



## **MODERN TIMES GROUP MTG AB**

### **FINANCIAL RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2006**

Stockholm, 25 October 2006 – Modern Times Group MTG AB (“MTG” or “the Group”) (The Nordic Stock Exchange: MTGA, MTGB) today announced its financial results for the third quarter and nine months ended 30 September 2006. The Group’s consolidated accounts have been prepared according to International Financial Reporting Standards (IFRS) as adopted by the European Union.

#### **THIRD QUARTER HIGHLIGHTS**

- **Group net sales up 24% to SEK 2,280 (1,836) million**
- **Group operating income up 51% to SEK 404 (267) million**
- **Viasat Broadcasting net sales up 26% to SEK 1,857 (1,474) million and operating income up 36% to SEK 415 (304) million**
- **Net income more than doubled to SEK 529 (202) million, including a non-cash financial gain of SEK 241 million arising from CTC Media IPO new share issue**
- **Basic earnings per share more than doubled to SEK 7.82 (3.05)**
- **Acquisition of PRVA TV in Slovenia**
- **Acquisition of P4 Radio in Norway**
- **Completion of SEK 1.5 billion distribution of Metro International shares**

#### **NINE MONTHS HIGHLIGHTS**

- **Group net sales up 30% to SEK 7,219 (5,549) million**
- **Group operating income up 71% to SEK 1,342 (786) million**
- **Viasat Broadcasting net sales up 36% to SEK 5,982 (4,414) million and operating income up 56% to SEK 1,379 (885) million**
- **Net income of SEK 1,183 (897) million (including a non-cash financial gain of SEK 241 million arising from CTC Media IPO new share issue in 2006, and a SEK 389 million net gain from the sale of TV4 shares in 2005)**
- **Basic earnings per share up 26% to SEK 16.98 (13.49)**

Hans-Holger Albrecht, President and CEO, commented: “Record third quarter and year to date results again demonstrate the value in the integrated and geographically diversified

structure of our operating businesses. Our satellite pay-TV business and Central and East European operations have continued to outperform, with increased market shares and healthy subscriber intake, whilst lower ratings have impacted on advertising sales in Sweden and Denmark. The ratings performance of free-to-air channel TV3 in Sweden and Denmark remains a key focus area for us. However, the anticipated cost increases in our Scandinavian free-to-air and Nordic pay-TV businesses were lower than expected.

“The completion of the distribution of the majority of our holding in Metro International demonstrated our ongoing commitment to generating enhanced shareholder returns, whilst our investments in the consolidation of P4 Radio, and the acquisition of a new channel in Slovenia, illustrate our concentration on building market leading positions by identifying and executing on attractive opportunities to generate future growth. 30% year on year sales growth, a 71% increase in operating profits, and a 19% group operating margin demonstrate the momentum in the business, whilst a 28% return on average capital employed indicates the value generated for shareholders. Our strong and flexible financial structure positions us well to make further investments and targeted acquisitions as they arise.”

## **FINANCIAL SUMMARY**

<i>(SEK million)</i>	<b>Jul-Sept 2006</b>	Jul-Sept 2005	<b>Jan-Sept 2006</b>	Jan-Sept 2005	Jan-Dec 2005
Net sales	<b>2,280</b>	1,836	<b>7,219</b>	5,549	8,012
Operating income (EBIT)	<b>404</b>	267	<b>1,342</b>	786	1,213
Gain/loss from financial assets	<b>0</b>	-	<b>2</b>	389	384
Non-cash gain from CTC Media Inc. IPO new share issue	<b>241</b>	-	<b>241</b>	-	-
Net interest and other financial items	<b>2</b>	-4	<b>0</b>	-81	-102
Income before tax	<b>647</b>	262	<b>1,586</b>	1,094	1,495
Net income	<b>529</b>	202	<b>1,183</b>	897	1,185
Basic earnings per share (SEK)	<b>7.82</b>	3.05	<b>16.98</b>	13.49	17.78
Diluted earnings per share (SEK)	<b>7.78</b>	3.05	<b>16.89</b>	13.49	17.78
Total assets	<b>9,271</b>	9,015	<b>9,271</b>	9,015	9,795

## **OPERATING REVIEW**

### *Continued Sales Growth across the Group*

<b>NET SALES BY BUSINESS AREA</b> (SEK million)	<b>Jul-Sept 2006</b>	Jul-Sept 2005	<b>Jan-Sept 2006</b>	Jan-Sept 2005	Jan-Dec 2005
<i>Free-to-air TV Scandinavia</i>	<b>653</b>	626	<b>2,186</b>	2,038	2,912
<i>Pay-TV Nordic</i>	<b>803</b>	672	<b>2,334</b>	1,907	2,633
<i>Central &amp; Eastern Europe</i>	<b>368</b>	140	<b>1,288</b>	442	813
<i>Other &amp; eliminations</i>	<b>33</b>	36	<b>174</b>	28	80
Viasat Broadcasting	<b>1,857</b>	1,474	<b>5,982</b>	4,414	6,437
Radio	<b>85</b>	68	<b>264</b>	213	290
Other business areas	<b>415</b>	373	<b>1,200</b>	1,171	1,629
Parent company & other companies	<b>27</b>	23	<b>87</b>	98	128
Eliminations	<b>-103</b>	-103	<b>-314</b>	-347	-473
<b>TOTAL</b>	<b>2,280</b>	1,836	<b>7,219</b>	5,549	8,012

The Group generated 24% year on year net sales growth to SEK 2,280 (1,836) million in the third quarter and 30% growth to SEK 7,219 (5,549) million for the year to date, which reflected continued healthy growth in the Nordic pay-TV and Central and East European businesses, despite a lower level of growth in the Scandinavian free-to-air operations. The 2006 results also include the first third quarter and nine month contributions from TV Prima in the Czech Republic, as well as the first fully consolidated year to date results for BET24. Excluding these businesses, net sales were up 14% year on year in the quarter and 16% for the year to date.

On a rolling twelve month basis, the Group maintained its balanced and diversified structure with 42% of revenues generated from advertising sales; 37% from subscription payments and 21% from other business-to-business and business-to-consumer sales.

### *Record Q3 & Year to Date Profitability*

<b>OPERATING INCOME BY BUSINESS AREA</b> (SEK million)	<b>Jul-Sept 2006</b>	Jul-Sept 2005	<b>Jan-Sept 2006</b>	Jan-Sept 2005	Jan-Dec 2005
<i>Free-to-air TV Scandinavia</i>	<b>84</b>	101	<b>387</b>	304	492
<i>Pay-TV Nordic</i>	<b>159</b>	130	<b>424</b>	371	507
<i>Central &amp; Eastern Europe</i>	<b>23</b>	-8	<b>193</b>	1	76
<i>Other &amp; eliminations</i>	<b>-2</b>	18	<b>-19</b>	46	54
<i>Associated companies (CTC Media, Inc.)</i>	<b>151</b>	63	<b>394</b>	164	187
Viasat Broadcasting	<b>415</b>	304	<b>1,379</b>	885	1,316
Radio	<b>15</b>	11	<b>45</b>	13	23
Other business areas	<b>6</b>	-4	<b>37</b>	7	37
Parent company & other companies	<b>-31</b>	-45	<b>-119</b>	-119	-163
<b>TOTAL</b>	<b>404</b>	267	<b>1,342</b>	786	1,213

Depreciation and amortization charges totalled SEK 31 (31) million in the quarter and SEK 90 (103) million for the nine months. Operating costs increased by 24% year on year in the quarter and by 27% for the year to date. This primarily reflected the impact of the consolidation of the TV Prima, BET24 and PRVA TV operations, as well as increased investments in programming and subscriber acquisition across all territories. Excluding the newly consolidated operations, the Group reported an underlying 12% year on year cost increase for the quarter and 12% for the year to date.

The Group reported a 51% year on year increase in operating profits to SEK 404 (267) million in the quarter and a 71% increase to SEK 1,342 (786) million for the first nine months of the year. The operating results included increased contributions from associated company CTC Media, Inc. in Russia, of SEK 151 (63) million in the third quarter and SEK 394 (164) million for the year to date. The result also included third quarter and nine month contributions from TV Prima, of SEK 18 (-) million and SEK 119 (-) million respectively. Excluding the equity participation in the results of associated companies, the Group's operating margin increased to 11% (10%) in the quarter and to 13% (11%) for the year to date.

