



## **MODERN TIMES GROUP MTG AB**

### **FINANCIAL RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2007**

Stockholm, 23 October 2007 – Modern Times Group MTG AB (publ.) (“MTG” or “the Group”) (The OMX Nordic Exchange Large Cap market: MTGA, MTGB) today announced its financial results for the third quarter and nine months ended 30 September 2007.

#### **THIRD QUARTER HIGHLIGHTS**

- **Group net sales up 15% year on year to SEK 2,612 million**
- **Group operating income up 13% year on year to SEK 279 million, excluding SEK 137 million of associated company income**
- **Viasat Broadcasting net sales up 16% year on year to SEK 2,022 million and operating income of SEK 400 million**
- **Net income of SEK 292 million (SEK 529 million including SEK 241 million non-cash gain arising from CTC Media IPO)**
- **Basic earnings per share of SEK 4.39 (7.82)**

#### **YEAR TO DATE HIGHLIGHTS**

- **Group net sales up 12% year on year to SEK 8,083 million**
- **Group operating income up 9% year on year to SEK 1,006 million, excluding SEK 410 million of associated company income**
- **Viasat Broadcasting net sales up 12% year on year to SEK 6,272 million and operating income of SEK 1,417 million**
- **Net income of SEK 970 million (SEK 1,183 million including SEK 241 million non-cash gain arising from CTC Media IPO)**
- **Basic earnings per share of SEK 13.88 (16.98)**

Hans-Holger Albrecht, President and Chief Executive Officer, commented: “The Group’s sales growth in the quarter and for the year to date demonstrated that we are comfortably on track with our five year strategic goals. Margins reflected the investments that we are making in both our existing and new businesses, a number of which impacted the reporting period for the first time. We gained audience and market share in the majority of our markets, and also added more net subscribers to the Viasat platform than in recent quarters. The launch of new channels; the repackaging of our Nordic pay-TV offering;

increasing penetration in Russia; the establishment of the joint venture in Ukraine; and the new agreement signed with Canal Digital in Norway, are all strategic developments intended to enable us to continue to grow sales at double digit percentage rates and further improve profitability levels moving forward.”

“We commenced the share buy-back programme at the end of the quarter, which confirms our ongoing commitment to optimizing the Group’s capital structure, whilst maintaining the flexibility to continue to expand our operations. Cash flow generation is healthy and our return on capital employed has remained at over 30%. The Group is therefore well-positioned to take advantage of investment opportunities and structural market changes as they arise.”

## **FINANCIAL SUMMARY**

<i>(SEK million)</i>	<b>Jul-Sep 2007</b>	Jul-Sep 2006	<b>Jan-Sep 2007</b>	Jan-Sep 2006	Jan-Dec 2006
Net sales	<b>2,612</b>	2,280	<b>8,083</b>	7,219	10,136
Operating income (EBIT)	<b>416</b>	404	<b>1,416</b>	1,342	1,777
Gain from financial assets	<b>2</b>	241	<b>1</b>	243	244
Net interest and other financial items	<b>-7</b>	2	<b>-9</b>	0	-5
Income before tax	<b>411</b>	647	<b>1,408</b>	1,586	2,016
Net income	<b>292</b>	529	<b>970</b>	1,183	1,499
Basic earnings per share (SEK)	<b>4.39</b>	7.82	<b>13.88</b>	16.98	21.57
Diluted earnings per share (SEK)	<b>4.33</b>	7.78	<b>13.69</b>	16.89	20.55
Total assets	<b>10,791</b>	9,271	<b>10,791</b>	9,271	9,205

## **SIGNIFICANT EVENTS DURING THE PERIOD**

The Group announced on 19 September that the Board of Directors had resolved to utilize the authorization provided by the 2007 Annual General Meeting of shareholders to buy back its Class A and Class B shares up until the time of the 2008 Annual General Meeting. MTG subsequently bought back 100,000 MTG B class shares on 20 and 21 September on the OMX Nordic Exchange at an average price of SEK 408.28 per share. The intention is to seek approval to cancel the purchased shares at the next General Meeting of shareholders.

The Group announced on 10 September that it had signed a partnership agreement with Strong Media Group Ltd. to launch the first digital premium DTH satellite pay-TV platform in Ukraine. The platform is expected to be launched in the first half of 2008.

The Group announced on 14 May that MTG Homeshopping AB had signed an agreement to sell 100% of TV-Shop Europe AB to Guthy-Renker Europe AB for a cash and debt free consideration of SEK 70 million in cash. TV-Shop was deconsolidated from the Group’s accounts with effect from the closing of the transaction on 21 June.

The MTG 2007 Annual General Meeting of shareholders, which was held on 9 May, approved the payment of a dividend for the twelve months ended 31 December 2006 of SEK 503 million to shareholders as the record date of 14 May, which was paid out in May. The Meeting also authorized the Board of Directors to resolve to buy back up to 10% of the Group's issued and outstanding share capital up until the time of the 2008 Annual General Meeting.

Viasat established a joint venture company with state-owned TV2 in Denmark in April 2007, in order to launch a new dedicated sports channel TV2 Sport in Denmark. The company has been proportionately consolidated since 11 April 2007, with 50% of revenues and costs reported in the Group's accounts.

The Group announced on 20 March that it had completed the acquisition of 50% and management control of Balkan Media Group for a total cash consideration of EUR 11.6 million. Balkan Media Group has been fully consolidated and reported within the Viasat Broadcasting business area since 1 April 2007 (please see page 25 of this report for further information about the purchase price allocation).

The Group acquired 90% of the issued share capital of the Playahead (www.playahead.com) online social networking community for a total cash consideration of SEK 102 million in January 2007. Playahead's results have been consolidated and reported within the Online business area since 9 January.

## **OPERATING REVIEW**

### *15% Sales Growth in Q3*

<b>NET SALES</b> (SEK million)	<b>Jul-Sep</b> <b>2007</b>	Jul-Sep 2006	<i>Change</i> %	<b>Jan-Sep</b> <b>2007</b>	Jan-Sep 2006	<i>Change</i> %	Jan-Dec 2006
<i>Free-to-air TV Scandinavia</i>	<b>672</b>	653	3	<b>2,204</b>	2,186	1	3,038
<i>Pay-TV Nordic</i>	<b>909</b>	803	13	<b>2,668</b>	2,334	14	3,183
<i>Central &amp; Eastern Europe</i>	<b>494</b>	367	35	<b>1,578</b>	1,288	23	1,841
<i>JV, other &amp; eliminations</i>	<b>-53</b>	-76	-	<b>-178</b>	-198	-	-257
Viasat Broadcasting	<b>2,022</b>	1,748	16	<b>6,272</b>	5,610	12	7,805
Radio	<b>182</b>	85	114	<b>532</b>	264	101	433
Other business areas	<b>474</b>	523	-9	<b>1,444</b>	1,572	-8	2,192
Parent & other companies	<b>26</b>	27	-70	<b>76</b>	87	-33	111
Eliminations	<b>-93</b>	-103	-	<b>-240</b>	-314	-	-406
<b>TOTAL</b>	<b>2,612</b>	2,280	15	<b>8,083</b>	7,219	12	10,136

The Group generated 15% year on year net sales growth in the third quarter and 12% growth for the year to date. The growth was driven by the Nordic pay-TV, Central & Eastern European, and Radio businesses, whilst the Scandinavian Free-to-air TV business reported another quarter of year on year growth. The net sales for the period included fully consolidated contributions from P4 Radio and Balkan Media Group for the first time.

