



Q2 2011 Interim Report



20 July 2011 – 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 second quarter and six months ended 30 June 2011.

Another Quarter of Record Sales & Operating Profits

Second Quarter Highlights¹

- Net sales up 9% year on year at constant exchange rates and up 3% year on year at reported exchange rates to SEK 3,531 (3,413) million
- Record operating income before associated company income of SEK 593 (575) million, with stable operating margin of 17% (17%)
- Total operating income of SEK 681 (698) million including SEK 88 (123) million of associated company income
- Pre-tax profit of SEK 681 (672) million
- Net income from continuing operations of SEK 479 (501) million
- Total net income of SEK 479 (522) million when including SEK 20 million of net income from CDON Group AB ('CDON Group') in the second quarter of 2010
- Basic earnings per share from continuing operations of SEK 6.84 (7.27) and total basic earnings per share of SEK 6.84 (7.58)
- Payment of SEK 498 (363) million annual dividend to shareholders
- Receipt of SEK 84 (30) million (USD 13 million) quarterly dividend payment from associated company CTC Media, Inc. ('CTC Media')

Half Year Highlights¹

- Net sales up 9% year on year at constant exchange rates and up 3% year on year at reported exchange rates to SEK 6,656 (6,467) million
- Operating income before associated company income up 8% year on year to SEK 1,025 (952) million, with stable operating margin of 15% (15%)

¹ This financial report includes the effects of the demerger and distribution of former MTG subsidiary CDON Group in December 2010. CDON Group's results have been excluded from MTG's operating results and cash flows for 2010, with the exception of the reported net income from discontinued operations in the Group's income statements and the net cash flow to financing activities in the Group's cash flow statements.

- Total operating income up 16% year on year to SEK 1,365 (1,182) million including SEK 341 (229) million of associated company income
- Pre-tax profit up 22% year on year to SEK 1,352 (1,107) million
- Net income from continuing operations up 25% year on year to SEK 969 (776) million
- Total net income up 18% year on year to SEK 969 (822) million when including SEK 45 million of net income from CDON Group in the first half of 2010
- Basic earnings per share from continuing operations up 23% year on year to SEK 14.19 (11.49) and total basic earnings per share up 16% year on year to SEK 14.19 (12.18)
- Receipt of SEK 145 (58) million (USD 23 million) quarterly dividend cash payments from associated company CTC Media

“Hans-Holger Albrecht, President and Chief Executive Officer, commented: “We have delivered another quarter and first half year of record results. The Group generated 9% year on year sales growth at constant exchange rates in both the quarter and for the first six months of the year, with revenues for each of our four broadcasting segments in the Nordic and emerging markets up year on year. The Nordic TV advertising markets have continued to grow but recovery in the emerging advertising markets is still lagging. We have increased our target audience shares quarter on quarter in the majority of our operating territories, which demonstrated the effectiveness of the multi-channel media house model. The Nordic pay-TV platform has added subscribers year on year as our virtual operator model continues to work well and premium satellite ARPU levels rise further, while our pioneering new Viaplay Nordic internet-based video streaming service is gaining momentum. Our emerging market satellite platforms and channel businesses are also developing rapidly.”

“We have delivered higher operating profits excluding associates and stable margins, despite the investments that we have been making in new channels, technologies and platforms. We have also strengthened our content offering further with the acquisition or extension of exclusive agreements for key sports rights and with the Hollywood majors, while at the same time focusing on locally produced programming.”

“Our earnings have been converted into healthy cash flows, which have been used to pay down debt and increase our dividend pay-out. We have a low leverage level and therefore remain in a flexible financial position to invest further in the Group’s existing operations and seek new growth opportunities.”

Significant Events

The Group announced on 21 June 2011 that it had prolonged its exclusive free and pay-TV live broadcasting rights to UEFA Champions League football in Sweden, Norway and Denmark, until the end of the 2014/2015 season.

The Group announced on 17 June 2011 that it had signed a groundbreaking agreement to acquire the exclusive free and pay-TV broadcasting rights in Sweden to the 2014 Winter Olympic Games in Sochi (Russia), and the 2016 Summer Olympic Games in Rio de Janeiro (Brazil).

The Group announced on 26 May 2011 that it had signed an exclusive four year pan-Scandinavian distribution agreement with Twentieth Century Fox Television Distribution. The deal is the first of its kind in Scandinavia as it extends across MTG's free-TV channels, the Viaplay online video streaming service and online/mobile TV.

The Group announced on 20 May that it had waived its right to purchase the 39,548,896 CTC Media shares (equivalent to a 25.2% stake in CTC Media) offered by ALFA CTC HOLDINGS LIMITED ('Alfa') to MTG on 27 April 2011 for USD 27.097 per share. MTG further announced that MTG Russia AB, CTC Media and Telcrest Investments Limited ('Telcrest') had signed a new shareholders' agreement to govern the relationship between the parties. The new agreement came into force on 2 June 2011 when Telcrest completed the acquisition of Alfa's stake in CTC Media.

CTC Media published its financial results for the first quarter of 2011 on 4 May, and announced its intention to increase its aggregate cash dividends for the year to USD 130 million, from the prior level of USD 100 million, which was announced in the fourth quarter results on 1 March. The second quarter dividend was set at USD 0.22 per share, which was an increase from the USD 0.16 per share paid in the first quarter of 2011. The Group received the first instalment on 28 March 2011, and the second instalment at 29 June 2011. The two remaining instalments are expected to be paid in September and December 2011. MTG holds 60,008,800 CTC Media shares, or 38.2% of the company's issued and outstanding number of shares, and therefore received USD 13 million of dividends from CTC Media in the second quarter of 2011 and USD 23 million for the year to date.

