



Interim report for the period 1 April 2009 to 30 June 2009

- Net sales for the second quarter amounted to SEK 3.1 million (SEK 0.6 million)
- The net loss for the second quarter amounted to SEK –6.8 million (SEK -4.5 million)
- C2SAT entered into a licensing agreement with Xinguo IT in China
- C2SAT received orders for seven VSAT antennas from Xinguo IT in China and eight VSAT antennas from Thales in Europe
- Three antenna systems were delivered and recognised as revenue during the period
- Order bookings during the period totalled 17 antennas
- Order bookings after the conclusion of the period thus far include another two antennas
- After the conclusion of the period C2SAT decided to establish a subsidiary in Singapore
- **C2SAT’s warranty programme was 94.9% subscribed, providing the Company with approximately SEK 44.9 million before issue expenses. The proceeds were registered and reported after the conclusion of the period**
- Two new installation, service and sales agreements were signed in August with Can Traders and Services and Consilium Singapore, both active in Southeast Asia
- A letter of intent was signed with Fong’s Engineering and Manufacturing (Pte) Ltd to establish local production of C2SAT’s antennas in Singapore

Key figures, SEK million	Apr-June	Apr-June	Jan-June	Jan-June	Jan-Dec
	2009	2008	2009	2008	2008
Net sales	3.1	0.6	4.6	1.6	4.9
Net profit/loss	-6.8	- 4.5	-14.6	- 11.1	- 35.1
Liquid assets	0.3	0.2	0.3	0.2	0.8
Net earnings per share	-0.04	- 0.02	-0.04	- 0.05	- 0.15
Order bookings, SEK million*	9.4	-	10.5	-	-

* No data reported for 2008; figures are estimates. Includes only contracted revenue.

Order bookings do not include future licensing revenue.

Statement from the CEO

The changes initiated during the first quarter are now gradually beginning to have an impact on day-to-day operations. All these efforts reflect the objectives presented in connection with the Annual General Meeting: to achieve at least 50% sales growth on a quarterly basis during the next 24 months, to reach a market share of 15% of new sales and thereby become one of three global players, and that operations will be cash flow positive by the end of 2010.

To achieve C2SAT's stated growth targets, it is crucial to establish a strong distribution and service network as soon as possible, though also to establish cost-effective production. Southeast Asia is considered to have the greatest potential for C2SAT's products, principally the highly competitive C-band antenna. The focus has therefore been on this region, and to date this process has required considerable management resources.

Having said that, it is important to note that intensive efforts are also being made to establish a network of distributors and service partners for other geographical markets, especially Europe, the Middle East and North America. The second quarter included intensive travel as well as numerous negotiations with new distributors and service partners and meetings with current and potential customers.

The results of these efforts are now becoming evident in the form of a number of new non-exclusive agreements and increased order bookings. Contract negotiations in Southeast Asia have been followed up with training for installers, which was recently completed in Söderhamn. We currently have a number of certified retailers and service and installation technicians for C2SAT's products. An extensive network of non-exclusive distributors and service partners is expected to be in place in Southeast Asia by year-end.

During the period we also announced an agreement with Xinguo IT of Shanghai to manufacture under license in China and for exclusive distribution in China, Hong Kong, Macao, Taiwan, Laos and Myanmar. The agreement covers three years with the option for an extension. The work involved in launching production begins in September with the help of C2SAT's on-site staff.

Following the end of the fiscal year C2SAT signed a letter of intent on local production in Singapore. This will ensure short lead times and cost-effective deliveries in Southeast Asia. C2SAT expects antenna production to begin in Singapore in the first quarter 2010.

To increase its market presence in Southeast Asia and assure delivery quality, C2SAT has decided to complement the current BSO office in Shanghai with its own resources in Singapore and establish the subsidiary C2SAT Asia Pacific (Pte) Ltd.

The co-operation with SeaNet Maritime Communications AB has been a disappointment thus far, and the value of the framework order announced in 2008 can certainly be questioned. Since the co-operation was announced, C2SAT has delivered and ramped up only one antenna for SeaNet. The installation initially had technical problems, but has been working as expected since the beginning of the year. SeaNet has not fulfilled its obligations to C2SAT, however. Moreover, the co-operation with Trac-ID to date has not resulted in any concrete sales besides what was announced in 2008. The future of the co-operation will be re-evaluated this autumn.

