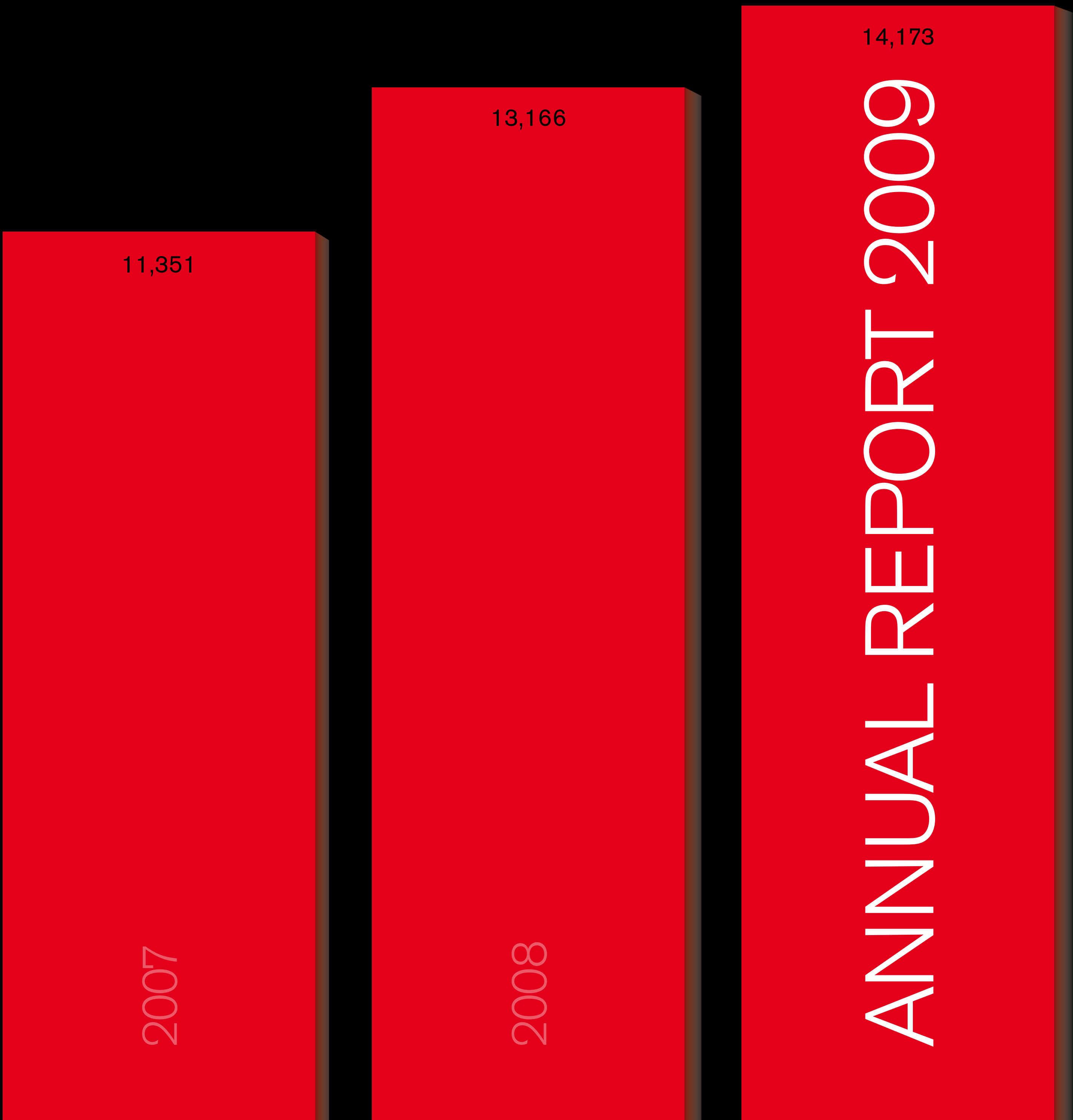
MTG
MODERN TIMES GROUP

ANNUAL REPORT 2009



Content

Chief Executive Officer's Statement

"Content may be king and distribution may be the throne that it sits on – but it is the customer who decides!"

The last year has seen a fundamental stress test of all businesses, as the world has been gripped by a far reaching financial crisis and a wider economic recession with the most dramatic advertising market declines in living memory.

We are emerging from this perfect storm in good shape with higher viewing and market shares in virtually all of our markets. Sales were up 8% to a record level of over SEK 14 billion in 2009 and we delivered SEK 1.5 billion of net cash flow from operations, despite the difficult market conditions and pressured economic environment in our markets during the year. We therefore strengthened our financial position during the year and are proposing the payment of an increased annual dividend of SEK 5.50 per share.

Three key factors have driven this outperformance.

Firstly, we are the primary **challenger to the free-TV incumbent** in almost all of the markets in which we operate. Our growing audience shares are enabling us to take advertising market shares and we are building powerful media houses of multiple complementary channels with attractive audience profiles. The closing down of the analogue terrestrial TV networks, which has now been completed in Scandinavia and is sweeping across the rest of Europe, is providing us with a structural tailwind as we launch new channels on multiple digital distribution platforms and benefit from higher penetration levels for our existing channels. We are therefore competing on an increasingly level playing field with the incumbents and our pricing is moving accordingly.

Secondly, we have a **platform agnostic pay-TV strategy**. The more distribution platforms that we can make our channel packages available on the better, provided that we have direct access to the customer and control the pricing of our content. Our virtual operator model makes the premium packages of Viasat and leading 3rd party channels that we have developed on our own satellite platforms available as packaged content solutions for 3rd third party distribution networks. In this context, we now have agreements with all of the major IPTV networks in Scandinavia, and these networks enable us to address a potential customer base that we have not been able to reach before.

Thirdly, we are an **integrated operator of both free and pay-TV businesses**. We now operate satellite DTH platforms in nine countries and our 60 Viasat channels are watched by 125 million people in 31 countries. Not only does this provide us with an almost evenly balanced revenue mix of cyclical advertising revenues and non-cyclical pay-TV subscription revenues, but it also yields synergies. As much as half of the channels on our satellite pay-TV platforms are Viasat channels, which gives us a clear margin advantage. The fact that we buy sports rights and Hollywood content for multiple channels on multiple platforms in multiple countries also increases our leverage with third party suppliers and distributors.

None of these strategic drivers is a one-off 2009 or 2010 factor but will continue to enable us to out-perform our peers moving forward.

As well as being a growth company, we are known as a 'lean and mean broadcasting machine'. This has served us well as belts have been tightened across the industry. We have taken out costs across the organisation but have been careful not to negatively impact our brands. We have actually taken the opportunity afforded by our healthy financial position and operational resilience to also invest selectively in programming, subscriber acquisition, new channels and new platforms, in order to further develop our market positions.

But, none of the above would be worth anything without efficient execution on a minute by minute, hour by hour, day by day basis. This execution is testimony to MTG's unique culture, which is our key advantage and our greatest value driver. We have a rule – 'Do not blame the Market' – which reflects our determination to strive for more than we think is possible, to seek opportunities in challenges, and to take a long term view, with the flexibility to make short term tactical adjustments. In this context, our 11 executive managers have worked in MTG for an average of over nine years – we have been through a recession before as a team and we learned important lessons from what happened last time.

So, what is next as we head into more stable market conditions in virtually all of our markets and await a return to growth – what will drive our growth over the coming years? Again, there are **three key drivers**:

Firstly, a fundamental **shift in consumer behaviour** is taking place. People are increasingly accessing video content via the open internet and this is actually increasing the amount of time people spend watching TV. This is nothing new in our largest markets in Scandinavia, which have the second highest broadband penetration rates and speeds in the world. What is clear is that if content is the king and distribution is the throne, it is always the viewer who decides what, where and when he or she wants to watch. It is also clear that the trend is towards 'on demand' services rather than 'linear' content delivery, and that the TV set will remain the point of convergence for in-home entertainment. What is less clear is how internet TV will be financed – is it an advertising supported model (free-TV) or a subscription based model (pay-TV) or both? Our position as an integrated player has enabled us to develop both business models alongside each other. All of our free-TV content and the vast majority of our pay-TV content are already available over the internet. Furthermore, visit www.viasatondemand.com if you are in Scandinavia and you can access the on-demand catch-up services for the leading local free-TV channels, and you can pay for access to over 1,000 movie titles and watch major live sports events. A similar service is available to Viasat subscribers with TV set-top boxes with broadband connections. This innovation reflects our view that the winning model in this environment is as the online content aggregator – much in the way that aggregators have reshaped the music industry in recent years. Technology's role is therefore changing from 'gatekeeper' to 'enabler'...

Secondly, we have already identified and are engaging in **the growth markets of the future**. Not only do we expect our existing emerging market operations to return to the levels of growth seen before the crisis, but our free-TV operation in Ghana in West Africa has made a promising start, as has our satellite pay-TV platform in Europe's second largest territorial market – Ukraine. We have taken a further step this year with the acquisition of 50% of a start-up satellite pay-TV platform in Europe's largest territorial market – Russia.

Thirdly, we intend to continue to replicate the **integrated operating model** that has worked so well in Scandinavia. Notwithstanding the economic headwind in the Baltics, we have successfully established integrated free and pay-TV operations in the three Baltic countries. Furthermore, our mini-pay or wholesale channel business, which sells 11 customised Viasat channels to 3rd party pay-TV distributors in 25 Central & Eastern European countries and the United States, has now generated over 40 million subscriptions!

All of the above sits within the context of our Modern Responsibility framework, which defines our corporate personality and how we do business and interact with our stakeholders. It not only defines who and what we are, but also what we have the potential to become. Over the past year, we have established Modern Responsibility tasked committees in each of our countries of operation. We have also joined Swedish BLICC (Business Leaders Initiative on Climate Change) and are independently auditing the Group's carbon footprint and broader climatic impacts. Finally, we are one of the companies behind the 'Playing for Change' incubator, which is challenging and supporting social entrepreneurs to create businesses that stimulate and promote children's and young peoples' right to play as a key aspect of personal development.

Media is a people business – run by people for people, so thank you to MTG's owners, customers, employees, business partners and suppliers for your contribution to the ongoing development and success of the Group.

Hans-Holger Albrecht
President & Chief Executive Officer

Chief Financial Officer's Statement

Looking back, 2009 was a truly dramatic year for the European media sector. We entered the year having just delivered our strongest ever performance in 2008, but began to feel the first effects of the declining markets and the challenging operating environment early in the year. As 2009 progressed, European TV advertising markets declined by double digit percentage points, and as much as 50 per cent in some of our markets. Our full year results, with increased revenues, underlying profitability and healthy cash flows all help our performance stand out compared to other companies in our industry.

Our performance and our ability to deal with the challenging operational environment during the past year is not only a result of strong operational execution combined with a structural tailwind and market share gains. It can also be attributed to our Group's strategic approach to managing costs, cash flow and our balance sheet.

Firstly, we have been focused on the strict control of the development of the Group's operational expenses. Our aim in the past year has been to reduce or eliminate all non-essential or embedded costs, and to cut back on any non-core projects. Simultaneously, we have strived to balance this cost control approach with continued selective operational investments in programming and channel launches, in order to capitalise on our strong structural momentum, and to continue to drive our market shares.

The balancing of core and non-core costs was illustrated by the Group's cost development in 2009. Total Group costs increased by 3 per cent, but our selling, general and administrative expenses decreased by 3 per cent in the year at constant exchange rates and on a like for like basis. The cost development also reflected the consolidation of Nova Televizia in Bulgaria, the launch or relaunch of free-TV-channels, the addition of new pay-TV-channels as well as marketing investments to drive pay-TV subscriber intake.

Secondly, we have been taking measures to manage the Group in a capital efficient way. The Group continuously up-streams cash from the operations, and both working capital and capital expenses have been kept at low levels, allowing us to generate a high level of cash conversion. In total, the Group reported strong net cash flows of SEK 1.5 billion in 2009, which demonstrates the stability of our operations despite the prevailing unfavourable market conditions during the year. As a result, the strong cash flows and a high level of cash conversion have allowed our Board of Directors to propose an increased ordinary dividend of SEK 5.50 per share.

The third area of focus for the financial management of the Group has been the strengthening of our financial position. The Group's existing SEK 3.0 billion loan facility was refinanced in 2009 and we have now no debt maturities until 2011. The high level of cash conversion has also allowed us to make a down payment of SEK 862 million of our loans during the fourth quarter of 2009. All in all, this left us with a strong and flexible financial position, with substantially reduced net debt of SEK 2.7 billion at year end, which was equivalent to 1.1 times EBITDA for 2009, and with available liquid funds of SEK 3.8 billion.

2009 was not only a year of record sales for MTG, but our free-TV and pay-TV businesses in the Nordic region, our Emerging Markets Pay-TV business and our Online business all delivered healthy profitability levels despite the recessionary market environment. Operating profit for the Group when excluding non-recurring items and associated company income amounted to SEK 1,654 million for the full year, with an operating margin of 12 per cent.

The adverse changes in our operating environment during the year negatively impacted advertising buying and asset pricing, and have delayed the anticipated development of some of the Group's businesses. The Group's full year results therefore included SEK 3,352 million of non-recurring items in 2009, primarily related to an impairment of the goodwill arising from the acquisition of Nova Televizia, which was made during the second half of 2008, before the full impact of the global economic recession. The Group therefore ended the year with a reported loss of SEK 2,008 million for the year and earnings per share of SEK -31. The Group's return on equity was 17 per cent for the full year 2009, and the return on capital employed was 15 per cent.

