



## Q3 2010 Interim Report

19 October 2010 – Modern Times Group MTG AB (publ.) (“MTG” or “the Group”) (Nasdaq OMX Stockholm Large Cap Market: MTGA, MTGB) today announced its financial results for the third quarter and nine months ended 30 September 2010.

### Third Quarter Highlights

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- Net sales up 11% year on year to SEK 3,531 (3,177) million – up 17% year on year at constant exchange rates
- Free-TV Scandinavia net sales up 17% year on year to SEK 922 (790) million – up 22% year on year at constant exchange rates
- Operating income up 50% year on year to SEK 368 (246) million, with increased operating margin of 10% (8%) when excluding associated company income
- Total operating income up 22% year on year to SEK 458 (377) million when including SEK 91 (131) million of associated company income
- Pre-tax profit up 48% year on year to SEK 499 (336) million
- Net income up 42% year on year to SEK 360 (254) million
- Basic earnings per share up 46% year on year to SEK 5.63 (3.86)
- Extraordinary General Meeting of shareholders to take place on 21 October to vote on proposed demerger and listing of CDON Group AB (“CDON Group”) internet retailing subsidiary

### Nine Month Highlights

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- Net sales up 8% year on year to SEK 10,925 (10,097) million – up 13% year on year at constant exchange rates
- Free-TV Scandinavia net sales up 13% year on year to SEK 3,018 (2,660) million – up 18% year on year at constant exchange rates
- Operating income up 35% year on year to SEK 1,386 (1,030) million, with an increased operating margin of 13% (10%) when excluding associated company income
- Total operating income up 42% year on year to SEK 1,706 (1,199) million when including SEK 320 (169) million of associated company income
- Pre-tax profit up 52% year on year to SEK 1,664 (1,096) million
- Net income up 41% year on year to SEK 1,182 (836) million

- Basic earnings per share up 42% year on year to SEK 17.81 (12.51)
- Receipt of three quarterly dividends of USD 4 million each totalling USD 12 million from CTC Media, Inc. ("CTC Media") with final quarterly dividend of USD 4 million anticipated in December

Hans-Holger Albrecht, President and Chief Executive Officer, commented: "Our record Q3 sales reflected constant exchange rate sales growth across each of our business areas in the seasonally smallest advertising sales quarter of the year. We also reported healthy incremental operating margins. The performance was once again led by our Scandinavian free-TV operations, which capitalised on strong advertising demand and rising pricing levels. Our Emerging Markets free-TV business reported a second consecutive quarter of year on year growth in stable market conditions, as well as an improved operating result. The growth in the Nordic pay-TV business reflected continued net IPTV subscriber intake and rising DTH premium ARPU levels, with the Swedish operations beginning to benefit from the recent acquisition of the English Premier League football rights. The Nordic pay-TV business reported a higher than anticipated operating margin in the quarter, whilst the performance of the Emerging Markets pay-TV business reflected the consolidation of the Russian and Ukrainian satellite platforms."

"We received the third of the four anticipated dividend payments from CTC Media in September, and ended the quarter with a net debt to trailing twelve month EBITDA ratio of 1.1 times and SEK 3.6 billion of available liquid funds."

"Moving forward, we aim to take further audience and market shares and to continue to invest in enhancing our competitive market positions. We have been encouraged by the level of advertising demand in Scandinavia and the stability in the emerging advertising markets, some of which have now returned to growth. We expect to continue to benefit from our strengthened pay-TV offerings and presence on multiple platforms in the Nordic region, and to invest in the development of our emerging market satellite platforms. Finally, we are continuing to work towards the proposed distribution of our rapidly expanding CDON Group Nordic internet retailing business to MTG shareholders before the end of the year."

## Financial Summary

<i>(SEK million)</i>	<b>Jul-Sep 2010</b>	Jul-Sep 2009	<i>Change</i>	<b>Jan-Sep 2010</b>	Jan-Sep 2009	<i>Change</i>
Net sales	<b>3,531</b>	3,177	11%	<b>10,925</b>	10,097	8%
Operating income before associated company income	<b>368</b>	246	50%	<b>1,386</b>	1,030	35%
Associated company income *	<b>91</b>	131	-31%	<b>320</b>	169	89%
Total operating income (EBIT)	<b>458</b>	377	22%	<b>1,706</b>	1,199	42%
Net interest & other financial items	<b>41</b>	-41	-	<b>-42</b>	-102	-59%
Income before tax	<b>499</b>	336	48%	<b>1,664</b>	1,096	52%
Net income	<b>360</b>	254	42%	<b>1,182</b>	836	41%
Basic earnings per share (SEK)	<b>5.63</b>	3.86	46%	<b>17.81</b>	12.51	42%
Diluted earnings per share (SEK)	<b>5.59</b>	3.81	47%	<b>17.69</b>	12.44	42%
Total assets	<b>15,368</b>	18,397	-16%	<b>15,368</b>	18,397	-16%

\* including MTG's Q1 2010 participation in USD 47.3 million of non-recurring costs incurred by associated company CTC Media in the fourth quarter of 2009 and MTG's Q1 2009 participation in CTC Media's USD 233 million impairment of intangible assets in the fourth quarter of 2008

## Significant Events

The Group announced on 4 October that it would convene an Extraordinary General Meeting of shareholders on 21 October 2010 in Stockholm to vote on the Board of Directors proposal to distribute all of the shares in MTG's wholly-owned subsidiary CDON Group AB. The intention to demerge CDON Group, which comprises all of MTG's internet retailing operations, was originally announced on 19 April 2010. The Board of Directors has proposed that shareholders receive one share in CDON Group for each MTG class A or class B that they hold. MTG class C shares are not entitled to dividend. The dividend will be equivalent to a maximum of SEK 4.89064 per class A and class B share and MTG's non-restricted equity will therefore be reduced by a maximum of SEK 323,637,004 based on the maximum potential number of shares outstanding as at the record date.

The Group announced on 9 June that it had completed the acquisition of a further 35% of Viasat Holding AB ('Viasat') from Strong Media Group Ltd. MTG now owns 85% of Viasat, which operates the Viasat Ukraine DTH satellite pay-TV platform through Vision TV LCC, and has fully consolidated the operating results of Viasat Ukraine in the 'Pay-TV Emerging Markets' business segment of the Viasat Broadcasting business area since June. The purchase price allocation is yet to be finalised and the fair values have not yet been calculated.

The Group announced on 22 March that Viasat Broadcasting had acquired the exclusive television broadcasting rights to England's Barclays Premier League in Sweden for the next three seasons. MTG has been broadcasting Premier League matches from the start of the 2010/11 season in August on its Viasat Fotboll, Viasat Sport & Viasat Sport HD pay-TV channels, as well as on a new dedicated Viasat Premier League HD channel. In June Viasat signed an agreement with Norwegian broadcasting group TV 2 AS to distribute its three Premier League channels, and in July Viasat announced that its TV 2 Sport joint venture with TV 2 in Denmark was launching a standard definition TV 2 Sport Premier League channel and a new TV 2 Premier League HD channel. Viasat is therefore

the only pan-Scandinavian pay-TV operator to offer Barclays Premier League coverage to its subscribers in all three countries.

CTC Media published its fourth quarter 2009 results on 26 February 2010 and announced its intention to pay an aggregate of USD 40 million in cash dividends in 2010 in four instalments of USD 10 million each of which MTG's share is USD 4 million per instalment. The first instalment was paid on 31 March 2010; the second instalment was paid on 30 June 2010; and the third instalment was paid on 28 September 2010. The remaining instalment is planned to be paid in December 2010.

The Group announced on 8 February that it had acquired 50% of Raduga Holdings S.A. from Continental Media S.A. Raduga is the sole owner of LCC DaoGeoCom, which operates Russian nationwide DTH satellite pay-TV platform Raduga TV. The purchase price allocation is yet to be finalised and the fair values have not yet been calculated. The Group's interest in Raduga has been proportionally consolidated and reported within the Group's 'Pay-TV Emerging Markets' business segment of the Viasat Broadcasting business area since 8 February.