For C2SAT's organisation, the second quarter was generally distinguished by a very high level of activity, which at times strained our personnel resources. During the period we complemented and strengthened the organisation by adding new employees in sales and administration. At the same time recruitment work is still under way in the areas of development, research and production.

As previously announced, work is currently winding up on a number of development projects designed to ensure that C2SAT's antenna systems are compatible with the protocols used by major integrators and operators on the markets.

Alongside expanded marketing and sales, intensive efforts are being made internally to significantly reduce production costs, which is expected to have an effect in the first half of 2010.

Order bookings during the period comprised 17 antennas, including eight of the smaller, lighter version of VSAT antennas for Thales. The order is a springboard to a new market segment in Europe and is a very important reference for C2SAT.

During the last year C2SAT has also worked to ensure its long-term financing. The warrants issued during the spring were 94.9% subscribed, which provided the Company with the capital resources it needs to continue to implement changes and focus on the targets we previously announced.

Solna, Sweden, August 2009

Fredrik Nygren, CEO

Group operating review

Financial overview

Group

Consolidated net sales for the second quarter amounted to SEK 3.1 million (SEK 0.6 million). The consolidated operating loss amounted to SEK –7.0 million (SEK- 4.6 million). The net loss for the period was SEK –6.8 million (SEK -4.5 million).

Earnings in the second quarter were not charged with any items affecting comparability or additional write-downs of the Group's financial assets.

Retained development expenses are decreasing compared with the previous year as the production portfolio is completed. Capitalised development expenses for the period amounted to SEK 0.7 million (SEK 2.2 million).

Parent Company

The revenue of the Parent Company, C2SAT holding AB (publ.), corp. ID no. 556536-0954, amounted to SEK 2.5 million (SEK 0.6 million) during the second quarter. The net loss for the period amounted to SEK -0.7 million (SEK -14.5 million)

Revenue pertains to expenses invoiced internally to subsidiaries.

Events during the period

On 6 May C2SAT received an order for seven 2.4m C-band antennas from Xinguo IT China for delivery over a period of six months. The contract represents an upgrade of existing Ku-band equipment in China. Besides the add-on sale of the upgrade from Ku-band to C-band products, the order allows the Company to utilise previously restricted inventory assets. Revenue from previous Ku-band antennas had been recognised as part of an earlier joint venture agreement from 2007. In terms of cash flow, the entire order is expected to have an effect in 2009.

The Annual General Meeting was held in Stockholm on 7 May. The meeting resolved to re-elect board members Jan Alvé, Carl-Otto Dahlberg, Göte Emtander (Chairman), Arild Frånberg and Suzan Kalleberg and to elect Jan Axel Näsman as a new member to succeed Tomas Mikaelsson.

During the period C2SAT issued a convertible to Gestrike Invest AB totalling SEK 14 million, which was approved by the Company's Annual General Meeting on 7 May.

C2SAT delivered, invoiced and recognised as revenue three (3) antennas sold to two customers in Europe and Asia.

In May additional personnel were recruited by the sales department. C2SAT's sales department currently consists of three employees.

In June the Company signed a manufacturing and licensing agreement with Xinguo IT in China. The three-year agreement has an extension option. C2SAT will make the resources available to facilitate a production start in late 2009. C2SAT will receive compensation for these services, which will be executed on sight in China by C2SAT's staff.

In June C2SAT was contracted to deliver eight 1.2m Ku-4M antennas to Thales in France for scheduled delivery in late 2009 and 2010.

Events after the conclusion of the period

In March 2009 C2SAT holding AB (publ) issued warrants exercisable in June. The warranty programme was 94.9% subscribed, which provided the Company with proceeds of approximately SEK 44.9 million before issue expenses. As a result of the programme, the number of shares in C2SAT rose by a total of 467,248,560 after the new share capital was registered in July.

The Board of Directors of C2SAT resolved in August to establish a subsidiary, C2SAT Asia Pacific (Pte) Ltd., in Singapore. This will replace the previous co-operation with Maritime Communications Pty Ltd. The subsidiary will primarily serve markets in Southeast Asia by establishing a network of local distributors as well as service and installation partners to better position C2SAT in key markets according to the previously announced strategy.