## Increased Profits & Ongoing Investments

<b>OPERATING INCOME</b> (SEK million)	<b>Jul-Sep</b> <b>2007</b>	Jul-Sep 2006	Change %	<b>Jan-Sep</b> <b>2007</b>	Jan-Sep 2006	Change %	Jan-Dec 2006
<i>Free-to-air TV Scandinavia</i>	<b>105</b>	84	25	<b>384</b>	387	-1	562
<i>Pay-TV Nordic</i>	<b>153</b>	159	-3	<b>461</b>	424	9	597
<i>Central &amp; Eastern Europe</i>	<b>32</b>	23	36	<b>220</b>	193	14	304
<i>JV, other &amp; eliminations</i>	<b>-19</b>	3	-	<b>-47</b>	10	-	19
<i>Equity participation in CTC Media, Inc.</i>	<b>128</b>	151	-15	<b>398</b>	394	1	432
Viasat Broadcasting	<b>400</b>	420	-5	<b>1,417</b>	1,408	1	1,913
Radio	<b>46</b>	15	214	<b>95</b>	45	111	78
Other business areas	<b>17</b>	0	-	<b>46</b>	9	-	-59
Parent & other companies	<b>-48</b>	-31	-	<b>-141</b>	-119	-	-155
<b>TOTAL</b>	<b>416</b>	404	3	<b>1,416</b>	1,342	6	1,777

MTG reported a 3% year on year increase in operating income in the quarter to SEK 416 (404) million and 6% for the year to date to SEK 1,416 (1,342) million, with an operating margin of 16% (18%) for the quarter and 18% (19%) for the year to date.

Group operating costs increased by 15% year on year in the quarter to SEK 2,333 (2,034) million and by 12% to SEK 7,077 (6,292) million for the year to date, which reflected the inclusion of the newly consolidated businesses mentioned above and the ongoing investments in new channels and technologies. Group depreciation and amortization charges totalled SEK 39 (31) million in the quarter and SEK 108 (90) million for the year to date.

The Group's equity participations currently primarily comprise CTC Media, but also included P4 Radio prior to its consolidation from 30 September 2006. The participations contributed SEK 137 (158) million of associated company income in the third quarter and SEK 410 (415) million for the first nine months of 2007. Excluding associated company income, Group operating profits were up 13% year on year to SEK 279 (246) million in the quarter and up 9% to SEK 1,006 (927) million for the year to date, and the Group reported unchanged operating margins of 11% (11%) and 12% (13%) for the two respective periods.

The Group reported a SEK 241 million non-cash financial accounting gain in the third quarter of 2006, as a result of the new share issue in connection with the Initial Public Offering of shares by associated company CTC Media, Inc. The gain arose due to the subscription price of the newly issued shares being higher than MTG's average book value per CTC Media share.

Net interest and other financial items totalled SEK -7 (2) million in the quarter and SEK -9 (0) million for the year to date, including SEK 0 (1) million and SEK -3 (-15) million of net interest expenses for the respective periods. The financial items for the first nine months of 2006 included SEK 27 million of interest payable on the EUR 120 million convertible loan notes, which were repaid in June 2006, as well as resulting currency exchange rate gains of SEK 24 million.

The Group reported a pre-tax profit of SEK 411 (647) million in the quarter and SEK 1,408 (1,586) million for the year to date. Group tax charges amounted to SEK 119 (118) million in the quarter and SEK 439 (403) million for the year to date, which was equivalent to tax rates of 29% and 31% for the two respective periods. The Group consequently reported net income of SEK 292 (529) million in the quarter and SEK 970 (1,183) million for the year to date.

The total number of issued shares has increased from 66,375,156 as at 1 January 2006 to 67,071,540 as at 30 September 2007 following the exercise of 667,368 class B employee share options in 2006 and 29,016 class B employee share options in the year to date. Following the repurchasing of 100,000 class B shares in September 2007 the number of outstanding shares is 66,971,540. The Group's basic earnings per share consequently totalled SEK 4.39 (7.82) for the quarter and SEK 13.88 (16.98) for the year to date.

## **VIASAT BROADCASTING**

Viasat Broadcasting comprises the Group's principal television broadcasting businesses and the results for the period included Balkan Media Group, and the TV2 Sport joint venture operation for the first time. TV3 Slovenia was acquired and consolidated in mid-August 2006.

### *Investing in Growth*

<i>(SEK million)</i>	<b>Jul-Sep 2007</b>	Jul-Sep 2006	<b>Jan-Sep 2007</b>	Jan-Sep 2006	Jan-Dec 2006
Net Sales	<b>2,022</b>	1,748	<b>6,272</b>	5,610	7,805
Operating Income	<b>272</b>	270	<b>1,018</b>	1,014	1,481
Operating Margin (%)	<b>13</b>	15	<b>16</b>	18	19
Associated Company Income	<b>128</b>	151	<b>398</b>	394	432
Total Operating Income	<b>400</b>	420	<b>1,417</b>	1,408	1,913

The combined broadcasting operations generated 16% year on year net sales growth in the third quarter and 12% growth for the year to date, which was primarily driven by the performance of the Nordic pay-TV and Central & Eastern European broadcasting operations.

The Scandinavian Free-to-air and Central & Eastern European businesses reported significantly increased operating profits in the third quarter, while the Nordic pay-TV business and Central & Eastern European operations led the development for the first nine months of the year. The lower operating margins for the three and nine month periods reflected the additional investments in the Nordic pay-TV business, the costs associated with the newly launched TV2 Sport Joint Venture, the addition of the TV2 and TV2 News channels to the Viasat platform in 2007, and the impact of the start-up investments of TV3 Slovenia and Balkan Media Group.

## Free-to-air TV Scandinavia

### Sales Growth & Margin Enhancement in Q3

(SEK million)	<b>Jul-Sep 2007</b>	Jul-Sep 2006	<b>Jan-Sep 2007</b>	Jan-Sep 2006	Jan-Dec 2006
Net Sales	<b>672</b>	653	<b>2,204</b>	2,186	3,038
Operating Income	<b>105</b>	84	<b>384</b>	387	562
Operating Margin (%)	<b>16</b>	13	<b>17</b>	18	18

Viasat's Scandinavian free-to-air television operations generated 3% year on year net sales growth in the quarter and 1% sales growth for the year to date. The operating margin increased year on year in the quarter and was stable for the year to date.

Total operating costs for the free-to-air TV businesses were slightly down year on year at SEK 567 (569) million in the quarter but up 1% to SEK 1,820 (1,799) million for the year to date. Programming costs were stable year on year in the quarter, but increased by 2% for the nine month period. The lower than anticipated growth in programming costs continues to be due to the sharing of sports rights costs between the Danish free-to-air channels and the newly launched TV2 Sport pay-TV joint venture, as well as lower short term investments in programming following the healthy overall development in ratings. The Group has consequently revised its guidance for full year programming cost increases of up to 7% to a new level of up to 4%.

<b>Commercial Share of Viewing (%)</b>	<b>Jul-Sep 2007</b>	Jul-Sep 2006	<b>Jan-Sep 2007</b>	Jan-Sep 2006	Jan-Dec 2006
TV3 & TV6 Sweden (15-49) *	<b>34.1</b>	32.7	<b>33.9</b>	31.3	31.4
TV3 & ZTV/ Viasat4 Norway (15-49) **	<b>16.8</b>	18.2	<b>16.6</b>	17.2	17.0
TV3 & TV3+ Denmark (15-49)	<b>23.4</b>	21.8	<b>22.9</b>	21.6	21.8

\* includes ZTV prior to May 2006

\*\* includes ZTV prior to September 2007

Viasat's multi-channel strategy and focus on its position as Scandinavia's premier media house was reflected in increased combined audience share in Sweden and Denmark, and a stable quarter on quarter position in Norway.

Combined commercial share of viewing for the Swedish channels (TV3, TV6 and TV8) increased to 35.8% (33.5%) year on year in the third quarter. The combined performance of TV3 and TV6, which are sold as a package to advertisers, reflected continued ratings growth by TV6. TV6's commercial share of viewing increased to over 13.5% in the third quarter following the success of the UEFA Champions' League coverage, high rating feature films and proven formats such as 'The Simpsons' and 'Cops'.

TV8 is expected to report substantial penetration increases during the coming months, following its inclusion in cable network Com Hem's basic analogue package, which has 1.5 million household subscribers.

Viasat's Danish free-to-air TV channels (TV3 and TV3+) reported significantly increased commercial share of viewing year on year in the third quarter, following the success of own productions including '2900 Happiness', 'Robinson', '5<sup>th</sup> Grader', and 'Thank God You are Here'.