## Operating Review

### 17% year on year Growth in Q3 Sales at constant exchange rates

Net Sales (SEK million)	Jul-Sep 2010	Jul-Sep 2009	Change	Change at constant exchange rates	Jan-Sep 2010	Jan-Sep 2009	Change	Change at constant exchange rates
Free-TV Scandinavia	922	790	17%	22%	3,018	2,660	13%	18%
Pay-TV Nordic	1,140	1,091	5%	9%	3,347	3,234	4%	8%
Free-TV Emerging Markets	357	367	-3%	8%	1,373	1,444	-5%	3%
Pay-TV Emerging Markets	228	211	8%	16%	671	649	3%	14%
Other & eliminations related to Viasat Broadcasting	-34	-48	-	-	-122	-131	-	-
Total Viasat Broadcasting business area	2,614	2,411	8%	15%	8,288	7,856	5%	11%
Radio	201	172	17%	18%	593	519	14%	15%
Online	655	531	23%	28%	1,893	1,541	23%	27%
Modern Studios	115	111	3%	3%	303	348	-13%	-13%
Total operating business areas	3,584	3,225	11%	16%	11,078	10,265	8%	13%
Parent & holding companies	46	41	12%	12%	139	133	5%	5%
Eliminations	-100	-89	-	-	-293	-301	-	-
GROUP TOTAL	3,531	3,177	11%	17%	10,925	10,097	8%	13%

Group sales were up 17% year on year in the third quarter and up 13% for the year to date at constant exchange rates. All of the Group's broadcasting businesses, as well as the Radio and Online business areas reported sales growth at constant exchange rates for both periods.

Group operating costs increased year on year to SEK 3,163 (2,931) million in the quarter and to SEK 9,538 (9,067) million for the year to date, and were up 13% and 10% year on year at constant exchange rates for the respective periods. This reflected the launch or re-launch of five free-TV channels and the addition of ten new pay-TV channels since the beginning of 2009; ongoing programming investments in Scandinavia and the Emerging Markets; the signing or renewal of key sports rights acquisition contracts; and the year on year effect of the consolidation of the Ukrainian and Russian pay-TV platforms.

Group depreciation and amortisation charges totalled SEK 55 (62) million in the third quarter and SEK 165 (180) million for the year to date.

### 22% year on year Growth in Q3 Operating Profits

Operating Income (EBIT) (SEK million)	Jul-Sep 2010	Jul-Sep 2009	Change	Jan-Sep 2010	Jan-Sep 2009	Change
Free-TV Scandinavia	219	120	83%	732	539	36%
Pay-TV Nordic	201	180	12%	614	533	15%
Free-TV Emerging Markets	-75	-102	-	-100	-144	-
Pay-TV Emerging Markets	6	32	-82%	82	106	-23%
Associated company income from CTC Media *	89	126	-29%	309	154	100%
Viasat Broadcasting central operations	-4	0	-	16	9	89%
Total Viasat Broadcasting business area	436	356	23%	1,654	1,197	38%
Radio	39	25	57%	93	52	78%
Online	34	31	10%	110	59	85%
Modern Studios	8	6	42%	17	12	36%
Total operating business areas	517	417	24%	1,874	1,321	42%
Group central operations	-59	-40	-	-168	-123	-
GROUP TOTAL	458	377	22%	1,706	1,199	42%

\* including MTG's Q1 2010 participation in USD 47.3 million of non-recurring costs incurred by associated company CTC Media in the fourth quarter of 2009 and MTG's Q1 2009 participation in CTC Media's USD 233 million impairment of intangible assets in the fourth quarter of 2008

When excluding associated company income, the Group reported a 50% year on year increase in operating profits to SEK 368 (246) million in the third quarter and a 35% increase to 1,386 (1,030) million for the year to date, with increased operating margins of 10% (8%) and 13% (10%) for the two respective periods.

Net interest and other financial items amounted to SEK 41 (-41) million in the third quarter and SEK -42 (-102) million for the year to date, which included a year on year reduction in net interest charges to SEK -27 (-36) million and SEK -65 (-106) million for the two respective periods. The year on year change in other financial items primarily reflected a SEK 71 million financial non-cash accounting gain arising from the issue of new shares by CTC Media, and resulting dilution of the

Group's ownership in CTC Media from 38.9% to 38.5% in the third quarter. The Group therefore reported a 48% year on year increase in pre-tax profits to SEK 499 (336) million in the third quarter, and a 52% increase to SEK 1,664 (1,096) million for the year to date.

Group tax charges totalled SEK 139 (82) million in the third quarter and SEK 482 (260) million for the year to date, and the Group consequently reported a 42% year on year increase in net profits to SEK 360 (254) million in the quarter, and a 41% increase to SEK 1,182 (836) million for the nine month period.

The weighted average number of shares outstanding was 66,005,696 (65,890,375) during the third quarter and 65,944,110 (65,890,375) during the nine month period, which reflected the increase in the total number of outstanding shares from 65,896,815 at the end of December 2009 to 66,045,122 at the end of period. 109,915 MTG Class B shares were issued during the quarter following the exercise of warrants and share options from the 2006 and 2007 long term incentive programmes. Group basic earnings per share were up 46% year on year to SEK 5.63 (3.86) in the quarter and up 42% to SEK 17.81 (12.51) for the year to date.

## VIASAT BROADCASTING

### Free-TV Scandinavia

#### Continued Strong Demand Drives Sales Growth & 24% Operating Margins

(SEK million)	Jul-Sep 2010	Jul-Sep 2009	Change	Jan-Sep 2010	Jan-Sep 2009	Change
Net sales	922	790	17%	3,018	2,660	13%
Operating income	219	120	83%	732	539	36%
Operating margin	24%	15%		24%	20%	

Sales for Viasat's Scandinavian free-TV operations were up 22% year on year in the seasonally weakest quarter of the year and up 18% for the year to date at constant exchange rates, following continued strong advertising market growth in each country.

Total operating costs amounted to SEK 703 (671) million in the third quarter and SEK 2,286 (2,121) million for the year to date, with the higher year on year increase at constant exchange rates reflecting programming investments in all three countries, the launch of the TV10 channel in Sweden in September and the launch of the TV3 PULS channel in Denmark at the end of the first quarter of 2009.

The combined operations therefore reported an 83% year on year increase in operating profits in the third quarter and a 36% increase for the year to date, with higher operating margins of 24% (15%) and 24% (20%) for the two respective periods.

Commercial share of viewing (%) (15-49)	Jul-Sep 2010	Apr-Jun 2010	Jul-Sep 2009
Sweden (TV3, TV6, TV8, ZTV/ TV10)	38.8	37.2	39.5
Norway (TV3, Viasat4)	29.1	28.3	28.6
Denmark (TV3, TV3+, TV3 PULS)	24.8	24.1	23.9

MTG's combined 'media house' target audience share in Sweden was down year on year but up quarter on quarter following the launch of the Fall schedules. New sports-focused channel TV10 was launched on 7 September and complements Viasat's existing Swedish channel portfolio by targeting 25 to 59 year old men.

The combined target audience share for the Norwegian channels was up year on year and quarter on quarter, and reached all time high levels, following audience share gains for Viasat4, which broadcast FIFA World Cup football in the quarter. Viasat4's penetration increased by three percentage points in the quarter to 74% at the end of the period, while TV3's national penetration remained unchanged at 91%.

The combined target audience share for the Danish channels was also up year on year and quarter on quarter following audience share gains for all three channels, which reflected high rating sports coverage and popular local productions.

## Pay-TV Nordic

### 9% year on year Growth in Q3 Sales at constant exchange rates

(SEK million)	Jul-Sep 2010	Jul-Sep 2009	Change	Jan-Sep 2010	Jan-Sep 2009	Change
Net sales	1,140	1,091	5%	3,347	3,234	4%
Operating income	201	180	12%	614	533	15%
Operating margin	18%	16%		18%	16%	

Viasat Broadcasting's pay-TV operations in the Nordic region market and sell Viasat's premium pay-TV packages on the Viasat DTH satellite platform and third party broadband and cable platforms. Viasat also distributes its 24 Viasat-branded pay-TV channels via a wide range of third party pay-TV networks. The Nordic pay-TV business reported 9% year on year sales growth at constant exchange rates in the third quarter and 8% growth for the year to date, which included a SEK 19 million one-off positive revenue effect arising from the triggering of a performance clause in one of the Group's wholesale distribution agreements..

(000's)	Sep 2010	Jun 2010	Sep 2009
<b>Premium subscribers</b>	<b>843</b>	832	802
<i>of which, DTH satellite</i>	<b>666</b>	666	675
<i>of which, IPTV</i>	<b>176</b>	167	128
<b>Basic DTH satellite subscribers</b>	<b>46</b>	45	48
<b>DTH satellite value-added service subscribers</b>			
ViasatPlus	<b>153</b>	148	133
Multi-room	<b>229</b>	221	195
High definition	<b>183</b>	152	82

\* Premium IPTV subscribers comprise subscribers to Viasat packages over IPTV in those networks in Scandinavia where Viasat has Virtual Operator agreements. Cable-TV subscribers and subscribers to the Viasat OnDemand online service are not included.

Viasat added 11,000 net new premium subscribers in the third quarter and 41,000 subscribers since the end of the third quarter of 2009. The growth was driven by an increase in the number of virtual operator premium subscribers. The DTH satellite premium subscriber base grew quarter on quarter and year on year in Sweden with a significant reduction in subscriber churn levels, but the number of premium DTH satellite subscribers declined quarter on quarter and year on year in Norway and Denmark. The overall DTH satellite premium subscriber base was stable quarter on quarter. The number of subscribers to Viasat's recordable digital set-top box, multi-room and HD services continued to increase quarter on quarter and year on year, and the Viasat OnDemand internet pay-TV portal also continued to develop according to plan following the launch of subscription video-on-demand services in Denmark, Norway and Sweden in February 2010.