MTG is entering 2010 in a stronger financial position than the one we found ourselves in at the beginning of 2008 and an even stronger state than we ourselves expected. A significant proportion of this success can be attributed to our dedicated efforts to balance strict cost control with selective investments, to reduce working capital and increase cash conversion, and to reinforce the Group's financial position. All in all, we have thereby used a year of recession to position the group even stronger from an operational, as well as financial standpoint, and we will continue to capitalise on this position going forward.

Mathias Hermansson
Chief Financial Officer

Board of Directors

David Chance
Chairman of the Board
British

Born 1957, has been Chairman of the Board of Directors since May 2003, and a member of the Board since 1998. David was Deputy Managing Director of the BSkyB Group between 1993 and 1998 and is now Chairman of Top Up TV. He also served as a Non-Executive Director of ITV plc and O2 plc. David graduated with a BA, BSc and MBA from the University of North Carolina.

Member of the Remuneration Committee.

Direct or related person ownership: 1,000 Class B shares.
Independent of the Company and management and independent of major shareholders.

Asger Aamund
Non-Executive Director
Danish

Born 1940, has been a member of the Board of Directors since 2000. Asger is the majority shareholder and Chairman of the Bavarian Nordic Research Institute A/S, which is listed on Nasdaq OMX Copenhagen. Asger has many years of experience in Executive Management positions and on the boards of Danish and international companies. Asger graduated from Copenhagen Business School.

Member of the Remuneration Committee.

Direct or related person ownership: 1,500 Class B shares.
Independent of the Company and management and independent of major shareholders.

Mia Brunell Livfors
Non-Executive Director
Swedish

Born 1965, was elected at the AGM 2007. Mia has been Chief Executive Officer of Investment AB Kinnevik since 2006. Mia has previously worked for MTG since 1992, in various managerial positions. She was appointed as Chief Financial Officer of Modern Times Group MTG AB in 2001. Mia is Chairman of the Board of Directors of Metro International S.A. since 2008. She serves as a Non-Executive Director of Millicom International Cellular S.A., Tele2 AB and Transcom Worldwide S.A., and is also a member of the board of H & M Hennes & Mauritz AB since 2008. Mia studied Business Administration at Stockholm University.

Member of the Remuneration Committee.

Direct or related person ownership: 26,666 stock options.
Not independent of the Company and management and not independent of major shareholders.*

Simon Duffy

Non-Executive Director
British

Born 1949, was elected at the AGM 2008. Simon was Executive Chairman of Tradus plc from 2007 until the company's sale in March 2008. Simon is Non-Executive Chairman of Cell C (Pty) Limited and Cadogan Petroleum plc as well as a Non-Executive Director of Oger Telecom Limited and mBlox Inc. Simon was also Executive Vice-Chairman of ntl:Telewest, until 2007 having joined ntl in 2003 as CEO. Simon has also served as CFO of Orange SA, CEO of wireless data specialist End2End AS, CEO and Deputy Chairman of WorldOnline International BV, and held senior positions at EMI Group plc and Guinness plc. Simon holds a Master's degree from Oxford University and an MBA from Harvard Business School.

Chairman of the Audit Committee.

Direct or related person ownership: 1,750 Class B shares
Independent of the Company and management and independent of the major shareholders.

Alexander Izosimov

Non-Executive Director
Russian

Born 1964, was elected at the AGM 2008. Alexander is Chief Executive Officer of the enlarged VimpelCom Ltd. He was CEO of former VimpelCom Group from October 2003 until April 2009. Alexander is Chairman of the Board of Director's of Dynasty Foundation and the GSMA (the governing body for the global mobile telecommunications industry) as well as a member of the Russian Prime Minister's Council for Competitiveness and Entrepreneurship, and Director of Teleopti AB and East Capital AB. Alexander previously held several senior positions at Mars, Inc. over a period of seven years, including as a member of the Global Executive Management Board and as Regional President for Russia, the CIS, Eastern Europe and the Nordics. Alexander worked as a consultant for McKinsey & Co in Stockholm and London for five years. Alexander graduated from the Moscow Aviation Institute with a Master's degree in Science and from INSEAD with an MBA.

Member of the Audit Committee.

Direct or related person ownership: 2,634 Class B shares.
Independent of the Company and management and independent of the major shareholders.

Michael Lynton

Non-Executive Director
American and British

Born 1960, was elected at the AGM 2009. Michael became Chairman and Chief Executive Officer of Sony Pictures Entertainment in January 2004. Prior to joining Sony Pictures, Michael worked for Time Warner and served as CEO of AOL Europe, President of AOL International and President of Time Warner International. From 1996 to 2000, he was Chairman and CEO of Pearson plc's Penguin Group. Michael joined The Walt Disney Company in 1987, was responsible for starting Disney Publishing and served as President of Disney's division Hollywood Pictures from 1992 to 1996. Michael is a graduate of Harvard College and Harvard Business School.

Member of the Audit Committee.

Direct or related person ownership: 0
Independent of the Company and management and independent of major shareholders.

David Marcus
Non-Executive Director
American

Born 1965, has been a member of the Board of Directors since 2004 and is the co-founder and Chief Executive Officer of Evermore Global Advisors, LLC. David is also the Non-Executive Chairman of Modern Holdings, Inc.. David graduated from Northeastern University in Boston.

Chairman of the Remuneration Committee.

Direct or related person ownership: 6,100 Class B shares.
Independent of the Company and management and independent of major shareholders.

Cristina Stenbeck
Non-Executive Director
American and Swedish

Born 1977, has been a member of the Board of Directors since 2003. Cristina is Chairman of the Board of Directors of Investment AB Kinnevik since 2007. She serves as a Non-Executive Director of Metro International S.A. and Tele2 AB. Cristina graduated from Georgetown University in Washington DC.

Direct or related person ownership: 800 Class B shares.
Independent of the Company and management but not independent of major shareholders.**

* Mia is not independent of the Company and its management due to her appointment to the Board of Directors of Transcom Worldwide S.A., a significant supplier of call centre services (CRM) to MTG.

** Cristina became independent of the Company and its management as of 27 May 2009 when she stepped down from the Board of Directors of Transcom WorldWide S.A., a significant supplier of call centre services (CRM) to MTG, at their AGM.

Executive Management

Hans-Holger Albrecht

President & Chief Executive Officer

Born 1963, Hans-Holger became COO of MTG in May 2000 and was appointed as President and CEO in August 2000. He joined the Group in 1997 and has served as Head of the Group's Pay-TV operations and as President of Viasat Broadcasting. Hans-Holger is co-chairman of CTC Media and is also a member of the Board of the International Emmy Association in New York. Prior to joining MTG, he worked for Daimler-Benz and with the Luxembourg based CLT media group for five years, where he was responsible for all television activities and development in Germany and Eastern Europe. Hans-Holger graduated with a Doctorate in Law from the University of Bochum in Germany.

Shareholding in MTG: 10,400 Class B shares
Warrants: 6,428
Stock options: 104,768

Mathias Hermansson

Chief Financial Officer

Born 1972, Mathias was appointed as Chief Financial Officer of MTG in March 2006, prior to which he served as Group Financial Controller between 2001 and 2006 and held various financial positions at Viasat Broadcasting, MTG Radio and Internet Retailing. Mathias also served as Finance Director at former subsidiary Metro International S.A.'s North American operations. He joined MTG in 1999 as a management trainee. Before MTG, Mathias worked for Unilever Sweden. He is a member of the Board of CTC Media.

Shareholding in MTG: 3,000 Class B shares
Warrants: 4,000
Stock options: 41,346

Anders Nilsson

Chief Operating Officer & CEO MTG Online

Born 1967, Anders was appointed COO of MTG and CEO of MTG's Online business area with effect from January 2008. Since October 2008, he is also Head of Free-TV Bulgaria, since February 2009, he is additionally Head of Free-TV in the Baltic region and since March 2010, Head of Free-TV Slovenia. Anders had worked at MTG Radio since 1992 when he became President of the Group's radio operations in 1997. He was appointed President of MTG's former business area Publishing in 2000. Between 2003 and 2007 he served as Head of MTG Sweden.

Shareholding in MTG: 3,000 Class B shares
Warrants: 4,000
Stock options: 24,000

Manfred Aronsson
Head of MTG Sweden

Born 1964, Manfred was appointed Head of Free & Pay-TV and Radio in Sweden, with effect from January 2008. During 2008 he was also Head of Free-TV in the Baltic region. He started his career in broadcasting in 1993 as a management trainee within MTG and was head of marketing of TV3 when he left in 1995. Thereafter Manfred worked as head of sales for Kanal 5 in Sweden and became CEO in 1999. When he resigned in June 2007, after 12 years within SBS, he was Executive Chairman of Kanal 5 and Canal Plus. Manfred graduated with a Master's degree from Stockholm School of Economics in Sweden.

Shareholding in MTG: 7,000 Class B shares
Warrants: 0
Stock options: 0

Hein Espen Hattestad
CEO MTG Norway

Born 1963. Hein Espen has been CEO of MTG Norway, which includes Free-TV, Pay-TV and Radio, since 2003. He served as Chief Operating Officer from 2001. He had been appointed CEO of P4 Radio Hele Norge ASA in 1999 when the company was listed on the stock exchange Oslo Børs and MTG was a large shareholder. Prior to 1999, he was Vice President of The Bates Group Norway, which was part of the Cordiant advertising and marketing services group.

Shareholding in MTG: 3,446 Class B shares
Warrants: 4,142
Stock options: 44,652

Jørgen Madsen
CEO MTG Denmark

Born 1966. Jørgen was appointed CEO of MTG Denmark, which includes Free-TV and Pay-TV, in 2003. He is also responsible for Viasat Broadcastings sports operations, and in addition became Chairman of the Board of TV Prima in the Czech Republic in January 2008 and Head of Free-TV Hungary in March 2010. He has worked in the Group since 1994, serving as Head of Sponsorship for TV3, Head of Viasat Sport in Denmark and, subsequently, Head of Viasat Sport for the whole Scandinavian region.

Shareholding in MTG: 3,400 Class B shares
Warrants: 4,285
Stock options: 25,710

Irina Gofman
CEO MTG Russia & CIS

Born 1970, Irina was appointed CEO MTG Russia & CIS with effect from July 2008. She was CEO of Rambler Media Group, one of the leading Russian internet media and services groups between 2004 and 2007. During her time at Rambler Media, Irina led the company's successful IPO and listing on the London Stock Exchange's Alternative Investment Market (AIM). Irina previously worked for MTG between 2002 and 2004 as Chief Operating Officer of the Russian TV network DTV, where she was also instrumental in the launch of Viasat Broadcasting's wholesale pay-TV business in Russia. Prior to returning to MTG Irina served as Managing Partner (Media) at ESN Group, a direct investment and management company. She is a member of the Board of CTC Media. She has a Ph.D. in Philology from Moscow State University and obtained an MBA from Babson College in the United States.

Shareholding in MTG: 3,000 Class B shares
Warrants: 0
Stock options: 0

Ulrik Bengtsson
CEO Pay-TV Emerging Markets

Born 1972, Ulrik was appointed CEO of Pay-TV Emerging Markets with effect from January 2008. He joined MTG as CEO of Viasat Sweden in 2004. Ulrik started his career at IBM as trainee which led to various roles within sales and distribution at IBM. He moved on to Telenor Mobile where he, as sales director, was part of the management team that started Telenor's MVNO business in Sweden and became deputy to the CEO of Telenor Mobile Sweden and Business Area Manager for Telenor Nordic Mobile. Ulrik graduated with a Bachelor's degree from Dalhousie University in Canada.

Shareholding in MTG: 3,400 Class B shares
Warrants: 700
Stock options: 7,000

Laurence Miall-d'Août
Chief of Staff Free-TV

Born 1974, Laurence was appointed Chief of Staff Free-TV with effect from March 2010, after being CEO Free-TV Emerging Markets since January 2008. She joined MTG in 2002 as Executive Assistant to the President. She launched Viasat's pay-TV operations in Eastern Europe in 2003 and became head of the business area which comprised both the cable channel business in 20 countries and the Viasat DTH satellite pay-TV platform in the Baltics. In 2007 she was also appointed CEO of the Free-TV Balkan operations. Prior to MTG, Laurence served five years at PricewaterhouseCoopers and obtained an MBA from INSEAD in France.

Shareholding in MTG: 3,000 Class B shares
Warrants: 1,214
Stock options: 10,084

Martin Lewerth

Chief of Staff Pay-TV

Born 1973, Martin was appointed Chief of Staff Pay-TV in 2010. He is also MTG's Chief Technology Officer since 2007. Martin joined MTG in 2001 as CEO of Viasat Satellite Services. Between 2005 and 2007 he was Chief Technology Officer of Viasat. Prior to MTG, Martin worked at the management consultant firm Applied Value. Martin graduated with a Master of Science degree from Chalmers University of Technology in Sweden.

Shareholding in MTG: 1,554 Class B shares
Warrants: 700
Stock options: 4,200

Petra Colleen

Head of Administration

Born 1975, Petra was appointed Head of Administration in August 2005. MTG's Corporate Responsibility, Modern Responsibility, and the Human Resources Departments, are two of her main duties. Previously, when based in London, she served as Product Manager for Viasat's pay-TV operations in Eastern Europe, which comprised both the cable channel business in 20 countries and the Viasat DTH satellite pay-TV platform in the Baltics. Petra joined MTG in 2002 as a management trainee.