The Group reported a SEK 241 million non-cash financial accounting gain in the quarter, which was the result of the new share issue in connection with the Initial Public Offering of shares by associated company CTC Media, Inc. The gain arises from the fact that the IPO subscription price paid per newly issued share by the new CTC Media shareholders was higher than MTG's average book value per CTC Media share. The 2005 year to date result included the SEK 389 million net gain from the sale of MTG's remaining shareholding in TV4 AB in January 2005.

Net interest and other financial items totalled SEK 2 (-4) million in the quarter and SEK 0 (-81) million for the year to date. Net interest amounted to SEK 1 (-9) million and SEK -15 (-31) million for the two respective periods, and included year to date interest costs of SEK -27 million on the EUR 120 million convertible loan notes, which were repaid on 15 June 2006. Other financial items totalled SEK 1 (5) million in the third quarter and the year to date figure of SEK 15 (-50) million included currency exchange rate gains of SEK 24 (-51) million arising from the above mentioned Euro denominated, and now repaid, convertible loan notes.

Group pre-tax profit more than doubled year on year to SEK 647 (262) million in the third quarter and increased by 45% to SEK 1,586 (1,094) million for the year to date. The Group's tax charges amounted to SEK 118 (60) million in the quarter and SEK 403 (197) million for the year to date. The Group consequently reported a more than doubling in net income year on year to SEK 529 (202) million in the quarter, and an 32% increase in net income to SEK 1,183 (897) million for the year to date.

The number of issued and outstanding shares increased during the first nine months of the year from 66,375,156 to 66,527,490, due to the exercise of 152,334 share options granted under the 2001 Global Share Option Plan. The Group's basic earnings per share increased to SEK 7.82 (3.05) in the third quarter and SEK 16.98 (13.49) for the year to date. A further 337,311 class B share options were exercised under the same plan after the end of the period.

## VIASAT BROADCASTING

### *Healthy Sales & Earnings Growth*

<i>(SEK million)</i>	<b>Jul-Sept 2006</b>	Jul-Sept 2005	<b>Jan-Sept 2006</b>	Jan-Sept 2005	Jan-Dec 2005
Net Sales	<b>1,857</b>	1,474	<b>5,982</b>	4,414	6,437
Operating Income	<b>264</b>	241	<b>986</b>	721	1,129
Operating Margin (%)	<b>14</b>	16	<b>16</b>	16	18
Associated Company Income	<b>151</b>	63	<b>394</b>	164	187
Total Operating Income	<b>415</b>	304	<b>1,379</b>	885	1,316

Viasat Broadcasting, which comprises the Group's principal television broadcasting businesses, generated 26% year on year net sales growth to SEK 1,857 (1,474) million in the quarter, and 36% growth to SEK 5,982 (4,414) million for the year to date. Viasat reported growth for each of its broadcasting segments – Free-to-air TV Scandinavia, Pay-TV Nordic, and Central & Eastern Europe – and the results also included the full consolidation of the results of Slovenian TV channel PRVA from 1 September 2006, Czech TV channel TV Prima from 1 November 2005, and BET24 from 1 April 2005.

The total number of digital subscribers to the Viasat platform in the Nordic and Baltic countries grew by 17% year on year to 884,000 (757,000) subscribers by the end of the period, and from the 858,000 subscribers reported at the end of the second quarter of 2006. The total number of premium subscribers across the region increased by 27% year on year to 755,000 (594,000) at the end of September 2006, and by 5% from 719,000 since the end of the second quarter of 2006.

Excluding the Group's participation in the earnings of associated companies, Viasat Broadcasting reported a 10% year on year increase in operating profits in the third quarter to SEK 264 (241) million and a 37% increase to SEK 986 (721) million for the year to date. The operating margins for the two respective periods were therefore 14% (16%) and 16% (16%).

### **Free-to-air TV Scandinavia**

#### *Focus on Ratings for TV3 but lower than anticipated cost increases*

<i>(SEK million)</i>	<b>Jul-Sept 2006</b>	Jul-Sept 2005	<b>Jan-Sept 2006</b>	Jan-Sept 2005	Jan-Dec 2005
Net Sales	<b>653</b>	626	<b>2,186</b>	2,038	2,912
Operating Income	<b>84</b>	101	<b>387</b>	304	492
Operating Margin (%)	<b>13</b>	16	<b>18</b>	15	17

Viasat's free-to-air television operations in Scandinavia generated 4% year on year sales growth to SEK 653 (626) million in the third quarter, which is the seasonally weakest quarter of the year, and 7% growth to SEK 2,186 (2,038) million for the year to date. The quarter and year to date results were impacted by improved ratings and commercial share of viewing in the 15-49 core viewer group in Norway, but disappointing declines in Sweden and Denmark. TV3 under-performed in the latter two countries, but secondary channel TV6 continued to increase its share of viewing in Sweden.

Operating costs for the free-to-air TV business were up 8% year on year in the quarter and by 4% for the first nine months of the year, which primarily reflected, programming and marketing cost increases across all territories. Full year 2006 operating and programming costs are now expected to grow by no more than 5% year on year. Distribution costs, which had previously been declining due to the discontinuation of analogue distribution but were stable year on year in the second quarter, were again stable in the third quarter due to the off-setting of the discontinuation of analogue distribution in Denmark in the first half of 2006 with the addition of the new TV6 channel in Sweden from May 2006.

The Scandinavian free-to-air TV operations reported a 17% year on year decline in operating profits to SEK 84 (101) million in the quarter, and a 27% increase in profitability to SEK 387 (304) for the year to date. The operating margin declined to 13% (16%) in the quarter but increased to 18% (15%) for the year to date.

<b>Commercial Share of Viewing (%)</b>	<b>Jul-Sept 2006</b>	Jul-Sept 2005	<b>Jan-Sept 2006</b>	Jan-Sept 2005	Jan-Dec 2005
TV3 & TV6 Sweden (15-49)*	<b>32.7</b>	33.2	<b>31.3</b>	31.3	31.4
TV3 & ZTV Norway (15-49)	<b>18.2</b>	17.2	<b>17.2</b>	17.1	17.2
TV3 & TV3+ Denmark (15-49)	<b>21.8</b>	22.5	<b>21.6</b>	21.9	22.0

\* includes ZTV prior to May 2006

Viasat sells TV3 and its country-specific secondary channels (TV6, ZTV and TV3+) on a packaged basis to advertisers, and the Group therefore reports combined commercial share of viewing figures for its channels in each country. TV3 has a much higher share of viewing than the secondary channels and its ratings performance therefore has the primary impact on inventory delivery and pricing.

TV3 Sweden's ratings were down year on year in the quarter, which primarily reflected a disappointing performance by two of its key access prime time own productions during the opening of the Fall season. Management is working to correct this imbalance and further changes have been made to the schedules, in order to address the ratings performance. Newly launched Swedish entertainment channel TV6 has however continued to perform strongly and almost doubled the ratings of ZTV in the third quarter of 2005. The two channels complement each other well, with TV3's targeting skewed to a female audience profile and TV6 appealing to a more male viewership. The combined commercial share of viewing for TV3 and TV6 was stable year on year for the year to date and slightly down in the third quarter.

The ongoing national analogue switch-off in Sweden, which is due to be completed by the end of the first quarter of 2008, continues to increase the penetration of both the TV3 and TV6 channels.

TV3 and ZTV Norway's commercial share of viewing was up year on year in the third quarter and for the year to date. TV3 has now been the second largest Norwegian commercial channel and outperformed TVNorge in the target group of 15-49 year olds in the competitive universe in each and every month of 2006, following the success of the channel's UEFA Champions League and European Championships qualifying coverage, as well as acquired programming such as 'Prison Break' and 'My Name is Earl'. The outperformance in Norway was however offset by the weakening of the Norwegian Krona against the Group's reporting currency, which adversely affected the reported result.

TV3 and TV3+ Denmark's commercial share of viewing declined year on year, but TV3 and TV3+ consolidated their positions as the second and third most watched commercial channels following high profile successes with the debut of own-produced comedy show 'Nynne' and the UEFA Champions League. The two channels are each available to over 1.4 million paying third party cable and SMATV network subscribers.