Annualised average revenue per premium DTH subscriber (ARPU) increased year on year to SEK 4,472 (4,401) in the third quarter, which was equivalent to 6% growth at constant exchange rates and reflected price increases and the ongoing uptake of value-added services.

Total operating costs for the Pay-TV Nordic business amounted to SEK 939 (911) million in the third quarter and SEK 2,733 (2,701) million for the year to date. The higher year on year increase at constant exchange rates reflected the addition of seven new Viasat-branded channels since the beginning of 2009, and the addition or extension of various key sports rights contracts. Expensed subscriber acquisition costs declined year on year to SEK 141 (162) million in the third quarter.

The Nordic pay-TV business therefore reported a 12% year on year increase in operating profits in the third quarter and a 15% increase for the year to date, with increased operating margins of 18% (16%) for both periods. The margin declined quarter on quarter due to impact of the acquisition in June 2010 of the exclusive broadcasting rights to English Premier League football in Sweden. The higher than anticipated operating margin in the third quarter reflected a positive underlying increase in profitability following the aforementioned price increases and lower subscriber acquisition costs.

Viasat Broadcasting announced on 2 August 2010 that it had prolonged its exclusive broadcasting rights to motor racing's FIA Formula One World Championship™ and golf's American PGA Tour until the end of 2015.

## Free-TV Emerging Markets

### Sales Growth at constant exchange rates & Reduced Operating Losses

(SEK million)	Jul-Sep 2010	Jul-Sep 2009	Change	Jan-Sep 2010	Jan-Sep 2009	Change
Net sales	357	367	-3%	1,373	1,444	-5%
Operating income	-75	-102	-	-100	-144	-
Operating margin	-	-	-	-	-	-

Combined sales for the Group's Free-TV Emerging Market operations were up 8% year on year at constant exchange rates in the seasonally weakest quarter of the year and up 3% for the year to date. This reflected stable market conditions and year on year advertising market share gains in almost all countries.

Combined operating costs for the Free-TV Emerging Market businesses totalled SEK 432 (469) million in the third quarter and SEK 1,472 (1,587) million for the year to date. The slight year on year increase in operating costs at constant exchange rates reflected the net effect of the cost reduction initiatives implemented in 2009 and the selective ongoing investment in channel programming



schedules. The combined operations therefore reported a significant year on year reduction in operating losses in both the quarter and for the year to date.

### Baltics

The Group's free-TV operations in Estonia, Latvia and Lithuania reported sales of SEK 75 (75) million in the third quarter and SEK 290 (320) million for the year to date. Sales were however up 11% year on year at constant exchange rates in the quarter and up 1% for the year to date, following further advertising market share gains and a return to year on year advertising market growth in Estonia and Lithuania.

Commercial share of viewing (%) (15-49)	Jul-Sep 2010	Apr-Jun 2010	Jul-Sep 2009
Estonia (TV3, 3+, TV6)	40.0	42.2	39.4
Latvia (TV3, 3+, TV6)	38.4	40.3	33.5
Lithuania (TV3, TV6)	41.8	37.8	39.7

Viasat's channels reported an increased combined pan-Baltic target audience share of 40.5% (37.6%) in the third quarter following year on year target audience share gains in each country. Both Estonia's and Latvia's analogue terrestrial networks were switched off in June and Viasat's secondary channels have benefited from increasing penetration levels and viewing shares. The Estonian Fall schedules were launched after the end of the quarter, whilst the combined Latvian target audience share was up significantly year on year, and the Lithuanian channels reported strong year on year and quarter on quarter audience share gains following high ratings for the 2010 Fall schedules.

Baltic free-TV operating costs totalled SEK 87 (118) million in the third quarter and SEK 304 (366) million for the year to date. The year on year reduction at constant exchange rates primarily reflected the cost optimisation programmes implemented during 2009. The combined business therefore reported 72% lower operating losses of SEK -12 (-43) million in the third quarter, and 70% lower losses of SEK -14 (-46) million for the year to date.

### Czech Republic

The Group's free-TV operations in the Czech Republic reported sales of SEK 168 (171) million in the third quarter and SEK 608 (634) million for the year to date. Sales were however up 7% year on year in the quarter at constant exchange rates, and up 2% for the year to date, following further advertising market share gains.

Commercial share of viewing (%) (15-54)	Jul-Sep 2010	Apr-Jun 2010	Jul-Sep 2009
TV Prima, Prima COOL	25.9	22.3	22.6

The Group's Czech channels reported a record combined target audience share in the third quarter following the successful introduction of the Fall schedule with several high rating local productions, and the year on year impact of the launch of the Prima COOL channel in April 2009.

Operating costs for the Czech free-TV business totalled SEK 179 (177) million in the third quarter and SEK 591 (613) million for the year to date, with the year on year increase at constant exchange rates reflecting programming investments to drive up viewing shares. The Group's Czech operations therefore reported a SEK -11 (-6) million operating result in the third quarter, and an operating profit of SEK 17 (21) million for the year to date.

## Bulgaria

The Group's free-TV operations in Bulgaria reported sales of SEK 67 (74) million in the third quarter and SEK 300 (322) million for the year to date. Sales were however up 1% year on year at constant exchange rates in the quarter, and up 3% for the year to date, following continued advertising market share gains.

Commercial share of viewing (%) (18-49)	Jul-Sep 2010	Apr-Jun 2010	Jul-Sep 2009
Nova TV, Diema, Diema 2, Diema Family	28.5	28.1	33.4

The combined target audience share for the Bulgarian channels was down year on year but up quarter on quarter. The launch of new prime time formats in September is expected to increase ratings moving forward.

Operating costs for the Bulgarian free-TV business totalled SEK 93 (92) million in the third quarter and SEK 326 (341) million for the year to date, with the year on year increase at constant exchange rates primarily reflecting investments in locally produced shows and additional international content. The Group's Bulgarian operations therefore reported operating results of SEK -26 (-18) million in the third quarter and SEK -26 (-19) million for the year to date.

## Other Operations & Items

Viasat's other Emerging Market free-TV operations comprise Viasat Hungary, TV3 Slovenia and Viasat1 in Ghana. The combined businesses reported sales of SEK 47 (47) million in the third quarter and SEK 175 (167) million for the year to date. Combined sales were however up 16% year on year in the third quarter at constant exchange rates and up 13% for the year to date. All three country operations reported year on year sales growth in the third quarter and for the year to date at constant exchange rates, following further advertising market share gains and gradually improving advertising market conditions.

Commercial share of viewing (%)	Jul-Sep 2010	Apr-Jun 2010	Jul-Sep 2009
Hungary (Viasat3, TV6) (18-49)	7.8	7.1	7.8
Slovenia (TV3) (15-49)	11.1	10.3	13.8

Operating losses for the combined operations and items were reduced year on year to SEK -26 (-35) million in the third quarter and SEK -77 (-100) million for the year to date.

## Pay-TV Emerging Markets

### 16% year on year Sales Growth at constant exchange rates & Investment in DTH Satellite Platforms

(SEK million)	Jul-Sep 2010	Jul-Sep 2009	Change	Jan-Sep 2010	Jan-Sep 2009	Change
Net sales	228	211	8%	671	649	3%
Operating income	6	32	-82%	82	106	-23%
Operating margin	3%	15%		12%	16%	

Viasat's Emerging Market pay-TV operations market and sell premium pay-TV packages on the Viasat DTH satellite platforms in the Baltics and Ukraine, on the 50% owned joint venture Raduga TV

DTH satellite platform in Russia, and on the Elion broadband network in Estonia. Viasat also distributes 14 of its channels via third party pay-TV networks to subscribers in 25 countries across Central and Eastern Europe and in the United States.

Sales for the combined operations were up 16% year on year in the quarter at constant exchange rates and up 14% for the year to date. This reflected ongoing subscriber growth and the consolidation of the results of the Group's 50% interest in Raduga TV from 8 February 2010 and the full consolidation of the Viasat Ukrainian DTH satellite platform from 9 June 2010.

(000's)	Sep 2010	Jun 2010	Sep 2009
Premium DTH satellite subscribers	225	224	207
Basic DTH satellite subscribers*	148	125	22
Virtual Operator subscribers	10	8	-
Mini-pay TV subscriptions	46,629	45,467	39,620

\* Including Raduga TV Russian DTH platform subscribers from Q1 2010

Viasat's Baltic and Ukrainian DTH satellite subscriber bases grew year on year and quarter on quarter following continued premium subscriber intake on the Ukrainian platform, the addition of almost 20,000 new basic satellite subscribers by Raduga TV in Russia, and an increasing proportion of Baltic subscribers choosing lower tier channel packages. The wholesale mini-pay business added 1.2 million subscriptions in the quarter.