The Norwegian operations comprise TV3 and new channel Viasat 4, which was launched at the beginning of September and has taken over ZTV Norway's distribution contracts. The combined commercial share of viewing for the channels was down year on year but stable compared to the second quarter. Both TV3 and Viasat4 have been included in the 'Riks-TV' digital terrestrial pay-TV offering, which was launched on 1 September 2007 and will increase both channels' national penetration levels moving forward. Viasat is also now in discussions with Canal Digital regarding the potential inclusion of TV3 and Viasat4 on the Canal Digital satellite pay-TV platform, which would further boost penetration levels.

## Pay-TV Nordic

### *Subscriber Growth & Increasing ARPU*

<i>(SEK million)</i>	<b>Jul-Sep 2007</b>	Jul-Sep 2006	<b>Jan-Sep 2007</b>	Jan-Sep 2006	Jan-Dec 2006
Net Sales	<b>909</b>	803	<b>2,668</b>	2,334	3,183
Operating Income	<b>153</b>	159	<b>461</b>	424	597
Operating Margin (%)	<b>17</b>	20	<b>17</b>	18	19

Viasat Broadcasting's pay-TV operations in the Nordic region comprise the Viasat DTH satellite broadcasting platform and sixteen Viasat pay-TV channels. The business generated 13% year on year net sales growth in the quarter and 14% growth for the year to date, which reflected a 9% year on year increase in the premium subscriber base and continued premium average revenue per user (ARPU) growth.

<i>(000's)</i>	<b>September 2007</b>	June 2007	September 2006
<b>Premium Subscribers</b>	<b>756</b>	746	696
- of which, DTH satellite	<b>717</b>	709	673
- of which, Broadband	<b>39</b>	37	23
<b>Basic DTH Satellite Subscribers</b>	<b>90</b>	95	129

10,000 net new premium subscribers were added during the third quarter, which was twice the net acquisition level in the previous quarter. A total of 60,000 premium subscribers have been added since the end of the third quarter of 2006.

The number of Viasat+ Personal Video Recorder subscribers increased to 63,000 by the end of the quarter and the number of multi-room subscriptions increased to 118,000, up from 46,000 and 104,000 at the end of the second quarter, respectively. These lower churn and higher ARPU subscriber groups represented 9% and 17% of the premium DTH subscriber base at the end of the period, respectively, compared to 6% and 15% at the end of the second quarter.

Annualised premium ARPU increased by 3% year on year to SEK 3,573 (3,460) in the third quarter, and compared to SEK 3,502 for the second quarter of 2007. Viasat announced the introduction of a new, tiered, pay-TV package structure at the end of the quarter. The new package structure offers subscribers more than 20 different package

combinations, with an entry level basic tier, several thematic high end premium and top-up channels, and is intended to increase ARPU levels moving forward.

Viasat is now in discussions with TV2 Norway and SBS ProSiebenSat.1 regarding the potential inclusion of TV2 and TVN on the Viasat pay-TV platform in Norway, which would further benefit and improve the Viasat offering going forward. The discussions follow the non-exclusivity agreement between Viasat and Canal Digital in Norway, which was signed in October.

Operating costs for the Nordic pay-TV business increased by 17% year on year in the quarter, by 16% for the year to date, and were up 5% when compared to the second quarter of 2007. The year on year increase reflected the higher subscriber intake levels, higher sports rights acquisition and programming costs, and the previously announced investment of SEK 160 million in new channels and technologies during 2007.

Total expensed subscriber acquisition costs were up 7% year on year to SEK 145 (135) million in the quarter, and up 10% from SEK 132 million in the second quarter. Total expensed subscriber acquisition costs for the year to date increased by 5% to SEK 417 (397) million. The increase in expensed subscriber acquisition costs reflected the higher net subscriber acquisition levels in the quarter, as well as the continued strong growth in Viasat+ and multi-room subscriptions.

Operating profits for the Nordic pay-TV business consequently decreased slightly year on year in the third quarter, and compared to the second quarter, whilst profits were up 9% for the first nine months of the year. The operating margin fell year on year for the two reporting periods to 17% (20%) and 17% (18%), respectively.

## **TV2 Sport**

The TV2 Sport joint venture was established with state-owned TV2 Denmark in April 2007. Revenues and costs for the operation are shared between MTG and TV2 Denmark on a 50:50 basis. MTG's share of the joint venture's sales was SEK 17 million in the quarter and SEK 28 million for the year to date. TV2 Sport signed an agreement with Danish cable operator TDC in September 2007, which has made the channel available to approximately 700,000 more households. The channel can now be viewed by approximately 1.1 million Danish TV households and had an increased commercial share of viewing in the 15-49 year old target group to 2.7% in the third quarter. The joint venture remains in its early stages of development and MTG's share of TV2 Sport's operating losses was SEK 24 million in the quarter and SEK 58 million for the year to date. The losses are expected to gradually decrease over time, as both subscription and advertising sales pick up, and the joint venture is expected to reach profitability within two years from the launch.



## Central & Eastern Europe

### *Further Expansion & Consolidation*

<i>(SEK million)</i>	<b>Jul-Sep 2007</b>	Jul-Sep 2006	<b>Jan-Sep 2007</b>	Jan-Sep 2006	Jan-Dec 2006
Net Sales	<b>494</b>	367	<b>1,578</b>	1,288	1,841
Operating Income	<b>32</b>	23	<b>220</b>	193	304
Operating Margin (%)	<b>6</b>	6	<b>14</b>	15	17
Associated Company Income (CTC Media, Inc.)	<b>128</b>	151	<b>398</b>	394	432
Total Operating Income	<b>160</b>	174	<b>619</b>	587	736

Viasat's free-to-air and pay-TV operations in Central and Eastern Europe generated 35% year on year net sales growth in the third quarter and 23% growth for the year to date. The results include the consolidation of Balkan Media Group since 1 April 2007 and TV3 Slovenia since 1 September 2006.

Operating profits, excluding the Group's equity participation in CTC Media Inc., were up 36% in the quarter and 14% for the year to date. The combined operating margin for the business, excluding associated company income, was stable in the quarter and slightly lower for the year to date, which reflected the higher level of investments in existing and newly launched or acquired businesses.

### *The Baltics*

The Group's free-to-air TV operations in Estonia, Latvia and Lithuania reported 25% combined year on year net sales growth to SEK 110 (88) million in the third quarter and 15% growth to SEK 373 (324) million for the year to date.

<b>Commercial Share of Viewing (%)</b>	<b>Jul-Sep 2007</b>	Jul-Sep 2006	<b>Jan-Sep 2007</b>	Jan-Sep 2006	Jan-Dec 2006
TV3 and 3+ in Estonia (15-49)	<b>44.1</b>	44.7	<b>44.4</b>	46.5	45.1
TV3, 3+ and TV6 in Latvia (15-49)	<b>43.6</b>	39.4	<b>40.0</b>	37.1	36.9
TV3 and Tango TV in Lithuania (15-49)	<b>40.3</b>	35.2	<b>40.1</b>	33.7	34.2

Viasat's pan-Baltic commercial share of viewing (15-49) continued to increase year on year and quarter on quarter to 41.9% (38.2%) in the quarter and 40.8% (36.9%) for the year to date, driven by improved audience share in Latvia and Lithuania. TV6 Latvia was launched in the second quarter of 2007 and has already achieved a 1.4% commercial share of viewing in the target group.

Operating profits increased by 74% year on year to SEK 13 (8) million in the quarter and by 16% to SEK 85 (73) million for the year to date. The operating margin therefore increased to 12% (9%) in the quarter and was stable at 23% (23%) for the year to date.

### *The Czech Republic*

TV Prima's sales stabilized year on year in the third quarter at SEK 159 (159) million and were down year on year to SEK 565 (605) million for the year to date. The year on year comparison reflected the exceptionally strong performance by Prima in the first nine months of 2006, as well as the planned reduction in the number of 'barter' agreements in 2007, which had resulted in higher reported sales in 2006. Prima signed a new agreement with a regional broadcasting license partner in September, which provides additional early morning and early evening broadcast airtime in five out of twelve regions.