## Pay-TV Nordic

### *Subscriber Intake & Margin Improvement*

<i>(SEK million)</i>	<b>Jul-Sept 2006</b>	Jul-Sept 2005	<b>Jan-Sept 2006</b>	Jan-Sept 2005	Jan-Dec 2005
Net Sales	<b>803</b>	672	<b>2,334</b>	1,907	2,633
Operating Income	<b>159</b>	130	<b>424</b>	371	507
Operating Margin (%)	<b>20</b>	19	<b>18</b>	19	19

Viasat Broadcasting's pay-TV operations in the Nordic region generated 20% year on year net sales growth to SEK 803 (672) million in the quarter and 22% growth to SEK 2,334 (1,907) million for the year to date. The business comprises Viasat's DTH satellite broadcasting platform and seventeen Viasat pay-TV channels.

Operating costs for the Nordic pay-TV business increased by 19% year on year in the quarter and by 24% for the nine month period, and amounted to SEK 645 (542) million and SEK 1,910 (1,536) million for the two respective periods. Total expensed subscriber acquisition costs remained flat compared to the second quarter at SEK 137 (102) million, and ended at SEK 398 (275) million for the first nine months of the year. The overall development continued to reflect the high levels of premium subscriber intake over the past two years. The year on year increase in costs also included the first full nine month impact of the Viasat Sport 24, SportN and eighteen third party channels added to the platform since the beginning of 2005, as well as the sustained marketing efforts to support premium subscriber acquisition and the Viasat+ roll-out. The previously communicated increased spending on content, customer acquisition, marketing, and new technology development is still anticipated, but is now expected to be weighted more to the fourth quarter of the current year.

Operating profits for the business consequently increased by 22% year on year to SEK 159 (130) million in the quarter, by 13% from the SEK 140 million reported in the second quarter of the year, and by 14% to SEK 424 (371) million for the year to date. The combined operating margin for the Nordic pay-TV business therefore increased year on year to 20% (19%) in the quarter, from 18% in the second quarter of 2006, and decreased to 18% (19%) for the year to date.

27,000 net new premium subscribers were added in the region in the third quarter, and 82,000 during the first nine months of 2006. A total of 131,000 net new premium subscribers have now been added to the platform since the end of the third quarter of 2005, which is equivalent to a 23% year on year growth rate. The number of Viasat+ Personal Video Recorder and multi-room subscribers increased from 67,000 at the end of the second quarter to 90,000 by the end of September 2006, and from 14,000 at the beginning of the year. This segment represented a 13% share of Viasat's premium subscriber base at the end of the period. The number of broadband subscribers also grew to 23,000 by the end of the period, and Viasat has announced that it will launch IPTV broadcasting via Broadband in Denmark from the beginning of November 2006 under an agreement with Danish broadband network operator Dansk Bredband.

<i>(000's)</i>	<b>September 2006</b>	June 2006	September 2005
<b>Premium Subscribers</b>	<b>696</b>	669	565
- of which, DTH satellite	<b>673</b>	652	556
- of which, Broadband	<b>23</b>	17	9
<b>Basic DTH Satellite Subscribers</b>	<b>129</b>	139	163

Annualized average revenue per premium subscriber (ARPU) increased by 8% year on year to SEK 3,460 (3,193) in the third quarter, and from SEK 3,370 in the second quarter of 2006. The increase continued to principally reflect the maturing of the subscriber base into the higher ARPU second year of their subscriptions and the growing proportion of Viasat+ and multi-room subscribers.

## **Central & Eastern Europe**

### *High Growth & Healthy Margin Expansion*

<i>(SEK million)</i>	<b>Jul-Sept 2006</b>	Jul-Sept 2005	<b>Jan-Sept 2006</b>	Jan-Sept 2005	Jan-Dec 2005
Net Sales	<b>368</b>	140	<b>1,288</b>	442	813
Operating Income	<b>23</b>	-8	<b>193</b>	1	77
Operating Margin (%)	<b>6</b>	-	<b>15</b>	0	9
Associated Company Income (CTC Media, Inc.)	<b>151</b>	63	<b>394</b>	164	187
Total Operating Income	<b>174</b>	55	<b>587</b>	164	263

Viasat's free-to-air and pay-TV operations in Central and Eastern Europe reported a more than doubling in net sales year on year to SEK 368 (140) million in the quarter and a near tripling to SEK 1,288 (442) million for the year to date. The result included the first third quarter and nine month contribution from TV Prima, as well as a one month contribution from PRVA in Slovenia. When excluding TV Prima and PRVA, net sales were up 49% year on year in the quarter and 54% for the year to date.

Operating profits excluding the associated company income from CTC Media, Inc. showed strong year on year growth to SEK 23 (-8) million in the quarter and to SEK 193 (1) million for the first nine months of the year. The result for the first time included TV Prima operating profits of SEK 18 (-) million in the quarter and SEK 119 (-) million for the year to date. As a result, the operating margin expanded year on year to 6% (-) in the quarter and 15% (0%) for the year to date, excluding associated company income.

### *The Baltics*

The Group's free-to-air TV operations in Estonia, Latvia and Lithuania reported 22% combined year on year net sales growth to SEK 88 (72) million in the third quarter and 27% growth to SEK 324 (255) million for the year to date, following ongoing growth in the advertising markets and particularly strong ratings in Latvia. Viasat's pan-Baltic commercial share of viewing (15-49) increased year on year to 38.3% (36.4%) in the quarter and 36.9% (36.1%) for the year to date. TV3 continued to benefit from its established market position in all three countries and 3+ Latvia and Estonia reported increased viewing and market shares. Operating profits for the Baltic free-to-air channels consequently almost tripled year on year in the quarter to SEK 8 (3) million and increased by 81% for the year to date to SEK 73 (41)



million, yielding enhanced operating margins of 9% (4%) and 23% (16%) for the two respective periods.

<b>Commercial Share of Viewing (%)</b>	<b>Jul-Sept 2006</b>	Jul-Sept 2005	<b>Jan-Sept 2006</b>	Jan-Sept 2005	Jan-Dec 2005
TV3 and 3+ in Estonia (15-49)	<b>44.7</b>	46.7	<b>46.5</b>	46.8	47.4
TV3 and 3+ in Latvia (15-49)	<b>39.4</b>	32.7	<b>37.1</b>	32.9	34.2
TV3 and Tango TV in Lithuania (15-49)	<b>35.2</b>	35.3	<b>33.7</b>	35.0	35.0

<b>Commercial Share of Viewing (%)</b>	<b>Jul-Sept 2006</b>	Jul-Sept 2005	<b>Jan-Sept 2006</b>	Jan-Sept 2005	Jan-Dec 2005
TV Prima (15+)	<b>22.4</b>	25.7	<b>21.8</b>	23.9	24.6
Viasat3 (18-49)	<b>6.9</b>	6.3	<b>5.6</b>	5.5	5.5
DTV (6-54)	<b>2.2</b>	1.9	<b>2.1</b>	1.7	1.9

### *Czech Republic*

TV Prima reported net sales of SEK 159 (-) million in the seasonally weakest quarter of the year and SEK 605 (-) million for the year to date, with estimated year on year sales growth of 73% in the quarter and 68% for the year to date. Full year 2005 sales amounted to approximately SEK 544 million. The channel continued to benefit from its market share gains earlier in the year. The reorganization of the Company has now been completed with a downsizing of the organization and the appointment of a new management team. Whilst ratings in the quarter were lower year on year, the Fall schedule has started promisingly following the new programming acquisition agreements signed with the Warner, Buena Vista and Paramount studios during the first half of the year. The schedule features a number of hit prime time shows from the US including 'Desperate Housewives', 'Grey's Anatomy' and 'Criminal Minds'.

TV Prima reported operating profits of SEK 18 (-) million for the quarter and SEK 119 (-) million for the first nine months of the year, with operating margins of 11% and 20% for the two respective periods.

