period/year</b>		<b>23</b>	<b>-27</b>	<b>3</b>	<b>150</b>
Cash equivalents at the beginning of the period/year		58	249	78	72
Exchange rate differences on cash equivalents		0	0	0	0
<b>Cash equivalents at the end of the period</b>		<b>81</b>	<b>222</b>	<b>81</b>	<b>222</b>



## SUMMARY INCOME STATEMENT (MSEK)

Parent Company	2010-04-01	2009-04-01	2010-01-01	2009-01-01	2009-01-01
	Note 2010-06-30	2009-06-30	2010-06-30	2009-06-30	2009-12-31
<b>Operating income</b>					
Net sales	374	376	720	740	1 440
Other income	0	-2	1	5	6
	<b>374</b>	<b>374</b>	<b>721</b>	<b>745</b>	<b>1 446</b>
<b>Work performed by the company for its own use and capitalized</b>	<b>1</b>	<b>4</b>	<b>1</b>	<b>6</b>	<b>9</b>
<b>Operating expenses</b>					
Material costs	-5	-17	-14	-24	-36
Employee benefit costs	-117	-102	-223	-212	-407
Depreciation/amortization	-64	-63	-129	-140	-272
Reversal of write-downs/impairment losses	3 -10	0	-10	12	12
Other expenses	-104	-111	-200	-237	-441
<b>Operating profit/loss</b>	<b>75</b>	<b>85</b>	<b>146</b>	<b>150</b>	<b>311</b>
Net financial income/expense	97	-6	94	222	152
<b>Profit/loss after financial items</b>	<b>172</b>	<b>79</b>	<b>240</b>	<b>372</b>	<b>463</b>
Appropriations		0		0	6
Tax on net profit/loss for the period	-18	-20	-37	-42	-85
<b>NET PROFIT/LOSS FOR THE PERIOD</b>	<b>154</b>	<b>59</b>	<b>203</b>	<b>330</b>	<b>384</b>



## SUMMARY BALANCE SHEET (MSEK)

Parent Company

2010-06-30 2009-06-30 2009-12-31

### ASSETS

#### Fixed assets

Intangible assets	16	26	25
Property, plant and equipment	1 615	1 688	1 664
Financial assets	1 852	1 805	1 812
<b>Total fixed assets</b>	<b>3 483</b>	<b>3 519</b>	<b>3 501</b>

#### Current assets

Current receivables from Group companies	46	480	44
Current receivables	298	280	259
Current investments	0	0	0
Cash and bank balances	5	8	44
<b>Total current assets</b>	<b>349</b>	<b>768</b>	<b>347</b>

**TOTAL ASSETS** **3 832** **4 287** **3 848**

Parent Company

2010-06-30 2009-06-30 2009-12-31

### EQUITY AND LIABILITIES

Equity	1 216	1 070	1 123
Untaxed reserves	1 387	1 394	1 387
Provisions	19	39	33
Long-term liabilities to Group companies	0	548	169
Non-current liabilities	822	776	765
Current liabilities to Group companies	1	130	6
Current liabilities	387	330	365

**TOTAL EQUITY AND LIABILITIES** **3 832** **4 287** **3 848**

#### Memorandum items

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
	2010-06-30	2009-06-30	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	203	330	384
Dividends	-110	-150	-150
Group contributions paid, net	0	0	-1
<b>Equity at the end of the period</b>	<b>1 216</b>	<b>1 070</b>	<b>1 123</b>