Shareholding in MTG: 2,000 Class B shares
Warrants: 1,214
Stock options: 9,284

Five year summary

SEK million	2009	2008	2007	2006	2005
Net sales	14 173	13 166	11 351	10 136	8 012
Gross income	5 142	5 364	4 464	4 229	3 215
Operating income excluding non-recurring items	1 924	2 598	2 027	1 777	1 213
Income from corporate development	-	1 150	18	-	-
Closure and non-recurring costs	-3 352	-76	-	-	-
Operating income / loss	-1 428	3 671	2 027	1 777	1 213
Income from sales of securities		-	-	-	384
Net income	-2 008	2 927	1 428	1 499	1 185
Financial position					
Non-current assets	9 026	12 881	5 756	4 891	5 481
Current assets	5 625	6 351	5 203	4 314	4 315
Total assets	14 651	19 232	10 958	9 205	9 796
Shareholders' equity incl minority interests	5 680	8 980	5 875	5 105	5 306
Long-term liabilities	4 175	5 263	429	304	249
Short-term liabilities	4 796	4 989	4 654	3 796	4 241
Total shareholders' equity and liabilities	14 651	19 232	10 958	9 205	9 796
Personnel					
Average number of employees	2 906	2 644	2 341	2 008	1 614
Key figures					
Operating margin %	-	28	18	18	15
Operating margin adjusted for non-recurring items %	14	20	18	18	15
Net margin %	-	22	13	15	15
Return on total assets %	-	19	14	16	21
Return on equity %	17	26	26	28	18
Return on capital employed %	15	31	34	29	21
Equity / assets ratio %	39	47	54	56	55
Net debt to equity ratio %	48	41	-	-	-
Interest coverage ratio	-	59	30	30	13
Net sales per employee, SEK thousand	4 877	4 979	4 849	5 043	4 964
Operating income per employee, SEK thousand	-491	1 389	866	884	752
Capital expenditures					
Investments in non-current intangible and tangible assets	159	156	327	343	80
Investments in shares	145	6 466	219	645	930

SEK million	2009	2008	2007	2006	2005
Per share data					
Shares outstanding at year-end	65 896 815	66 370 375	66 352 540	67 042 524	66 375 156
Weighted average number of shares after dilution *)	65 891 592	65 955 478	67 157 781	66 994 844	66 375 156
Weighted average number of shares before dilution	65 891 592	65 908 373	66 945 776	66 591 869	66 375 156
Market price of class 'B' share on the last trading day of the year (SEK)	355,90	168,50	455,00	450,00	331,50
Diluted earnings per share (SEK) *)	-30,97	42,93	20,11	20,55	17,78
Basic earnings per share (SEK)	-30,86	43,25	20,35	21,57	17,78
Diluted shareholders' equity per share (SEK)	86,20	136,15	87,48	76,20	79,94
Basic shareholders' equity per share (SEK	86,20	136,25	87,76	76,66	79,94
Proposed ordinary dividend/Ordinary cash dividend (SEK)	5,50	5,00	5,00	-	-
Proposed extraordinary dividend/Extraordinary cash dividend (SEK)	-	-	10,00	7,50	-
Total proposed dividend/Total cash dividend (SEK)	5,50	5,00	15,00	7,50	-

*) The Group has implemented four share option programmes that may be exercised into 1,130,159 new class B shares.

Modern Responsibility

Modern Responsibility defines and governs who and what we are

- We conduct business responsibly – We encourage a culture of openness and accountability within the organisation and conduct business honestly and with integrity at all times.

- We broadcast and market responsibly – We offer a diversity of entertainment to all age groups and protect young people from unsuitable material. We sell and market responsibly and ensure high levels of customer service.

- We act responsibly towards our colleagues – We guarantee equal opportunity employment, invest in employee development and ensure MTG is a great and safe place to work.

- We act responsibly towards the community – We promote chosen social causes to make positive difference in the local communities around us. We tackle climate change and encourage positive environmental behaviour by our employees, the broader public and society at large.

MTG's corporate responsibility (CR) is called Modern Responsibility. It is the platform for our development and sustainable business, and it aims to maximise MTG's social and business potential as well as enable the Group to deliver consistently high level of long-term performance and achieve our mission – maximising the power of entertainment.

Responsibility at MTG

We first introduced Modern Responsibility in 2004 as a Corporate Responsibility programme, and we have worked on making it a fully integrated part of our business ever since. This has embraced multiple local, regional and central initiatives, as well as enhanced transparency levels and efficient reporting.

Acting responsibly towards our stakeholders has always been of utmost importance to us, but the Modern Responsibility framework has enabled our actions to become not only more tangible and comprehensive, but also to reach into the DNA of our organisational culture. There are seven stakeholder groups around which our business revolves, and towards which we always strive to act responsibly:

- Customers – The people we dedicate our business to.

- Shareholders – Our valuable investors.

- Employees – The people that make us what we are today.

- Suppliers – The companies whose products and services we buy.

- NGOs – The non-governmental organisations we work with.

- Regulators – Ofcom, RTVV and other authorities that set the rules for what we do.

- Society – The surroundings we do our business in.

We engage with our stakeholders as part of our everyday business, which helps us understand what is expected from us and how we can improve. We use our stakeholder engagement channels to develop our products and services to best meet our customers' needs, but we are also increasingly engaging our stakeholders on a much broader basis.

MTG is a growth company, both in financial and operational terms, and our presence in an increasing number of markets in the Nordic region, Central & Eastern Europe and Africa has made it necessary to develop and evaluate Modern Responsibility on an ever broadening basis. Each area below reflects our responsibilities towards a number of stakeholder groups and this structure makes the overall programme easier, more understandable, manageable, accountable and measurable. This structure also reflects our holistic approach towards the Group's important non-financial impacts.

Business responsibility

To increase the understanding of our work to ensure that our business is conducted honestly and with integrity, we make our essential policies publicly available. In 2009, we published our Code of Conduct, Whistleblowers Policy and Supplier Principles on our web site www.mtg.se. As an international Group with a presence in an increasing number of countries in the emerging markets in particular, it is of paramount importance to have robust central internal policies and control systems in place, and to encourage an internal culture of openness and accountability. We follow local laws, regulations and business standards in all countries we operate in and try to exceed them where possible.

Broadcast and marketing responsibility

We are aware of the power of TV and radio in society, and acknowledge our responsibility as a broadcaster to wield this power with care. We offer viewers of all ages a wide range of entertainment, and regard the protection of young people from unsuitable content as one of our top priorities. We have meticulous internal policies for the scheduling and airing of programmes, and follow the strictest local laws in each country of operation, as well as the regulations applied in the country we are broadcasting from. Furthermore, we approach all of our sales and marketing responsibly and work to ensure a constant high level of customer service. We value the integrity of our customers and work in line with data protection regulations in all of our countries.

Parental control which allows password protecting access to content unsuitable for minors has been available for our satellite TV subscribers since 2005, and we introduced parental control functionality to our Viasat OnDemand online service in 2009.

Colleague responsibility

At MTG we rely on our skilled and motivated employees to drive our business and value them very highly. We are committed to the fair treatment of all of our staff, and to showing them that their input is appreciated. MTG is an equal opportunities employer and we offer the equal possibilities to all of our employees irrespective of anything not related to each individual's ability to perform her or his job.

We invest in the development of our employees and our internal training department, the MTG Academy offers a wide selection of training programmes. We also arrange annual awards and quarterly innovation competitions, to encourage entrepreneurship and to celebrate the “best of the best”.

86% of our staff completed the annual employee performance survey in 2009, and 61% of all of MTG’s permanent staff were trained at the MTG Academy during the year. Out of all performance survey respondents, 88% look forward to coming to work and 90% feel they can apply our three lead words – sales, showmanship and cost control – in their everyday work.

Responsibility to the community

Despite the comparatively small impact of broadcast media on the environment, we view tackling climate change as the responsibility of each and every one of us. MTG has become a member of BLICC Sweden – Business Leaders Initiative on Climate Change. BLICC members measure and report their climate impact, inspire the business community to take its climate responsibility and show that fighting climate change and operating a profitable business is not a contradiction. BLICC members believe that active climate work creates new business efficient opportunities and reduced costs, more customers and happy employees.

By measuring our environmental impact, we can change and improve the way we operate our businesses. In 2008 MTG initiated an audit of the carbon footprint of its operations in Scandinavia and in the United Kingdom, where the head office for the broadcasting operations is located. In 2009 MTG made an audit in all countries where it has offices – the Nordics, Central and Eastern Europe and Ghana. MTG appointed Tricorona Climate Partner to assist the Group with the extensive audit of the Group’s 2009 carbon footprint.

Our central environmental policy has been implemented in all of MTG’s offices. This policy comprises management and office level initiatives for a greener work environment, such as power saving, recycling and minimising paper usage. The Group has a very strict travel policy and employees only travel to meetings if we cannot use video conferencing facilities. We operate a minimal number of company cars; and our pool cars are chosen from environmentally friendly models. The policy was made available on www.mtg.se in 2009.

In 2009 we appointed a Green Ambassador in each of our offices, where they will train their local colleagues in green thinking and acting. The goal of the training is to make everyone at MTG aware of important environmental issues such as climate change, and to have everyone participate in the creation of a ‘green action plan’ for their local office. The Green Ambassadors report centrally both on environmental initiatives and their local office’s progress. Our Swedish broadcasting operations moved into their new head office, constructed in line with the guidelines laid out by EU’s GreenBuilding Project, in October 2009, and MTG Radio in Sweden continued its work to become ISO 14001 certified during the year.

We realise that we as a Group have both an internal and external responsibility to our environment. We have to reduce our environmental impact and act in a sustainable long-term manner. Externally we embrace our responsibility through working together with NGOs and charities to promote causes we support, such as Playing for Change, a challenge to Sweden’s social entrepreneurs to start businesses that promote children’s and young people's right to play, Mustaschkampen and Rosa bandet with Cancerfonden in Sweden, Moustache Campaign in Lithuania and Støt Brysterne with Kræftens Bekæmpelses in Denmark – campaigns that create awareness around and raise funds for cancer, and WWF’s Earth Hour that invites people world-wide to make a stand against climate change.

How Modern Responsibility is governed

Non-executive Board Director Mia Brunell, who is also the CEO of our largest shareholder, and Hans-Holger Albrecht, our CEO, have overall responsibility for the Group’s sustainability and corporate responsibility strategy, agenda and practices. Petra Colleen, who is a member of the Group’s executive management team, is tasked with the management and development of Modern Responsibility through the central Modern Responsibility committee that we established in 2009 and includes representatives from the Group’s various business areas. This central team coordinates our work through local managers in all of our countries of operation. Each Group company also has an appointed Modern Responsibility representative and a Green Ambassador, who are together responsible for each respective business’ efforts to create sustainable long term value.

The Modern Responsibility section of our corporate website at www.mtg.se is updated continuously to provide information about the activities in which we are engaged. We also published our first Modern Responsibility Report for 2008 in 2009, and both the 2008 and 2009 Reports are available under Modern Responsibility Reports.

Corporate Governance Report

This report provides information on Modern Times Group MTG ABs Corporate Governance policies and practices

Modern Times Group MTG AB is a Swedish public limited liability company. The Company's governance is based on the Articles of Association, the Swedish Companies Act, the listing rules of Nasdaq OMX Stockholm, the Swedish Code of Corporate Governance, and other relevant Swedish and international laws and regulations.

The Company follows the Code in most aspects and only deviates from its recommendations in respect of the membership of the Remuneration Committee and the Chairmanship of the Nomination Committee, which are explained below.

Governance structure

Shares and shareholders The number of shareholders according to the share register held by Euroclear Sweden AB (Swedish Securities Centre) was approximately 21,000 at the end of 2009. The shares held by the ten largest shareholders corresponded to approximately 47 (53)% of the share capital and 61 (82)% of the voting rights. Swedish institutions and mutual funds own approximately 50 (50)% of the share capital, international investors own approximately 33 (31)% and Swedish private investors own approximately 18 (19)%.

The share capital consists of Class A, Class B and Class C shares. The holder of one Class A share is entitled to ten votes. Holders of Class B and Class C shares are entitled to one vote for each share. The Class A and B shares entitle the holder to the same proportion of assets and earnings and carry equal rights in terms of dividends. The holder of a Class C share is not entitled to dividends. For further information about the Company's shares, see Directors' Report.

Information regularly provided to shareholders includes interim reports and full year reports, Annual Reports and press releases on significant events occurring during the year. All reports, press releases and other information can be found on MTG's website www.mtg.se.

Annual General Meeting The Annual General Meeting is the highest decision-making body in a limited liability company and it is at the Annual General Meeting where all shareholders can exercise their right to decide on issues affecting the Company and its operations.

The authority and work of the Annual General Meeting are primarily based on the Companies Act and the Code as well as on the Articles of Association adopted by the Annual General Meeting.

The Annual General Meeting of shareholders shall be held within six months after the end of the financial year. At the Annual General Meeting, resolutions shall be passed with respect to the adoption of the income statement and balance sheet as well as the consolidated income statement and statement of financial position, the disposition of the Company's earnings according to the adopted balance sheet, the discharge of liability for the Board of Directors and the Chief Executive Officer, appointment of the Board of Directors and their Chairman and the Company's auditors, and certain other matters provided for by law and the Articles of Association.

Shareholders wishing to have matters considered at the Annual General Meeting should submit their proposals in writing at least seven weeks before the Annual General Meeting in order to guarantee that their proposals may be included in the notice to the Meeting. Details on how and when to submit proposals to MTG can be found on www.mtg.se.