### *Russia*

DTV continued its rapid development by almost doubling its sales year on year to SEK 41 (22) million in the quarter and more than doubling its sales to SEK 129 (61) million for the year to date. Ratings increased steadily, with the Mostelecom distribution agreement yet to take effect in Moscow but scheduled to gradually increase DTV's penetration by approximately one million households or to approximately 67%. As previously stated, increasing penetration is a key priority for DTV, and the key large city markets are the primary focus. The channel has continued to invest in programming but reported a 61% year on year reduction in operating losses to SEK -3 (-7) million in the quarter, and a near breakeven result of SEK -1 (-18) million for the year to date.

### *CTC Media, Inc.*

MTG reports its share of earnings in CTC Media with a one quarter time lag, due to the fact that CTC Media reports its consolidated financial results after MTG. The US dollar results of MTG's equity participation in the Company are translated into the Swedish Krona reporting currency at the average currency exchange rates for the MTG year to date reporting period. MTG owned 43.1% of CTC Media for the majority of the reported period but the shareholding was diluted to 39.6% in June 2006 following the Company's successful initial public offering of its shares. MTG's reported share of earnings in CTC Media therefore

amounted to SEK 151 (63) million in the Group's results for the third quarter and SEK 394 (164) million for the year to date.

CTC Media generated 83% net sales growth to US\$ 103 (56) million in the second quarter of 2006 and 76% sales growth to US\$ 273 (155) million for the nine months ended 30 June 2006. The combined share of viewing (4+) for the CTC and Home Channel networks increased year on year to 13.0% (11.5%) in the second quarter, and compared with 12.1 % in the first quarter of 2006. CTC Media reported a more than doubling of operating profits year on year to US\$ 49 (23) million in the second quarter and to US\$ 130 (62) million for the nine months to 30 June 2006, thereby achieving operating margins of 48% (41%) and 48% (40%) for the two respective periods. CTC Media's pre-tax profit increased year on year to US\$ 50 (21) million in the second quarter and to US\$ 131 (59) million for the nine months to 30 June 2006. CTC Media has provided full year 2006 guidance of consolidated revenues in the range of US\$ 360 million to US\$ 385 million and a consolidated OIBDA (operating income before depreciation and amortization) margin of between 46 and 47 per cent. CTC Media will announce its financial results for the third quarter 2006 on 31 October 2006.

#### *Hungary*

Viasat3 generated 28% year on year net sales growth to SEK 23 (18) million in the third quarter and 38% growth to SEK 78 (57) million for the year to date, following record high ratings for the quarter and year to date. The channel was therefore able to report a 56% year on year reduction in operating losses to SEK -2 (-4) million in the third quarter and a near breakeven result of SEK -1 (-16) million for the year to date.

#### *Slovenia*

The acquisition of the PRVA channel was completed on 30 August 2006 and the channel therefore contributed to the Group's results for only one month of the quarter. MTG consolidated SEK 0.3 million of sales and an operating loss of SEK 2.9 million in the third quarter and for the year to date. The channel is fully controlled by MTG and its name has been changed to TV3 Slovenia. A new programming schedule has been launched at the beginning of October with a new identity and revamped on-air promotion and marketing. The early signs are encouraging with the channel's commercial share of viewing showing year on year improvements in the fourth quarter.

#### *Pay-TV*

Viasat's pay-TV operations in Central and Eastern Europe comprise the DTH satellite platform in the Baltic region, as well as the seven Viasat channels (TV1000 East, TV1000 Balkan, TV1000 Russian Kino, Viasat History, Viasat Explorer, Viasat Sport 2 and Viasat Sport 3) which are all included in Viasat's premium pay-TV packages in the Baltics, and five of which are individually sold through third party cable and satellite pay-TV packages to subscribers in fifteen countries across the region.

Sales for Viasat's pay-TV business in Central and Eastern Europe doubled year on year to SEK 56 (28) million in the quarter and more than doubled to SEK 150 (69) million for the year to date. The combined operations reported an increased operating profit of SEK 5 (1) million in the quarter and a SEK 12 million positive year on year swing to an operating profit of SEK 6 (-6) million for the year to date.

<i>(000's)</i>	<b>September 2006</b>	June 2006	September 2005
DTH Premium Baltic subscribers	<b>59</b>	<b>50</b>	29
C & E Europe mini-pay-TV subscriptions	<b>17,200</b>	<b>15,623</b>	10,242

Viasat's Baltic pay-TV platform reported a net intake of 9,000 premium subscribers during the quarter and 21,000 for the year to date. The premium subscriber base has therefore doubled over the last year and had increased to over 59,000 by the end of the third quarter.

The wholesale mini-pay business added another 1.6 million subscriptions in the third quarter and 5.7 million subscriptions for the year to date, as well as expanding into Croatia for the first time. The 7.0 million subscriptions added over the last twelve months is equivalent to a 68% year on year growth rate and the business ended the period with 17.2 million subscriptions from approximately 7.7 million households. Viasat will add an eighth channel to the portfolio by launching a new Viasat Sport channel in Russia, the CIS and Baltic States in November in association with the North American Sports Network (NASN).

### **Other Businesses**

BET24 generated 66% year on year net sales growth to SEK 98 (59) million in the seasonally weakest quarter of the year, and a doubling of sales to SEK 324 (162) million for the year to date. The number of active sports betting customers, which is defined as those who have placed a bet within the last three months, decreased to 26,000 from 38,000 at the end of the second quarter following the aftermath of the increased activity surrounding the Football World Cup and the lack of major sporting events over the summer. The business reported a sequentially declining operating loss of SEK -8 (3) million in the quarter, compared to an operating loss of SEK -25 million in the second quarter, due to reduced marketing spend over the summer. The business reported an operating loss of SEK -45 (7) million for the year to date.

BET24 has been consolidated by MTG since 1 April 2005 and was previously accounted for as an equity participation for the first quarter of 2005. MTG therefore reported BET24 net sales of SEK 324 (114) million for the first nine months and a SEK -45 (6) million operating profit, which included three months of associated company income last year.

### **RADIO**

<i>(SEK million)</i>	<b>Jul-Sept 2006</b>	Jul-Sept 2005	<b>Jan-Sept 2006</b>	Jan-Sept 2005	Jan-Dec 2005
Net Sales	<b>85</b>	68	<b>264</b>	213	290
Operating Income	<b>9</b>	-2	<b>26</b>	-11	-11
Associated Company Income	<b>6</b>	13	<b>20</b>	24	34
Total Operating Income	<b>15</b>	11	<b>45</b>	13	23

Combined net sales for the Group's Swedish and Baltic radio operations grew by 25% year on year to SEK 85 (68) million in the quarter and by 24% to SEK 264 (213) million for the year to date, as MTG continued to gain shares in growing advertising markets. Excluding associated company income, the stations were profitable for the quarter and the year to date, reporting positive swings in profitability of SEK 11 million and SEK 37 million for the two respective periods. MTG Radio therefore generated operating margins of 10% in the quarter and 10% for the year to date.

Following the acquisition by MTG of majority ownership of P4 Radio Hele Norge ASA during the third quarter, P4 Radio's results will be fully consolidated by MTG with effect from 1 October 2006. MTG has continued to report its share of pre-tax earnings in P4 Radio with a time lag of one quarter in the third quarter, due to the fact that P4 Radio publishes its

results after MTG. MTG's share of P4 Radio's second quarter and trailing nine month earnings amounted to SEK 6 (13) million in the third quarter and SEK 20 (24) million for the year to date.

## OTHER BUSINESSES

<i>(SEK million)</i>	<b>Jul-Sept 2006</b>	Jul-Sept 2005	<b>Jan-Sept 2006</b>	Jan-Sept 2005	Jan-Dec 2005
<i>Modern Studios</i>					
Net Sales	<b>163</b>	148	<b>447</b>	478	638
Operating Income	<b>0</b>	-19	<b>4</b>	-35	-26
<i>Home Shopping</i>					
Net Sales	<b>252</b>	225	<b>753</b>	693	992
Operating Income	<b>6</b>	15	<b>33</b>	42	63

Net sales for the Modern Studios business area, which primarily comprises the Strix Television production company and the Sonet feature film production and distribution business, increased by 10% year on year to SEK 163 (148) million in the quarter and declined to SEK 447 (478) million for the year to date. The improvement in the quarter reflected the ninth year of production of the Robinson (Survivor) reality format by Strix for eight countries, as well as Strix's production of 'Förkväll' for TV4. Sonet's 'Farväl Falkenberg' has been picked as the Swedish nomination in the Best Foreign Film category for the Oscars, marking Sonet's third consecutive nomination. Year to date revenues were adversely affected by the winding down of Modern Entertainment in the US and weaker theatrical sales for Sonet. The business area reported considerably improved profitability levels, with a breakeven operating result (SEK -19 million) in the quarter and a profit of SEK 4 (-35) million for the year to date, which primarily reflected the non-cash charges related to Sonet's 'Rancid' English language feature film production in 2005.