<b>Commercial Share of Viewing (%)</b>	<b>Jul-Sep 2007</b>	Jul-Sep 2006	<b>Jan-Sep 2007</b>	Jan-Sep 2006	Jan-Dec 2006
TV Prima (15+)	<b>21.9</b>	22.5	<b>21.9</b>	21.8	21.8

TV Prima's commercial share of viewing was lower year on year in the third quarter, but was stable compared to the two previous quarters of 2007. Management continues to work to enhance the programming schedules, in order to drive ratings. Coverage of English Premier League football games started in the quarter and greater focus has been placed on the channel's news programmes.

TV Prima reported operating profits of SEK 15 (18) million in the third quarter and SEK 103 (119) million for the year to date, and operating margins of 9% (11%) and 18% (20%) for the two respective periods.

### *Russia*

<b>Commercial Share of Viewing (%)</b>	<b>Jul-Sep 2007</b>	Jul-Sep 2006	<b>Jan-Sep 2007</b>	Jan-Sep 2006	Jan-Dec 2006
DTV (6-54)	<b>2.5</b>	2.2	<b>2.5</b>	2.1	2.1

DTV reported 42% year on year sales growth to SEK 57 (40) million in the third quarter and 44% growth to SEK 186 (129) million for the year to date. The channel's audience share continued to grow, whilst the enhanced distribution through the Mostelecom network increased DTV's penetration in the Moscow area. Approximately 1.4 million households have now been connected under the 2006 agreement, with approximately 100,000 households yet to be connected under the agreement. DTV signed a new agreement with Mostelecom at the end of the quarter, which will enable DTV to reach a further 1.3 million households between 2008 and 2009 and extend DTV's penetration in the network to almost 100%. DTV acquired its network affiliates in Tula and Chelyabinsk in May and August 2007, respectively, and has also begun to benefit from the selling of additional airtime through its inclusion in local cable networks in St. Petersburg.

DTV reported an operating profit of SEK 1 (-3) million in the quarter and SEK 13 (-1) million for the year to date.

MTG reports its share in the earnings of 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 therefore reported SEK 128 (151) million of associated company income in the third quarter and SEK 398 (394) million for the year to date. The Group's shareholding in CTC Media was diluted from 39.6% to 39.5% following the exercising of share options during the third quarter.

CTC Media generated 9% year on year net sales growth to US\$ 112 (103) million in the second quarter of 2007 and 23% growth to US\$ 334 (272) million for the nine months ended 30 June 2007. Operating profits were down year on year to US\$ 45 (49) million in the second quarter of 2007 and up 9% to US\$ 142 (130) million for the nine months ended 30 June 2007. CTC Media reported an operating margin of 40% (48%) in the second quarter and 43% (48%) for the nine month period ended 30 June 2007. CTC Media reported flat pre-tax profits of US\$ 50 (50) million in the second quarter and a 17% increase to US\$ 152 (130) million for the nine month period. CTC Media announced on 4 September 2007 that it had entered into an agreement to acquire a majority stake in the Channel 31 television broadcasting network in Kazakhstan for a cash consideration of US\$ 65 million.

CTC Media has provided full year 2007 guidance for consolidated revenues of between US\$ 460 million and US\$ 500 million, and a consolidated OIBDA (operating income before depreciation and amortization) margin of between 45% and 48%. CTC Media will announce its financial results for the third quarter and nine months ended 30 September 2007 on 29 October 2007.

### *Hungary*

<b>Commercial Share of Viewing (%)</b>	<b>Jul-Sep 2007</b>	Jul-Sep 2006	<b>Jan-Sep 2007</b>	Jan-Sep 2006	Jan-Dec 2006
Viasat3 (18-49)	<b>8.2</b>	6.9	<b>8.1</b>	5.6	5.9

Viasat3's audience share continued to increase in the quarter, and the channel reported its highest ever monthly, weekly and daily commercial shares of viewing in August. The increased share of viewing was driven by ongoing investments in acquired entertainment programming and live sports coverage.

The channel reported 46% year on year growth in net sales to SEK 34 (23) million in the third quarter and 48% growth to SEK 116 (78) million for the year to date.

Viasat3 reported a profit of SEK 3 (-2) million in the quarter and SEK 19 (-1) million for the nine month period, with operating margins of 8% and 16% for the two respective periods.

### *Slovenia*

<b>Commercial Share of Viewing (%)</b>	<b>Jul-Sep 2007</b>	Jul-Sep 2006	<b>Jan-Sep 2007</b>	Jan-Sep 2006	Jan-Dec 2006
TV3 Slovenia (15-49)	<b>8.3</b>	3.5	<b>7.1</b>	3.0	4.1

TV3 Slovenia was acquired in August 2006 and the Group's investments in the new and improved programming schedules have resulted in the channel more than doubling its commercial share of viewing in its core target group.

Following the strong growth in audience share and increased operating efficiency, the channel reported net sales of SEK 5 (0) million in the quarter and SEK 17 (0) million for the year to date. The operating losses of SEK -10 (-3) million in the quarter and SEK -28 (-3) million for the year to date reflected the investment stage of the business. The comparable results for 2006 only include the period from the date of consolidation in August 2006.

#### *Pay-TV*

Viasat's pay-TV operations in Central and Eastern Europe comprise the DTH satellite platform in the Baltic region, the eight Viasat channels that are distributed through third party cable and satellite networks to subscribers in twenty countries across the region, and Balkan Media Group.

<i>(000's)</i>	<b>September 2007</b>	June 2007	September 2006
DTH Premium Baltic subscribers	<b>133</b>	117	59
Mini-pay-TV subscriptions	<b>25,551</b>	23,060	17,200

Viasat's Baltic DTH satellite pay-TV platform added a total of 16,000 premium subscribers in the third quarter and the subscriber base has more than doubled since the end of the same reporting period of 2006. The channel offering was further strengthened with the inclusion of Latvian channel TV7 on the platform in August 2007. The wholesale mini-pay business added a further 2.5 million subscriptions during the quarter and reported a 49% year on year increase in the number of subscriptions.

Balkan Media Group has been consolidated since 1 April 2007 and reported revenues of SEK 14 million in the third quarter and SEK 22 million for the year to date. The Company reported an operating loss of SEK -6 million in the quarter and SEK -10 million for the year to date, due to ongoing investments and non-recurring restructuring costs. The channels operating under the 'Diema' and 'MM' brands were relaunched at the beginning of September and have already attracted increased audience shares.

Sales for the combined pay-TV businesses more than doubled year on year to SEK 129 (56) million in the quarter, and to SEK 321 (150) million for the year to date. The combined operations reported substantially increased profits of SEK 10 (5) million and SEK 28 (6) million for the quarter and year to date, respectively, with operating margins of 8% (9%) and 9% (4)% for the two respective periods.

## RADIO

<i>(SEK million)</i>	<b>Jul-Sep 2007</b>	Jul-Sep 2006	<b>Jan-Sep 2007</b>	Jan-Sep 2006	Jan-Dec 2006
Net Sales	<b>182</b>	85	<b>532</b>	264	433
Operating Income	<b>38</b>	9	<b>86</b>	26	61
Operating Margin (%)	<b>21</b>	10	<b>16</b>	10	14
Associated Company Income	<b>8</b>	6	<b>9</b>	19	17
Total Operating Income	<b>46</b>	15	<b>95</b>	45	78

Combined net sales and operating profits for the Group's radio operations more than doubled year on year for both the quarter and year to date. P4 Radio in Norway has been consolidated since 1 October 2006. It only contributed associated company income prior to this date and with a one quarter time lag. MTG reports its 22% share of associated company income from Radio Nova in Finland within the radio business area. MTG's share for the period January to August 2007 was SEK 8 million.

MTG Radio Sweden reported 10% sales growth in the quarter and 8% for the year to date, following price increases at the beginning of 2007. P4 Radio reported 18% local currency sales growth in the quarter and 11% growth for the year to date. P4 Radio also now provides editorial news content for the newly launched Viasat4 channel in Norway.