Operating costs for the Emerging Market pay-TV business totalled SEK 223 (179) million in the quarter and SEK 589 (543) million for the year to date. The higher year on year increase at constant exchange rates primarily reflected the launch of six new channels including Nova Sport in Bulgaria since the beginning of 2009, the 50% consolidation of Raduga TV in Russia, the full consolidation of the Ukrainian platform, and one off effects that were primarily due to the negative impact of exchange rate movements on the revaluation of US dollar and euro denominated receivables. The combined businesses reported lower year on year operating profits of SEK 6 (32) million in the quarter and SEK 82 (106) million for the year to date, which primarily reflected the investments in the emerging market satellite platforms.

## CTC Media

The Group reports its 38.5% participation in the earnings of CTC Media with a one quarter time lag, due to the fact that CTC Media reports its financial results after MTG. MTG's participation in CTC Media's US dollar reported results is translated into MTG's Swedish krona reporting currency at the average currency exchange rate for the MTG reporting period.

CTC Media's sales grew by 15% year on year to USD 130 (114) million in the second quarter and by 7% to USD 434 (406) million for the nine months ended 30 June. CTC Media reported operating profits of USD 33 (44) million in the second quarter and USD 106 (-60) million for the nine month period. The company reported pre-tax profits of USD 35 (42) million in the second quarter and USD 114 (-85) million for the nine months ended 30 June 2010. CTC Media's results for the fourth quarter of 2009 included a USD 18.7 million charge arising from the impairment of the broadcasting licenses of certain regional owned-and-operated stations in Russia, and a USD 28.6 million stock-based compensation expense recognised in conjunction with the settlement of litigation brought by CTC Media. CTC Media's results for the fourth quarter of 2008 included USD 233 million of charges arising from the impairment of intangible assets.

MTG's equity participation in the earnings of CTC Media therefore amounted to SEK 89 (126) million

in the third quarter and SEK 309 (154) million for the year to date. CTC Media will publish its results for the third quarter of 2010 on 3 November 2010.

The Group received its share of the third instalment of CTC Media's announced aggregate USD 40 million cash dividend on 28 September 2010, and the remaining instalment is planned to be paid in December. The first instalment was received on 31 March 2010 and the second instalment on 30 June 2010.

## RADIO

<i>(SEK million)</i>	<b>Jul-Sep 2010</b>	<b>Jul-Sep 2009</b>	<i>Change</i>	<b>Jan-Sep 2010</b>	<b>Jan-Sep 2009</b>	<i>Change</i>
Net sales	<b>201</b>	172	17%	<b>593</b>	519	14%
Operating income	<b>40</b>	22	80%	<b>87</b>	45	93%
<i>Operating margin</i>	<b>20%</b>	13%		<b>15%</b>	9%	
Associated company income	<b>-1</b>	3	-	<b>5</b>	7	-21%
Total operating income	<b>39</b>	25	57%	<b>93</b>	52	78%

The Group's radio operations comprise the leading national commercial networks in Sweden and Norway, as well as national and local stations in the Baltics. Combined sales were up 18% year on year in the quarter and 15% for the year to date at constant exchange rates following healthy sales growth in Sweden and Norway and the impact of the newly launched P5 city network in Norway.

Operating costs for the Radio businesses totalled SEK 161 (150) million in the third quarter and SEK 506 (474) million for the year to date, and the consolidated Radio businesses reported an 80% year on year increase in operating profits of SEK 40 (22) million in the quarter and almost doubling to SEK 87 (45) million for the year to date, with higher operating margins of 20% (13%) and 15% (9%) for the two respective periods.

## ONLINE

<i>(SEK million)</i>	<b>Jul-Sep 2010</b>	<b>Jul-Sep 2009</b>	<i>Change</i>	<b>Jan-Sep 2010</b>	<b>Jan-Sep 2009</b>	<i>Change</i>
Total net sales	<b>655</b>	531	23%	<b>1,893</b>	1,541	23%
<i>CDON Group</i>	<b>514</b>	398	29%	<b>1,441</b>	1,131	27%
<i>Other</i>	<b>141</b>	133	6%	<b>452</b>	410	10%
Total operating income	<b>34</b>	31	10%	<b>110</b>	59	85%
<i>CDON Group</i>	<b>31</b>	32	-2%	<b>97</b>	75	31%
<i>Other</i>	<b>2</b>	-1	-	<b>12</b>	-15	-
Total operating Margin	<b>5%</b>	6%		<b>6%</b>	4%	
<i>CDON Group</i>	<b>6%</b>	8%		<b>7%</b>	7%	
<i>Other</i>	<b>2%</b>	-		<b>3%</b>	-	

The Online business area comprises CDON Group and other businesses. CDON Group comprises Entertainment (CDON.COM, BookPlus.fi & Lekmer.se), Fashion (Nelly.com, LinusLotta.com and Heppo.com) and Sports & Health (Gymgrossisten.com and Bodystore.com) businesses in the Nordic

region. Online shoe retailer Heppo.com was launched in Sweden on 31 August, and in Norway, Denmark and Finland in September. Swedish online toy retailer Lekmer.se was acquired and consolidated in April 2010. Localised versions of CDON.COM, Nelly.com, LinusLotta.com and Heppo.com are available across the Nordic region; Gymgrossisten.com in Sweden, Norway and Finland; Bodystore.com and Lekmer.se in Sweden; and BookPlus.fi in Finland.

Sales for the combined operations were up 28% year on year at constant exchange rates in the third quarter and up 27% for the year to date.

CDON Group sales were up 31% year on year at constant exchange rates in the quarter and up 29% for the year to date. Entertainment accounted for 64% (76%) of CDON Group sales in the third quarter and 65% (74%) for the year to date, and reported 9% year on year sales growth in the quarter and 11% growth for the year to date. Fashion accounted for 22% (12%) of CDON Group sales in the third quarter and 21% (12%) for the year to date, and reported 137% year on year sales growth in the quarter and 119% growth for the year to date. Sports & Health accounted for 14% (13%) of CDON Group sales in the third quarter and 15% (14%) for the year to date, and reported 39% year on year sales growth in the quarter and 34% growth for the year to date.

CDON Group's operating profits were stable year on year in the quarter following the consolidation of Lekmer and launch of Heppo but up 31% for the year to date, with operating margins of 6% (8%) in the quarter and 7% (7%) for the year to date.

The total Online business area reported a 10% year on year increase in combined operating profits in the third quarter to SEK 34 (31) million and an 85% increase in profits to SEK 110 (59) million for the year to date.

## MODERN STUDIOS

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The Modern Studios business area comprises the Group's content production businesses and includes the Strix Television production company. The business area reported sales of SEK 115 (111) million in the third quarter and SEK 303 (348) million for the year to date, and increased operating profits of SEK 8 (6) million in the quarter and SEK 17 (12) million for the year to date, with improved operating margins of 7% (5%) and 6% (4%) for the two respective periods.

## Financial Review

### *Cash Flow*

The Group's cash flow from operations before changes in working capital more than tripled year on year to SEK 384 (114) million in the third quarter and almost doubled to SEK 1,294 (707) million for the year to date, which included the receipt of three CTC Media dividend payments totalling SEK 85 million. The Group reported a SEK -204 (177) million change in working capital in the third quarter, which primarily reflected timing differences and payments made for key sports and other programming rights. The SEK -812 (150) million change in working capital for the year to date primarily reflected the first and largest payment for the English Premier League rights in Sweden in the second quarter, as well as the low working capital balances at the beginning of the year. Group net cash flow from operations therefore totalled SEK 180 (291) million in the quarter and SEK 482 (857) million for the nine month period.

The Group's investments in shares amounted to SEK -4 (3) million in the quarter and SEK 269 (145) million for the year to date, and primarily comprised the payment for 50% of Russian DTH satellite pay-TV platform Raduga TV in February 2010, and an additional 35% of the Ukrainian DTH satellite pay-TV platform in June 2010. Group capital expenditure on tangible and intangible assets totalled

SEK 48 (18) million in the quarter and SEK 118 (70) million for the year to date, which was equivalent to approximately 1% of Group net sales for both periods.

Cash flow to financing activities amounted to SEK 99 (351) million in the third quarter and SEK 232 (614) million for the year to date, which primarily reflected the SEK 363 million dividend payment to MTG shareholders in the second quarter. SEK 3,500 (4,362) million of the Group's SEK 6,500 million credit facilities had been drawn down as at 30 September, compared with total drawings of SEK 3,650 million at the end of the second quarter of 2010.