C2SAT thereafter entered into installation, service and distribution agreements with Can Traders and Services (Pte) Ltd and Consilium Singapore (Pte) Ltd

In August C2SAT signed a letter of intent with Fong's Engineering and Manufacturing (Pte) Ltd, in Singapore to establish local production of antennas in Southeast Asia in order to shorten delivery times and eventually reduce production costs for C2SAT's antennas.

Financing and liquidity

In January 2009 the Company carried out a new share issue that provided SEK 29.6 million in liquid assets before issue expenses. At the time the Company issued warrants that expired on 30 June. The outcome for the warrants was satisfactory. In all, 94.9% were exercised, which provided the Company with liquid assets of approximately SEK 44.9 million before issue expenses.

Moreover, the Annual General Meeting resolved on 7 May to issue convertibles to Gestrike Invest AB. The convertibles are designed in a way that the Company can choose to redeem loans corresponding to SEK 14 million and replace them with shares issued at a price of 50 öre. The convertibles, which expire on 30 September, would potentially save SEK 14 million in liquidity in the event Gestrike Invest AB chooses to exercise the convertible.

Management of the Company continuously monitors market developments and utilises various scenarios to manage cash flows, credits and other financing.

Other

Investments

The period's investments in tangible assets amounted to SEK 0.2 million (SEK 0.1 million). The period's investments in research and development amounted to SEK 0.7 million (SEK 2.2 million). Investments in product development are expected to decrease in the future as the product portfolio is completed.

Disputes

On 23 December the County Administrative Court announced its ruling on C2SAT's case regarding the denial of the deductibility of previous value-added tax. The County Administrative Court ruled in favour of the Swedish tax authority. The dispute pertains to the company C2SAT holding AB (publ). The Group had previously allocated a corresponding amount in its accounts.

In February C2SAT appealed the case to the Administrative Court of Appeal, but it will not be heard until late 2009 or 2010 at the earliest.

The Company has a dispute with ISN Mätinstrument AB regarding payment of a receivable of approximately SEK 1 million backed by a promissory note in connection with the final payment for C2SAT Development AB in 2007. The Company considers its chances of getting paid for the receivable to be good. The case has been submitted to arbitration for a ruling.

Disputes are regularly monitored by the Group's Board of Directors.

Risks and uncertainties

Since no significant changes took place during the period with respect to company-specific risks and uncertainties, reference is made to the administration report in the annual report 2008 as well as Note 2 Risk Management for a more detailed description of the Company's financial and operational risks.

Next reporting date

The interim report for the third quarter, 1 July 2009 to 30 September 2009, will be presented on 16 November 2009.

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General information

Through its subsidiaries, C2SAT communications AB and C2SAT production AB, the Parent Company, C2SAT holding AB (publ), corp. ID no. 556536-0954, develops, manufactures and sells stabilised antenna systems for satellite-based broadband communications.

C2SAT holding AB (publ) owns 35% of the shares of the associated company WermTec Elektronik AB. C2SAT holding (publ) also owns 8.8% of the shares of Advanced Inertial Measurement Systems Sweden AB (AIMS).

The Parent Company's address is Dalvägen 16, SE-169 56 Solna, Sweden.

Accounting principles

Parent Company and Group

The Group's financial reports are prepared in accordance with the International Financial Reporting Standards (IAS/IFRS as adopted by the European Union) issued by the International Accounting Standards Board and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The key accounting principles according to IFRS, which constitute the accounting norms used in the preparation of this interim report, can be found in note 1 on pages 35-39 of the annual report for 2008. The Group's segments are reported as of 1 January 2009 according to IFRS 8 instead of IAS 14. According to the new principle, the segments will still be Sweden and Asia. The revised version of IAS 1 Presentation of Financial Statements is applied as of 1 January 2009. The revision has affected C2SAT's reporting retroactively from 31 December 2007 and means, among other things, that revenues and expenses previously recognised directly in equity are now recognised in a Statement of Comprehensive Income. Moreover, IAS 23 (Revised) Borrowing Costs applies as of 1 January 2009. The revision requires companies to capitalise certain borrowing costs. The Group applies the principle, but at present it has no impact since there are no assets against which borrowing costs can be capitalised. The Parent Company's financial reports are prepared in accordance with the Annual Accounts Act and RFR 2.1 Accounting for Legal Entities. The key accounting principles for the Parent Company can be found on pages 35-39 in the annual report for 2008.