Financial Summary

(SEK million)	Apr-Jun 2011	Apr-Jun 2010	Change	Jan-Jun 2011	Jan-Jun 2010	Change
Net sales	3,531	3,413	3%	6,656	6,467	3%
Operating income before associated company income	593	575	3%	1,025	952	8%
Associated company income*	88	123	-28%	341	229	48%
Total operating income (EBIT)	681	698	-3%	1,365	1,182	16%
Net interest & other financial items	0	-27	-	-13	-74	-
Income before tax	681	672	1%	1,352	1,107	22%
Net income from continuing operations	479	501	-5%	969	776	25%
Net income from discontinued operations**	-	20	-	-	45	-
Total net income	479	522	-11%	969	822	18%
Basic earnings per share from continuing operations (SEK)	6.84	7.27	-6%	14.19	11.49	23%
Total basic earnings per share (SEK)	6.84	7.58	-10%	14.19	12.18	16%
Total diluted earnings per share (SEK)	6.79	7.53	-10%	14.10	12.10	17%
Total assets	14,434	15,546	-7%	14,434	15,546	-7%

* 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

** Net income from discontinued operations comprises the previously consolidated net income from CDON Group

Operating Review

Group sales were up 9% year on year at constant exchange rates in the second quarter and for the year to date, as each of the Group's four broadcasting business segments reported year on year sales growth at constant and reported exchange rates.

Group operating costs increased year on year to SEK 2,938 (2,837) million in the quarter and to SEK 5,632 (5,515) million for the year to date, and were up 9% and 8% year on year at constant exchange rates for the two respective periods. This reflected the launch or re-launch of 5 free-TV channels and the addition of 12 pay-TV channels since the beginning of 2010, continued programming investments including the signing or renewal of several key sports rights acquisition contracts, and ongoing investments in the emerging market satellite pay-TV platforms. Group depreciation and amortisation charges totalled SEK 50 (55) million in the second quarter and SEK 99 (110) million for the first half of the year.

When excluding associated company income, the Group reported a 3% year on year increase in operating profits to SEK 593 (575) million in the quarter and an 8% increase to SEK 1,025 (952) million for the year to date, with stable operating margins of 17% and 15% for the two respective periods. Total operating income amounted to SEK 681 (698) million in the quarter and SEK 1,365

(1,182) million for the year to date, when including SEK 88 (123) million of associated company income in the quarter and SEK 341 (229) million for the year to date.

Net interest and other financial items amounted to SEK 0 (-27) million in the second quarter and SEK -13 (-74) million for the year to date, which included a year on year reduction in net interest expenses to SEK -14 (-16) million and SEK -28 (-31) million for the two respective periods. Other financial items in the second quarter included a SEK 30 (-) million non-cash financial gain arising from the change in value of the option element of the SEK 250 million CDON Group convertible bond, and a non-cash financial gain of SEK 7 (0) million following new share issues by CTC Media and the resulting dilution of the Group's ownership in CTC Media.

The Group therefore reported a year on year increase in pre-tax profits to SEK 681 (672) million in the quarter and SEK 1,352 (1,107) million for the year to date.

Group tax charges totalled SEK 202 (170) million in the second quarter and SEK 383 (331) million for the year to date. The Group consequently reported net income from continuing operations of SEK 479 (501) million in the quarter and SEK 969 (776) million for the first half of the year. The Group reported SEK 20 million of net income from discontinued operations (former subsidiary CDON Group) in the second quarter of 2010 and SEK 45 million for the first six months of 2010, and total net income therefore amounted to SEK 479 (522) million in the quarter and SEK 969 (822) million for the year to date.

The Group reported basic earnings per share from continuing operations of SEK 6.84 (7.27) in the quarter and SEK 14.19 (11.49) for the year to date, while total basic earnings per share amounted to SEK 6.84 (7.58) and SEK 14.19 (12.18) for the two respective periods.

Free-TV Scandinavia

7% year on year Sales Growth at constant exchange rates & 28% Operating Margin

(SEK million)	Apr-Jun 2011	Apr-Jun 2010	Change	Change at constant exchange rates	Jan-Jun 2011	Jan-Jun 2010	Change	Change at constant exchange rates
Net sales	1,146	1,116	3%	7%	2,169	2,096	3%	9%
Operating income	319	297	7%		580	513	13%	
Operating margin	28%	27%			27%	24%		

Sales for the Scandinavian free-TV operations were up 7% year on year in the quarter and up 9% for the year to date at constant exchange rates, following continued growth in the TV advertising markets in each country.

Total segment operating costs amounted to SEK 827 (819) million in the quarter and SEK 1,590 (1,583) million for the year to date, and were up year on year at constant exchange rates in both periods. The increase primarily reflected higher programming investments, as well as the year on year impact of the launch of the TV10 channel in Sweden in September 2010.

The combined operations therefore reported a 7% year on year increase in operating profits in the quarter and a 13% growth for the year to date, with increased operating margins of 28% (27%) and 27% (24%) for the two respective periods.

Commercial share of viewing (%) (15-49)	Apr-Jun 2011	Jan-Mar 2011	Apr-Jun 2010
Sweden (TV3, TV6, TV8, TV10)	37.6	33.8	37.2
Norway (TV3, Viasat4)	24.8	22.9	28.3
Denmark (TV3, TV3+, TV3 PULS)	25.7	25.4	24.1

The MTG media house's combined commercial target audience share in Sweden was up both year on year and quarter on quarter. All four channels reported positive quarter on quarter target audience share developments following the launch of the Spring 2011 programming schedules, and despite the continued strong competition.

The combined commercial target audience share for the Norwegian media house was down year on year but up quarter on quarter, following the launch of the Spring schedules. The year on year development reflected the launch of two new competing free-TV channels during the fourth quarter of 2010, as well as Viasat4's coverage of the 2010 FIFA World Cup during the second quarter of 2010.

The combined commercial target audience share for the Danish media house was up year on year and quarter on quarter, following the broad strengthening of the channel programming schedules and an increased focus on own productions. Both TV3+ and TV3 PULS continued to grow, and the target audience viewing share of flagship channel TV3 was stable.