The Home Shopping business area generated 12% year on year sales growth to SEK 252 (225) million in the quarter and 9% growth to SEK 753 (693) million for the year to date. CDON.com consolidated its position as the largest Internet entertainment retailer in the Nordic region with sales of DVDs and electronic games up more 50% year on year in the third quarter and the newly launched consumer electronics product lines performing beyond expectations. Pay per view 'on demand' internet film streaming was also successfully launched on a pan-Nordic basis during the period. CDON.com accounted for more than 60% of business area sales for the quarter and the year to date. Internet sales accounted for 39% of TV Shop's sales during the third quarter, as the TV infomercials channels that reach 100 million homes in more than 50 countries continued to migrate their sales transactions to an online environment. The business area reported reduced operating profits of SEK 6 (15) million in the quarter and SEK 33 (42) million for the year to date, despite the fact that CDON.com reported higher margins in both periods.

## GROUP STRUCTURAL CHANGES

The Group announced a tender offer for the outstanding share capital of P4 Radio Hele Norge ASA on 12 September 2006 following the purchase of shares that increased MTG's prior holding of 39.7% of P4 Radio's shares to above the Norwegian listed company mandatory bid threshold of 40%. MTG offered NOK 30 per share and has now purchased an additional

57.4% of P4 Radio's issued and outstanding share capital on the Oslo Stock Exchange for a total consideration of NOK 554 million. P4 Radio is reported within the Radio business area and will be fully consolidated with effect from 1 October 2006.

MTG announced on 30 August 2006 that it had completed the acquisition of 100% of the issued share capital of Prva TV d.o.o in Slovenia, which is the country's third largest free-to-air TV channel, for a total cash consideration of EUR 8.1 million. MTG has assumed full operational control of the station and consolidates the results of PRVA, subsequently rebranded as TV3, within the Viasat Broadcasting business area. The business has been fully consolidated with effect from 1 September 2006.

Further details regarding the P4 Radio and PRVA acquisitions are included in the appendix at the end of the report.

MTG completed the distribution of the majority of its shareholding in Metro International S.A., with the shares delivered to holders as at the record date of 26 July 2006. A total of 46,569,243 Metro International S.A. class A shares and 93,138,486 class B shares were distributed by MTG to its shareholders. The distribution had a market value of SEK 1.5 billion as at the close of trading on the record date. MTG's retained shareholding of 3,538,242 Metro International S.A. class A shares and 3,722,342 class B shares had a combined market value of SEK 63 million as at 30 September 2006.

The Group announced in March 2006 that it had increased its equity interest in Nordic Betting Limited, which operates the BET24 online betting and gaming businesses, from 51% to 90%. The transaction was effected by means of the acquisition of all of the remaining shares in Nordic Betting Limited by Modern Betting Limited, in exchange for a cash consideration of EUR 8 million and a 10% shareholding in Modern Betting Limited. MTG therefore now owns 90% of Modern Betting Limited, which, in turn, owns 100% of Nordic Betting Limited.

## **FINANCIAL POSITION**

### *Cash Flow*

The Group generated cash flow from operations of SEK 252 (195) million in the quarter and SEK 839 (596) million for the year to date. Changes in working capital amounted to SEK -145 (49) million in the quarter and SEK -219 (54) million for the year to date, which primarily reflected the increase in programming inventory ahead of the fourth quarter and increased accounts receivable in line with the Group's sales growth. The Group therefore reported net cash flow from operations of SEK 108 (244) million in the quarter and SEK 620 (650) million for the year to date.

The Group's investments in shares totalled SEK 608 (3) million in the third quarter and SEK 604 (32) million for the year to date. This comprised the net SEK 535 million invested in the acquisition of the P4 Radio shares and net SEK 73 million invested in the acquisition of PRVA, whilst the year to date investments primarily included the repayment of EUR 9.5 million of the TV Prima acquisition price during the post closing purchase process, and the acquisition of an increased shareholding in BET24 for EUR 8 million in March 2006. The Group received SEK 513 million in cash from the sale of its remaining shares in TV4 AB in January 2005.

Group capital expenditure on tangible and intangible assets totalled SEK 48 (26) million in the quarter and SEK 257 (63) million for the year to date. The increased investment levels reflected the new distribution agreements for DTV in Russia, the ongoing digitalization of the Viasat play-out facility in London, and the development of new media ventures.

Following the repayment of the mature EUR 120 million convertible loan notes and the acquisition of the P4 Radio shares, the Group drew down SEK 700 million from its SEK 3.5 billion multi-currency credit facility.

The net change in cash and cash equivalents therefore totalled SEK 39 (204) million in the quarter and SEK -503 (1,091) million for the year to date.

#### *Liquid funds*

The Group's available liquid funds, including unutilised credit facilities, amounted to SEK 3,590 (2,551) million at 30 September 2006, compared to SEK 4,055 million at 30 June 2006, and primarily comprised the SEK 2.8 billion of undrawn monies on the Group's above mentioned SEK 3.5 billion facility. The Group's cash and cash equivalents totalled SEK 690 (1,712) million at the end of the period, compared to SEK 655 million at 30 June 2006.

#### *Net debt position*

The Group's net debt position, which is defined as cash and cash equivalents and interest-bearing assets less interest-bearing liabilities, amounted to SEK 28 million at the end of the reporting period, and compared to a net cash position of SEK 638 million as at 30 September 2006 and SEK 420 million as at 30 June 2006.

#### *Holdings in listed companies*

The Group's 1.4% residual shareholding in Metro International S.A. had a public equity market value of SEK 63 million as at the close of trading on the last business day of September 2006. The book value of the Group's 39.6% shareholding in associated company CTC Media, Inc. was SEK 1.4 billion at the end of the period, which compared with a public equity market value of SEK 9.8 billion as at the close of trading on the last business day of September 2006.

#### *Equity to assets ratio*

The Group's equity to assets ratio was 51% (56%) as at 30 September 2006, and compared to 61% at the end of June 2006. The ratio is defined as consolidated equity as a percentage of total assets.

#### *Parent company*

The MTG parent company reported net sales of SEK 21 (18) million in the quarter and SEK 72 (86) million for the year to date. Net interest and other financial items totalled SEK 104 (34) million and SEK 289 (41) million for the two respective periods. MTG's financial policy includes the provision of a central cash pool to support operating companies. Parent company pre-tax profit amounted to SEK 83 (-5) million in the quarter and SEK 199 (18) million for the year to date.

### **OTHER INFORMATION**

The Group's consolidated accounts have been prepared according to the same accounting principles that were applied in the preparation of the 2005 accounts, with the exception of the treatment of marketing incentives in BET24, which are now stated at net rather than gross revenue and cost values. The latter change had no material impact on sales and no impact on

operating profit and the figures for the first quarter of 2006 have been restated accordingly. The share of earnings in associated company CTC Media, Inc. has been included with a one quarter time lag with effect from 1 January 2006 and the quarterly financial results for 2005 have therefore been restated in order to provide comparable year on year figures.

*Modern Times Group MTG AB Annual General Meeting 2007*

The 2007 Annual General Meeting will be held on 9 May 2007 in Stockholm. Shareholders wishing to have matters considered at the Annual General Meeting should submit their proposals in writing to [agm@mtg.se](mailto:agm@mtg.se) or to The Company Secretary, Modern Times Group MTG AB, Box 2094, SE-103 13 Stockholm, Sweden, at least seven weeks before the Annual General Meeting in order to guarantee that the proposal may be included in the notice to the meeting. Further details on how and when to register will be published in advance of the Annual General Meeting.