Shareholders who wish to participate in the Annual General Meeting must be duly registered as such with Euroclear Sweden AB. The shareholders may then attend and vote at the meeting in person or by proxy. A shareholder wishing to attend the Annual General Meeting must notify MTG of his or her intention to attend. The manner in which to notify MTG can be found in the notice convening the Annual General Meeting.

Those shareholders, who cannot attend the Annual General Meeting in person and wish to be represented by a proxy, must authorise the proxy by issuing a power of attorney. If such power of attorney is issued by a legal entity, an attested copy of the certificate of registration must be attached. The power of attorney and certificate of registration may not be issued more than one year before the date of the Annual General Meeting. The original power of attorney and the certificate of registration, where applicable, are to be sent to Modern Times Group MTG AB, c/o Computershare AB, P.O. Box 610, SE-182 16

Danderyd, Sweden, well in advance of the Meeting. The form to use for a power of attorney can be found on Modern Times Group MTG AB's website www.mtg.se.

The Annual General Meeting for the 2009 financial year will be held on 17 May 2010 in Stockholm.

Nomination procedure

The Nomination Committee The Nomination Committee's tasks include:

- To evaluate the Board of Directors' work and composition
- To submit proposals to the Annual General Meeting regarding the election of Board Directors and the Chairman of the Board
- To prepare proposals regarding the election of Auditors in cooperation with the Audit Committee (when appropriate)
- To prepare proposals regarding the fees to be paid to Board Directors and to the Company's Auditors
- To prepare proposals for the Chairman of the Annual General Meeting
- To prepare proposals for the administration and order of appointment of the Nomination Committee for the Annual General Meeting.

Following a resolution of the Annual General Meeting of Modern Times Group MTG AB in May 2009, a Nomination Committee was established, consisting of major shareholders in Modern Times Group MTG AB with Cristina Stenbeck as convener. The committee comprises Cristina Stenbeck on behalf of Investment AB Kinnevik, Marianne Nilsson on behalf of Swedbank Robur fonder, Peter Lindell on behalf of AMF Pension and Hans Ek on behalf of SEB Fonder. Together, the members of the Nomination Committee represent more than 50% of the voting rights in Modern Times Group MTG AB. The members of the Nomination Committee do not receive any remuneration for their work.

The Nomination Committee will submit a proposal for the composition of the Board of Directors and Chairman of the Board to be presented to the 2010 Annual General Meeting for approval. Shareholders wishing to propose candidates for election to the Modern Times Group MTG AB Board of Directors should submit their proposals in writing.

The Member of the Board, Cristina Stenbeck, has been appointed Chairman of the Nomination Committee, an appointment that deviates from what the Code prescribes. The other members of the Nomination Committee have declared their decision regarding election of the Chairman of the Nomination Committee as being in the Company's and shareholders' best interest and a natural consequence of Cristina Stenbeck representing the Company's largest shareholders.

The Board of Directors as at 31 December 2009 The Board of Directors of Modern Times Group MTG AB comprises eight Non-Executive Directors. The members of the Board of Directors are David Chance, Asger Aamund, Mia Brunell Livfors, Simon Duffy, Alexander Izosimov, Michael Lynton, David Marcus, and Cristina Stenbeck. The Board of

Directors and its Chairman, David Chance, were re-elected at the Company's Annual General Meeting of Shareholders on 11 May 2009, with the exception of Michael Lynton who was elected for the first time at the 2009 Annual General Meeting replacing Pelle Törnberg. Biographical information on each Board member is provided on pages 6-8 of this report.

Responsibilities and duties of the Board of Directors The Board of Directors is constituted to provide effective support for, and control of, the activities of the Executive Management of the Company. The Board has adopted working procedures for its internal activities which include rules pertaining to the number of Board meetings to be held, the matters to be handled at such regular Board meetings, and the duties of the Chairman. The work of the Board is also governed by rules and regulations which include the Companies Act, the Articles of Association, and the Code.

In order to carry out its work more effectively, the Board has appointed a Remuneration Committee and an Audit Committee with special tasks. These committees handle business within their respective areas and present recommendations and reports on which the Board may base its decisions and actions. However, all members of the Board have the same responsibility for decisions made and actions taken, irrespective of whether issues have been reviewed by such committees or not.

The Board has also adopted procedures for instructions and mandates to the Chief Executive Officer. These procedures require that investments in non-current assets of more than SEK 2,000,000 have to be approved by the Board. The Board also has to approve large-scale programming investments and other significant transactions including acquisitions and closures or disposals of businesses. In addition, the Board has also issued written instructions specifying when and how information, which is required in order to enable the Board to evaluate the Group's and its subsidiaries' financial positions, should be reported.

Board of Directors during 2009

Name	Position	Born	Nationality	Elected	Independent to major shareholders	Independent to company and its management	Remuneration Committee	Audit Committee
David Chance	Chairman	1957	British	1998	Yes	Yes	Member	
Asger Aamund	Member	1940	Danish	2000	Yes	Yes	Member	
Mia Brunell Livfors	Member	1965	Swedish	2007	No	No	Member	
Simon Duffy	Member	1949	British	2008	Yes	Yes		Chairman
Alexander Izosimov	Member	1964	Russian	2008	Yes	Yes		Member
Michael Lynton	Member	1960	American and British	2009	Yes	Yes		Member
David Marcus	Member	1965	American	2004	Yes	Yes	Chairman	Former member
Cristina Stenbeck	Member	1977	American and Swedish	2003	No	Yes		
Pelle Törnberg	Former member	1956	Swedish	2000	Yes	Yes		

Mia Brunell Livfors is not independent of the Company and its management due to her appointment to the Board of Directors of Transcom Worldwide S.A., a significant supplier of call centre services (CRM) to MTG. Cristina Stenbeck became independent of the company and management as of 27 May 2009 when she stepped down from the Board of Directors of Transcom WorldWide S.A., a significant supplier of call centre services (CRM) to MTG, at their AGM.

Board working procedures

Remuneration Committee The Remuneration Committee comprises David Marcus as Chairman and Asger Aamund, David Chance, and Mia Brunell Livfors. The Board of Directors commissions the work of the Remuneration Committee. The responsibilities of the Remuneration Committee include issues related to salaries, pension plans, bonus programmes and the employment terms for the Chief Executive Officer and Executive Management within MTG. The Committee also advises the Board on long-term incentive schemes.

Mia Brunell Livfors' seat on the Remuneration Committee does not comply with the Code, which requires that only Directors who are independent of the Company and its Executive Management should sit on the Remuneration Committee. The Directors however consider that it is in the best interest of the Group that an exception be made in this respect because Mia Brunell Livfors is a shareholder representative on the Board of MTG with significant experience in establishing and defining remuneration principles across many listed companies. The Remuneration Committee is still comprised of a majority of independent Directors. David Marcus replaced Asger Aamund as chairman in 2009.

Audit Committee The Audit Committee comprises Simon Duffy as Chairman, Alexander Izosimov and Michael Lynton. The Audit Committee's responsibility is to maintain the working relationship with the Company's auditors, to keep themselves informed about the work of the external auditors, as well as to review the Group's financial reporting procedures. The Audit Committee focuses on ensuring quality and accuracy in financial reporting, changes in accounting policies when applicable, the internal controls, risk assessment, the qualification and independence of the auditors, adherence to prevailing rules and regulations and, where applicable, transactions with related parties. Michael Lynton replaced David Marcus as a member in 2009.

Remuneration to Board members The remuneration of the Board members is proposed by the Nomination Committee, comprising the Company's largest shareholders and approved by the Annual General Meeting. The Nomination Committee proposal is based on benchmarking of peer group company compensation and company size. Information on the remuneration of Board members is provided in Note 25 to the Accounts in this Report. Board members do not participate in the Group's incentive schemes. One Board member has stock options from previous employment in MTG.

Work of the Board during 2009 The Board reviewed the financial position of Modern Times Group MTG AB and the Group on a regular basis during the year. The Board also regularly dealt with matters involving acquisitions, the establishment of new operations, and matters related to investments in programming and non-current assets. The Board of Directors also reviewed the Group's strategies and forward development plans.

The Board of Directors had 6 ordinary meetings and 1 extraordinary meeting during 2009.

Attendance at Board and Committee Meetings

Board of Directors	Board meetings	Audit Committee	Remuneration Committee
Meetings before the Annual General Meeting 11 May	2	1	2
Meetings after the Annual General Meeting 11 May	5	2	2
Total number of meetings	7	3	4
David Chance, Chairman	7/7		3/4
Asger Aamund	6/7		4/4
Mia Brunell Livfors	7/7		4/4
Simon Duffy	7/7	3/3	
Alexander Izosimov	7/7	3/3	
Michael Lynton (as of 11 May 2009)	3/5	2/2	
David Marcus	7/7	1/1	3/4
Cristina Stenbeck	6/7		
Pelle Törnberg (until 11 May 2009)	2/2		

External auditors

The Company's auditors are elected by the Annual General Meeting for a period of four years. The two current auditors were elected at the 2006 and 2007 Annual General Meetings respectively. KPMG was last elected as MTG's lead auditor in 2006 and has been external auditor since 1997. Carl Lindgren, authorised public accountant, is responsible for the audit of the Company on behalf of KPMG since 2002. Election of the auditor will be made at the 2010 Annual General Meeting. The second auditor is Ernst & Young with authorised public accountant Erik Åström responsible since 2005. Ernst & Young was last elected as second auditor in 2007. The next election of the second auditor will be at the 2011 Annual General Meeting. Ernst & Young has served as co auditor since 1997.

The auditors report their findings to the shareholders by means of the auditors' report, which is presented to the Annual General Meeting. In addition, the auditors report detailed findings at each of the ordinary meetings of the Audit Committee and to the full Board once a year.

KPMG provided certain additional services for the years 2007, 2008 and 2009. These services comprised advice on the preparation and implementation of internal control testing and reporting procedures, and other assignments of a similar kind and closely related to the auditing process. Ernst & Young provided tax counselling services during 2007, 2008 and 2009.

Audit assignments have involved the examination of the annual report and financial accounting, the administration by the Board and the CEO, other tasks related to the duties of a company auditor and consultation or other services which may result from observations noted during such examination or the implementation of such other tasks. All other tasks are defined as other assignments.

For more detailed information concerning the auditors' fees, see Note 26 of the notes to the consolidated financial statements.

Executive Management

MTG's Executive Management comprises the Chief Executive Officer (CEO), the Chief Financial Officer (CFO), Chief Operating Officer (COO), and other key executives. Biographical information on each executive is provided on pages 9–12 of this report.

Chief Executive Officer The CEO is responsible for the ongoing management of the Company in accordance with the guidelines and instructions established by the Board.

The CEO and the Executive Management team, supported by the various employee functions, are responsible for the adherence to the Group's overall strategy, financial and business control, financing, capital structure, risk management and acquisitions. Among other tasks, this includes preparation of financial reports and communication with the stock market and other issues. The Company guidelines and policies issued include financial control, communication, brands, business ethics and personnel policies.

There is an operational board for each of the segments The Chief Executive Officer chairs the operational board meetings, which are attended by the Executive Management of the relevant business segments and the Chief Financial Officer and the Chief Operating Officer.

Executive remuneration The current guiding principles for executive remuneration and the proposals for 2010 are described in the Directors' Report.

The remuneration paid to the Group's Executive Management, as well as information about the beneficial ownership of the Company shares and other financial instruments are set out in Note 25 to the Accounts of this report.

Share based long-term incentive plans The Group has five outstanding share based long-term incentive programmes, decided upon in 2005, 2006, 2007, 2008 and 2009. For information about these programmes, see Note 25 to the Accounts of this report and the MTG website at www.mtg.se.

Internal control report

The processes for internal control, risk assessment, control activities and monitoring regarding the financial reporting are designed to ensure reliable overall financial reporting and external financial statements in accordance with International Financial Reporting Standards, applicable laws and regulations and other requirements for listed companies on Nasdaq OMX Stockholm. This process involves the Board, Executive Management and personnel.

Control environment The Board has specified a set of instructions and working plans regarding the roles and responsibilities of the Chief Executive Officer and the Board committees. The Board also has a number of established basic guidelines, which are important for its work on internal control activities. This includes monitoring performance against plans and prior years. The Audit Committee assists the Board in overseeing various issues such as internal audit and accounting principles applied by the Group.

The responsibility for maintaining an effective control environment and internal control over financial reporting is delegated to the Chief Executive Officer. Other Executive Managers at various levels have respective responsibilities. The Executive Management regularly reports to the Board according to established routines and in addition to the Audit Committee's reports. Defined responsibilities, instructions, guidelines, manuals and policies together with laws and regulations form the control environment. All employees are accountable for compliance with these guidelines.

Risk assessment and control activities The Company has prepared a model for assessing risks in all areas in which a number of items are identified and measured. These risks are reviewed regularly by the Board of Directors and by the Audit Committee, and include both the risk of losing assets as well as irregularities and fraud. Designing control activities is of particular importance to enable the Company to prevent and identify shortcomings. The important areas are compliance with the broadcasting regulations, control and follow-up on penetration, share of viewing and listeners, and the development of advertising markets. Assessing and controlling risks also involve the operational boards in each business area, where meetings are held at least four times a year. The Chief Executive Officer, the business area management, the Chief Financial Officer and the Chief Operating Officer participate in the meetings. Minutes are kept for these meetings. The operational boards are further described under the heading “Executive Management”.