Pay-TV Nordic

10% year on year Sales Growth at constant exchange rates & 19% Operating Margin

(SEK million)	Apr-Jun 2011	Apr-Jun 2010	Change	Change at constant exchange rates	Jan-Jun 2011	Jan-Jun 2010	Change	Change at constant exchange rates
Net sales	1,186	1,115	6%	10%	2,325	2,207	5%	10%
Operating income	228	221	3%		443	413	7%	
Operating margin	19%	20%			19%	19%		

The Nordic pay-TV operations market and sell Viasat's premium pay-TV packages and content on the Viasat satellite platform, the Viaplay online platform, and third party IPTV and cable networks. Viasat also distributes its 26 pay-TV channels via third party pay-TV networks. Sales for the Nordic pay-TV business were up 10% year on year at constant exchange rates in both the second quarter and for the first half of the year.

(000's)	Jun 2011	Mar 2011	Jun 2010
Premium subscribers	1,048	1,048	1,025
<i>of which, satellite subscribers</i>	645	653	666
<i>of which, third party network subscribers</i>	403	394	359
Basic satellite subscribers	40	42	45
Satellite value-added service subscribers			
ViasatPlus	172	163	148
Multi-room	239	237	221
High definition	255	232	152

Viasat added 23,000 net new premium subscribers year on year since the end of the second quarter of 2010, while the overall premium subscriber base was stable quarter on quarter. The year on year growth was driven by premium subscriber intake on third party networks, as well as continued satellite subscriber intake in Sweden, which was offset by slightly lower satellite subscriber levels in Norway and Denmark. The number of subscribers to Viasat's recordable digital set-top box, multi-room and HD services continued to grow year on year and quarter on quarter.

Annualised average revenue per premium satellite subscriber (ARPU) increased year on year to SEK 4,594 (4,446) in the second quarter, which was equivalent to 8% growth at constant exchange rates and continued to reflect the previously introduced price increases and ongoing customer uptake of value-added services.

Total operating costs for the Pay-TV Nordic business amounted to SEK 958 (894) million in the second quarter and SEK 1,882 (1,794) million for the year to date, and were up year on year at constant exchange rates for both periods. The cost increases reflected ongoing investments in premium sports content, as well as the addition of 7 Viasat channels since the beginning of 2010.

The Nordic pay-TV business therefore reported a 3% year on year increase in operating profits in the second quarter and a 7% increase for the year to date, with operating margins of 19% (20%) and 19% (19%) for the two respective periods.

Free-TV Emerging Markets

8% year on year Sales Growth at constant exchange rates & 12% Operating Margin

(SEK million)	Apr-Jun 2011	Apr-Jun 2010	Change	Change at constant exchange rates	Jan-Jun 2011	Jan-Jun 2010	Change	Change at constant exchange rates
Net sales	598	582	3%	8%	1,018	1,016	0%	7%
Operating income	73	42	74%		41	-24	-	
Operating margin	12%	7%			4%	-		

The Group's Emerging Markets free-TV operations comprise a total of 19 free-TV channels in the Baltics, the Czech Republic, Bulgaria, Hungary, Slovenia and Ghana.

Combined segment sales were up 8% year on year at constant exchange rates in the second quarter and up 7% for the year to date.

Combined segment operating costs amounted to SEK 526 (541) million in the second quarter and SEK 977 (1,040) for the year to date, and were up slightly year on year at constant exchange rates for both periods. The selective programming investments to drive audience and market shares were largely offset by previously introduced cost reduction initiatives.

The combined Emerging Markets free-TV operations reported a 74% year on year increase in operating profits in the quarter, and a SEK 66 million positive swing in operating profits to SEK 42 (-24) million for the year to date, with operating margins of 12% (7%) and 4% (-) for the two respective periods.

Baltics, Czech Republic and Bulgaria

(SEK million)	Apr-Jun 2011	Apr-Jun 2010	Change	Change at constant exchange rates	Jan-Jun 2011	Jan-Jun 2010	Change	Change at constant exchange rates
Net sales	531	510	4%	8%	901	888	2%	8%
Operating income	95	63	51%		93	26	251%	
Operating margin	18%	12%			10%	3%		

Combined sales for the Group's free-TV operations in the Baltics, the Czech Republic and Bulgaria were up 8% year on year constant exchange rates in the quarter, and up 8% for the year to date.

Combined operating costs for the businesses amounted to SEK 435 (447) million in the second quarter and SEK 809 (862) million for the year to date, and were slightly up year on year at constant exchange rates in the quarter but stable for the year to date. Operating profits for the combined businesses were therefore up 51% year on year in the quarter and more than tripled for the year to date, with improved operating margins of 18% (12%) and 10% (3%) for the two respective periods.

Commercial share of viewing (%) (target audience)	Apr-Jun 2011	Jan-Mar 2011	Apr-Jun 2010
Estonia (TV3, 3+, TV6) (15-49)	42.6	40.7	42.2
Latvia (TV3, 3+, TV6) (15-49)	38.3	36.7	40.3
Lithuania (TV3, TV6) (15-49)	42.1	42.2	37.8
Czech Republic (TV Prima, Prima COOL) (15-54)	25.8	25.5	22.3
Bulgaria (Nova TV, Diema, Diema 2, Diema Family) (18-49)	28.2	28.3	27.9

Sales for the Group's combined Baltic businesses were up 5% year on year at constant exchange rates in the quarter, and up 8% for the year to date. The Group's Baltic channels reported an increased pan-Baltic target audience share of 41.0% (39.3%) in the quarter. All three country operations continued to invest selectively in programming, in order to drive up channel ratings and combined advertising market shares.

Sales for the Group's Czech operations were up 24% year on year at constant exchange rates in the quarter, and up 20% for the year to date, and clearly outperformed the TV advertising market for both periods. Both TV Prima and Prima COOL reported significant year on year target audience share gains following previously implemented programming investments. New channel Prima LOVE, which

was launched in March 2011, is developing according to plan and will add a complementary audience profile to MTG's Czech media house.

Sales for the Group's Bulgarian operations were down 17% year on year at constant exchange rates in the second quarter, and down 15% for the year to date. The decline reflected the overall TV advertising market performance and low advertising prices. The Group continues to focus on the Bulgarian channels' programming schedules, and the combined media house commercial target audience share was up year on year and stable quarter on quarter.

The Groups operations in Hungary, Slovenia and Ghana are still in an investment phase and only the TV advertising market in Ghana showed growth for both periods.