## SUMMARY CASH FLOW ANALYSIS, (MSEK)

Parent Company	2010-04-01	2009-04-01	2010-01-01	2009-01-01	2009-01-01
	2010-06-30	2009-06-30	2010-06-30	2009-06-30	2009-12-31
<b>Profit/loss after financial items</b>	<b>172</b>	<b>79</b>	<b>240</b>	<b>372</b>	<b>463</b>
Adjustments for items not included in cash flow	-26	64	28	-116	61
Income tax paid	-29	-29	-58	-73	-131
<b>Cash flow before changes in working capital</b>	<b>117</b>	<b>114</b>	<b>210</b>	<b>183</b>	<b>393</b>
Changes in working capital	-20	122	4	72	77
<b>Cash flow from operating activities</b>	<b>97</b>	<b>236</b>	<b>214</b>	<b>255</b>	<b>470</b>
Dividends from subsidiaries	100	0	100	233	234
Acquisition of property, plant and equipment and intangible assets	-56	-47	-83	-74	-187
Acquisition of/contributions to subsidiaries	-29	-365	-29	-365	-365
Cash flow from other investing activities	-4	3	-10	-7	-74
<b>Cash flow from investing activities</b>	<b>11</b>	<b>-409</b>	<b>-22</b>	<b>-213</b>	<b>-392</b>
Amortization/New loans	-20	310	-121	100	100
Dividends	-110	-150	-110	-150	-150
<b>Cash flow from financing activities</b>	<b>-130</b>	<b>160</b>	<b>-231</b>	<b>-50</b>	<b>-50</b>
<b>Cash flow for the period</b>	<b>-22</b>	<b>-13</b>	<b>-39</b>	<b>-8</b>	<b>28</b>
Cash equivalents at the beginning of the period/year	27	21	44	16	16
<b>Cash equivalents at the end of the period</b>	<b>5</b>	<b>8</b>	<b>5</b>	<b>8</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 second quarter in 2009 excludes the divested activities. The balance sheet as of 30 June 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.

<b>Q1-Q2 2010</b>					
<b>The Group, operating segments</b>	<b>Pay-TV</b>	<b>TV and Radio</b>	<b>Capacity, Co-Location and Service</b>	<b>Elimination</b>	<b>Total</b>
<b>Income</b>					
Sales to external customers	1 386	305	189		<b>1 880</b>
Sales between segments		227	0	-227	<b>0</b>
<b>Total income</b>	<b>1 386</b>	<b>532</b>	<b>189</b>	<b>-227</b>	<b>1 880</b>
<b>Net profit/loss</b>					
Operating profit/loss	-63	127	8	-	<b>72</b>
Net financial income/expense	-	-	-	-	<b>-9</b>
<b>Profit (loss) before taxes</b>					<b>63</b>
<b>Assets</b>					
Assets belonging to the segment	866	2 227	824	-	<b>3 917</b>
Non-distributed assets	-	-	-	-	<b>94</b>
<b>Total assets</b>					<b>4 011</b>

**Q1-Q2 2009**

<b>The Group, operating segments</b>	<b>Pay-TV</b>	<b>TV and Radio</b>	<b>Capacity, Co-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	1 050	309	176	0	<b>1 535</b>	100	1 635
Sales between segments	0	186	39	-227	<b>-2</b>	2	0
<b>Total income</b>	1 050	495	215	-227	<b>1 533</b>	102	1 635
<b>Net profit/loss</b>							
Operating profit/loss	112	116	57	-	<b>285</b>	-26	259
Net financial income/expense	-	-	-	-	<b>-22</b>	-	-22
<b>Profit (loss) before taxes</b>					<b>263</b>	-26	237
<b>Assets</b>							
Assets belonging to the segment	1 034	1 845	520	0	<b>3 399</b>	973	4 372
Non-distributed assets	-	-	-	-	<b>344</b>	-	344
<b>Total assets</b>					<b>3 743</b>	973	4 716

**Q1-Q4 2009**

<b>The Group, operating segments</b>	<b>Pay-TV</b>	<b>TV and Radio</b>	<b>Capacity, Co-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



## Note 3 Impairment losses

<b>Assets</b>	<b>The Group</b>		<b>Parent Company</b>	
	2010-01-01	2009-01-01	2010-01-01	2009-01-01
	2010-06-30	2010-06-30	2010-06-30	2010-06-30
Impairment losses/reversal of write-downs	-18	12	-10	12
<b>Total</b>	<b>-18</b>	<b>12</b>	<b>-10</b>	<b>12</b>

The year's impairment losses in the Group are related to intangible assets, SEK 15 million from the TV and Radio segment and SEK 3 million from the Pay-TV segment



#### **FORTHCOMING FINANCIAL REPORTS**

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

The Board of Directors and CEO hereby declare that this semi-annual report provides a true and fair view of the Teracom Group's and parent company, Teracom AB's business activities, financial position and performance. The significant risks and uncertainty factors facing the company and its subsidiaries have also been described.

Sundbyberg, 16 August 2010

Åsa Sundberg  
Chairman of the Board

Maria Curman  
Board Member

Ingrid Engström  
Board Member

Lars Grönberg  
Board Member

Tobias Henmark  
Board Member

Kristina Axberg Bohman  
Board Member

Urban Lindskog  
Board Member

John-Olof Blomkvist  
Board Member

Claes-Göran Persson  
Board Member

Crister Fritzon  
President and CEO

#### **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