## OTHER BUSINESSES

<b>Online</b> <i>(SEK million)</i>	<b>Jul-Sep 2007</b>	Jul-Sep 2006	<b>Jan-Sep 2007</b>	Jan-Sep 2006	Jan-Dec 2006
Net Sales	<b>331</b>	370	<b>1,110</b>	1,151	1,611
Operating Income	<b>21</b>	-2	<b>62</b>	0	12

The Online business segment comprises CDON.COM, BET24, Playahead, and MTG New Media. Net sales decreased year on year, which primarily reflected the divestment of TV-Shop during the second quarter of 2007. However, profitability was significantly improved year on year with the business area reporting profits of SEK 21 (-2) million and SEK 62 (0) million for the quarter and year to date, respectively. The year to date operating profit included a SEK 18 million net gain from the sale of TV-Shop in May 2007.

Leading Nordic online entertainment retailer CDON.COM generated 23% year on year sales growth to SEK 214 (175) million in the quarter and 24% sales growth to SEK 600 (484) million for the year to date. CDON.COM acquired online fashion retailer Nelly.se in August 2007. CDON.COM reported a 59% year on year increase in operating profits to SEK 18 (11) million in the quarter, and a 38% increase to SEK 48 (34) million for the year to date.

BET24 reported a year on year decline in sales to SEK 95 (98) million in the quarter and SEK 270 (324) million for the year to date, which reflected the withdrawal from a number of country markets, in order to focus on those markets where MTG has scale broadcasting assets. Gross profits were up 25% year on year to SEK 30 (24) million in the quarter and up 21% to SEK 84 (70) million for the year to date. BET24 reported

profits of SEK 2 million for the quarter and year to date, compared to operating losses of SEK -7 million and SEK -45 million for the same periods of 2006.

<b>Modern Studios (SEK million)</b>	<b>Jul-Sep 2007</b>	Jul-Sep 2006	<b>Jan-Sep 2007</b>	Jan-Sep 2006	Jan-Dec 2006
Net Sales	<b>143</b>	153	<b>333</b>	420	581
Operating Income	<b>-3</b>	2	<b>-16</b>	9	-71

The Modern Studios business area primarily comprises the Strix Television production company and the Sonet feature film production and distribution business. The results reflected an improved performance by the Sonet business with reduced losses in the quarter, the ongoing refocusing of the Strix operations, and the year on year effects of the disposal of the Bromberg business in December 2006 and the discontinuation of the Engine business in January 2007.

## **FINANCIAL REVIEW**

### *Cash Flow*

The Group generated SEK 297 (252) million of cash flow from operations in the quarter, and SEK 882 (839) million for the year to date. Changes in working capital amounted to SEK -112 (-145) million in the quarter and SEK -240 (-219) million for the year to date, and were in line with the Group's increasing scale. The Group therefore reported net cash flow from operations of SEK 185 (107) million in the quarter and SEK 642 (620) million for the year to date.

The Group received net proceeds of SEK 70 million in cash from the sale of TV Shop in the second quarter of 2007, whilst the Group's SEK 187 (604) million investment in shares for the year to date comprised the SEK 68 million paid for the 89% stake in the Playahead networking community in January 2007, the SEK 111 million paid for the 50% stake in Balkan Media Group in March 2007, and the SEK 8 million paid for the 89% stake in NLY Scandinavia AB (Nelly.se) in September 2007.

Group capital expenditure on tangible and intangible assets totaled SEK 184 (48) million in the quarter and SEK 287 (257) million for the year to date, which primarily reflected the investments in enhanced distribution in Central and Eastern Europe.

SEK 450 million of the Group's SEK 3.5 billion multi-currency credit facility had been utilized as at 30 September 2007, with a net SEK 200 million having been drawn down in the first nine months of 2007 and SEK 50 million in the third quarter.

The Group paid out the approved dividend payment of SEK 503 million to shareholders for the twelve months ended 31 December 2006 during the second quarter, and repurchased 100,000 class B shares in September for a total consideration of SEK 41 million.

The net change in cash and cash equivalents therefore totaled SEK -16 (38) million in the quarter and SEK -126 (-503) million for the year to date.

### *Liquid funds*

The Group's available liquid funds, including unutilized credit facilities, amounted to SEK 3.7 (3.6) billion at 30 September 2007, compared to SEK 3.7 billion as at 30 June

2007, and primarily comprised the SEK 3,150 million of undrawn monies on the Group's total credit facilities. The Group's cash and cash equivalents totaled SEK 527 (690) million at the end of the period, compared to SEK 541 million at 30 June 2007.

#### *Net cash position*

The Group's net cash position, which is defined as cash and cash equivalents and interest-bearing assets less interest-bearing liabilities, amounted to SEK 30 (-28) million at the end of the reporting period, following the payment of the above mentioned dividend and the share repurchase. This compared to a net cash position of SEK 108 million as at 30 June 2007.

#### *Holdings in listed companies*

The book value of the Group's 39.5% shareholding in associated company CTC Media, Inc. was SEK 1,699 million at the end of the period, which compared with a public equity market value of SEK 8,559 million as at the close of trading on the last business day of September 2007. The Group's 1.4% shareholding in Metro International S.A. had a public equity market value of SEK 48 million as at the close of trading on the last business day of September 2007.

#### *Equity to assets ratio*

The Group's equity to assets ratio was 52% (51%) as at 30 September 2007, and compared to 53% at the end of June 2007. The ratio is defined as consolidated equity as a percentage of total assets.

### **PARENT COMPANY**

Modern Times Group MTG AB (publ) is the Group's parent company and is responsible for Group-wide management, administration and finance functions, and also holds shares in the parent companies of the various operating Business Areas. MTG's financial policy includes the provision of a central cash pool to support its operating companies.

The MTG parent company reported net sales of SEK 19 (21) million in the quarter and SEK 56 (72) million for the year to date. Net interest and other financial items totaled SEK 84 (104) million and SEK 249 (289) million for the two respective periods. Parent company income before tax amounted to SEK 48 (83) million in the quarter and SEK 144 (199) million for the year to date. Investments in non-current assets amount to SEK - (3) million for the first half of the year. Cash and cash equivalents at the end of the period amounted to SEK 2 million, compared with SEK 3 million at the end of 2006. SEK 450 million out of the Group's SEK 3.5 billion multi-currency credit facility was utilized as at 30 September 2007 and SEK 50 million was drawn down in the third quarter of 2007.

### **RISKS & UNCERTAINTIES**

Significant risks and uncertainties exist for the Group and the parent company, which include the commercial risks related to expansion into new territories, legislative risk in the various countries in which the Group operates, and technology risks. No additional risks are believed to have developed over and above those described in the MTG 2006 Annual Report.

## **OTHER INFORMATION**

This report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act. The Group's consolidated accounts have been prepared according to the same accounting policies that were applied in the preparation of the 2006 accounts. The TV2 Sport joint venture was formed during 2007 and the proportional accounting method has been applied, whereby the jointly controlled entity's assets, liabilities, income and expenses are consolidated in the Group's balance sheet and income statement in proportion to the Group's ownership.

MTG's financial results for the fourth quarter and twelve months ended 31 December 2007 will be published in February 2008.

### *Modern Times Group MTG AB Annual General Meeting 2008*

The 2008 Annual General Meeting will be held on 14 May 2008 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 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 Meeting.

### *Nomination Committee for the 2008 Annual General Meeting*

A Nomination Committee of major shareholders in Modern Times Group MTG has been convened in accordance with the resolution of the 2007 Annual General Meeting. The Nomination Committee is comprised of Cristina Stenbeck on behalf of Investment AB Kinnevik and Emesco AB, Jan Andersson 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 shareholding of the major shareholders during the nomination process. Information about the work of the Nomination Committee can be found on Modern Times Group MTG's corporate website at [www.mtg.se](http://www.mtg.se).

The Nomination Committee will submit a proposal for the composition of the Board of Directors, remuneration for the Board of Directors and the auditor and proposal on the Chairman of the Annual General Meeting 2008 that will be presented to the 2008 Annual General Meeting for approval.

Shareholders wishing to propose candidates for election to the Board of Directors of Modern Times Group MTG AB should submit their proposal 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.

Stockholm, 23 October 2007.