Pay-TV Emerging Markets

19% year on year Sales Growth at constant exchange rates & 9% Operating Margin

(SEK million)	Apr-Jun 2011	Apr-Jun 2010	Change	Change at constant exchange rates	Jan-Jun 2011	Jan-Jun 2010	Change	Change at constant exchange rates
Net sales	230	225	2%	19%	445	443	0%	15%
Operating income	22	36	-41%		29	76	-62%	
Operating margin	9%	16%			6%	17%		

Viasat's Emerging Market pay-TV operations market and sell premium pay-TV packages on the Viasat satellite platforms in the Baltics and Ukraine, and on the 50% owned joint venture Raduga TV satellite platform in Russia. Viasat also distributes 19 of its channels via third party pay-TV networks to subscribers in 28 countries across Central and Eastern Europe, Africa and the United States.

Sales for the combined operations were up 19% year on year at constant exchange rates in the quarter, and up 15% for the year to date. The growth was driven by continued year on year subscriber intake on the Ukrainian and Russian platforms, as well as the year on year effect of the consolidation of the results of the Group's 50% interest in Raduga TV from the beginning of February 2010 and the full consolidation of Viasat Ukraine from the beginning of June 2010.

(000's)	Jun 2011	Mar 2011	Jun 2010
Satellite subscribers	438	438	349
Mini-pay TV subscriptions	61,105	58,197	45,467

Viasat's Emerging Markets pay-TV operations added 89,000 net new subscribers in the twelve months since the end of the second quarter of 2010, and the subscriber base was flat quarter on quarter. This reflected significant subscriber growth on the Ukrainian satellite platform, the development of the Raduga TV satellite subscriber base in Russia, and a stable position in the Baltics. The wholesale mini-pay business added 15.6 million new subscriptions year on year, and almost 3 million new subscriptions quarter on quarter, to surpass 60 million subscriptions for the first time.

Viasat launched High Definition versions of two of its international thematic documentary channels – Viasat History HD and Viasat Nature HD – in May 2011 across 22 countries in Central & Eastern Europe.

Operating costs for the Emerging Markets pay-TV business increased year on year to SEK 209 (188) million in the quarter and SEK 416 (366) million for the year to date. The year on year increase was even higher at constant exchange rates, and reflected the launch of 10 new Viasat channels since the beginning of 2010, as well as the aforementioned consolidation of 50% of Raduga TV and 100% of Viasat Ukraine, and the ongoing investments in the development of the two platforms. The combined businesses therefore reported a year on year decline in operating profits, and operating margins of 9% (16%) in the quarter and 6% (17%) for the year to date.

CTC Media

The Group reports its 38.2% 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.

MTG share of CTC Media results (SEK million)	Apr – Jun 2011	Apr – Jun 2010	Change	Jan – Jun 2011	Jan – Jun 2010	Change
Associated company income	86	115	-25%	340	219	141%
Dividends received	84	30	177%	145	58	148%
MTG equity participation	38.2%	38.9%		38.2%	38.9%	

CTC Media reported results (USD million)	Jan – Mar 2011	Jan – Mar 2010	Change	Oct 2010 – Mar 2011	Oct 2009 – Mar 2010	Change
Sales	166	123	34%	388	304	28%
Operating income	36	36	0%	137	73	87%
Income before tax	39	38	1%	144	79	83%

CTC Media's results for the fourth quarter of 2009 included a USD 19 million charge arising from the impairment of the broadcasting licenses of certain regional owned-and-operated stations in Russia, and a USD 29 million stock-based compensation expense recognised in conjunction with the settlement of litigation brought by CTC Media.

MTG's equity participation in the earnings of CTC Media therefore amounted to SEK 86 (115) million in the second quarter and SEK 340 (219) million for the year to date. The quarterly contribution reflected currency exchange rate differences between the reporting periods, as well as the fact that MTG's shareholding in CTC Media has decreased to 38.2%, compared to 38.9% at the end of the second quarter of 2010, due to new share issues by CTC Media.

MTG received cash dividends from CTC Media of SEK 84 million (USD 13 million) in the second quarter, and SEK 145 million (USD 23 million) for the year to date.

CTC Media will publish its results for the second quarter and six months ended 30 June 2011 on 5 August 2011.

Other Businesses

(SEK million)	Apr-Jun 2011	Apr-Jun 2010	Change	Change at constant exchange rates	Jan-Jun 2011	Jan-Jun 2010	Change	Change at constant exchange rates
Net sales	452	482	-6%	-3%	852	892	-4%	0%
Operating income	43	42	2%		64	67	-6%	
Operating margin	10%	10%			8%	8%		
Associated company income	1	6	-81%		1	6	-88%	
Total operating income	44	48	-7%		64	72	-11%	

The 'Other Businesses' segment primarily comprises the Group's Radio, Bet24 and Modern Studios operations. The Group's radio operations include the leading national commercial networks in Sweden and Norway, as well as national and local stations in the Baltics. Modern Studios comprises the Group's content production businesses in Europe and Africa.

Combined sales for the businesses were down 3% year on year at constant exchange rates in the quarter and stable for the year to date. The performance reflected the offsetting of year on year sales growth in both the Norwegian and Swedish radio operations by declining revenues for the Bet24 and Modern Studios businesses.

Combined operating costs for the Other Businesses amounted to SEK 409 (441) million in the second quarter and SEK 789 (826) million for the year to date. Combined operating costs were down year on year at constant exchange rates in the quarter, and stable for the year to date, following a year on year reduction in Bet24 costs. Segment operating profits therefore slightly increased year on year in the quarter, and slightly decreased for the year to date, with stable operating margins of 10% and 8% for the two respective periods.

Financial Review

Cash Flow

The Group's cash flow from operations before changes in working capital amounted to SEK 528 (547) million in the second quarter and SEK 989 (860) million for the year to date, and included the dividends received from CTC Media. The Group reported a SEK 178 (-339) million positive change in working capital in the quarter, which reflected the usual seasonality pattern and timing differences. The change in working capital for the year to date amounted to SEK -162 (-492) million. Group net cash flow from operations therefore substantially increased year on year to SEK 705 (208) million in the quarter and SEK 828 (368) million for the year to date.