Information and communication Guidelines and manuals used in the Company's financial reporting are communicated to the employees concerned. There are formal as well as informal information channels to the Executive Management and to the Board of Directors for information from the employees identified as significant. Guidelines for external communication ensure that the Company applies the highest standards for providing accurate information to the financial market. The Group has an established annual procedure for the operating management to give their opinion of the quality of the financial reporting, disclosure and procedures and compliance with internal and external guidelines and regulations.

Follow-up The Board of Directors regularly evaluates the information provided by Executive Management and the Audit Committee. The Board receives regular updates of the Group's development between the meetings. The Group's financial position, its strategies and investments are discussed at every Board meeting. The Audit Committee reviews the quarterly reports prior to publication. The Audit Committee is also responsible for the following up of the internal control activities. This work includes ensuring that measures are taken to deal with any inaccuracy and to follow up suggestions for actions emerging from the internal and external audits.

The Company has an independent internal audit function responsible for the evaluation of risk management and internal control activities. This work includes scrutinising the application of established routines and guidelines. The internal audit function plans its work in cooperation with the Audit Committee and reports the result of its reviews to the Audit Committee. The external auditors report to the Audit Committee at each ordinary meeting of the Committee.

This Corporate Governance Report has not been reviewed by the Company's auditors; however it has been reviewed and approved by the Board of Directors.

Directors' Report

Modern Times Group MTG AB (MTG) is a publicly listed company. Its Class A and Class B shares are listed on Nasdaq OMX Stockholm's Large Cap list under the symbols MTGA and MTGB. The Company's registered office is located at Skeppsbron 18, P.O. Box 2094, SE-103 13 Stockholm, Sweden. The Company's registration number is 556309-9158.

Operations

Modern Times Group is an 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 the major shareholder in Russia's largest independent television broadcaster - CTC Media (Nasdaq: CTCM).

MTG is the largest commercial radio operator in the Nordic region and the Baltic countries. MTG Radio owns the largest commercial radio broadcasting networks in Sweden and Norway, and has an equity stake in the largest commercial radio broadcasting network in Finland, as well as radio stations and networks in the Baltic countries and MTG Radio's stations reach over three million listeners every day.

The Group's Online business area includes the leading Nordic entertainment internet retailer CDON.COM, as well as Gymgrossisten.com, Nelly.com, and Bet24.com.

The Modern Studios business area comprises companies that produce and license a wide range of content, including the Strix Television TV production company.

Business Review

Despite the negative effects of the global economic recession and declining advertising markets, the Group reported 8% year on year net sales growth and record sales in 2009. We invested selectively during the year in order to increase our audience and market shares, but cut back on all non-essential expenditure and focused on further improving our already efficient operating structure.

Our reported results for 2009 were negatively impacted by SEK 3,352 million of non-recurring costs (discussed in detail below), but our underlying operating result clearly illustrates the benefits of operating an integrated broadcasting model with complementary revenue streams. Our Scandinavian Free-TV and Nordic and Emerging Markets Pay-TV businesses were all profitable for the year, as were our Radio, Online and Modern Studios segments.

Consolidated financial results

Key figures (excluding non-recurring items)	2009	2008
Sales growth	8%	16%
Operating expenses growth (excl non-recurring expenses)	12%	14%
Operating income growth (excl non-recurring expenses)	-15%	28%
Operating margin (excl non-recurring expenses)	14%	20%
Tax rate	23%	27%

Revenue mix
(SEK million)

Sales MTG generated 8% net sales growth in 2009 to SEK 14,173 (13,166) million. The Scandinavian Free-TV and both the Nordic and Emerging Markets Pay-TV businesses, as well as the Online business area all reported sales growth for the year.

The Group's revenue mix reflected its diversified and balanced structure, with 37% (43%) of revenues derived from advertising sales; 42% (38%) from subscription payments; and 21% (19%) from other business-to-business and business-to-consumer sales.

Operating expenses Group operating costs were up 12% to SEK 12,519 (11,219) million when excluding non-recurring items. The increase reflected the consolidation of Nova Televizia, the launch or relaunch of 7 free-TV channels and the addition of 11 channels to the Group's pay-TV offerings since the beginning of 2008, and marketing campaigns to drive pay-TV subscriber intake.

The Group reported SEK 3,352 million of non-recurring expenses for the year. This comprised EUR 296 million (approximately SEK 3,151 million) of non-recurring costs related to the impairment of the goodwill arising from the Group's EUR 620 million acquisition of 100% of Nova Televizia in Bulgaria in 2008. The remaining SEK 201 million of costs related to goodwill write-downs by the Group's Slovenian free-TV operations, close-down costs for the Playahead.com online social networking business, and the writing-down of programming-related assets by the Group's free-TV broadcasting operations in the Baltics. The Group's results for the full year 2008 included SEK 1,173 million of non-recurring income from the discontinued DTV Group operations and the SEK 76 million write-down of intangible assets in the Group's Online business area.

Operating income Group operating income for the year was SEK 1,654 (1,947) million when excluding associated company income and the impact of the non-recurring items.

Associated company income The Group's combined equity participations, primarily comprising the 39.4% interest in the earnings of CTC Media, contributed a total associated company income of SEK 270 (651) million for the year. MTG's participation in CTC Media was diluted after the end of the year due to new share issues, and the Group now owns 38.9% of the issued and outstanding shares in CTC Media.

Net interest and other financial items The Group's net interest and other financial items amounted to SEK -197 (-61) million, which included SEK -171 (-28) million of net interest expenses. The increased interest expenses primarily reflected the increase in the Group's borrowings during the latter part of 2008 following the acquisition of 100% of Nova Televizia in Bulgaria.

MTG successfully refinanced its SEK 3,000 million loan facility on 2 July 2009. The new SEK 3,000 million three year term loan, which was oversubscribed, was arranged by DnB NOR, Nordea, Skandinaviska Enskilda Banken and Svenska Handelsbanken as Mandated Lead Arrangers, and by Swedbank as Joint Lead Arranger.

Tax Group tax charges totalled SEK 383 (683) million, whilst paid taxes amounted to SEK 263 (544) million.

Net income and earnings per share The Group reported a net result of SEK -2,008 (2,927) million, and basic earnings per share of SEK -30.86 (43.25). Basic earnings per share excluding non-recurring items amounted to SEK 20.40 (26.96).

Impact of foreign currency rate fluctuations The Group's sales were up 3% at constant exchange rates in 2009, and the Group's operating costs were up 6% for the year.

Financial position

(SEK million)	2009	2008
Cash flow from operations	1,308	1,918
Changes in working capital	237	67
Net cash flow from operations	1,546	1,985
Investment activities	-304	-4,674
Financial activitites	-1,448	3,106
Net change in cash and cash equivalents for the period	-206	417
Cash and cash equivalents	737	975
Return on capital employed % (excl non-recurring items)	15	31

Group capital expenditure on non-current assets totalled SEK 159 (156) million. Investments in shares in subsidiaries amounted to SEK 145 (6,466) million. The DTV Group was sold in 2008 at a net consideration of SEK 1,958 million. The Group's reported return on capital employed, excluding non-recurring items, was 15% (31%) in 2009.

(SEK million)	2009	2008
Available liquid funds	3,837	2,935
Net debt	2,749	3,637
Return on equity %	17	26
Equity to assets ratio %	39	47
Net debt to equity ratio %	48	41
Interest-bearing debt	3,563	4,670

The Group had available liquid funds of SEK 3,837 (2,935) million as at 31 December 2009, including the SEK 3,100 (1,960) million unutilised element of the Group's credit facilities. SEK 500 (1,640) million of the Group's SEK 3,500 million multi-currency credit facility and all of the new SEK 3,000 million loan facility were drawn as at 31 December and were used primarily to finance the acquisition of Nova Televizia in Bulgaria in 2008.

The Group paid out the approved dividend payment of SEK 329 (983) million to shareholders for the twelve months ended 31 December 2008 and 2007 respectively. In 2008, the Group repurchased 798,000 class B shares, for a total consideration of SEK 316 million. The Group reported a 17% (26%) return on equity for 2009.

Acquisitions and divestments

The Group announced on 22 February 2010 that it had signed an agreement to acquire a further 35% interest in Viastrong Holding AB from Strong Media Group Ltd for a cash consideration. MTG's currently holds 50% of Viastrong, which operates the Viasat Ukraine DTH satellite pay-TV platform through Vision TV LCC. The transaction is subject to approval by relevant regulatory authorities, and is expected to close during the second quarter of 2010.

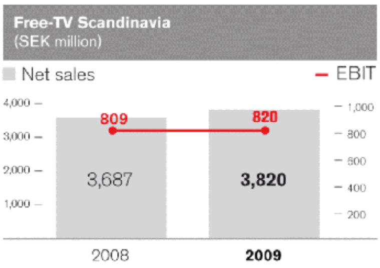
The Group announced on 8 February 2010 that it had acquired 50% of Raduga Holdings S.A. from Continental Media S.A. in cash. Raduga is the sole owner of LCC DaoGeoCom, which operates Russian nationwide DTH satellite pay-TV platform Raduga TV. Raduga TV was launched in February 2009 and had 70,000 active subscribers as at 31 December 2009. The platform offers a package of more than 50 TV channels, including a wide range of Russian channels and the localised versions of leading international channel brands including Viasat's own entertainment channels. The Group's interest in Raduga will be proportionately consolidated by MTG and reported in the Group's Pay-TV Emerging Markets business segment within the Viasat Broadcasting business area.

The Group's investments during 2009 included the USD 15 million (SEK 122 million) acquisition of the remaining shares in MTG Russia AB and the SEK 16 million acquisition of part of the remaining minorities in Playahead.

Segments

Group Review (SEK million)	2009	2008	Change
Net sales per business segment			
Free-TV Scandinavia	3,820	3,687	4%
Pay-TV Nordic	4,327	3,934	10%
Free-TV Emerging Markets	2,095	2,150	-3%
Pay-TV Emerging Markets	875	658	33%
Others and elimination	-177	-151	-
Total Viasat Broadcasting business area	10,939	10,278	6%
Radio	694	800	-13%
Online	2,300	1,831	26%
Modern Studios	469	373	26%
Parent Company and others	178	174	2%
Eliminations	-407	-405	-
Discontinued DTV Group	-	114	-
	14,173	13,166	8%
Operating income per business segment			
Free-TV Scandinavia	820	809	1%
Pay-TV Nordic	725	692	5%
Free-TV Emerging Markets	-84	292	-
Pay-TV Emerging Markets	168	106	59%
Associated company income from CTC Media	254	629	-60%
Viasat Broadcasting central operations	21	14	-
Total Viasat Broadcasting business area	1,904	2,541	-25%
Radio	80	170	-53%
Online	120	78	53%
Modern Studios	19	-6	-
Total operating business areas	2,123	2,784	-24%
Parent Company and others	-200	-208	-
Non-recurring Online business area items	-47	-76	-
Non-recurring Viasat Broadcasting business area items	-3,305	-	
Discontinued DTV Group	-	1,173	-
	-1,428	3,671	-

Free-TV Scandinavia



MTG's Scandinavian free-TV operations broadcast a wide range of entertainment programming. MTG's free-TV channels TV3, TV6, TV8 and ZTV in Sweden, TV3 and Viasat4 in Norway and TV3, TV3+ and TV3 PULS in Denmark are broadcast alongside the Group's pay-TV channels on the Viasat satellite platform and via third party cable, IPTV and mobile networks, as well as in the digital terrestrial networks in Sweden and Norway.

Viasat's Scandinavian free-TV operations generated 4% net sales growth in 2009, but decreased by 1% at constant exchange rates, despite the continued decline of each of the Scandinavian advertising markets. The high level of outperformance reflected increased audience and advertising market shares in all three Scandinavian territories during the year.

Total operating costs for the free-TV business increased by 4% to SEK 2,999 (2,878) million. The cost increases primarily reflected the launch of new channel TV3 PULS in Denmark, and selective programming investments throughout the year in order to drive audience shares and revenues.

The business area therefore reported increased operating profits of SEK 820 (809) million, with largely stable operating margins of 21% (22%).

Commercial share of viewing (%)	2009	2008
TV3, TV6, TV8 & ZTV Sweden (15-49)	36.1	34.5
TV3 & Viasat4 Norway (15-49)	27.3	23.7
TV3, TV3+ & TV3 PULS Denmark (15-49)	23.3	22.0

Penetration (%)	31 December 2009	31 December 2008
TV3 Sweden	88	86
TV6 Sweden	88	86
TV8 Sweden	65	63
TV3 Norway	89	85
Viasat4 Norway	68	62
TV3 Denmark	68	65
TV3+ Denmark	65	63
TV3 PULS Denmark	53	-

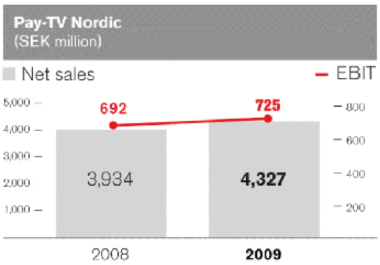
Significant events On 23 March 2009, the Group launched its third free-TV channel, TV3 PULS, in Denmark. TV3 PULS is as a broad appeal general entertainment channel positioned between the female skewed TV3, and male skewed TV3+ channels, and targets both men and women in the 15-49 demographic.

The shut down of the Norwegian analogue terrestrial television network was completed on 1 December 2009 and the country's television broadcasting has been fully digitalised. MTG's channels are now made available in the Riks-TV digital terrestrial pay-TV offering, as well as via DTH satellite, cable TV and IPTV in the country.