Review report

This report has not been reviewed by the Company's auditors.

Board assurance

The Board of Directors and the CEO certify that the interim report provides a fair view of the performance of the business, position and profit or loss of the Company and the Group and describes the principal risks and uncertainties faced by the Company and the companies in the Group.

Stockholm, 31 August 2009

Fredrik Nygren, CEO
The Board of Directors of C2SAT holding AB (publ)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK million	April-June 2009	April-June 2008	Jan-June 2009	Jan-June 2008	Jan-Dec 2008
Net sales	3.1	0.6	4.6	1.6	4.9
Other operating revenue	0.6	0.0	0.7	0.0	2.1
Total operating revenue	3.6	0.6	5.3	1.6	6.9*
Direct expenses	-1.3	0.0	-3.1	-1.4	-5.3
External expenses	-6.1	-1.9	-9.4	-4.7	-16.2
Personnel expenses	-3.0	-2.4	-5.9	-4.6	-10.8
Profit shares from associated companies	0.0	0.0	0.0	-0.3	-0.0**
Depreciation/amortisation	-0.9	-0.9	-1.8	-1.8	-3.5
Other operating expenses	0.7	0.0	0.7	-0.1	-0.0
Total operating expenses	-10.5	-5.3	-19.6	-13.0	-35.9
Operating profit/loss	-6.9	-4.6	-14.3	-11.4	-29.0
Financial items	-0.1	-0.1	-0.6	-0.1	-7.2
Profit after financial items	-7.0	-4.7	-14.9	-11.5	-36.2
Income tax	0.2	0.2	0.4	0.4	1.1
Net profit/loss for the period	-6.8	-4.5	-14.6	-11.1	-35.1
Other comprehensive income	0.0	0.0	0.0	0.0	0.0
Total comprehensive income for the period, net after taxes	-6.8	-4.5	-14.6	.11.1	-35.1

Net profit/loss for the period / total comprehensive income attributable to

Shareholders of the Parent Company	-6.8	-4.5	-14.6	-11.1	-35.1
Minority interests	0.0	0.0	0.0	0.0	0.0

* Includes inventory changes and capitalised work for own account.

** SEK- 0.4 million included in 2008 financial items. Reclassification from associated company to long-term financial fixed asset in the fourth quarter 2008.

DATA PER SHARE

SEK	April-June 2009	April-June 2008	Jan-June 2009	Jan-June 2008	Jan-Dec 2008
Earnings per share before dilution	-0.02	-0.02	-0.06	-0.05	-0.15
Earnings per share after dilution	-0.02	-0.02	-0.04	-0.05	-0.15
Equity per share at the end of the period	0.14	0.28	0.14	0.28	0.17
Number of shares at the beginning of the period	354,959,622	236,639,748	236,639,748	236,639,748	236,639,748
Average number of shares during the period	354,959,622	236,639,748	295,799,685	236,639,748	236,639,748
Number of shares at the end of the period	354,959,622	236,639,748	354,959,622	236,639,748	236,639,748
Share price at the end of the period	0.52*	0.90	0.52*	0.90	0.37

* 30 June 2009, bid price

CONSOLIDATED BALANCE SHEET

SEK million	30 June 2009	30 June 2008	31 Dec 2008
Goodwill	20.8	20.8	20.8
Intangible fixed assets	32.4	35.2	34.0
Tangible fixed assets	2.5	1.7	1.5
Financial fixed assets	1.6	8.0	1.6
Total fixed assets	57.3	65.7	57.9
Inventory and current receivables	26.8	17.6	19.4
Liquid assets	0.3	0.2	0.8
Total current assets	27.0	17.8	20.3
Total assets	84.3	83.4	78.2
Shareholders' equity	50.4	65.3	40.3
Long-term interest-bearing liabilities	0.8	0.8	1.1
Long-term non-interest-bearing liabilities	3.4	4.4	3.8
Current interest-bearing liabilities	17.0	3.5	17.5
Current non-interest-bearing liabilities	12.7	9.3	15.5
Total equity, provisions and liabilities	84.3	83.4	78.2