The net change in cash and cash equivalents therefore amounted to SEK 36 (-81) million in the third quarter and SEK -137 (28) million for the year to date. The Group had SEK 531 (977) million of cash and cash equivalents at the end of the period, compared to SEK 514 million at the end of the second quarter of 2010.

#### *Net debt*

The Group's net debt position, which is defined as interest bearing liabilities less cash and cash equivalents and interest bearing assets, amounted to SEK 3,031 (3,379) million at the end of the period and compared to a net debt position of SEK 2,749 million at the end of the fourth quarter 2009.

#### *Liquid funds*

The Group's available liquid funds, including unutilised credit facilities, totalled SEK 3,631 (3,215) million at the end of the period, compared to SEK 3,837 million at the end of the fourth quarter 2009.

#### *Holdings in listed companies*

The book value of the Group's 38.5% shareholding in associated company CTC Media was SEK 1,752 million at the end of the period, and compared with the USD 1,317 million (SEK 8,871 million) public equity market value of the shareholding as at the close of trading on the last business day of the third quarter.

#### *Equity*

The Group reported SEK -561 (-541) million of currency translation differences in equity in the third quarter and SEK -735 (-1,088) million of differences for the year to date. The Group does not hedge its equity exposure to currency translation effects. The Group's total equity amounted to SEK 5,857 (8,243) million at the end of the period, compared to SEK 5,680 million at the end of the fourth quarter 2009.

## **RELATED PARTY TRANSACTIONS**

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Related party transactions for the period are of the same character and amounts as the transactions described in the 2009 Annual Report.

## **PARENT COMPANY**

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Modern Times Group MTG AB 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 operating business areas.

The MTG parent company reported net sales of SEK 11 (9) million in the third quarter and SEK 31 (40) million for the year to date. Net interest and other financial items totalled SEK 56 (20) million and SEK 211 (306) million for the two respective periods, and included SEK 73 million of dividends received from subsidiaries during the first nine months of the year. Income before tax amounted to SEK 17 (-10) million in the quarter and SEK 96 (218) million for the nine month period. The parent company had cash and cash equivalents of SEK 454 (643) million at the end of the period, compared to SEK 325 million at the end of the second quarter of 2010. SEK 3,100 million of the SEK 3,600

million total available credit facilities, including the SEK 100 million overdraft facility, was unutilised as at the end of the reporting period.

## **RISKS AND UNCERTAINTIES**

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Significant risks and uncertainties exist for the Group and the parent company, which include the commercial risks related to the expansion to and in new territories, legislative and regulatory risks in the various countries in which the Group operates, and technology risks. The risks and uncertainties are described in more detail in the 2009 Annual Report.

## **Other Information**

This report has been prepared according to 'IAS 34 Interim Financial Reporting' and 'The Annual Accounts Act'. The Group's consolidated accounts have been prepared according to the same accounting policies and with the same methods of computation as were applied in the preparation of the 2009 Annual Report, with the exception of the application of 'IFRS 3 Business Combinations' and 'IAS 27 Consolidated and Separate Financial Statements' as amended. The changes and amendments relate to:

- the definition of operations
- the expensing of acquisition transaction costs
- the determination of the fair value of conditional considerations at the time of acquisition and the effects of the revaluation of liabilities related to conditional considerations recognised in the income statement or other comprehensive income
- additional acquisitions made after decisive influence has been achieved are recognised as shareholder transactions and recorded directly to equity
- two alternative methods for reporting non-controlling interests and goodwill – the full goodwill method and the proportionate share of the acquired net assets method. The choice between the two methods is made on an individual basis for each acquisition

Other new or revised IFRS principles and IFRIC interpretations have not had any material effect on the financial position or results of the Group.

With regard to the parent company, 'RFR 2.3 Reporting for Legal Entities' has been applied since 1 January 2010 and stipulates that the revised 'IAS 1 Presentation of Financial Statements' must also be applied to the parent company, with some exceptions, and costs associated with a business combination (IFRS 3) continue to be included in the cost of acquisition of the legal entity.

### *2011 Annual General Meeting of shareholders*

The 2011 Annual General Meeting will be held on 18 May 2011 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 notices to the meeting. Further details on how and when to register will be published in advance of the Meeting.

### *Nomination Committee for the 2011 Annual General Meeting of shareholders*

A Nomination Committee of major MTG shareholders has been convened in accordance with the resolution of the 2009 Annual General Meeting of shareholders. The Nomination Committee is comprised of Cristina Stenbeck on behalf of Investment AB Kinnevik; Peder Hasslev on behalf of AMF Pension; Hans EK on behalf of SEB Fonder and Johan Ståhl on behalf of Lannebo Fonder.

Information about the work of the Nomination Committee can be found on MTG's corporate website at [www.mtg.se](http://www.mtg.se).

Shareholders wishing to propose candidates for election to the MTG Board of Directors 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.

*Fourth Quarter and Full Year 2010 Results*

MTG's financial results for the fourth quarter and twelve months ended 31 December 2010 will be published 10 February 2011.

19 October 2010

Hans-Holger Albrecht, President & Chief Executive Officer

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

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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:  
Sweden: +46 (0)8 5051 3786  
International: +44 (0)20 7138 0824  
US: +1 212 444 0481  
The access pin code for the conference is 3140225

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

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

Hans-Holger Albrecht, President & Chief Executive Officer  
Mathias Hermansson, Chief Financial Officer  
Tel: +46 (0) 8 562 000 50

Investor & Analyst Enquiries  
Matthew Hooper  
Tel: +44 (0) 7768 440 414  
Email: [investor.relations@mtg.se](mailto:investor.relations@mtg.se)

Press Enquiries  
Bert Willborg  
Tel: +44 (0) 7912 280 850  
Email: [bert.willborg@mtg.se](mailto:bert.willborg@mtg.se)



## Modern Times Group MTG AB

*Modern Times Group is a leading international entertainment broadcasting group with the largest geographical broadcast footprint in Europe. MTG's Viasat Broadcasting is the leading free-TV and pay-TV operator in Scandinavia and the Baltics, and has broadcasting operations in Bulgaria, Czech Republic, Hungary, Slovenia, Russia, Ukraine and Ghana. Viasat's free-TV and pay-TV channels and pay-TV platforms attract a total of 125 million viewers in 31 countries. MTG is also the major shareholder in Russia's largest independent television broadcaster (CTC Media – Nasdaq: CTCM), and the number one commercial radio operator and internet retailer of entertainment products in the Nordic region.*

*Modern Times Group MTG AB Class A and B shares are listed on Nasdaq OMX Stockholm's Large Cap market ('MTGA' and 'MTGB').*

The information in this Interim Report is such which Modern Times Group MTG AB is required to disclose under the Securities Markets Act. This information was released for publication at 13.00 CET on 19 October 2010.

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### **Auditors' Review Report**

#### *Introduction*

We have reviewed the interim report for Modern Times Group MTG AB for the period ended 30 September 2010. 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 enquiries, 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, 19 October 2010

KPMG AB

George Pettersson

Authorised Public Accountant

Ernst & Young AB

Erik Åström

Authorised Public Accountant

## Modern Times Group MTG AB

<b>CONDENSED CONSOLIDATED INCOME STATEMENT (MSEK)</b>					
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2009</b>
	<b>Jul-Sep</b>	<b>Jul-Sep</b>	<b>Jan-Sep</b>	<b>Jan-Sep</b>	<b>Jan-Dec</b>
Net sales	3,531	3,177	10,925	10,097	14,173
Cost of goods and services	-2,350	-2,114	-6,980	-6,528	-9,031
<b>Gross income</b>	<b>1,181</b>	<b>1,063</b>	<b>3,945</b>	<b>3,569</b>	<b>5,142</b>
Selling and administrative expenses	-801	-796	-2,484	-2,476	-3,399
Other operating revenues and expenses, net	-12	-21	-75	-63	-89
Share of earnings in associated companies	91	131	320	169	270
Write-down and one-off costs	-	-	-	0	-3,352
<b>Operating income (EBIT)</b>	<b>458</b>	<b>377</b>	<b>1,706</b>	<b>1,199</b>	<b>-1,428</b>
Net interest and other financial items	41	-41	-42	-102	-197
<b>Income before tax</b>	<b>499</b>	<b>336</b>	<b>1,664</b>	<b>1,096</b>	<b>-1,625</b>
Tax	-139	-82	-482	-260	-383
<b>Net income for the period</b>	<b>360</b>	<b>254</b>	<b>1,182</b>	<b>836</b>	<b>-2,008</b>
<i>Attributable to:</i>					
Equity holders of the parent	371	254	1,174	824	-2,033
Non-controlling interests	-11	0	8	12	25
<b>Net income for the period</b>	<b>360</b>	<b>254</b>	<b>1,182</b>	<b>836</b>	<b>-2,008</b>
Basic earnings per share (SEK)	5.63	3.86	17.81	12.51	-30.86
Diluted earnings per share (SEK)	5.59	3.81	17.69	12.44	-30.97
<b>CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE GROUP (MSEK)</b>					
<b>Net income for the period</b>	<b>360</b>	<b>254</b>	<b>1,182</b>	<b>836</b>	<b>-2,008</b>
<b>Other comprehensive income</b>					
Currency translation differences	-562	-541	-735	-1,088	-883
Cash flow hedge	-34	-43	7	-82	-13
Revaluation of shares at market value	-1	-	1	-	8
Share of other comprehensive income of associates	52	-	52	34	45
<b>Other comprehensive income for the period</b>	<b>-545</b>	<b>-585</b>	<b>-675</b>	<b>-1,136</b>	<b>-843</b>
<b>Total comprehensive income for the period</b>	<b>-185</b>	<b>-330</b>	<b>507</b>	<b>-300</b>	<b>-2,851</b>
<i>Total comprehensive income attributable to:</i>					
Equity holders of the parent	-154	-330	519	-303	-2,853
Non-controlling interests	-31	0	-12	3	2
<b>Total comprehensive income for the period</b>	<b>-185</b>	<b>-330</b>	<b>507</b>	<b>-300</b>	<b>-2,851</b>
Shares outstanding at the end of the period	66,045,122	65,890,375	66,045,122	65,890,375	65,896,815
Basic average number of shares outstanding	66,005,696	65,890,375	65,944,110	65,890,375	65,891,592
Diluted average number of shares outstanding	66,358,704	65,900,508	66,313,126	65,890,375	65,892,763