The digitalisation of the Danish terrestrial television network was implemented on 1 November 2009. The Group has chosen not to apply to be included in the monopoly digital terrestrial TV offering in Denmark at this stage.

Significant events after the end of the year A High Definition version of the TV3+ channel was launched after the end of the reporting period on 1 February 2010 in Denmark.

Pay-TV Nordic



Viasat Broadcasting's pay-TV operations in the Nordic region market and sell Viasat's premium pay-TV packages, including its own channels as well as leading local and international third party channels, on its own satellite DTH platform and all leading third party IPTV platforms in Scandinavia. Viasat also distributes its 22 Viasat-branded pay-TV channels, comprising ten sports and eight thematic TV1000 movie channels, via other third party pay-TV networks. Viasat also operates the Viasat OnDemand online portal, which offers the most comprehensive online video streaming service in the Nordic region as well as an on-demand TV service via the recordable digital box ViasatPlusHD for Viasat subscribers in the Nordic region.

The business reported 10% sales growth in 2009, which equalled 5% at constant exchange rates. The annualised average revenue per premium subscriber (ARPU) increased by 9% to SEK 4,435 from SEK 4,077 during the year. The rise in premium ARPU reflected price increases, the ongoing uptake of value-added products and services, and positive currency exchange rate movements, but was partially offset by initially discounted subscriber acquisition campaigns in Denmark and Norway.

Total operating costs for the pay-TV business increased by 11% to SEK 3,602 (3,242) million and reflected the addition of 8 Viasat branded channels and 15 third party channels to the platform since 2008, currency exchange rate movements, ongoing investments in the development of HDTV services, the acquisition or extension of several key sports rights, and subscriber acquisition campaigns in Norway and Denmark. Total expensed subscriber acquisition costs increased to SEK 627 (582) million in 2009.

Operating income for the Nordic operations increased by 5% to SEK 725 (692) million in 2009, with a stable operating margin of 17% (18%).

Subscriber data	31 December 2009	31 December 2008
Premium subscribers ('000s)	823	754
- of which, DTH satellite	685	676
- of which, IPTV	138	78
Basic DTH subscribers	45	69
Premium ARPU (SEK)	4,435	3,554

Viasat added 69,000 net new premium subscribers to its Nordic pay-TV platform during 2009. This comprised 9,000 premium DTH satellite subscribers added following the completion of the analogue TV shut-down processes in both Norway and Denmark, and 60,000 net new IPTV subscribers. The number of HDTV subscribers more than doubled year on year to 106,000 (43,000).

Significant events Viasat launched its eighth thematic TV1000 channel, TV1000 Drama, in February in the Nordic countries. The Group expanded its TV1000Play catch up service for ViasatPlusHD customers during the year and added programmes from TV1000 HD, Viasat Explorer, Viasat Nature and Viasat History in March.

In Sweden, Viasat's TV3 Play, TV6 Play and TV8 Play were added to Viasat OnDemand during the year, as well as the state public broadcaster SVT's Play and commercial broadcaster TV4's Play services.

The dedicated ice hockey channel Viasat Hockey was launched in Sweden and Finland in September at the same time as Norway got its dedicated football channel, Viasat Fotball, which replaced SportN.

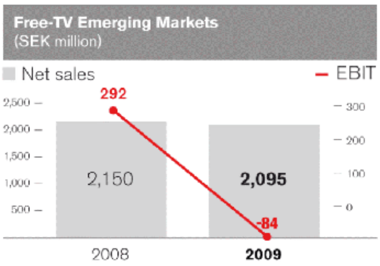
MTG entered into a strategic cooperation with Sanoma in Finland in December 2009 and launched Nelonen Sport Pro, a localised premium sports channel, on 1 February 2010. The new channel features premium sports content from both Viasat and Sanoma-owned Nelonen Media. Nelonen Sport Pro is wholly owned by Sanoma Entertainment and the channel is available exclusively on Viasat's Finnish DTH platform and to cable subscribers with access to Viasat's pay-TV packages.

Significant events after the end of year A subscription 'video-on-demand' service was launched on the Viasat OnDemand internet portals in Sweden, Denmark and Norway on 8 February, to complement Viasat's pay-per-day and pay-per-event services. The subscription service makes an unrivalled range of pay-TV content available over the internet, including live sports events, a wide selection of episodes of hit TV series and 200 feature films.

Viasat Broadcasting signed a long term agreement with Telenor Norge AS in March 2010, which enables Viasat to distribute its premium pay-TV channel packages to Telenor's broadband customers. Viasat's channel packages will continue to be available to Telenor subsidiary Bredbandsbolaget's subscribers in Sweden and are also included in Telenor's IPTV offering in Norway, following its launch to fibre-connected broadband customers in March 2010.

The exclusive broadcasting rights to England's Barclays Premier League were acquired in March in Sweden for the next three seasons from the start of the 2010/2011 season.

Free-TV Emerging Markets



Free-TV Emerging Markets comprises the 19 free-TV channels in the Baltics, the Czech Republic, Bulgaria, Hungary, Slovenia, and Ghana.

The Free-TV Emerging Markets business area reported a 3% sales decline in 2009, and a 9% sales decline at constant exchange rates. The year on year development reflected the adverse economic environment during the year, with lower levels of advertising expenditure offset by the consolidation of Nova Televizia in Bulgaria since 16 October 2008. Pro forma sales when including Nova Televizia were down 19% year on year in 2009.

Due to the high operating leverage and high incremental margins in the Group's Emerging Markets free-TV businesses and the significant impact of the global economic recession on advertising markets in the region, the Emerging Markets Free-TV business area reported an operating loss for the full year, despite being profitable in the fourth quarter.

Commercial share of viewing (%)	2009	2008
Estonia (15-49)	40.2	43.5
Latvia (15-49)	34.7	36.2
Lithuania (15-49)	40.4	40.3
Hungary (18-49)	7.9	7.3
Czech Republic (15-54)	20. 8	20. 5
Slovenia (15-49)	11.2	9.7
Bulgaria (18-49) *	31.7	28.0

* Pro forma for the combined channels Diema and Nova

Viasat's combined audience shares were up substantially in both Estonia and Lithuania during the end of the year, which thereby stabilised their position. The improvements reflected a successful line-up of local own productions, particularly strong performances by the secondary channels in Estonia and Latvia, and effective marketing campaigns in Lithuania. In Lithuania the audience shares were also stable for the full year.

The target audience share in the Czech Republic was stable year on year, and new channel Prima COOL had achieved a commercial target audience share of 2.5% by the end of the year.

The Group's free-TV operations in Bulgaria comprise Nova Televizia as well as the Diema, Diema2, Diema Family and MM channels. In December Viasat extended its exclusive broadcasting rights to English Premier League Football until the end of the 2012-2013 season.

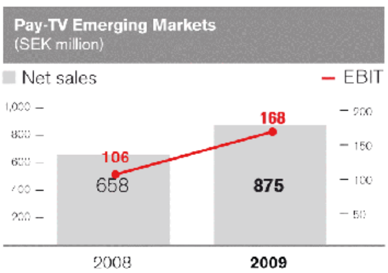
The Hungarian channels and TV3 Slovenia continued to report stable combined audience share.

MTG's operations in Ghana are still in their investment phase. The Group continued to improve the programming schedules throughout the year and acquired the exclusive live free-to-air broadcasting rights to the English Premier League for Viasat1 channel as well as the exclusive live free-to-air broadcasting to the UEFA Champions League in 2009.

Significant events Free-TV channel Prima COOL was launched in the Czech Republic on 1 April. The new channel complements MTG's existing TV Prima channel and was launched following the award of new digital licenses to TV Prima as part of the ongoing digitalisation of the Czech TV market. Analogue terrestrial broadcasting is gradually being switched off, with the process due to be completed by the end of 2011.

MTG completed the reorganisation of the ownership of its broadcasting assets in Bulgaria on 6 August 2009, following approval by the Bulgarian Commission for the Protection of Competition. All of the Group's Bulgarian broadcasting assets have been merged into MTG subsidiary Nova Televizia. MTG now owns 95% of the enlarged Nova Televizia group, whilst Apace Media plc owns a 5% minority interest. ERA TV in Macedonia was subsequently sold.

Pay-TV Emerging Markets



The Emerging Markets pay-TV business markets and sells Viasat's premium pay-TV packages on its own DTH satellite platforms in the Baltics and Ukraine, and on Elion's IPTV platform in Estonia, and distributes its 11 Viasat-branded channels via third party pay-TV networks to subscribers in 26 countries across Central and Eastern Europe and the United States. The Ukrainian DTH satellite platform is proportionately consolidated on a 50:50 basis in the Group's results.

The Pay-TV Emerging Markets business area reported a 33% revenue growth to SEK 875 (658) million in 2009, whilst operating profits increased by 59% to SEK 168 (106) million. Sales were up 24% for the full year at constant exchange rates.

Viasat's Baltic and Ukrainian DTH satellite pay-TV platforms showed continued subscriber intake in Ukraine and a more stable position in the Baltics. The wholesale mini-pay business added 4.3 million subscriptions to break through the 40 million mark.

Subscriber data (000's)	2009	2008
Premium DTH subscribers	216	218
Basic DTH subscribers	24	11
Mini-pay TV subscriptions	40,778	36,469

Significant events MTG announced in October 2009 that it had signed a four year agreement with Elion, the largest broadband and IPTV service provider in Estonia. Viasat now markets and sells its pay-TV channel packages to Elion's 175,000 broadband customers, 88,000 of which subscribe to IPTV services on the Elion platform. Viasat's Estonian free-TV channels (TV3, TV6 and 3+) have also been made available to existing Elion IPTV subscribers.

The Group launched new premium sports channel Viasat Sport Baltic and made its Viasat Golf channel available in the Baltics for the first time during 2009. Ukrainian football channel TRK Football was added to Viasat's Ukrainian DTH platform in November. The channel has the exclusive broadcasting rights to the Ukrainian Premier League, as well as matches from the Spanish, French, Dutch, Portuguese and Scottish football leagues.

Significant events after the end of the year The Viasat Hockey channel was made available after the end of the reporting period and will replace Viasat Sport East in Estonia, Latvia and Lithuania.

For information about the agreement regarding Viasat Ukraine and the acquisition, regarding the Russian satellite TV platform Raduga TV, of 50% of Raduga Holdings S.A. from Continental Media S.A., see page 32 Acquisitions and Divestments.

Associated company CTC Media

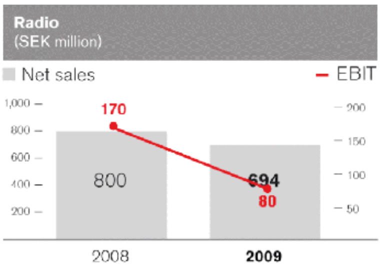
During 2009, MTG's share of Russia's largest independent television broadcaster CTC Media was 39.4%. The Group reports its equity participation in the earnings of CTC Media with a one quarter time lag due to the fact that CTC Media reports its results after MTG. CTC Media primarily comprises the three Russian networks CTC, Domashny and DTV, the latter acquired from MTG in 2008, and generated sales of USD 513 (615) million for the rolling twelve months ended 30 September 2009 with an operating result of USD -24 (259) million. MTG's reported share of earnings in CTC Media's results therefore amounted to SEK 254 (629) million for the twelve month period.

Detailed information regarding CTC Media's operations and financial position is available on www.ctcmedia.ru.

Significant events In December 2009 an international version of the CTC channel was launched for the Russian speaking population of the United States. The channel has initially been made available through DISH Network, the third largest pay-TV provider in the US. The international version of CTC channel comprises the top programmes from the Russian CTC channel, as well as programming from the Domashny and DTV channels.

Significant events after the end of the year On 26 February 2010, CTC Media reported its financial results for the fourth quarter and full year 2009. The company reported full year 2009 sales of USD 506 (640) million, with an operating income of USD 152 (34) million, and a net income before tax of USD 149 (4) million. CTC Media's results for the full year included an impairment of intangible assets of USD 19 (233) million, and a non-recurring settlement of a litigation against CTC Media's former CEO of USD 29 million. CTC Media announced its intention to pay an aggregate of US$ 40 million in cash dividends in 2010. The Board of Directors of CTC Media had approved the payment of the first instalment of the dividend in the amount of US$ 0.065 per outstanding share of common stock, or US$ 10 million in total. MTG's participation in CTC Media was diluted after the end of the year due to new share issues, and the Group now owns 38.9% of the issued and outstanding shares in CTC Media.

Radio



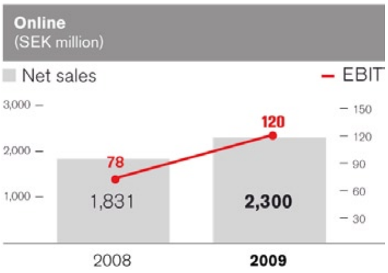
Radio comprises the Group's national networks and local radio stations in Sweden, Norway, Estonia, Latvia and Lithuania.

The Group's radio operations include the leading national commercial networks, RIX FM and P4, in Sweden and Norway respectively. The business area reported a 13% sales decline to SEK 694 (800) million in 2009, which was in line with the overall declines in the national and local advertising markets in each country of operations.

The Group's wholly owned operations reported a 56% decrease in operating profits of SEK 73 (165) million with operating margins of 10% (21%).