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 the interim report for Modern Times Group MTG AB as per September 30, 2007 and the nine-month reporting period ending on that date. 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 & 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". A review consists of making inquiries, primarily to persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and 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 on the basis of 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 for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, October 23, 2007

KPMG Bohlins AB

Carl Lindgren  
Authorized Public Accountant

Ernst & Young AB

Erik Åström  
Authorized Public Accountant

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The company will host a conference call today at 15.00 Stockholm local time, 14.00 London local time and 09.00 New York local time.

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

International: +44 (0)20 7806 1956

Sweden: +46 (0)8 5352 6407

US: +1 718 354 1389

The access pin code for the conference is: 4930847

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 7806 1970

Sweden: +46 (0)8 5876 9441

US: +1 718 354 1112

The access pin code for the replay facility is: 4930847#

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

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The information in this Interim Report is that which Modern Times Group MTG AB is required to disclose under the Securities Exchange and Clearing Operations Act and/or the Financial Instruments Trading Act. It was released for publication at 13.00 CET on October 23, 2007.

*Modern Times Group is a leading international entertainment broadcasting group with the second largest geographical broadcast footprint in Europe. MTG's Viasat Broadcasting is the largest free-to-air and satellite premium pay-TV operator in Scandinavia and the Baltics, and also operates channels in the Czech Republic, Russia, Hungary, Slovenia and the Balkans. Viasat channels are broadcast in a total of 24 countries and reach 100 million people. MTG is also the biggest shareholder in Russia's largest independent television network (CTC Media - NASDAQ: CTCM), and the number one commercial radio operator in the Nordic and Baltic regions.*

*Modern Times Group MTG AB class A and B shares are listed on the OMX Nordic Exchange Large Cap market ('MTGA' and 'MTGB').*

CONDENSED CONSOLIDATED INCOME STATEMENT (MSEK)	2007 Jul-Sep	2006 Jul-Sep	2007 Jan-Sep	2006 Jan-Sep	2006 Jan-Dec
Net sales	2,612	2,280	8,083	7,219	10,136
Cost of goods and services	-1,615	-1,330	-4,958	-4,144	-5,908
<b>Gross income</b>	<b>997</b>	<b>950</b>	<b>3,125</b>	<b>3,075</b>	<b>4,229</b>
Selling and administrative expenses	-714	-705	-2,121	-2,114	-2,843
Other operating revenues and expenses, net	-5	1	-15	-34	-66
Gain from sale of TV Shop	0	-	18	-	-
Share of earnings in associated companies	137	158	410	415	458
<b>Operating income (EBIT)</b>	<b>416</b>	<b>404</b>	<b>1,416</b>	<b>1,342</b>	<b>1,777</b>
Gain/loss from financial assets	-	-	0	2	3
Non-cash gain from CTC Media Inc. IPO new share issue	2	241	1	241	241
Net interest and other financial items	-7	2	-9	0	-5
<b>Income before tax</b>	<b>411</b>	<b>647</b>	<b>1,408</b>	<b>1,586</b>	<b>2,016</b>
Tax	-119	-118	-439	-403	-517
<b>Net income for the period</b>	<b>292</b>	<b>529</b>	<b>970</b>	<b>1,183</b>	<b>1,499</b>
<i>Attributable to:</i>					
Equity holders of the parent	294	520	931	1,129	1,437
Minority interests	-2	9	39	54	62
Net income for the period	292	529	970	1,183	1,499
Shares outstanding at the end of the period	66,971,540	66,527,490	66,971,540	66,527,490	67,042,524
Basic average number of shares outstanding	67,059,318	66,527,490	67,056,988	66,461,398	66,591,869
Diluted average number of shares outstanding	67,068,508	66,872,328	67,197,208	66,808,555	66,994,844
Basic earnings per share (SEK)	4.39	7.82	13.88	16.98	21.57
Diluted earnings per share (SEK)	4.33	7.78	13.69	16.89	20.55

<b>CONDENSED CONSOLIDATED BALANCE SHEET (MSEK)</b>	<b>2007 30 Sep</b>	<b>2006 30 Sep</b>	<b>2006 31 Dec</b>
<b>Non-current assets</b>			
Goodwill	2,486	2,455	2,235
Other intangible assets	1,107	604	875
Machinery and equipment	201	154	156
Shares and participations	1,784	1,457	1,525
Other financial receivables	95	127	101
	<u>5,673</u>	<u>4,797</u>	<u>4,891</u>
<b>Current assets</b>			
Inventory	1,595	1,382	1,363
Current receivables	2,997	2,402	2,305
Cash, cash equivalents and short-term investments	527	690	646
	<u>5,119</u>	<u>4,474</u>	<u>4,314</u>
<b>Total assets</b>	<u>10,791</u>	<u>9,271</u>	<u>9,205</u>
<b>Shareholders' equity</b>			
Shareholders' equity	5,430	4,612	4,984
Minority interests in equity	165	140	121
	<u>5,595</u>	<u>4,752</u>	<u>5,105</u>
<b>Long-term liabilities</b>			
Interest-bearing liabilities	24	49	26
Provisions	378	224	278
Non-interest-bearing liabilities	1	8	1
	<u>403</u>	<u>281</u>	<u>305</u>
<b>Current liabilities</b>			
Other interest-bearing liabilities	513	711	239
Non-interest-bearing liabilities	4,279	3,527	3,557
	<u>4,793</u>	<u>4,238</u>	<u>3,796</u>
<b>Total shareholders' equity and liabilities</b>	<u>10,791</u>	<u>9,271</u>	<u>9,205</u>

<b>CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (MSEK)</b>	<b>2007 Jul-Sep</b>	<b>2006 Jul-Sep</b>	<b>2007 Jan-Sep</b>	<b>2006 Jan-Sep</b>	<b>2006 Jan-Dec</b>
Cash flow from operations	297	252	882	839	1,372
Changes in working capital	-112	-145	-240	-219	-78
<b>Net cash flow from operations</b>	<b>185</b>	<b>107</b>	<b>642</b>	<b>620</b>	<b>1,294</b>
Proceeds from sales of shares	-	0	-	21	21
Proceeds from sales of shares in subsidiaries	-	-	70	-	-
Investments in shares in subsidiaries and associates	-8	-607	-187	-604	-645
Investments in other non-current assets	-184	-48	-287	-257	-329
Other cash flow from investing activities	-	-	-	-	2
<b>Cash flow to/from investing activities</b>	<b>-192</b>	<b>-655</b>	<b>-404</b>	<b>-840</b>	<b>-950</b>
Net change in loans	49	476	232	-476	-930
Dividends to shareholders including share buy-back	-41	-	-544	-	-
Other cash flow from/to financing activities	-17	110	-52	192	53
<b>Net change in cash and cash equivalents for the period</b>	<b>-16</b>	<b>38</b>	<b>-126</b>	<b>-503</b>	<b>-533</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>541</b>	<b>655</b>	<b>646</b>	<b>1,207</b>	<b>1,207</b>
<b>Translation differences in cash and cash equivalents</b>	<b>2</b>	<b>-3</b>	<b>7</b>	<b>-14</b>	<b>-28</b>
<b>Cash and cash equivalents at end of the period</b>	<b>527</b>	<b>690</b>	<b>527</b>	<b>690</b>	<b>646</b>

<b>CONDENSED RECONCILIATION OF SHAREHOLDERS' EQUITY (MSEK)</b>	<b>2007 30 Sep</b>	<b>2006 30 Sep</b>	<b>2006 31 Dec</b>
<b>Opening balance equity</b>	<b>5,105</b>	<b>5,306</b>	<b>5,306</b>
Currency translation differences	49	-28	7
Change in minority interests	7	40	-6
Revaluation of shares at market value	-18	-382	-379
Cash flow hedge	5	-11	-26
Changes in assets recognised directly in equity	43	-381	-403
Net income for the period	970	1,183	1,499
Total changes in assets recognised directly in equity	1,013	801	1,095
Effect of employee share option programmes	13	3	6
Employee options exercised	8	137	193
Distribution of Metro International S.A. Shares	-	-1,495	-1,495
Dividends to shareholders	-503	-	-
Share buy-back	-41	-	-
<b>Closing balance equity</b>	<b>5,595</b>	<b>4,752</b>	<b>5,105</b>
<i>Attributable to:</i>			
Equity holders of the parent	5,430	4,612	4,984
Minority interests	165	140	121
Total equity	5,595	4,752	5,105