CONDENSED STATEMENT OF FINANCIAL POSITION (MSEK)	2010 30 Sep	2009 30 Sep	2009 31 Dec
<b>Non-current assets</b>			
Goodwill	5,169	8,401	5,239
Other intangible assets	1,287	1,482	1,423
Tangible assets	326	301	346
Shares and participations	1,818	1,607	1,818
Other financial long-term assets	128	296	199
	8,727	12,088	9,026
<b>Current assets</b>			
Inventory	2,164	2,131	1,940
Current receivables	3,946	3,202	2,948
Cash and cash equivalent	531	977	737
	6,641	6,309	5,625
<b>Total assets</b>	15,368	18,397	14,651
<b>Shareholders' equity</b>			
Shareholders' equity	5,559	7,944	5,381
Non-controlling interests	299	299	298
	5,857	8,243	5,680
<b>Long-term liabilities</b>			
Interest-bearing liabilities	3,518	4,385	3,509
Provisions	710	643	645
Non-interest-bearing liabilities	4	2	22
	4,232	5,030	4,175
<b>Current liabilities</b>			
Interest-bearing liabilities	84	50	54
Non-interest-bearing liabilities	5,195	5,073	4,741
	5,278	5,123	4,796
<b>Total shareholders' equity and liabilities</b>	15,368	18,397	14,651

## Modern Times Group MTG AB

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (MSEK)		2010 Jul-Sep	2009 Jul-Sep	2010 Jan-Sep	2009 Jan-Sep	2009 Jan-Dec
Cash flow from operations		384	114	1,294	707	1,308
Changes in working capital		-204	177	-812	150	237
<b>Net cash flow from operations</b>		<b>180</b>	<b>291</b>	<b>482</b>	<b>857</b>	<b>1,546</b>
Investments in shares in subsidiaries and associates		4	-3	-269	-145	-152
Investments in other non-current assets		-48	-18	-118	-70	-159
<b>Cash flow to/from investing activities</b>		<b>-45</b>	<b>-21</b>	<b>-387</b>	<b>-215</b>	<b>-311</b>
Net change in loans		-90	-354	53	-282	-1,152
Dividends to shareholders and share buy-backs		-	-	-363	-329	-329
Other cash flow from/to financing activities		-9	3	78	-2	40
<b>Cash flow to/from financing activities</b>		<b>-99</b>	<b>-351</b>	<b>-232</b>	<b>-614</b>	<b>-1,442</b>
<b>Net change in cash and cash equivalents for the period</b>		<b>36</b>	<b>-81</b>	<b>-137</b>	<b>28</b>	<b>-206</b>
Cash and cash equivalents at the beginning of the period		514	1,084	737	975	975
Translation differences in cash and cash equivalents		-18	-25	-68	-26	-32
<b>Cash and cash equivalents at end of the period</b>		<b>531</b>	<b>977</b>	<b>531</b>	<b>977</b>	<b>737</b>

CONDENSED STATEMENT OF CHANGES IN EQUITY (MSEK)		2010 30 Sep	2009 30 Sep	2009 31 Dec
<b>Opening balance</b>		<b>5,680</b>	<b>8,980</b>	<b>8,980</b>
Total comprehensive income for the period		507	-300	-2,851
Effect of employee share option programmes		15	14	19
Employee options exercised		50	-	2
Change in non-controlling interests		-13	-122	-122
Dividends to shareholders		-363	-329	-329
Dividends to non-controlling interests		-22	-	-21
Sale of MTG shares		-	-	5
Share buy-backs		-	-	-2
<b>Closing balance</b>		<b>5,857</b>	<b>8,243</b>	<b>5,680</b>

CONDENSED INCOME STATEMENT PARENT COMPANY (MSEK)	2010 Jul-Sep	2009 Jul-Sep	2010 Jan-Sep	2009 Jan-Sep	2009 Jan-Dec
Net sales	11	9	31	40	52
<b>Gross income</b>	<b>11</b>	<b>9</b>	<b>31</b>	<b>40</b>	<b>52</b>
Selling and administrative expenses	-49	-40	-146	-128	-204
<b>Operating income (EBIT)</b>	<b>-38</b>	<b>-30</b>	<b>-115</b>	<b>-88</b>	<b>-152</b>
Net interest and other financial items	56	20	211	306	1,259
<b>Income before tax</b>	<b>17</b>	<b>-10</b>	<b>96</b>	<b>218</b>	<b>1,107</b>
Tax	-1	3	-25	39	37
<b>Net income for the period</b>	<b>16</b>	<b>-8</b>	<b>71</b>	<b>257</b>	<b>1,144</b>

CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE PARENT (MSEK)	2010 Jul-Sep	2009 Jul-Sep	2010 Jan-Sep	2009 Jan-Sep	2009 Jan-Dec
<b>Net income for the period</b>	<b>16</b>	<b>-8</b>	<b>71</b>	<b>257</b>	<b>1,144</b>
<b>Other comprehensive income</b>					
Currency translation differences	-	-	-	-	35
Revaluation of shares at market value	-1	1	1	2	8
<b>Total comprehensive income for the period</b>	<b>16</b>	<b>-7</b>	<b>72</b>	<b>260</b>	<b>1,187</b>

CONDENSED STATEMENT OF FINANCIAL POSITION PARENT COMPANY (MSEK)	2010 30 Sep	2009 30 Sep	2009 31 Dec
<b>Non-current assets</b>			
Shares and participations	3,702	3,715	3,702
Other long-term financial assets	12,147	12,408	12,137
	<b>15,849</b>	<b>16,123</b>	<b>15,839</b>
<b>Current assets</b>			
Current receivables	304	117	613
Cash and cash equivalents	454	643	536
	<b>758</b>	<b>760</b>	<b>1,148</b>
<b>Total assets</b>	<b>16,608</b>	<b>16,883</b>	<b>16,988</b>
<b>Shareholders' equity</b>			
Shareholders' equity	336	334	334
Shareholders' equity	8,581	7,722	8,818
<b>Shareholders' equity</b>	<b>8,916</b>	<b>8,056</b>	<b>9,151</b>
<b>Long-term liabilities</b>			
Interest-bearing liabilities	6,832	7,884	6,993
Provisions	6	8	6
	<b>6,837</b>	<b>7,891</b>	<b>6,999</b>
<b>Current liabilities</b>			
Other interest-bearing liabilities	763	172	474
Non-interest-bearing liabilities	91	763	364
	<b>854</b>	<b>935</b>	<b>838</b>
<b>Total shareholders' equity and liabilities</b>	<b>16,608</b>	<b>16,883</b>	<b>16,988</b>