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK million	Share capital	Other paid-in capital	Retained earnings incl. net profit/loss for the period	Total
Opening balance, 1 Jan 2008				
Amount at the beginning of the year according to the adopted balance sheet	30.8	116.5	-70.8	76.5
Adjustment of opening balance	0.0	0.0	-0.1	-0.1
Ongoing share issue	0.0	0.0	-0.9	-0.9
Total comprehensive income for the period	0.0	0.0	-35.1	-35.1
Closing balance, 31 Dec 2008	30.8	116.5	-107.0	40.3
Opening balance, 1 Jan 2008				
Amount at the beginning of the year according to the adopted balance sheet	30.8	116.5	-70.8	76.5
Total comprehensive income for the period	0.0	0.0	-11.1	-11.1
Closing balance, 30 June 2008	30.8	116.5	-81.9	65.3
Opening balance, 1 Jan 2009				
Amount at the beginning of the year according to the adopted balance sheet	30.8	116.5	-107.0	40.3
New share issue	15.4	9.2	0.0	24.6
Total comprehensive income for the period	0.0	0.0	-14.6	-14.6
Closing balance, 30 June 2009	46.1	129.7	-114.7	50.4

Issue expenses recognised in equity amounted to SEK 5.0 million (0.0) for the period and SEK 0.9 million (0.0) for the full-year 2008.

The new share issue with warrants and subsequent increase in share capital were not registered during the period and will be recognised as an increase in equity during the third quarter.

CONSOLIDATED STATEMENT OF CASH FLOWS

SEK million	Jan - June 2009	Jan - June 2008	Jan - Dec 2008
Cash flow from operating activities before changes in working capital	-13.2	-9.3	-26.0
Changes in working capital	-10.9	-0.6	3.6
Cash flow from operating activities	-24.1	-9.9	-22.4
Cash flow from investing activities	-0.2	-2.3	- 2.5
Cash flow from financing activities	+23.8	2.6	16.0
Cash flow for the period	-0.5	-9.6	- 9.0
Liquid assets at the beginning of the year	0.8	9.8	9.8
Liquid assets at the end of the period	0.3	0.2	0.8

KEY FIGURES

	Jan - June 2009	Jan - June 2008	Jan - Dec 2008
Net sales, SEK million	4.6	1.6	4.9
Operating margin, %	neg	neg	neg
Profit margin, %	neg	neg	neg
Net debt/equity ratio, %	-35	-6	- 44
Return on equity, %	neg	neg	neg
Return on total capital, %	neg	neg	neg
Equity/assets ratio, %	60	78	52
Number of employees at the end of the period	16	9	9

PARENT COMPANY INCOME STATEMENT

SEK million	Jan - June 2009	Jan - June 2008	Jan - Dec 2008
Net sales	2.5	0.6	1.5
Direct expenses	0.0	0.0	0.0
External expenses	-3.0	-1.0	-3.8
Personnel expenses	0.2	0.0	-2.1
Profit shares from associated companies	0.0	-0.3	0.0*
Depreciation/amortisation	0.0	0.0	0.0
Total operating expenses	- 2.8	-1.4	-5.9
Operating profit/loss	-0.3	-0.8	-4.4
Write-down of shares in subsidiaries	0.0	-13.7	-28.3
Financial items	-0.4	0.0	-0.2
Profit after financial items	-0.7	-14.5	-29.5
Income tax	0.0	0.0	0.0
Net profit/loss for the period	-0.7	-14.5	-29.5

* SEK -0.3 million included in the write-down of shares in subsidiaries

PARENT COMPANY BALANCE SHEET

SEK million	30 June 2009	30 June 2008	31 Dec 2008
Financial fixed assets	43.8	50.1	43.8
Total fixed assets	43.8	50.1	43.8
Receivables from subsidiaries	39.1	17.0	20.7
Current receivables	1.3	1.2	1.2
Liquid assets	0.0	0.1	0.0
Total current assets	40.4	18.3	21.9
Total assets	84.2	68.4	65.7
Shareholders' equity	72.1	67.6	48.2
Long-term liabilities	0	0.0	0.0
Current liabilities	12.1	0.8	17.5
Total equity, provisions and liabilities	84.2	68.4	65.7