Significant events MTG was awarded four local radio licenses in Oslo, Stavanger, Bergen and Trondheim in October 2009 and the new stations began broadcasting on 4 January 2010. These cities are the four largest in Norway, with a potential reach of two million listeners.

Online

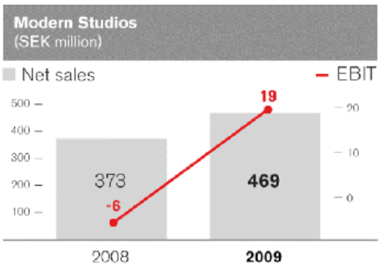


The Online business segment comprises MTG Internet Retailing and Bet24 and comprised Playahead. MTG Internet Retailing comprises the CDON.COM, Gymgrossisten.com and Nelly.com online stores. Bodystore.com is integrated in the Gymgrossisten.com business, while Linus-Lotta.com has become part of the Nelly.com business and BookPlus.fi part of the CDON.com business.

Sales for the Online business segment grew by 26% to SEK 2,300 (1,831) million in 2009, and the combined MTG Internet Retailing business reported a 36% sales growth for the year.

The Online business segment reported operating profits of SEK 120 (78) million, a 53% increase for the year when excluding non-recurring items, with operating margins 5% (4%).The results excluded SEK 47 (76) million goodwill impairment and close-down costs for the Playahead business.

Modern Studios



The Modern Studios Business segment primarily comprises Strix Television, which produces and licenses a wide range of programme content.

Net sales for the Modern Studios business segment increased to SEK 469 (373) million for 2009, and the business segment reported an operating profit of SEK 19 (-6) million. The sales growth reflected market share gains in Scandinavia and the sale of licenses to Strix TV formats to international broadcasters and production companies.

Outlook

The financial and operating environment stabilised in almost all of MTG's operating territories towards the end of 2009 and in to 2010. As a result, the advertising markets have also stabilised in all markets expect the Baltics, where the Latvian and Lithuanian advertising markets have continued to decline year on year but at lower levels. MTG remains well-positioned to continue to take audience and market shares due to the beneficial effects of the digitalisation of television broadcasting, MTG's position as the challenger to the incumbent in almost all of its markets, and the investments that the Group has made in its existing and new channels and platforms.

Five strategic objectives were set in June 2007 that reflected the Group's performance targets over the five year period to the end of 2011. One of the targets was set aside after the sale of DTV Group Russia in early 2008, and the Group had otherwise been making good progress towards the other targets prior to the financial crisis and economic recession. The economic downturn has clearly adversely affected the Group's short term delivery against the strategic objectives and, therefore, caused a delay to the delivery of some of the targets. However, the focus underlying the objectives remains the same – MTG is a growth company that should generate double digit organic sales growth in normalised market conditions, with healthy double digit operating margins and high levels of cash conversion. Furthermore, the Emerging Markets TV broadcasting businesses will contribute an increasing proportion of the Group's revenues and profits over time. Finally, the Group has clear return on investment and equity criteria, and these metrics should increase over time.

Moving into 2010, the level of market outperformance that MTG's free-TV Scandinavian operations achieved in 2009 is unlikely to be repeated, but the operations will continue to benefit from rising channel penetration levels, rising combined target audience shares, and the closing of the pricing gap to the incumbent channel in each country. The business will selectively invest in its programming schedules and seek to monetise its share of viewing more effectively.

The Nordic pay-TV business has proved resilient to the downturn and grown its premium subscriber base and ARPU. Ongoing subscriber growth will be driven by the Group's virtual operator status on the leading IPTV networks in the region, whilst premium DTH ARPU is also expected to grow as a result of price increases and the up-selling of customers to higher ARPU value-added services such as HDTV and multi-room subscriptions. Premium content costs are expected to rise in line with the market, and subscriber acquisition costs will depend primarily on the amount of satellite subscriber acquisition on the Viasat DTH platform.

The Emerging Markets free-TV business is heavily geared to the performance of the Baltic, Bulgarian and Czech advertising markets in particular. MTG expects to continue to take audience and advertising market shares as a result of the investments that it is making in its programming schedules and channels. The Group is investing in the development of the early stage Slovenian and Ghanaian channels, and evaluating opportunities to expand its footprint in sub-Saharan Africa.

The Emerging Markets pay-TV business is expected to report continued healthy growth, but at lower levels than in 2009 due to consumer price sensitivity and the already high household penetration of Viasat's channels in most markets. The Ukrainian and Russian DTH platforms will provide the subscriber growth engine, but with relatively low ARPU levels. The platforms are also in their investment phase and will therefore to some extent offset the profitable Baltic platform and wholesale channel business.

The Group's Radio businesses are expected to benefit from any improvement in the advertising markets in Sweden and Norway in particular, whilst the Online business should continue to benefit from the shift in retail sales from the high street to the internet, and its market leading position across a number of product categories. The Modern Studios content production businesses have been refocused to a broader genre, are profitable, and are well positioned to benefit from rising content prices over time.

As a whole, the Group therefore expects to report continued growth and healthy margins moving forward. The Group's Swedish krona reporting currency has however strengthened from low levels against the Group's local market operating currencies. The Group's underlying sales growth at constant exchange rates is therefore expected to be higher than the reported growth, and the cost base will also be affected by these year on year currency exchange rate effects.

Finally, the Group's strong and flexible financial position is expected to enable it to continue to invest organically in the growth of its broadcasting businesses, to seize appropriate acquisition opportunities as and when they arise, and to continue to return cash to shareholders.

Risks and Uncertainties

The text below describes the major risk factors affecting the Group's business operations. These risks could materially affect any or all of the Group's businesses, financial position, liquidity or operating results. Additional risks and uncertainties of which the Group is not currently aware could also adversely affect the Group's performance and position.

MTG's business is affected by the economic environment The general economic downturn can affect the demand for the Group's products and services. These factors can in turn impact the value of the Group's assets, the ability to repay its existing debt, the interest thereon, and to fulfil its debt covenants.

Substantial foreign exchange rate movements also increase the risk of adverse impacts on the Group's income statement, financial position and cash flows. The Group is primarily exposed to the US dollar, in which the majority of programming content is acquired and the equity participation in CTC is accounted for, and to the euro in euro or euro-pegged currency markets. MTG hedges the main part of its US dollar, pound sterling and Swiss franc denominated contracted outflow on a forward rolling twelve-month basis, in order to reduce the impact of short-term currency translation effects on the Group's cost base. The outflow primarily relates to programming content acquired in foreign currencies. The Group's equity is not hedged, with the exception of part of the financing for the Nova Televizia acquisition, which was drawn down in euro.

MTG is reliant on debt capital markets to finance its operations General refinancing risks have increased during the year due to the turbulence in the financial markets. The Groups' existing credit facilities are currently considered sufficient.

MTG's business is affected by governmental rules and regulations. Changes to these rules and regulations, interpretations or failure to obtain approvals or licenses, could positively or adversely affect the Group's ability to operate and the results of its operations MTG is subject to extensive laws and regulations in the countries where it operates businesses. One of the main EU laws to which MTG's broadcasting business is subject is the Audiovisual Media Services Directive, which came into force in December 2009 and is currently being fully implemented in the laws of the EU member states. The effect of the implementation will vary in each member state.

In addition, the UK is in the processes of revising the legislation on advertising minutage with regards to the commercial public service broadcasters in the UK; which may have an adverse effect on the Group's UK established free-TV channels.

MTG's businesses are also subject to numerous other laws and regulations, and authorities may introduce additional or new regulation which could have an impact on the Group's business operations. Changes in regulations to licensing, access requirements, programming transmission, consumer protection, commercial advertising or taxation in particular may affect aspects of the business operations, or those of MTG's competitors, and could have an impact on the business and the results of the Group's operations, but MTG is not aware of any imminent changes with a materially adverse impact.

MTG operates in a highly competitive environment that is subject to rapid change Competition arises from a broad range of companies offering communication and entertainment services, including operators of cable TV, digital and analogue terrestrial networks, providers of internet and interactive services, and betting and gaming companies. The means of delivering various services may be subject to rapid technological change and MTG's competitors' positions may be strengthened by an increase in their capacity or further development.

MTG's ability to compete successfully depends on the ability to continue to acquire and produce programming content and package content that is attractive to subscribers. MTG cannot be certain that such programming content or programming services will be attractive to customers, even if available.

The future demand and speed of take-up of MTG's DTH services, IPTV services and value-added services like the ViasatPlus, a service with a recordable digital box, will depend on MTG's ability to offer them to customers at competitive prices, competing services, and the ability to create demand for products, and to attract and retain customers through a wide range of marketing activities. Viewers with ViasatPlus digital boxes or viewers of on-demand programming may choose not to view advertising including that on Viasat Broadcasting channels.

MTG cannot be certain that the current or future marketing and other activities will succeed in generating sufficient demand to achieve operating targets.

MTG is expanding into new territories The Group has expanded into new territories in Eastern Europe and Africa during the past few years and its goal is to continue to do so. The expansion has involved both acquisitions of broadcasting licences and companies as well as investments in programming and the addition of new channels to our portfolio.

MTG is exposed to regional economies and advertising markets in Europe and, to a lesser extent in Africa, which could favourably or adversely affect the results of MTG's business operations. The political risks on some of these markets may be regarded as higher than those prevailing on MTG's Scandinavian markets.

MTG has only limited control over its associated companies and the success of investments is affected also by the actions of MTG's co-owners MTG conducts some of its business through associated companies in which the Group does not have a decisive controlling stake, such as CTC Media in Russia. As a result, the Group has limited influence over the conduct of these businesses. The risk of actions outside the Group's or the associated companies' control, or adverse to MTG's interests, is inherent in such associated entities. At the end of 2009, the advertising law regulating restrictions in agreements between major TV channels and advertising agencies with dominant market positions was revised in Russia. This revision may have some adverse effect on associated company CTC Media's new agreements with such agencies and advertising sales in the future.

MTG's business is reliant on technology, which is subject to the risk of failure, change and development MTG is reliant on encrypted broadcasting and other technologies to restrict unauthorised access to MTG's services. Unauthorised viewing and use of content may be accomplished by counterfeiting smart cards or otherwise overcoming security features.

MTG depends upon satellites that are subject to significant risks and may prevent or impair proper commercial operation, including defects, destruction or damage, or lack of capacity.

MTG is reliant on third party cable network operators to distribute a large part of its programming.

Any failure of MTG's technologies, network or other operational systems or hardware or software, which results in significant interruptions to its operations, could have a materially adverse effect on its business.

MTG has a significant amount of intangible assets with indefinite lives that is not amortised. If events or changes in the economic environment cause a reduction of the fair value of the assets, MTG may have to recognise impairment losses that can adversely impact net income. Further, other intangible assets which are amortised may face a reduction in the fair value, causing impairment losses.

MTG depends on recruiting and retaining skilled personnel To remain competitive and be able to implement its strategies, MTG depends on being able to recruit and retain skilled personnel. The extent to which this will be possible is, among other things, related to the Group's ability to offer competitive remuneration packages. Failure to do so may adversely affect MTG's competitiveness and the development of its operations.

MTG is reliant on key suppliers for the provision of important equipment and services MTG is reliant on consistent and efficient suppliers. Failure to meet requirements, delays in delivery or lack of quality may impact MTG's ability to deliver its products and services.

Financial policies and risk management

Financial policy The Group's financial risk management is centralised to the parent company in order to capitalise on economies of scale and synergy effects in the financial sector, as well as to minimise operational risks. The Group's financial policy is subject to review and approval by the Board of Directors and constitutes a framework of guidelines and rules for financial risk management and financial activities in general. The Group's financial risks are continuously evaluated and followed up to ensure compliance with the Group's financial policy.

Foreign exchange risk Foreign exchange risk is divided into transaction exposure and translation exposure.

Transaction exposure The main transaction exposure of unmatched contracted programme acquisition outflows are hedged through forward exchange agreements on a rolling twelve months basis. Other transaction exposure is not hedged. The exposure is described in Note 22 to the Accounts in this report.

Translation exposure Translation exposure arises from the conversion of the Group's subsidiaries earnings and balance sheets into the Swedish krona reporting currency from other currencies. Since many of the subsidiaries report in currencies other than Swedish krona, the Group is exposed to exchange rate fluctuations. Part of the financing of the net investment in Nova was raised in euro, recognised as a hedging instrument. Other translation exposure is not hedged.

Interest rate risk MTG's sources of funding are primarily shareholders' equity, cash flows from operations and borrowing. Interest-bearing debt exposes the Group to interest rate risk. The Group does not currently use derivative financial instruments to hedge its interest rate risks.

Financing risk All external borrowing is managed centrally in accordance with the Group's financial policies. Loans are primarily taken up by the parent company, and transferred to subsidiaries as internal loans or capital injections. There are also companies, including those where the Group owns a 50% interest, who have external loans and/or overdraft facilities connected directly to these companies.

Credit risk The credit risk with respect to MTG's trade receivables is diversified among a large number of customers, both private individuals and companies. High credit ratings are required for all material credit sales and solvency information is obtained to reduce the risk of bad debt expense.

Insurable risks Insurance cover is governed by corporate guidelines. The business units and other units, which are responsible for assessing such risks, decide the extent of actual cover.