The Group did not make any investments in businesses during the first half of 2011, compared to the SEK 136 million investment in Raduga TV in the first quarter of 2010 and SEK 132 million investment in Viasat Ukraine in the second quarter of 2010. Group capital expenditure on tangible and intangible assets totalled SEK 20 (21) million in the quarter and SEK 52 (68) million for the year to date, which was equivalent to less than 1% of Group net sales for both periods.

Cash flow to financing activities amounted to SEK -646 (-239) million in the second quarter, which primarily reflected the SEK 498 (363) million dividend payment to MTG shareholders, as well as a net

loan reduction of SEK 74 (61) million. Cash flow to financing activities amounted to SEK -834 (-1) million for the year to date. SEK 2,341 (3,650) million of the Group's SEK 6,500 million revolving credit facility was drawn down at the end of the period, compared to SEK 2,400 million at the end of the first quarter of 2011.

The net change in cash and cash equivalents for the period therefore amounted to SEK 40 (-305) million in the quarter and SEK -58 (-173) million for the year to date. The Group had SEK 424 (514) million of cash and cash equivalents at the end of the period, compared to SEK 368 million at the end of March 2011.

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 1,716 (3,185) million at the end of the period, and compared to a net debt position of SEK 1,863 million as at 31 March 2011. The net debt to trailing twelve month EBITDA ratio was therefore reduced to 0.6 (1.2) times at the end of the period, compared to 0.7 times at the end of the first quarter of 2011.

Liquid funds

The Group's available liquid funds, including unutilised credit facilities, totalled SEK 4,682 (3,464) million at the end of the period, compared to SEK 4,568 million at the end of the first quarter of 2011.

Holdings in listed companies

The book value of the Group's 38.2% shareholding in associated company CTC Media was SEK 1,940 million at the end of June, and compared with the SEK 8,100 million (USD 1,279 million) public equity market value of the shareholding as at the close of trading on the last business day of the second quarter.

Equity

The Group reported SEK 311 (64) million of currency translation differences in equity in the quarter, and SEK 122 (-173) 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 6,833 (5,986) million at the end of the period, compared to SEK 6,538 million as at the end of the first quarter of 2011.

Shares

The weighted average number of shares outstanding was 66,385,105 (65,924,365) during the second quarter and 66,363,733 (65,912,674) during the first six months of the year. The Group's total number of outstanding shares increased from 66,342,124 to 66,403,237 during the quarter, and excluded the 850,000 Class C shares and 378,887 Class B shares held by MTG in treasury.

RELATED PARTY TRANSACTIONS

Other related party transactions in the quarter and for the year to date are of the same character and of similar amounts as the transactions described in the 2010 Annual Report.

PARENT COMPANY

Modern Times Group MTG AB is the Group's parent company and is responsible for Group-wide management, administration and finance functions.

The MTG parent company reported net sales of SEK 10 (10) million in the quarter and SEK 19 (21) million for the year to date. Net interest and other financial items totalled SEK 551 (47) million and SEK 713 (156) million for the two respective periods. Income before tax amounted to SEK 473 (-1) million in the quarter and SEK 599 (78) million for the year to date. The parent company had cash and cash equivalents of SEK 174 (325) million at the end of the period, compared to SEK 57 million

as at 31 March 2011. SEK 4,259 (2,950) million of the SEK 6,600 million total available credit facilities, including the SEK 100 million overdraft facility, was unutilised as at the end of the reporting period.

2011 ANNUAL GENERAL MEETING

The 2011 Annual General Meeting resolved to re-elect all members of the Board of Directors, and elected Lorenzo Grabau as a new non-executive Board member. There are therefore eight members of the Board of Directors.

The Annual General Meeting approved the payment of a dividend of SEK 7.50 per share, which was paid out to shareholders in May 2011. The meeting also approved a new mandate to repurchase Class A and/or Class B shares, and approved the implementation of a performance-based incentive plan, details of which can be found on the Group's website at www.mtg.se.

RISKS AND 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 and regulatory risks in the various countries in which the Group operates, and technology risks. No additional risks or uncertainties are believed to have developed beyond those described in the 2010 Annual Report. The risks and uncertainties are described in more detail in the 2010 Annual Report, which is also available from the Group's website at www.mtg.se.

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 calculation methods as were applied in the preparation of the 2010 Annual Report.

This report has not been subject to review by the Group's auditors.

Third Quarter 2011 Financial Results

MTG's financial results for the third quarter and nine months ended 30 September 2011 will be published on 19 October 2011.

The Board of Directors and the Chief Executive Officer certify that this six month interim report for 2011 provides a true and fair overview of the parent company and the Group's operations, financial position and performance for the period, and describes the material risks and uncertainties facing the parent company and other companies of the Group.

20 July 2011

David Chance
Chairman of the Board

Mia Brunell Livfors
Non-Executive Director

Simon Duffy
Non-Executive Director

Lorenzo Grabau
Non-Executive Director

Alexander Izosimov
Non-Executive Director

Michael Lynton
Non-Executive Director

David Marcus
Non-Executive Director

Cristina Stenbeck
Non-Executive Director

Hans-Holger Albrecht
President & CEO

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

Conference call

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 7136 2053
US: +1 212 444 0481

The access pin code for the conference is 3432864

To listen to the conference call online, please go to www.mtg.se.

For further information, please visit www.mtg.se, or contact:

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Mathias Hermansson, Chief Financial Officer
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Modern Times Group is an international entertainment broadcasting group with the largest geographical broadcast footprint in Europe. MTG's Viasat Broadcasting operates 28 free-TV channels in 11 countries and 38 pay-TV channels in 32 countries. The pay-TV channels are distributed on Viasat's own satellite platforms in 9 countries, as well as on third party broadcast networks (including cable, satellite and IPTV) and over the open internet. These free-TV and pay-TV channels and pay-TV platforms attract a total of 125 million viewers in 33 countries. MTG is also the largest shareholder in Russia's leading independent television broadcaster (CTC Media – Nasdaq: CTCM).