## Modern Times Group MTG AB

NET SALES (MSEK)	Q1 2009	Q2 2009	Q3 2009	Q4 2009	FULL YEAR 2009	Q1 2010	Q2 2010	Q3 2010	YTD 2010
<b>Free-TV Scandinavia</b>	886.0	983.8	790.5	1,159.5	<b>3,819.9</b>	980.0	1,116.4	922.1	<b>3,018.5</b>
<b>Pay-TV Nordic</b>	1,068.9	1,074.3	1,090.7	1,093.0	<b>4,326.9</b>	1,091.7	1,115.4	1,140.2	<b>3,347.3</b>
<b>Free-TV Emerging Markets</b>	464.1	612.2	367.4	651.7	<b>2,095.4</b>	433.2	582.4	357.1	<b>1,372.7</b>
- <i>Baltics</i>	96.8	148.6	75.1	118.6	<b>439.1</b>	84.2	130.9	75.1	<b>290.1</b>
- <i>Czech Republic</i>	208.9	254.2	170.9	294.1	<b>928.1</b>	190.2	250.1	167.5	<b>607.8</b>
- <i>Bulgaria</i>	105.3	142.4	74.3	162.6	<b>484.6</b>	103.6	129.1	67.3	<b>300.0</b>
- <i>Other operations &amp; items</i>	53.1	67.0	47.1	76.4	<b>243.6</b>	55.2	72.4	47.3	<b>174.8</b>
<b>Pay-TV Emerging Markets</b>	220.1	218.6	210.7	225.4	<b>874.7</b>	218.1	224.5	228.5	<b>671.1</b>
<i>Other &amp; eliminations related to Viasat Broadcasting</i>	-40.4	-42.6	-48.4	-46.1	<b>-177.5</b>	-49.1	-38.6	-33.9	<b>-121.7</b>
<b>Total Viasat Broadcasting business area</b>	<b>2,598.6</b>	<b>2,846.4</b>	<b>2,410.9</b>	<b>3,083.5</b>	<b>10,939.5</b>	<b>2,673.8</b>	<b>3,000.1</b>	<b>2,614.0</b>	<b>8,287.9</b>
<b>Radio</b>	159.4	188.2	171.9	174.0	<b>693.5</b>	181.1	211.5	200.6	<b>593.1</b>
<b>Online</b>	519.9	490.4	530.8	758.6	<b>2,299.7</b>	623.7	615.0	654.7	<b>1,893.4</b>
- <i>CDON Group</i>	387.3	346.0	397.8	615.1	<b>1,746.2</b>	469.7	457.6	513.7	<b>1,441.1</b>
- <i>Other</i>	132.6	144.4	133.0	143.5	<b>553.6</b>	153.9	157.3	141.0	<b>452.3</b>
<b>Modern Studios</b>	103.4	133.5	111.2	120.8	<b>468.9</b>	75.1	113.5	114.9	<b>303.5</b>
<b>Total operating business areas</b>	<b>3,381.3</b>	<b>3,658.5</b>	<b>3,224.8</b>	<b>4,137.0</b>	<b>14,401.6</b>	<b>3,553.7</b>	<b>3,940.0</b>	<b>3,584.2</b>	<b>11,077.9</b>
Parent company & holding companies	45.6	46.6	41.2	44.6	<b>178.0</b>	46.5	46.7	46.2	<b>139.4</b>
Eliminations	-90.6	-121.3	-89.2	-105.5	<b>-406.6</b>	-76.3	-116.4	-99.9	<b>-292.7</b>
<b>GROUP TOTAL</b>	<b>3,336.3</b>	<b>3,583.8</b>	<b>3,176.8</b>	<b>4,076.0</b>	<b>14,172.9</b>	<b>3,523.9</b>	<b>3,870.3</b>	<b>3,530.5</b>	<b>10,924.6</b>

  

OPERATING INCOME (EBIT) (MSEK)	Q1 2009	Q2 2009	Q3 2009	Q4 2009	FULL YEAR 2009	Q1 2010	Q2 2010	Q3 2010	YTD 2010
<b>Free-TV Scandinavia</b>	202.8	216.0	120.0	281.6	<b>820.4</b>	215.6	297.4	219.3	<b>732.3</b>
<b>Pay-TV Nordic</b>	174.4	179.1	179.7	191.7	<b>724.8</b>	191.3	221.5	201.2	<b>614.0</b>
<b>Free-TV Emerging Markets</b>	-74.4	32.4	-101.7	59.8	<b>-84.0</b>	-66.0	41.8	-75.3	<b>-99.5</b>
- <i>Baltics</i>	-12.8	10.1	-43.0	3.7	<b>-42.1</b>	-18.7	16.8	-11.8	<b>-13.7</b>
- <i>Czech Republic</i>	2.2	24.3	-5.9	50.6	<b>71.2</b>	-6.7	35.1	-11.2	<b>17.2</b>
- <i>Bulgaria</i>	-13.5	12.4	-17.9	23.8	<b>4.8</b>	-11.6	11.5	-25.9	<b>-26.0</b>
- <i>Other operations &amp; items</i>	-50.2	-14.5	-34.9	-18.3	<b>-117.8</b>	-29.0	-21.6	-26.4	<b>-77.0</b>
<b>Pay-TV Emerging Markets</b>	40.4	34.1	31.8	61.3	<b>167.7</b>	40.1	36.4	5.9	<b>82.3</b>
<b>Associated company CTC Media</b>	-74.7	103.2	125.7	100.0	<b>254.2</b>	104.9	114.6	89.1	<b>308.6</b>
<i>Viasat Broadcasting central operations</i>	2.5	5.9	0.3	12.6	<b>21.3</b>	15.6	4.6	-3.7	<b>16.4</b>
<b>Viasat Broadcasting business area</b>	<b>271.0</b>	<b>570.8</b>	<b>355.8</b>	<b>706.9</b>	<b>1,904.4</b>	<b>501.4</b>	<b>716.2</b>	<b>436.4</b>	<b>1,654.1</b>
<b>Radio</b>	-4.2	27.5	22.1	27.4	<b>72.8</b>	11.7	35.9	39.7	<b>87.3</b>
<b>Associated companies</b>	-0.4	4.5	2.8	0.3	<b>7.2</b>	-0.1	6.1	-0.6	<b>5.4</b>
<b>Total</b>	<b>-4.6</b>	<b>32.0</b>	<b>24.9</b>	<b>27.7</b>	<b>79.9</b>	<b>11.6</b>	<b>42.0</b>	<b>39.1</b>	<b>92.8</b>
<b>Online</b>	4.4	24.1	30.7	60.9	<b>120.1</b>	47.3	28.9	33.6	<b>109.9</b>
- <i>CDON Group</i>	20.7	22.0	31.8	50.8	<b>125.3</b>	38.2	28.1	31.3	<b>97.5</b>
- <i>Other</i>	-16.3	2.1	-1.1	10.1	<b>-5.1</b>	9.2	0.8	2.4	<b>12.4</b>
<b>Modern Studios</b>	3.8	2.9	5.7	6.1	<b>18.6</b>	4.0	4.8	8.2	<b>17.0</b>
<b>Total operating business areas</b>	<b>274.6</b>	<b>629.7</b>	<b>417.1</b>	<b>801.7</b>	<b>2,123.1</b>	<b>564.4</b>	<b>791.9</b>	<b>517.4</b>	<b>1,873.7</b>
Group central operations	-41.1	-41.5	-40.2	-76.8	<b>-199.6</b>	-42.8	-65.7	-59.0	<b>-167.5</b>
<b>TOTAL ONGOING OPERATIONS</b>	<b>233.4</b>	<b>588.3</b>	<b>376.9</b>	<b>724.9</b>	<b>1,923.5</b>	<b>521.6</b>	<b>726.2</b>	<b>458.3</b>	<b>1,706.1</b>
Non-recurring Online business area items	-	-	-	-47.2	<b>-47.2</b>	-	-	-	<b>-</b>
Non-recurring Viasat Broadcasting business area items	-	-	-	-3,304.5	<b>-3,304.5</b>	-	-	-	<b>-</b>
<b>GROUP TOTAL</b>	<b>233.4</b>	<b>588.3</b>	<b>376.9</b>	<b>-2,626.8</b>	<b>-1,428.2</b>	<b>521.6</b>	<b>726.2</b>	<b>458.3</b>	<b>1,706.1</b>

## Modern Times Group MTG AB

CONDENSED SALES GROUP SEGMENTS (MSEK)	2010 Jul-Sep	2009 Jul-Sep	2010 Jan-Sep	2009 Jan-Sep	2009 Jan-Dec
<b>Sales external customers</b>					
Viasat Broadcasting business area	2,598	2,408	8,260	7,842	10,919
Radio	199	171	589	516	688
Online	655	531	1,893	1,541	2,299
Modern Studios	75	67	175	197	264
Parent company & holding companies	3	0	8	1	3
<b>Total</b>	<b>3,531</b>	<b>3,177</b>	<b>10,925</b>	<b>10,097</b>	<b>14,173</b>
<b>Sales to other segments</b>					
Viasat Broadcasting business area	16	3	28	13	22
Radio	1	1	5	3	5
Online	-	0	0	0	0
Modern Studios	40	44	129	151	205
Parent company & holding companies	43	41	132	133	175
<b>Total</b>	<b>100</b>	<b>89</b>	<b>293</b>	<b>301</b>	<b>407</b>