*Nomination Committee for the 2007 Annual General Meeting*

A Nomination Committee of major Modern Times Group MTG AB shareholders has been convened in accordance with the resolution of the 2006 Annual General Meeting. The Nomination Committee is comprised of Cristina Stenbeck on behalf of Investment AB Kinnevik and Emesco AB; Magnus Bakke on behalf of Robur; and Björn Lind on behalf of SEB Fonder and SEB Trygg Liv, who together represent more than 50% of the voting rights in Modern Times Group MTG AB. The composition of the Nomination Committee may be changed to reflect any changes in the shareholdings of the major shareholders during the nomination process. Information about the work of the Nomination Committee can be found on Modern Times Group MTG AB's corporate website at [www.mtg.se](http://www.mtg.se).

The Nomination Committee will submit proposals for the composition of the Board of Directors and for the appointment of an auditor, the remuneration for the Board of Directors and the auditor, and the Chairman for the Annual General Meeting, that will be presented to the 2007 Annual General Meeting for approval.

Shareholders wishing to propose candidates for election to the Modern Times Group MTG AB Board of Directors should submit their proposals in writing to [agm@mtg.se](mailto:agm@mtg.se) or the The Company Secretary, Modern Times Group MTG AB, Box 2094, SE-103 13 Stockholm, Sweden.

Stockholm, 25 October 2006.

Hans-Holger Albrecht, President & Chief Executive Officer

Modern Times Group MTG AB  
Skeppsbron 18  
Box 2094  
SE-103 13 Stockholm  
Registration number: 556309-9158

## **Review Report**

### *Introduction*

We have reviewed Modern Times Group MTG AB's interim report for the period January 1, 2006 – September 30, 2006. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### *Focus and scope of the review*

We conducted our review in accordance with the Standard on Review Engagements SÖG 2410, "Review of Interim Financial Information Performed by the Independent Auditors of the Entity", issued by FAR. A review consists of making inquiries, primarily to persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden RS and other generally accepted auditing practices in Sweden. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed on the basis of an audit.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared in accordance with IAS 34 and the Annual Accounts Act.

Stockholm, October 25, 2006

KPMG Bohlins AB

Ernst & Young AB

Carl Lindgren  
Authorized  
Public Accountant

Erik Åström  
Authorized  
Public Accountant



The company will host a conference call today at 10.00 Stockholm local time.

To participate in the conference call, please dial the following numbers:

International: +44 (0)20 7138 0828

Sweden: +46 (0)8 5853 6965

US: +1 718 354 1152

To listen to the conference call online, please go to [www.mtg.se](http://www.mtg.se).

A replay facility will be made available for 7 days after the conference call. To access the replay, please dial:

International: +44 (0)20 7784 1024

Sweden: +46 (0)8 5661 8497

US: +1 718 354 1112

The access pin code for the replay facility is: 8940117#

MTG's financial results for the fourth quarter and twelve months ending 31 December 2006 will be published on 16 February 2007.

**For further information, please visit [www.mtg.se](http://www.mtg.se), email [investor.relations@mtg.se](mailto:investor.relations@mtg.se), or contact:**

Hans-Holger Albrecht, President & CEO

tel: +46 (0) 8 562 000 50

Mathias Hermansson, Chief Financial Officer

tel: +46 (0) 8 562 000 50

Matthew Hooper, Corporate Communications

tel: +44 (0) 7768 440 414

*Modern Times Group is an international entertainment-broadcasting group with operations in more than 30 countries around the world. MTG is the largest Free-to-air and Pay-TV operator in Scandinavia and the Baltics, the largest shareholder in Russia's largest independent television network, and the number one commercial radio operator in the Nordic region. The Viasat DTH satellite TV platform offers digital multi-channel TV packages of 50 own-produced and third party entertainment channels. Viasat TV channels now reach over 80 million people every day in 22 countries across Europe.*

*Modern Times Group MTG AB class A and B shares are listed on the Nordic Stock Exchange Large Cap list under the symbols 'MTGA' and 'MTGB'.*

CONDENSED CONSOLIDATED INCOME STATEMENT (MSEK)	2006 Jul-Sep	2005 Jul-Sep	2006 Jan-Sep	2005 Jan-Sep	2005 Jan-Dec
Net sales	2,280	1,836	7,219	5,549	8,012
Cost of goods and services	-1,330	-1,115	-4,144	-3,372	-4,797
<b>Gross income</b>	<b>950</b>	<b>721</b>	<b>3,075</b>	<b>2,177</b>	<b>3,215</b>
Selling and administrative expenses	-705	-537	-2,114	-1,561	-2,194
Other operating revenues and expenses, net	1	5	-34	-21	-35
Share of earnings in associated companies	158	77	415	190	227
<b>Operating income (EBIT)</b>	<b>404</b>	<b>267</b>	<b>1,342</b>	<b>786</b>	<b>1,213</b>
Gain from financial assets	0	-	2	389	384
Non-cash gain from CTC Media Inc. IPO new share issue	241	-	241	-	-
Net interest and other financial items	2	-4	0	-81	-102
<b>Income before tax</b>	<b>647</b>	<b>262</b>	<b>1,586</b>	<b>1,094</b>	<b>1,495</b>
Tax	-118	-60	-403	-197	-310
<b>Net income for the period</b>	<b>529</b>	<b>202</b>	<b>1,183</b>	<b>897</b>	<b>1,185</b>
<i>Attributable to:</i>					
Equity holders of the parent	520	203	1,129	895	1,180
Minority interests	9	0	54	2	5
Net income for the period	529	202	1,183	897	1,185
Shares at the end of the period	66,527,490	66,375,156	66,527,490	66,375,156	66,375,156
Basic average number of shares outstanding	66,527,490	66,375,156	66,461,398	66,375,156	66,375,156
Diluted average number of shares outstanding	66,872,328	66,375,156	66,808,555	66,375,156	66,375,156
Basic earnings per share (SEK)	7.82	3.05	16.98	13.49	17.78
Diluted earnings per share (SEK)	7.78	3.05	16.89	13.49	17.78

<b>CONDENSED CONSOLIDATED BALANCE SHEET (MSEK)</b>	<b>2006 30 Sep</b>	<b>2005 30 Sep</b>	<b>2005 31 Dec</b>
<b>Non-current assets</b>			
Goodwill	2,455	870	1,814
Other intangible assets	604	137	390
Machinery and equipment	154	99	134
Shares and participations	1,457	3,026	2,954
Other financial receivables	127	232	189
	<u>4,797</u>	<u>4,364</u>	<u>5,481</u>
<b>Current assets</b>			
Inventory	1,382	1,202	1,151
Current receivables	2,402	1,737	1,956
Cash, cash equivalents and short-term investments	690	1,712	1,207
	<u>4,474</u>	<u>4,651</u>	<u>4,314</u>
<b>Total assets</b>	<u>9,271</u>	<u>9,015</u>	<u>9,795</u>
<b>Shareholders' equity</b>			
Shareholders' equity	4,612	5,041	5,254
Minority interests in equity	140	8	53
	<u>4,752</u>	<u>5,049</u>	<u>5,306</u>
<b>Long-term liabilities</b>			
Other interest-bearing liabilities	49	5	41
Provisions	224	109	177
Non-interest-bearing liabilities	8	5	30
	<u>281</u>	<u>120</u>	<u>249</u>
<b>Current liabilities</b>			
Convertible debenture loan 2001/2006	-	1,110	1,125
Other interest-bearing liabilities	711	-	68
Non-interest-bearing liabilities	3,527	2,736	3,048
	<u>4,238</u>	<u>3,846</u>	<u>4,240</u>
<b>Total shareholders' equity and liabilities</b>	<u>9,271</u>	<u>9,015</u>	<u>9,795</u>