<b>CONDENSED INCOME STATEMENT (MSEK)</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2006</b>
<b>PARENT COMPANY</b>	<b>Jul-Sep</b>	<b>Jul-Sep</b>	<b>Jan-Sep</b>	<b>Jan-Sep</b>	<b>Jan-Dec</b>
Net sales	19	21	56	72	89
<b>Gross income</b>	<b>19</b>	<b>21</b>	<b>56</b>	<b>72</b>	<b>89</b>
Selling and administrative expenses	-55	-41	-161	-162	-236
<b>Operating income (EBIT)</b>	<b>-36</b>	<b>-21</b>	<b>-105</b>	<b>-90</b>	<b>-146</b>
Net interest and other financial items	84	104	249	289	360
<b>Income before tax</b>	<b>48</b>	<b>83</b>	<b>144</b>	<b>199</b>	<b>214</b>
Tax	-25	-32	-56	-77	-83
<b>Net income for the period</b>	<b>23</b>	<b>51</b>	<b>89</b>	<b>122</b>	<b>132</b>

<b>CONDENSED BALANCE SHEET (MSEK)</b>	<b>2007</b>	<b>2006</b>	<b>2006</b>
<b>PARENT COMPANY</b>	<b>30 Sep</b>	<b>30 Sep</b>	<b>31 Dec</b>
<b>Non-current assets</b>			
Other intangible assets	1	7	2
Machinery and equipment	-	0	0
Shares and participations	449	1,084	467
Other financial receivables	1,893	1,912	1,811
	2,343	3,003	2,280
<b>Current assets</b>			
Current receivables	2,674	2,403	3,064
Cash, cash equivalents and short-term investments	2	38	3
	2,676	2,441	3,066
<b>Total assets</b>	<b>5,019</b>	<b>5,444</b>	<b>5,346</b>
<b>Shareholders' equity</b>			
Shareholders' equity	3,743	3,974	4,135
<b>Long-term liabilities</b>			
Provisions	11	-	11
<b>Current liabilities</b>			
Other interest-bearing liabilities	450	700	250
Non-interest-bearing liabilities	815	770	951
	1,265	1,470	1,201
<b>Total shareholders' equity and liabilities</b>	<b>5,019</b>	<b>5,444</b>	<b>5,346</b>

NET SALES (MSEK)	Q1 2006	Q2 2006	Q3 2006	Q4 2006	FULL YEAR 2006	Q1 2007	Q2 2007	Q3 2007	YTD 2007
<b>Viasat Broadcasting</b>									
Free-to-air TV Scandinavia	722.5	810.3	653.1	852.0	3,037.9	713.4	818.8	671.8	2,204.0
Pay-TV Nordic	748.9	781.9	803.3	849.2	3,183.3	877.2	882.1	908.6	2,667.9
- DTH platform	704.1	727.3	753.6	784.3	2,969.3	797.7	807.4	830.2	2,435.3
- Channels	310.9	323.9	323.8	338.7	1,297.4	362.2	355.1	360.2	1,077.6
- Eliminations	-266.1	-269.3	-274.2	-273.8	-1,083.4	-282.7	-280.4	-281.9	-845.0
Central & Eastern Europe	387.6	532.8	367.5	552.8	1,840.7	477.6	605.9	494.4	1,577.8
- Free-to-air TV Baltics	102.2	134.0	88.1	146.7	471.0	110.6	152.5	109.7	372.9
- Viasat3 Hungary	24.1	30.9	23.4	38.2	116.6	32.9	49.2	34.2	116.3
- DTV Russia	38.2	50.8	40.5	51.2	180.5	61.4	67.4	57.5	186.4
- TV Prima Czech Rep.	180.1	266.1	158.9	243.5	848.7	184.0	221.9	158.7	564.6
- TV3 Slovenia	-	-	0.3	3.5	3.8	5.3	6.8	4.8	16.9
- Pay-TV DTH platform & channels	43.1	51.0	56.3	69.7	220.1	83.3	108.1	129.4	320.8
JV, other & eliminations	-55.0	-67.6	-75.7	-58.5	-256.8	-64.8	-60.5	-52.6	-177.9
<b>Total</b>	<b>1,803.9</b>	<b>2,057.4</b>	<b>1,748.2</b>	<b>2,195.5</b>	<b>7,805.2</b>	<b>2,003.4</b>	<b>2,246.3</b>	<b>2,022.1</b>	<b>6,271.8</b>
<b>Radio</b>	<b>80.8</b>	<b>98.5</b>	<b>85.2</b>	<b>169.0</b>	<b>433.4</b>	<b>150.1</b>	<b>199.6</b>	<b>182.1</b>	<b>531.8</b>
<b>Online</b>									
CDON	166.7	142.8	174.9	256.0	740.3	213.6	172.3	213.7	599.7
BET24	108.7	117.5	97.7	102.2	426.1	85.3	89.2	95.4	269.9
Other and eliminations	137.8	108.1	97.4	101.2	444.5	113.9	104.8	22.1	240.8
<b>Total</b>	<b>413.1</b>	<b>368.4</b>	<b>370.0</b>	<b>459.4</b>	<b>1,610.9</b>	<b>412.7</b>	<b>366.3</b>	<b>331.2</b>	<b>1,110.3</b>
<b>Modern Studios</b>	<b>150.7</b>	<b>116.7</b>	<b>153.0</b>	<b>160.8</b>	<b>581.2</b>	<b>120.1</b>	<b>70.2</b>	<b>143.2</b>	<b>333.5</b>
Parent company & other companies	28.2	31.9	26.6	24.6	111.2	23.4	26.9	25.5	75.8
Eliminations	-114.9	-96.2	-102.7	-91.7	-405.5	-81.1	-66.5	-92.6	-240.2
<b>GROUP TOTAL</b>	<b>2,361.8</b>	<b>2,576.8</b>	<b>2,280.2</b>	<b>2,917.6</b>	<b>10,136.5</b>	<b>2,628.6</b>	<b>2,842.8</b>	<b>2,611.6</b>	<b>8,083.0</b>

OPERATING INCOME (EBIT) (MSEK)	Q1 2006	Q2 2006	Q3 2006	Q4 2006	FULL YEAR 2006	Q1 2007	Q2 2007	Q3 2007	YTD 2007
<b>Viasat Broadcasting</b>									
Free-to-air TV Scandinavia	140.0	163.0	84.3	174.1	561.5	110.1	168.8	105.2	384.1
Pay-TV Nordic	125.1	140.2	158.6	172.9	596.8	148.2	159.6	153.5	461.3
- DTH platform	79.5	81.0	93.5	103.8	357.8	93.1	90.6	68.7	252.4
- Channels	45.7	59.2	65.1	69.1	239.0	55.1	69.0	84.8	208.9
Central & Eastern Europe	50.8	118.8	23.4	110.8	303.9	59.0	129.3	31.9	220.2
- Free-to-air TV Baltics	17.3	48.3	7.7	54.6	127.9	17.8	53.7	13.3	84.8
- Viasat3 Hungary	-3.1	3.8	-1.8	5.4	4.3	4.1	12.2	2.9	19.1
- DTV Russia	2.4	-0.8	-2.8	3.7	2.6	6.2	5.9	0.9	12.9
- TV Prima Czech Rep.	33.6	67.1	17.9	52.4	171.1	29.2	59.1	14.6	102.9
- TV3 Slovenia	-	-	-2.9	-11.9	-14.8	-8.9	-9.5	-9.6	-28.0
- Pay-TV DTH platform & channels	0.6	0.4	5.3	6.6	12.9	10.5	8.1	9.9	28.4
JV & Other	3.0	3.3	3.2	9.0	18.6	1.9	-30.7	-18.6	-47.4
Associated companies (CTC Media, Inc.)	138.4	104.5	150.7	38.6	432.2	162.1	108.0	128.2	398.4
<b>Total</b>	<b>457.4</b>	<b>529.9</b>	<b>420.2</b>	<b>505.5</b>	<b>1,913.0</b>	<b>481.3</b>	<b>535.0</b>	<b>400.3</b>	<b>1,416.6</b>
<b>Radio</b>	<b>0.2</b>	<b>16.6</b>	<b>8.7</b>	<b>35.9</b>	<b>61.4</b>	<b>6.4</b>	<b>41.4</b>	<b>38.4</b>	<b>86.1</b>
Associated companies	7.6	5.8	6.1	-2.7	16.8	0.0	1.1	8.0	9.1
<b>Total</b>	<b>7.8</b>	<b>22.5</b>	<b>14.8</b>	<b>33.2</b>	<b>78.2</b>	<b>6.4</b>	<b>42.5</b>	<b>46.4</b>	<b>95.2</b>
<b>Online</b>									
CDON	13.7	9.9	11.3	18.7	53.6	17.3	12.8	18.2	48.3
BET24	-13.4	-24.5	-7.5	-8.7	-54.1	-0.1	0.4	1.9	2.1
Other and eliminations	19.1	-2.8	-5.7	1.6	12.2	-2.9	13.9	0.6	11.6
<b>Total</b>	<b>19.4</b>	<b>-17.5</b>	<b>-1.9</b>	<b>11.6</b>	<b>11.7</b>	<b>14.3</b>	<b>27.1</b>	<b>20.7</b>	<b>62.0</b>
<b>Modern Studios</b>	<b>3.4</b>	<b>3.1</b>	<b>2.3</b>	<b>-79.2</b>	<b>-70.5</b>	<b>1.7</b>	<b>-14.7</b>	<b>-3.2</b>	<b>-16.2</b>
Parent company & other companies	-35.5	-52.3	-31.2	-36.0	-155.0	-35.2	-57.5	-48.4	-141.2
<b>GROUP TOTAL</b>	<b>452.5</b>	<b>485.6</b>	<b>404.3</b>	<b>435.1</b>	<b>1,777.5</b>	<b>468.4</b>	<b>532.3</b>	<b>415.7</b>	<b>1,416.5</b>