Modern Times Group is a growth company and generated SEK 13.1 billion of sales and SEK 2.4 billion of operating income in 2010. MTG's Class A and B shares are listed on Nasdaq OMX Stockholm's Large Cap index under the symbols 'MTGA' and 'MTGB'.

The information in this announcement is that which Modern Times Group MTG AB is required to disclose under the Securities Market Act and/or the Financial Instruments Trading Act. It was released for publication at 13.00 CET on 20 July 2011.

CONDENSED CONSOLIDATED INCOME STATEMENT (MSEK)					
	2011 Apr-Jun	2010 Apr-Jun	2011 Jan-Jun	2010 Jan-Jun	2010 Jan-Dec
Net sales	3,531	3,413	6,656	6,467	13,101
Cost of goods and services	-2,075	-2,002	-3,950	-3,860	-7,902
Gross income	1,456	1,411	2,707	2,607	5,199
Selling and administrative expenses	-822	-801	-1,610	-1,595	-3,161
Other operating revenues and expenses, net	-42	-34	-72	-60	-97
Share of earnings in associated companies	88	123	341	229	413
Operating income (EBIT)	681	698	1,365	1,182	2,355
Net interest and other financial items	0	-27	-13	-74	-34
Income before tax	681	672	1,352	1,107	2,321
Tax	-202	-170	-383	-331	-571
Net income for the period	479	501	969	776	1,750
DISCONTINUED OPERATIONS					
Net gain from distribution of CDON Group	-	-	-	-	1,717
Net income after tax from discontinued operations	-	20	-	45	73
Net income for the period from discontinued operations	-	20	-	45	1,790
Net income for the period	479	522	969	822	3,541
Attributable to:					
Equity holders of the parent	454	500	941	803	3,522
Non-controlling interests	25	22	28	19	19
Net income for the period	479	522	969	822	3,541
Basic earnings per share (SEK) from continuing operations	6.84	7.27	14.19	11.49	26.22
Diluted earnings per share (SEK) from continuing operations	6.79	7.23	14.10	11.41	26.07
Basic earnings per share (SEK)	6.84	7.58	14.19	12.18	53.34
Diluted earnings per share (SEK)	6.79	7.53	14.10	12.10	53.03
CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE GROUP (MSEK)					
Net income for the period	479	522	969	822	3,541
Other comprehensive income					
Currency translation differences	311	64	122	-173	-818
Cash flow hedge	5	28	1	41	9
Revaluation of shares at market value	-	-1	-	2	2
Share of other comprehensive income of associates	57	0	57	0	69
Other comprehensive income for the period	372	91	180	-130	-737
Total comprehensive income for the period	851	613	1,149	692	2,803
Total comprehensive income attributable to:					
Equity holders of the parent	827	611	1,122	692	2,810
Non-controlling interests	25	2	28	0	-7
Total comprehensive income for the period	851	613	1,149	692	2,803
Shares outstanding at the end of the period	66,403,237	65,935,207	66,403,237	65,935,207	66,342,124
Basic average number of shares outstanding	66,385,105	65,924,365	66,363,733	65,912,674	66,024,365
Diluted average number of shares outstanding	66,661,308	66,336,381	66,688,014	66,267,896	66,377,452

CONDENSED STATEMENT OF FINANCIAL POSITION (MSEK)	2011 30 Jun	2010 30 Jun	2010 31 Dec
Non-current assets			
Goodwill	5,008	5,262	4,928
Other intangible assets	1,177	1,304	1,182
Machinery and equipment	289	329	297
Shares and participations	2,077	1,929	1,894
Other financial receivables	359	340	346
	8,909	9,164	8,648
Current assets			
Inventory	1,857	2,076	1,684
Current receivables	3,244	3,791	3,170
Cash, cash equivalents and short-term investments	424	514	500
	5,525	6,382	5,354
Total assets	14,434	15,546	14,002
Shareholders' equity			
Shareholders' equity	6,596	5,726	5,986
Non-controlling interests	237	260	253
	6,833	5,986	6,239
Long-term liabilities			
Interest-bearing liabilities	2,351	3,681	2,683
Provisions	606	667	569
Non-interest-bearing liabilities	64	4	59
	3,020	4,353	3,311
Current liabilities			
Interest-bearing liabilities	56	73	83
Non-interest-bearing liabilities	4,525	5,134	4,370
	4,581	5,207	4,452
Total shareholders' equity and liabilities	14,434	15,546	14,002

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (MSEK)	2011 Apr-Jun	2010 Apr-Jun	2011 Jan-Jun	2010 Jan-Jun	2010 Jan-Dec
Cash flow from operations	528	547	989	860	1,810
Changes in working capital	178	-339	-162	-492	-277
Net cash flow from operations continuing operations	705	208	828	368	1,533
Investments in shares in subsidiaries and associates	-	-132	-	-268	-275
Investments in other non-current assets	-20	-21	-52	-68	-157
Other cash flow from investing activities	-	0	-	0	-250
Cash flow to/from investing activities continuing operations	-20	-152	-52	-336	-683
Net change in loans	-74	-61	-356	143	-766
Dividends to shareholders and share buy-backs	-498	-363	-498	-363	-363
Other cash flow from/to financing activities	-74	185	20	221	232
Cash flow to/from financing activities continuing operations	-646	-239	-834	1	-897
Cash flow from discontinued operations, CDON Group	-	-122	-	-207	-88
Net change in cash and cash equivalents for the period	40	-305	-58	-173	-135
Cash and cash equivalents at the beginning of the period	368	838	500	737	737
Translation differences in cash and cash equivalents	15	-18	-17	-50	-102
Cash and cash equivalents at end of the period	424	514	424	514	500

CONDENSED STATEMENT OF CHANGES IN EQUITY (MSEK)	2011 30 Jun	2010 30 Jun	2010 31 Dec
Opening balance	6,239	5,680	5,680
Net income for the period	969	822	3,541
Other comprehensive income	180	-130	-737
Effect of employee share option programmes	0	5	17
Employee options exercised	-	3	182
Change in non-controlling interests	-	-13	0
Dividends to shareholders	-498	-363	-363
Dividends to non-controlling interests	-58	-20	-39
Distribution of CDON Group	-	-	-2,042
Closing balance	6,833	5,985	6,239