<b>CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (MSEK)</b>	<b>2006 Jul-Sep</b>	<b>2005 Jul-Sep</b>	<b>2006 Jan-Sep</b>	<b>2005 Jan-Sep</b>	<b>2005 Jan-Dec</b>
Cash flow from operations	252	195	839	596	966
Changes in working capital	-145	49	-219	54	16
<b>Net cash flow from operations</b>	<b>108</b>	<b>244</b>	<b>620</b>	<b>650</b>	<b>981</b>
Proceeds from sales of shares	0	0	21	513	513
Investments in shares in subsidiaries and associates	-608	-3	-604	-32	-932
Investments in other non-current assets	-48	-26	-257	-63	-80
Other cash flow from investing activities	-	15	-	34	22
<b>Cash flow to/from investing activities</b>	<b>-655</b>	<b>-14</b>	<b>-840</b>	<b>452</b>	<b>-477</b>
Net change in loans	477	-	-476	-	27
Other cash flow from/to financing activities	110	-26	192	-12	28
<b>Net change in cash and cash equivalents for the period</b>	<b>39</b>	<b>204</b>	<b>-503</b>	<b>1,091</b>	<b>559</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>655</b>	<b>1,531</b>	<b>1,207</b>	<b>574</b>	<b>574</b>
<b>Translation differences in cash and cash equivalents</b>	<b>-4</b>	<b>-23</b>	<b>-14</b>	<b>48</b>	<b>74</b>
<b>Cash and cash equivalents at end of the period</b>	<b>690</b>	<b>1,712</b>	<b>690</b>	<b>1,712</b>	<b>1,207</b>
<b>RECONCILIATION OF SHAREHOLDERS EQUITY (MSEK)</b>	<b>2006 30 Sep</b>	<b>2005 30 Sep</b>	<b>2005 31 Dec</b>		
<b>Opening balance equity</b>	<b>5,306</b>	<b>4,657</b>	<b>4,657</b>		
Change in accounting of CTC Media associated company	-	-45	-45		
Change in minority interests	40	4	46		
Effect of employee share option programmes	3	4	9		
Employee options exercised	137	-	-		
Revaluation of shares at market value	-382	-170	-244		
Distribution of Metro International S.A. shares	-1,495	-	-		
Sale of shares in TV4 AB	-	-322	-322		
Cash flow hedge	-11	0	8		
Currency translation differences	-28	25	12		
Net income for the period	1,183	897	1,185		
<b>Closing balance equity</b>	<b>4,752</b>	<b>5,049</b>	<b>5,306</b>		
<i>Attributable to:</i>					
Equity holders of the parent	4,612	5,041	5,254		
Minority interests	140	8	53		
<b>Total equity</b>	<b>4,752</b>	<b>5,049</b>	<b>5,306</b>		

## Segmental Operating Review

NET SALES (MSEK)	Q1 2005	Q2 2005	Q3 2005	Q4 2005	FULL YEAR 2005	Q1 2006	Q2 2006	Q3 2006	YTD 2006
<b>Viasat Broadcasting</b>									
Free-to-air TV Scandinavia	656.0	755.6	625.9	874.7	2,912.3	722.5	810.3	653.1	2,185.9
Pay-TV Nordic	605.0	629.8	672.2	725.9	2,632.8	748.9	781.9	803.3	2,334.1
- DTH platform	570.8	592.9	627.1	675.6	2,466.4	704.1	727.3	753.6	2,185.0
- Channels	240.3	255.7	271.7	303.4	1,071.1	310.9	323.9	323.8	958.7
- Eliminations	-206.1	-218.8	-226.7	-253.1	-904.7	-266.1	-269.3	-274.2	-809.6
Central & Eastern Europe	129.3	172.9	140.0	370.5	812.7	387.6	532.8	367.5	1,287.9
- Free-to-air TV Baltics	78.0	105.0	72.1	134.6	389.7	102.2	134.0	88.1	324.3
- Viasat3 Hungary	14.6	24.1	18.3	33.0	90.0	24.1	30.9	23.4	78.4
- DTV Russia	18.1	21.5	21.5	37.0	98.1	38.2	50.8	40.5	129.4
- TV Prima Czech Rep.	-	-	-	136.4	136.4	180.1	266.1	158.9	605.2
- TV3 Slovenia	-	-	-	-	-	-	-	0.3	0.3
- Pay-TV DTH platform & channels	18.6	22.3	28.1	29.5	98.5	43.1	51.0	56.3	150.4
BET24	-	55.5	58.9	90.4	204.8	108.7	117.5	97.7	323.9
Other & eliminations	-33.6	-30.6	-22.6	-38.4	-125.2	-27.2	-57.8	-65.1	-150.1
<b>Total</b>	<b>1,356.7</b>	<b>1,583.2</b>	<b>1,474.4</b>	<b>2,023.0</b>	<b>6,437.4</b>	<b>1,940.4</b>	<b>2,184.7</b>	<b>1,856.5</b>	<b>5,981.6</b>
<b>Radio</b>	<b>60.3</b>	<b>84.6</b>	<b>68.2</b>	<b>77.1</b>	<b>290.2</b>	<b>80.8</b>	<b>98.5</b>	<b>85.2</b>	<b>264.4</b>
<b>Home Shopping</b>	<b>245.2</b>	<b>222.0</b>	<b>225.4</b>	<b>299.0</b>	<b>991.5</b>	<b>268.9</b>	<b>231.6</b>	<b>252.3</b>	<b>752.8</b>
<b>Modern Studios</b>	<b>178.5</b>	<b>151.5</b>	<b>147.9</b>	<b>159.7</b>	<b>637.6</b>	<b>158.5</b>	<b>126.2</b>	<b>162.5</b>	<b>447.2</b>
<b>Parent company &amp; other companies</b>	<b>34.9</b>	<b>39.5</b>	<b>23.4</b>	<b>30.4</b>	<b>128.2</b>	<b>28.2</b>	<b>31.9</b>	<b>26.6</b>	<b>86.7</b>
<b>Eliminations</b>	<b>-138.0</b>	<b>-105.3</b>	<b>-103.3</b>	<b>-126.3</b>	<b>-473.0</b>	<b>-114.9</b>	<b>-96.2</b>	<b>-102.7</b>	<b>-313.8</b>
<b>GROUP TOTAL</b>	<b>1,737.5</b>	<b>1,975.5</b>	<b>1,836.1</b>	<b>2,462.8</b>	<b>8,011.9</b>	<b>2,361.8</b>	<b>2,576.8</b>	<b>2,280.2</b>	<b>7,218.8</b>

OPERATING INCOME (EBIT) (MSEK)	Q1 2005	Q2 2005	Q3 2005	Q4 2005	FULL YEAR 2005	Q1 2006	Q2 2006	Q3 2006	YTD 2006
<b>Viasat Broadcasting</b>									
Free-to-air TV Scandinavia	58.2	144.9	100.6	188.4	492.0	140.0	163.0	84.3	387.4
Pay-TV Nordic	122.8	118.0	130.4	135.8	506.9	125.1	140.2	158.6	424.0
- DTH platform	76.0	59.6	74.9	85.8	296.3	79.5	81.0	93.5	254.0
- Channels	46.7	58.4	55.5	50.0	210.5	45.7	59.2	65.1	169.9
Central & Eastern Europe	-12.3	20.4	-7.5	75.9	76.5	50.8	118.8	23.4	193.1
- Free-to-air TV Baltics	8.5	29.2	2.8	46.2	86.7	17.3	48.3	7.7	73.3
- Viasat3 Hungary	-9.8	-2.4	-4.1	0.7	-15.6	-3.1	3.8	-1.8	-1.1
- DTV Russia	-5.9	-5.2	-7.1	-2.0	-20.2	2.4	-0.8	-2.8	-1.1
- TV Prima Czech Rep.	-	-	-	32.7	32.7	33.6	67.1	17.9	118.7
- TV3 Slovenia	-	-	-	-	-	-	-	-2.9	-2.9
- Pay-TV DTH platform & channels	-5.2	-1.2	0.9	-1.7	-7.2	0.6	0.4	5.3	6.3
BET24	-	2.1	3.1	-6.2	-1.0	-13.4	-24.5	-7.5	-45.4
Other & eliminations	11.9	14.4	14.9	13.7	54.9	16.7	4.7	5.3	26.7
Associated companies (CTC Media, Inc.)	68.4	32.7	62.6	22.9	186.7	138.4	104.5	150.7	393.6
<b>Total</b>	<b>248.8</b>	<b>332.5</b>	<b>304.1</b>	<b>430.5</b>	<b>1,316.0</b>	<b>457.8</b>	<b>506.8</b>	<b>414.8</b>	<b>1,379.3</b>
<b>Radio</b>	<b>-15.0</b>	<b>6.0</b>	<b>-2.1</b>	<b>0.3</b>	<b>-10.7</b>	<b>0.2</b>	<b>16.6</b>	<b>8.7</b>	<b>25.6</b>
Associated companies	5.8	5.0	13.5	9.3	33.6	7.6	5.8	6.1	19.5
<b>Total</b>	<b>-9.1</b>	<b>11.0</b>	<b>11.4</b>	<b>9.6</b>	<b>22.9</b>	<b>7.8</b>	<b>22.5</b>	<b>14.8</b>	<b>45.1</b>
<b>Home Shopping</b>	<b>16.9</b>	<b>10.1</b>	<b>14.9</b>	<b>20.5</b>	<b>62.5</b>	<b>20.1</b>	<b>7.0</b>	<b>6.2</b>	<b>33.3</b>
<b>Modern Studios</b>	<b>-18.2</b>	<b>1.3</b>	<b>-18.5</b>	<b>9.7</b>	<b>-25.6</b>	<b>2.3</b>	<b>1.7</b>	<b>-0.3</b>	<b>3.7</b>
<b>Parent company &amp; other companies</b>	<b>-26.8</b>	<b>-47.2</b>	<b>-45.4</b>	<b>-43.3</b>	<b>-162.7</b>	<b>-35.5</b>	<b>-52.3</b>	<b>-31.2</b>	<b>-119.0</b>
<b>GROUP TOTAL</b>	<b>211.6</b>	<b>307.8</b>	<b>266.5</b>	<b>427.1</b>	<b>1,212.9</b>	<b>452.5</b>	<b>485.6</b>	<b>404.3</b>	<b>1,342.4</b>