**Key Performance Indicators**

	Q1 2006	Q2 2006	Q3 2006	Q4 2006	FULL YEAR 2006	Q1 2007	Q2 2007	Q3 2007
<b>GROUP</b>								
Year on year sales growth %	36.8	30.4	24.2	18.3	26.5	11.3	10.3	14.5
Year on year change in operating costs %	29.4	29.1	23.5	22.0	25.5	13.0	10.7	14.7
Operating margin %	19.0	18.8	17.7	14.7	17.5	17.8	18.7	15.9
Return on capital employed %	23	26	28	29		30	32	32
Return on Equity %	19	21	28	28		28	29	25
Equity to Assets ratio	54	61	51	56		56	53	52
Liquid Funds (incl unutilised credit facilities), SEK million	4,860	4,055	3,590	3,996		3,648	3,741	3,677
Net cash, SEK million	70	420	-28	430		75	108	30
<b>Subscriber data</b>								
Group total digital subscribers ('000s)	837	858	884	929		943	957	979
Group total premium subscribers ('000s)	690	719	755	817		837	863	889
<b>FREE-TO-AIR TV SCANDINAVIA</b>								
Year on year sales growth %	10.1	7.2	4.3	-2.6	4.3	-1.3	1.1	2.9
Year on year change in operating costs %	-2.6	6.0	8.3	-1.2	2.3	3.6	0.4	-0.4
Operating margin %	19.4	20.1	12.9	20.4	18.5	15.4	20.6	15.7
<b>Commercial Share of Viewing (%)</b>								
TV3 & TV6 Sweden (15-49)*	30.4	30.9	32.7	31.6	31.4	33.1	34.6	34.1
TV3 & Viasat 4 Norway (15-49)**	17.1	16.6	18.2	16.6	17.0	16.2	16.9	16.8
TV3 & TV3+ Denmark (15-49)	20.9	22.3	21.8	22.2	21.8	21.6	23.8	23.4
* Prior to May 2006 the figures include ZTV								
** Prior to September 2007 the figures include ZTV								
<b>Penetration (%)</b>								
TV3 Sweden	75	75	75	78		79	79	79
TV6 Sweden	-	67	67	75		78	79	79
ZTV Sweden	67	n/a	n/a	45		45	40	40
TV3 Norway	63	63	63	63		63	63	63
Viasat 4 Norway	39	43	45	46		46	49	49
TV3 Denmark	66	66	66	66		66	65	65
TV3+ Denmark	64	64	65	66		66	64	64
<b>PAY-TV NORDIC</b>								
Year on year sales growth %	23.8	24.2	19.5	17.0	20.9	17.1	12.8	13.1
Year on year change in operating costs %	29.3	25.4	19.0	15.3	21.9	16.9	12.6	17.1
Operating margin %	16.7	17.9	19.7	19.9	18.6	16.9	18.1	16.9
<b>Subscriber data</b>								
Premium Subscribers ('000s)	646	669	696	737		741	746	756
- of which, DTH Satellite	632	652	673	708		708	709	717
- of which, Broadband	14	17	23	29		33	37	39
Basic DTH Subscribers	147	139	129	112		106	95	90
Premium ARPU (SEK)	3,341	3,370	3,460	3,470		3,468	3,502	3,573
<b>CENTRAL &amp; EASTERN EUROPE</b>								
Year on year sales growth %	199.7	208.1	162.5	49.2	126.5	23.2	13.7	34.5
Year on year change in operating costs %	137.8	171.5	133.2	50.1	108.7	24.3	15.1	34.4
Operating margin %	13.1	22.3	6.4	20.0	16.5	12.3	21.3	6.5
<b>Commercial Share of Viewing (%)</b>								
TV3 & 3+ Estonia (15-49)	47.9	46.6	44.7	41.4	45.1	44.7	44.3	44.1
TV3,3+ & TV6 Latvia (15-49)	35.4	37.2	39.4	36.2	36.9	38.9	38.1	43.6
TV3 & Tango TV Lithuania (15-49)	33.4	32.7	35.2	35.4	34.2	40.3	39.8	40.3
Viasat3 Hungary (18-49)	4.8	5.3	6.9	6.8	5.9	8.2	8.0	8.2
DTV Russia (6-54)	2.1	2.1	2.2	2.2	2.1	2.6	2.5	2.5
TV Prima Czech Rep (15+)	20.7	22.7	22.5	21.8	21.8	21.8	21.9	21.9
TV3 Slovenia (15-49)	2.7	3.0	3.5	7.3	4.1	6.1	7.4	8.3
CTC Media & The Home Channel Russia (4+)*	12.1	13.0	11.6	10.5	11.8	11.2	11.0	10.5
*Share of viewing								
<b>Subscriber data</b>								
DTH Premium Baltics ('000s)	44	50	59	80		96	117	133
Mini-pay subscriptions ('000s)	14,194	15,623	17,200	18,619		20,859	23,060	25,551



## **APPENDIX 1**

### *Acquisition of Balkan Media Group, Bulgaria*

The Group acquired 50% of the shares of Balkan Media Group on 20 March 2007 for a total cash consideration of EUR 11.6 million. Balkan Media Group owns among others six TV-channels in Bulgaria. Balkan Media Group's results have been reported within the Viasat Broadcasting business area with effect from 1 April 2007.

The work on the purchase price allocation, which includes the identification and valuation of intangible assets, is in progress and yet to be finalized. The provisionally recorded fair values for the identifiable assets, liabilities and goodwill as at the date of acquisition are as follows:

**(SEK million)**

	<b>Book values</b>	<b>Fair value adjustment</b>	<b>Recognised values</b>
<b>Net assets acquired:</b>			
Property, plant and equipment	7.9		7.9
Intangible assets	5.0		5.0
Inventories	17.2	-12.4	4.8
Trade and other receivables	24.2		24.2
Cash and cash equivalents	4.8		4.8
Interest-bearing loans and borrowings	-23.6		-23.6
Deferred tax receivables	-	1.9	1.9
Trade and other payables	-28.2		-28.2
Net identifiable assets and liabilities	7.4	-10.5	-3.1
Minority interest			1.4
Goodwill on acquisition			117.7
Total consideration *)			116.0
Liquid funds in acquired companies			-4.8
Cash consideration			111.2

\*) including transaction costs.