CONDENSED INCOME STATEMENT PARENT COMPANY (MSEK)		2011 Apr-Jun	2010 Apr-Jun	2011 Jan-Jun	2010 Jan-Jun	2010 Jan-Dec
Net sales		10	10	19	21	41
Gross income		10	10	19	21	41
Selling and administrative expenses		-87	-59	-132	-98	-217
Operating income (EBIT)		-78	-49	-113	-77	-175
Net interest and other financial items		551	47	713	156	543
Income before tax		473	-1	599	78	368
Tax		-19	-5	-52	-24	-79
Net income for the period		454	-6	547	55	288

CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE PARENT (MSEK)		2011 Apr-Jun	2010 Apr-Jun	2011 Jan-Jun	2010 Jan-Jun	2010 Jan-Dec
Net income for the period		454	-6	547	55	288
Other comprehensive income						
Revaluation of shares at market value		0	-1	0	2	2
Other comprehensive income for the period		0	-1	0	2	2
Total comprehensive income for the period		454	-7	547	56	290

CONDENSED BALANCE SHEET PARENT COMPANY (MSEK)		2011 30 Jun	2010 30 Jun	2010 31 Dec
Non-current assets				
Shares and participations		3,676	3,724	3,676
Other financial receivables		12,659	12,125	12,617
		16,335	15,849	16,293
Current assets				
Current receivables		950	63	537
Cash, cash equivalents and short-term investments		174	325	136
		1,124	387	673
Total assets		17,459	16,236	16,966
Shareholders' equity				
Share capital		337	335	337
Shareholders' equity		8,539	8,519	8,490
		8,876	8,854	8,827
Long-term liabilities				
Interest-bearing liabilities		7,097	6,644	6,516
Provisions		10	6	6
Non-interest-bearing liabilities		54	0	49
		7,161	6,650	6,570
Current liabilities				
Other interest-bearing liabilities		1,233	648	872
Non-interest-bearing liabilities		188	84	696
		1,422	732	1,568
Total shareholders' equity and liabilities		17,459	16,236	16,966

Modern Times Group MTG AB

NET SALES BUSINESS SEGMENTS (MSEK)	Q1 2010	Q2 2010	Q3 2010	Q4 2010	FULL YEAR 2010	Q1 2011	Q2 2011	YTD 2011
Free-TV Scandinavia	980.0	1,116.4	922.1	1,228.9	4,247.4	1,023.1	1,146.2	2,169.3
Pay-TV Nordic	1,091.7	1,115.4	1,140.2	1,136.6	4,483.9	1,139.1	1,186.1	2,325.2
Free-TV Emerging Markets <i>- of which Baltics, Czech & Bulgaria</i>	433.2 378.0	582.4 510.0	357.1 309.8	631.5 556.0	2,004.2 1,754.0	419.8 370.5	598.2 530.9	1,018.1 901.5
Pay-TV Emerging Markets	218.1	224.5	228.5	224.9	896.0	214.7	230.1	444.8
<i>Viasat Broadcasting central operations & eliminations</i>	-49.1	-38.6	-33.9	-40.9	-162.6	-43.0	-37.8	-80.7
Total Viasat Broadcasting	2,673.8	3,000.1	2,614.0	3,180.9	11,468.9	2,753.8	3,122.8	5,876.6
Other Businesses	410.1	482.3	456.5	455.2	1,804.0	400.2	452.2	852.4
Total operating businesses	3,083.9	3,482.4	3,070.5	3,636.1	13,272.9	3,154.0	3,575.0	6,729.0
Group central operations	46.5	46.7	46.2	51.7	191.2	47.3	45.4	92.7
Eliminations	-76.3	-116.4	-99.9	-70.3	-363.0	-76.4	-89.1	-165.5
TOTAL ONGOING OPERATIONS	3,054.1	3,412.6	3,016.8	3,617.5	13,101.1	3,124.8	3,531.3	6,656.2

OPERATING INCOME (EBIT) BUSINESS SEGMENTS (MSEK)	Q1 2010	Q2 2010	Q3 2010	Q4 2010	FULL YEAR 2010	Q1 2011	Q2 2011	YTD 2011
Free-TV Scandinavia	215.6	297.4	219.3	350.0	1,082.2	260.3	319.2	579.5
Pay-TV Nordic	191.3	221.49	201.2	207.8	821.8	214.8	228.1	442.9
Free-TV Emerging Markets <i>- of which Baltics, Czech & Bulgaria</i>	-66.0 -37.0	41.8 63.4	-75.3 -48.9	56.1 74.9	-43.4 52.4	-31.2 -2.6	72.5 95.5	41.4 92.8
Pay-TV Emerging Markets	40.1	36.4	5.9	29.4	111.7	7.4	21.5	28.9
Associated company CTC Media	104.9	114.6	89.1	96.6	405.1	253.0	86.5	339.5
<i>Viasat Broadcasting central operations & eliminations</i>	15.6	4.6	-3.7	2.1	18.5	12.5	-0.3	12.2
Total Viasat Broadcasting	501.4	716.2	436.432	742.0	2,396.1	716.8	727.5	1,444.4
Other Businesses	24.8	47.6	49.7	52.5	174.6	20.0	44.3	64.4
Total operating businesses	526.2	763.8	486.1	794.5	2,570.7	736.8	771.9	1,508.7
Group central operations & eliminations	-42.8	-65.7	-59.0	-48.4	-215.9	-52.4	-91.2	-143.6
TOTAL ONGOING OPERATIONS	483.4	698.1	427.1	746.1	2,354.8	684.4	680.7	1,365.1

CONDENSED SALES GROUP SEGMENTS (MSEK)	2011 Apr-Jun	2010 Apr-Jun	2011 Jan-Jun	2010 Jan-Jun	2010 Jan-Dec
Sales external customers					
Viasat Broadcasting	3,120	2,991	5,872	5,662	11,446
Other Businesses	406	420	773	800	1,640
Parent company & holding companies	5	2	11	5	15
Total	3,531	3,413	6,656	6,467	13,101
Sales other segments					
Viasat Broadcasting	3	9	5	12	23
Other Businesses	39	63	80	93	164
Parent company & holding companies	0	45	81	89	176
Total	42	117	166	193	363