## Modern Times Group MTG AB

KEY PERFORMANCE INDICATORS	Q1 2009	Q2 2009	Q3 2009	Q4 2009	FULL YEAR 2009	Q1 2010	Q2 2010	Q3 2010
<b>GROUP</b>								
Year on year sales growth (%)	9.7	8.0	7.3	6.0	7.7	5.6	8.0	11.1
Year on year change in operating costs (%) *	14.1	8.6	14.9	6.9	11.6	2.5	5.1	7.9
Operating margin (%) *	7.0	16.4	11.9	17.8	13.6	14.8	18.8	13.0
Return on capital employed (%)	22	20	16	15		19	22	24
Return on equity (%)	20	19	16	17		20	23	27
Equity to assets ratio (%)	46	45	45	39		39	39	38
Liquid funds (incl unutilised credit facilities), SEK million	2,668	2,966	3,215	3,837		3,770	3,464	3,631
Net debt (SEK million)	3,925	3,603	3,379	2,749		2,847	3,185	3,031
Subscriber data ('000s)								
Group total digital subscribers	1,051	1,056	1,078	1,108		1,213	1,234	1,271
Group total premium subscribers	974	982	1,009	1,039		1,059	1,064	1,077
<b>FREE-TV SCANDINAVIA</b>								
Year on year sales growth (%)	7.0	1.3	-1.7	7.1	3.6	10.6	13.5	16.7
Year on year change in operating costs (%)	0.2	5.7	6.2	4.7	4.2	11.9	6.7	4.8
Operating margin (%)	22.9	22.0	15.2	24.3	21.5	22.0	26.6	23.8
Commercial share of viewing (15-49) (%)								
Sweden (TV3, TV6, TV8, TV10/ZTV)	33.2	36.4	39.5	35.9	36.1	36.1	37.2	38.8
Norway (TV3, Viasat4)	26.4	28.3	28.6	26.4	27.3	25.8	28.3	29.1
Denmark (TV3, TV3+, TV3 PULS)	20.3	23.8	23.9	25.2	23.3	24.2	24.1	24.8
Penetration (%)								
TV3 Sweden	86	87	87	88		86	87	87
TV6 Sweden	86	87	87	88		87	87	87
TV8 Sweden	64	66	66	65		66	66	66
TV3 Norway	87	87	88	89		91	91	91
Viasat4 Norway	62	65	68	68		69	71	74
TV3 Denmark <sup>1</sup>	67	67	67	68		69	70	-
TV3+ Denmark <sup>1</sup>	63	63	63	65		64	63	-
TV3 PULS Denmark <sup>1</sup>		41	41	53		51	48	-
<b>PAY-TV NORDIC</b>								
Year on year sales growth (%)	11.5	10.5	10.5	7.6	10.0	2.1	3.8	4.5
Year on year change in operating costs (%)	12.3	9.9	11.8	10.5	11.1	0.7	-0.1	3.1
Operating margin (%)	16.3	16.7	16.5	17.5	16.8	17.5	19.9	17.6
Subscriber data ('000s)								
Premium subscribers	760	778	802	823		826	832	843
- of which, DTH satellite	666	666	675	685		670	666	666
- of which, IPTV	94	112	128	138		156	167	176
Basic DTH subscribers	62	55	48	45		44	45	46
Premium DTH ARPU (SEK)	4,299	4,397	4,401	4,435		4,356	4,446	4,472
<b>FREE-TV EMERGING MARKETS</b>								
Year on year sales growth (%)	9.6	4.6	-5.0	-13.6	-2.5	-6.7	-4.9	-2.8
Year on year change in operating costs (%)	42.8	15.8	29.7	-4.3	17.3	-7.3	-6.8	-7.8
Operating margin (%)	N.A.	5.3	-27.7	9.2	-	-	-	-
Commercial share of viewing (%)								
Estonia (15-49)	38.3	39.7	39.4	42.9	40.2	42.8	42.2	40.0
Latvia (15-49)	34.3	36.1	33.5	34.7	34.7	34.8	40.3	38.4
Lithuania (15-49)	39.6	37.5	39.7	44.0	40.4	39.5	37.8	41.8
Czech Republic (15-54)	19.4	21.0	22.6	20.4	20.8	20.1	22.3	25.9
Bulgaria (18-49) <sup>2</sup>	34.0	36.1	33.4	29.2	32.9	29.3	28.0	28.5
Hungary (18-49)	8.5	7.6	7.8	7.6	7.9	7.9	7.1	7.8
Slovenia (18-49)	9.7	12.6	13.8	9.8	11.2	9.7	10.3	11.1
<b>PAY-TV EMERGING MARKETS</b>								
Year on year sales growth (%)	57.8	47.6	25.8	11.1	33.0	-0.9	2.7	8.4
Year on year change in operating costs (%)	42.6	49.5	19.1	7.5	28.1	-0.9	2.0	24.4
Operating margin (%)	18.4	15.6	15.1	27.2	19.2	18.4	16.2	2.6
Subscriber data ('000s)								
Premium DTH subscribers	214	204	207	216		224	224	225
Basic DTH subscribers <sup>3</sup>	15	19	22	24		109	125	148
IPTV subscribers ('000s)						9	8	10
Mini-pay subscriptions	37,740	40,182	39,620	40,778		44,335	45,467	46,629
<b>ASSOCIATED COMPANY CTC MEDIA</b>								
Share of viewing								
CTC Russia (6-54)	11.4	12.5	12.2	12.7	12.2	12.6	11.5	11.6
Domashny Russia (females 25 - 60)	2.6	2.9	3.2	2.9	2.9	3.0	3.5	3.3
DTV Russia (25-54)	2.2	2.4	2.3	2.1	2.2	2.1	2.1	2.0
Channel 31 Kazakhstan (6-54)	13.1	11.7	11.6	10.4	11.6	10.4	12.2	11.4

<sup>1</sup> Updated figures were not published as per the date of this report

<sup>2</sup> Pro forma for the combined Diema and Nova channels

<sup>3</sup> Includes Raduga from Q1 2010

\* excluding non-recurring items



## **APPENDIX 1**

### *Acquisitions during the period*

MTG announced on 9 June that it had completed the acquisition of a further 35% of Viastrong Holding AB ('Viastrong') from Strong Media Group Ltd. ('Strong Media') for EUR 11.25 million in cash. MTG now owns 85% of Viastrong which, through Vision TV LCC, operates the Viasat Ukraine DTH satellite pay-TV platform. The acquisition was completed following approval from the regulatory authorities in Ukraine. MTG has fully consolidated the operating results for Viasat Ukraine in the 'Pay-TV Emerging Markets' business segment of the Viasat Broadcasting business area from June 2010 and recognises a non-controlling interest for the share of equity that is not attributable to the shareholders of the parent. Viasat Ukraine was previously a joint venture and was as such consolidated according to the proportional method.

The work on the purchase price allocation, which includes the identification and valuation of intangible assets, is in progress and yet to be finalised. The provisionally recorded fair values for the net identifiable assets for the acquired shares as at the date of acquisition are stated below.

#### **Net identifiable assets acquired (SEK million)**

Tangible assets	2
Intangible assets	30
Inventories	0
Trade and other receivables	42
Cash and cash equivalents	4
Deferred tax receivables	19
Deferred tax liability	-7
Interest-bearing liabilities	-57
Trade and other payables	-61
Net identifiable assets and liabilities	-28
Goodwill on acquisition	136
Total consideration	108
Liquid funds in acquired companies	-4
Cash consideration	104

Viastrong contributed by SEK 32 million in sales and SEK -41 million in operating income year to date. If the acquisition had been made as per 1 January, MTG Group sales had been SEK 10,935 million, while operating income had decreased to SEK 1,690 million.

The Group announced on 8 February that it had acquired 50% of Raduga Holdings S.A. from Continental Media S.A.. The consideration was USD 22.5 million in cash. The results have been reported within the Viasat Broadcasting business area with effect from February 2010. Raduga is a joint venture and is recognised according to the proportional method.

The work on the purchase price allocation, which includes the identification and valuation of intangible assets, is in progress and yet to be finalised. The provisionally recorded fair values for the net identifiable assets as at the date of acquisition are stated below.

**Net identifiable assets acquired (SEK million)**

Tangible assets	2
Intangible assets	1
Inventories	0
Trade and other receivables	10
Cash and cash equivalents	12
Deferred tax receivables	5
Deferred tax liability	0
Trade and other payables	<u>-37</u>
Net identifiable assets and liabilities	-8
Non-controlling interests	4
Goodwill on acquisition	165
Total consideration	161
Liquid funds in acquired companies	<u>-6</u>
Cash consideration	156

Raduga contributed by SEK 32 million in sales and SEK -5 million in operating income year to date. If the acquisition had been made as per 1 January, MTG Group sales had been SEK 10,927 million, while operating income had decreased to SEK 1,705 million.