## Key Performance Indicators

	Q1 2005	Q2 2005	Q3 2005	Q4 2005	FULLYEAR 2005	Q1 2006	Q2 2006	Q3 2006
<b>GROUP</b>								
Year on year sales growth %	11.1	11.9	19.1	27.4	17.7	36.8	30.4	24.2
Year on year change in operating costs %	8.5	7.9	9.7	19.4	11.6	29.4	29.1	23.5
Operating margin %	12.2	15.6	14.5	17.3	15.1	19.0	18.8	17.7
Return on capital employed %	19	20	21	21		23	26	28
Equity to Assets ratio %	57	57	56	55		54	61	51
Liquid Funds (including unutilised credit facilities), SEK million	2,055	2,326	2,551	2,046		4,860	4,055	3,590
Net cash (+) / Net debt (-), SEK million	248	449	638	15		70	420	-28
<b>Subscriber data</b>								
Group total digital subscribers ('000s)	695	716	757	811		837	858	884
Group total premium subscribers ('000s)	517	550	594	653		690	719	755
<b>FREE-TO-AIR TV SCANDINAVIA</b>								
Year on year sales growth %	16.2	4.4	10.1	12.6	10.6	10.1	7.2	4.3
Year on year change in operating costs %	3.7	-5.8	-14.5	11.4	-1.4	-2.6	6.0	8.3
Operating margin %	8.9	19.2	16.1	21.5	16.9	19.4	20.1	12.9
<b>Commercial Share of Viewing (%)</b>								
TV3 & TV6 Sweden (15-49)*	30.8	30.2	33.2	31.6	31.4	30.4	30.9	32.7
TV3 & ZTV Norway (15-49)	16.3	17.8	17.2	17.3	17.2	17.1	16.6	18.2
TV3 & TV3+ Denmark (15-49)	20.5	22.9	22.5	22.6	22.0	20.9	22.3	21.8
* Prior to May 2006 the figures include ZTV								
<b>Penetration (%)</b>								
TV3 Sweden	68	68	70	73		75	75	75
TV6 Sweden							67	67
ZTV Sweden	60	60	63	66		67	n/a	n/a
TV3 Norway	63	63	63	63		63	63	63
ZTV Norway	38	38	39	39		39	43	45
TV3 Denmark	67	67	67	66		66	66	66
TV3+ Denmark	65	65	65	64		64	64	65
<b>PAY-TV NORDIC</b>								
Year on year sales growth %	5.9	10.0	18.2	19.4	13.4	23.8	24.2	19.5
Year on year change in operating costs %	8.9	5.6	8.9	12.3	9.0	29.3	25.4	19.0
Operating margin %	20.3	18.7	19.4	18.7	19.3	16.7	17.9	19.7
<b>Subscriber data</b>								
Premium Subscribers ('000s)	496	526	565	614		646	669	696
- of which, DTH Satellite	494	519	556	602		632	652	673
- of which, Broadband	2	7	9	12		14	17	23
Basic DTH Subscribers	178	165	163	158		147	139	129
Premium ARPU (SEK)	3,175	3,204	3,193	3,277		3,341	3,370	3,460
<b>CENTRAL &amp; EASTERN EUROPE</b>								
Year on year sales growth %	41.5	26.9	53.4	140.6	71.9	199.7	208.1	162.5
Year on year change in operating costs %	34.2	23.6	31.2	119.6	54.8	137.8	171.5	133.2
Operating margin %	-9.5	11.8	-5.4	20.5	9.4	13.1	22.3	6.4
<b>Commercial Share of Viewing (%)</b>								
TV3 & 3+ Estonia (15-49)	46.1	47.8	46.7	49.0	47.4	47.9	46.6	44.7
TV3 & 3+ Latvia (15-49)	31.7	34.1	32.7	38.1	34.2	35.4	37.2	39.4
TV3 & Tango TV Lithuania (15-49)	35.3	34.4	35.3	34.9	35.0	33.4	32.7	35.2
Viasat3 Hungary (18-49)	4.9	5.7	6.3	5.5	5.5	4.8	5.3	6.9
DTV Russia (6-54)	1.7	1.6	1.9	2.3	1.9	2.1	2.1	2.2
TV Prima Czech Rep (15+)	22.8	23.7	25.7	26.5	24.6	20.7	22.7	22.4
CTC Media & The Home Channel Russia (4+)*	9.6	11.5	11.7	12.8	11.3	12.1	13.0	-
*Share of viewing								
<b>Subscriber data</b>								
DTH Premium Baltics ('000s)	21	24	29	38		44	50	59
Mini-pay subscriptions ('000s)	7,898	9,159	10,242	11,541		14,194	15,623	17,200

## Appendix

### *Acquisition of P4 Radio Hele Norge ASA*

The Group made a mandatory offer to acquire the outstanding share capital of P4 Radio Hele Norge ASA in September for a cash consideration of NOK 554 million. The offer is the result of MTG acquiring P4 Radio shares from a number of institutional and private shareholders for NOK 30.0 per share, increasing MTG's prior holding 39.7% of P4 Radio's shares to above the Norwegian listed company mandatory bid threshold of 40%. MTG now owns 31.321.058 P4 Radio shares, which is equivalent to 97.1% of the Company's 32,258,080 issued and outstanding shares. P4 Radio was fully consolidated on September 30 and will affect the consolidated results from 1 October 2006. Its results will be reported within the Radio business area. The total consideration as of 30 September was equivalent to SEK 619 million excluding transaction costs.

### *Acquisition of PRVA, Slovenia*

The Group acquired 100% of the shares of Prva TV d.o.o. in Slovenia on 30 August 2006, for a total cash consideration of EUR 8.1 million. PRVA, rebranded as TV3, is reported within Viasat Broadcasting business area with effect from 1 September 2006.

### *Provisional purchase price allocation*

The work with the purchase price allocation, including identification and valuation of intangible assets, is in progress and remains to be finalized. The difference between the total consideration and the net assets recorded by the acquired companies is recognized as goodwill in this report. The provisionally recorded fair values which equals the book values of the identifiable assets and liabilities of P4 Radio and PRVA and goodwill as at the date of acquisition are as follows:

## MSEK

	<b>Recognised values</b>
<b>Net assets acquired:</b>	
Property, plant and equipment	13.3
Broadcasting license	73.5
Trademarks	0.5
Other longterm assets	31.2
Inventories	20.3
Trade and other receivables	55.3
Cash and cash equivalents	86.3
Interest-bearing loans and borrowing	-12.9
Provisions	-8.8
Trade and other payables	-172.4
Net identifiable assets and liabilities	86.3
Of which acquired in previous years	-28.3
Minority interest	-8.5
Goodwill on acquisition	644.9
Total consideration	694.3
Liquid funds in acquired companies	-86.3
Cash consideration	608.1