Modern Times Group MTG AB

KEY PERFORMANCE INDICATORS	Q1 2010	Q2 2010	Q3 2010	Q4 2010	FULL YEAR 2010	Q1 2011	Q2 2011
GROUP							
Year on year sales growth (%) *	3.6	5.4	8.6	4.5	5.4	2.3	3.5
Year on year change in operating costs (%) *	0.5	2.0	4.5	2.7	2.4	0.6	3.7
Operating margin (%) *	12.3	16.9	11.2	18.0	14.8	13.8	16.7
Year on year sales growth at constant exchange rates (%) **	8.7	11.3	14.5	11.7	11.5	9.7	8.5
Return on capital employed (%)	19	22	24	25		27	27
Return on equity (%)	20	23	27	30		32	30
Equity to assets ratio (%)	39	39	38	45		47	47
Liquid funds (incl unutilised credit facilities), SEK million	3,770	3,464	3,631	4,400		4,568	4,682
Net debt (SEK million)	2,847	3,185	3,031	2,026		1,863	1,716
Subscriber data ('000s)							
Group total digital subscribers	1,400	1,427	1,469	1,539		1,539	1,526
Group total premium subscribers	1,356	1,382	1,423	1,497		1,497	1,486
FREE-TV SCANDINAVIA							
Year on year sales growth (%)	10.6	13.5	16.7	6.0	11.2	4.4	2.7
Year on year change in operating costs (%)	11.9	6.7	4.8	0.1	5.5	-0.2	1.0
Operating margin (%)	22.0	26.6	23.8	28.5	25.5	25.4	27.8
Year on year sales growth at constant exchange rates (%) **	14.7	18.2	22.0	12.0	16.3	10.9	6.7
Commercial share of viewing (15-49) (%)							
Sweden (TV3, TV6, TV8, TV10/ZTV)	36.1	37.2	38.8	35.2	36.8	33.8	37.6
Norway (TV3, Viasat4)	25.8	28.3	29.1	23.1	26.4	22.9	24.8
Denmark (TV3, TV3+, TV3 PULS)	24.2	24.1	24.8	24.7	24.5	25.4	25.7
Penetration (%)							
TV3 Sweden	86	87	87	87		88	87
TV6 Sweden	87	87	87	88		87	86
TV8 Sweden	66	66	66	66		67	65
TV10 Sweden			36	40		44	46
TV3 Norway	91	91	91	92		92	92
Viasat4 Norway	69	71	74	75		75	75
TV3 Denmark	69	70	70	69		69	69
TV3+ Denmark	64	63	63	62		63	61
TV3 PULS Denmark	51	48	48	45		47	47
PAY-TV NORDIC							
Year on year sales growth (%)	2.1	3.8	4.5	4.0	3.6	4.3	6.3
Year on year change in operating costs (%)	0.7	-0.1	3.1	3.0	1.7	2.7	7.2
Operating margin (%)	17.5	19.9	17.6	18.3	18.3	18.9	19.2
Year on year sales growth at constant exchange rates (%) **	5.9	8.4	8.9	10.0	8.3	10.3	10.2
Subscriber data ('000s)							
Premium subscribers	1,013	1,025	1,041	1,057		1,048	1,048
- of which, satellite	670	666	666	663		653	645
- of which, 3rd party networks	343	359	375	394		394	403
Basic satellite subscribers	44	45	46	43		42	40
Premium satellite ARPU (SEK)	4,356	4,446	4,472	4,555		4,445	4,594
FREE-TV EMERGING MARKETS							
Year on year sales growth (%)	-6.7	-4.9	-2.8	-3.1	-4.4	-3.1	2.7
Year on year change in operating costs (%)	-7.3	-6.8	-7.8	-2.8	-6.0	-9.7	-2.8
Operating margin (%)	-	7.2	-	8.9	-	-	12.2
Year on year sales growth at constant exchange rates (%) **	-0.9	3.6	7.7	6.3	4.2	5.9	7.9
Commercial share of viewing (%)							
Estonia (15-49)	42.8	42.2	40.0	42.2	41.9	40.7	42.6
Latvia (15-49)	34.8	40.3	38.4	39.2	38.1	36.7	38.3
Lithuania (15-49)	39.5	37.8	41.8	43.6	40.7	42.2	42.1
Czech Republic (15-54)	20.1	22.3	25.9	25.9	23.4	25.5	25.8
Bulgaria (18-49)	29.3	27.9	28.2	27.2	28.2	28.3	28.2
Hungary (18-49)	7.9	7.1	7.8	7.4	7.5	7.9	7.5
Slovenia (18-49)	9.7	10.3	11.1	9.8	10.1	10.2	10.2
PAY-TV EMERGING MARKETS							
Year on year sales growth (%)	-0.9	2.7	8.4	-0.2	2.4	-1.5	2.5
Year on year change in operating costs (%)	-0.9	2.0	24.4	19.2	10.9	16.5	10.8
Operating margin (%)	18.4	16.2	2.6	13.1	12.5	3.4	9.3
Year on year sales growth at constant exchange rates (%) **	13.2	12.1	15.5	8.9	12.4	11.5	18.6
Subscriber data ('000s)							
Satellite subscribers ¹	334	349	372	430		438	438
Mini-pay subscriptions	44,335	45,467	46,629	50,245		58,197	61,105
ASSOCIATED COMPANY CTC MEDIA							
Share of viewing							
CTC Russia (6-54)	12.6	11.5	11.6	11.6	11.9	11.2	11.1
Domashny Russia (females 25 - 60)	3.0	3.5	3.3	2.8	3.1	2.8	3.0
DTV Russia (25-54)	2.1	2.1	2.0	2.3	2.1	2.0	2.0
Channel 31 Kazakhstan (6-54)	10.4	12.2	11.4	11.8	11.4	14.8	15.2

¹ Includes Raduga from Q1 2010

* excluding non-recurring items and CDON Group

** the growth is calculated based on prior year's exchange rates