Business Ethics

MTG has the following principles and guidelines, in line with the Group's values and corporate social responsibility in conducting its business,

- We act with honesty and integrity
- We are committed to free and open competition
- We comply with laws and regulations as well as corporate policies
- We comply with all competition and anti-trust laws
- We do not participate in party politics and never make political contributions
- We strictly prohibit any bribes and other unlawful payments

Employees

An organisation is defined by its ability to create change, adapt to its environment and capitalise on the opportunities presented to it. The speed and efficiency with which this is accomplished is what determines success, and its employees are the most important factor in achieving goals and objectives. MTG's Code of Conduct, mission statement and twelve key rules have all been presented and communicated to employees by local management in each of the countries in which MTG operates. Internal surveys have been put in place to measure the extent to which employees embrace the policies, their view of management and the Company, and how well the policies are and could be implemented. The most essential policies are:

- We promote equal opportunities irrespective of race, ethnical background, religion, nationality, gender, mental or physical handicaps, marital status, age, sexual orientation or any other status unrelated to the individual's ability to perform
- We value diversity
- We do not tolerate discrimination or sexual, physical or mental harassment
- We seek to provide a healthy, safe and clean working environment
- We respect and support each other

The Group employed 2,936 full time employees at the end of 2009, compared to 2,969 employees at the beginning of 2009. Details of the average number of employees during the year and the aggregated remuneration for the year are presented in Notes 24 and 25.

Executive Remuneration

The guiding principles below were approved by the 2009 Annual General Meeting. Senior executives covered by these guidelines include the Executive Management (below the "Executives"). Remuneration to the Executive Management is found in note 25 to this report.

Remuneration guidelines The objective of the guidelines is to ensure that MTG can attract, motivate and retain senior executives, within the context of MTG's international peer group consisting of Northern and Eastern European media companies. Remuneration is based on market competitive conditions and which also are aligned with shareholders' interests. Executive Remuneration consists of a fixed and variable salary, as well as the possibility of participating in a long-term incentive programme and pension schemes. These components create a well-balanced remuneration structure reflecting individual performance and responsibility, both short-term and long-term, as well as MTG's overall performance.

Fixed salary Executives' fixed salaries are competitive and based on each individual Executive's responsibilities and performance.

Variable salary Executives may receive variable remuneration in addition to fixed salaries. The contracted variable remuneration will generally not exceed a maximum of 50 per cent of the fixed annual salary. The variable remuneration shall be based on the performance of Executives in relation to established goals and targets.

Other benefits MTG provides other benefits to Executives in accordance with local practice. Other benefits can include, for example, company cars and health care. Housing allowance can also occasionally be granted for defined time periods.

Pension Executives are entitled to pension commitments based on those that are customary in the country of employment. Pension commitments will be secured through premiums paid to insurance companies.

Notice of termination and severance pay The maximum notice period in any Executive's contract is twelve months during which time salary payment will continue. The Company does not generally allow any additional contractual severance payments to be agreed although there can be occasional cases where this takes place.

Deviations from the guidelines In special circumstances, the Board of Directors may deviate from the above guidelines, for example, with the payment of additional variable remuneration in the case of exceptional performance. In such cases the Board of Directors is obliged to explain the reason for the deviation at the following Annual General Meeting.

The guiding principles have been followed during 2009.

Proposal for 2010 Executive Remuneration guidelines

The Board of Directors will propose to the 2010 Annual General Meeting that the guidelines for 2009 should be applied in 2010 with the exception of the maximum for variable remuneration which is proposed to change to 75% of the fixed annual salary.

Share-based long-term incentive plans

The Group has five outstanding share-based long-term incentive plans, decided upon in 2005, 2006, 2007, 2008 and 2009. For information about these programmes, see Note 25 and MTG website, www.mtg.se.

Parent Company

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 various operating business areas. MTG's financial policy includes providing a central cash pool or financing through internal loans to support the operating companies.

The MTG parent company reported net sales of SEK 52 (68) million in 2009. Net interest and other financial items totalled SEK 1,259 (178) million, and included for 2009 SEK 1,305 million of dividends from subsidiaries. Parent company income before tax amounted to SEK 1,107 (27) million. No investments in non-current assets were made in 2009. Cash and cash equivalents at the end of the year amounted to SEK 536 (59) million. SEK 3,100 (1,960) million of the total 6,600 million available credit facilities were unutilised as at 31 December 2009.

Environmental impact The Company does not own or operate any businesses in Sweden subject to an obligation to report to authorities or require compulsory licensing, but MTG choses, on a voluntary basis, to report our environmental impact for travel and offices in our Modern Responsibility Report.

Proposed appropriation of earnings The following funds are at the disposal of the shareholders as at 31 December 2009 (SEK):

Premium reserve	87,309,238
Translation reserve	-103,257,339
Fair value reserve	8,001,427
Retained earnings	7.681.655.222
Net profit for 2009	1,143,812,854
Total	**8,817,521,402**

The Board of Directors propose that a SEK 5.50 dividend per share be paid to shareholders for the twelve months ended 31 December 2009 and that the remaining amount be carried forward, of which SEK 87 million to the premium reserve, SEK -103 million to the translation reserve, and SEK 8 million to the fair value reserve. The total proposed dividend payment would amount to a maximum of SEK 365,779,321, based on the maximum potential number of outstanding shares as at the record date, and represent 28% of the Group's normalised reported net income for the full year 2009.

The Board of Directors will also propose that the Annual General Meeting authorises the Board of Directors to resolve to buy back MTG Class A and Class B shares on one or more occasions for the period up until the Annual General Meeting in 2011, but not exceeding 10% of the number of issued shares. The proposal aims to create flexibility in the work with the company's capital structure.

The MTG Share

MTG's shares are listed on Nasdaq OMX Stockholm's Large Cap list under the symbols 'MTGA' and MTGB'. MTG's market capitalisation, as at the close of the trading on Nasdaq OMX Stockholm on the last business day of 2009, was SEK 23.5 billion.

Shareholder's as at 31 December 2009

Name	Total	Class A Shares	Class B Shares	Capital	Votes
Investment AB Kinnevik	13,503,856	5,820,491	7,683,365	20.2%	48.0%
Capital Group Funds	3,361,500	0	3,361,500	5.0%	2.4%
Swedbank Robur Funds	3,110,790	0	3,110,790	4.7%	2.3%
AMF Pension Funds	2,610,751	0	2,610,751	3.9%	1.9%
SHB Funds	1,841,419	0	1,841,419	2.8%	1.3%
Nordea Funds	1,766,124	0	1,766,124	2.6%	1.3%
SEB Funds	1,720,229	0	1,720,229	2.6%	1.3%
Lannebo Funds	1,503,350	0	1,503,350	2.3%	1.1%
Fidelity Funds	1,043,853	0	1,043,583	1.6%	0.8%
Second AP Fund	1,022,475	0	1,022,475	1.5%	0.7%
Anima Regni LP	1,012,882	1,012,882	0	1.5%	7.4%
Government of Norway	977,685	0	977,685	1.5%	0.7%
Fourth AP Fund	859,046	0	859,046	1.3%	0.6%
Skandia Liv	771,754	109,471	662,283	1.2%	1.3%
Länsförsäkringar Funds	518,570	0	518,570	0.8%	0.4%
Others	30,272,531	987,857	29,284,674	46.5%	28.5%
Total outstanding shares	65,896,815	7,930,701	57,966,114	100.0%	100.0%
Class C shares held by MTG	850,000				
Total shares issued	66,746,815				

Source: Euroclear Sweden AB

Share distribution	Number of shareholders	%	Number of shares	%
1 – 1,000	19,192	91,8	3,783,458	5.7
1,001 – 5,000	1,218	5.8	2,603,411	4.0
5,001 – 10,000	142	0.7	1,018,507	1.6
10,001 – 50,000	198	0.9	4,623,034	7.0
50,001 – 100,000	47	0.2	3,256,993	4.9
100,001 – 15,000,000	121	0.6	50,611,412	76.8
Total 31 December 2009	**20,918**	**100.0**	**65,896,815**	**100.0**

Share capital As at 31 December 2009, the total number of issues shares amounted to 66,746,815, of which 7,930,701 were Class A shares, 57,966,114 were Class B shares, and 850,000 were Class C shares. The Class C shares are held by the Company. Each Class A share is entitled to ten votes. Each Class B and each C share is entitled to one vote. The Class C shares are not entitled to dividend payments. The Class C shares were issued and repurchased in 2008 and 2009 as part of the MTG performance based incentive plan approved by the Annual General Meeting in 2008 and 2009.

The Group's share capital amounted to SEK 334 million at the end of the year. For changes in the share capital between 2008 and 2009, please see the report Consolidated statement of changes in equity.

Dividends The parent company paid an ordinary dividend of SEK 5.00 per share to shareholders in 2009, amounting to a total payment of SEK 329 million.

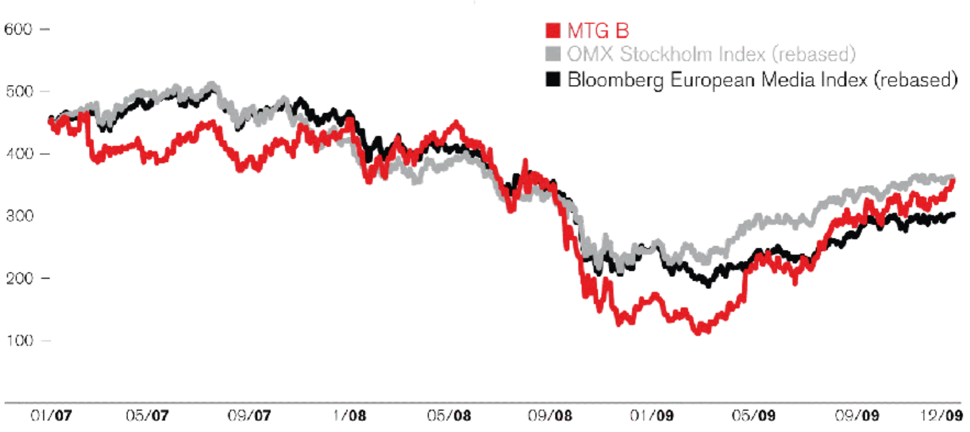
Share buy-back A total of 1,517,000 Class B shares were repurchased during 2008 and 2007 and cancelled in 2008. The 2009 Annual General Meetings approved a mandate to authorise the Board of Directors to buy back MTG Class A and Class B shares up until the 2010 Annual General Meeting. The Group's shareholding in its own stock may not exceed 10 per cent of the total number of issued shares. No Class A shares or Class B shares were bought back during 2009. 480,000 Class C shares were issued and repurchased in 2008, and 370,000 Class C shares in 2009. The quota value is SEK 5.00, and the total consideration was SEK 2 million in 2009 and 2008 respectively. The share of total share capital represented 0.6 per cent and 0.7 per cent for the two respective years. The Class C shares are redeemable and, upon the decision of the Board of Directors, may be reclassified into Class B shares. The Class C shares will be held by the Company as treasury shares during the vesting period for the 2009 and 2008 long term incentive plans. The purpose of the Class C shares is to hedge the social security costs related to the scheme by selling the reclassified shares on Nasdaq OMX Stockholm. The proposal to sell shares for this purpose will be put before the Annual General Meetings in 2010 and 2011 respectively.

Reclassifications In accordance with the Articles of Association, and the Extra General Meeting in 2009, the Board of Directors approved the reclassification of a total of 150,242 MTG Class A shares into MTG Class B shares in 2008 and of 7,160,725 Class A shares into Class B shares in 2009. The 2008 Annual General Meeting also decided upon a reduction of the company's equity reserves by SEK 523 million from SEK 523 million. The Swedish Company Registration Office registered the decision and granted the leave in August 2008. The holder of a Class A share are entitled to 10 votes, the holder of a Class B share one vote and a Class C share one vote. The Class C shares are not entitled to dividend payments. The total number of voting rights are therefore 138,123,124 as per 31 December 2009.

Share-based long-term incentive plans If all options granted to senior executives and key employees as at 31 December 2009 were exercised, the issued share capital of the Company would increase by 1,130,159 Class B shares, and be equivalent to a dilution of 1.7% of the issued capital and 0.8% of the related voting rights as at the end of 2009.

The outstanding 38,392 stock options from the 2005 programme have a strike price of SEK 235.80, and are exercisable until 10 October 2010. The remaining 273,969 outstanding options from the 2006 programme have an exercise price of SEK 413.30 for the stock options, and are exercisable from 15 May 2009. The remaining 296,155 options granted under the 2007 programme have an exercise price of SEK 432.50 for the stock options and the warrants, and are exercisable from 15 May 2010. The 254,700 performance options granted in the 2008 programme have an exercise price of SEK 498.10 and the 138,700 retention and performance rights entitle holders to one free Class B share per right. The 239,490 retention and performance shares granted in the 2009 programme entitle holders to one Class B share per share, free of charge. Further details about the programmes can be found in Note 25.

Share performance



Consolidated income statement

(SEK million)	Note	2009	2008
Net sales	3	14,173	13,166
Cost of goods and services		-9,031	-7,802
Gross income		**5,142**	**5,364**
Selling expenses		-1,116	-1,199
Administrative expenses		-2,284	-2,163
Other operating income	5	13	1,163
Other operating expenses	3, 5	-3,453	-145
Share of earnings in associated companies	6	270	651
Operating income	3, 4, 5, 6, 7, 10, 11, 13, 23, 25, 26, 28	**-1,428**	**3,671**
Gain from CTC Media new share issue	8	0	57
Interest revenue and other financial income	8	36	83
Interest expense and other financial costs	8	-234	-201
Income before tax		**-1,625**	**3,610**
Current tax expenses	9	-341	-615
Deferred tax expenses	9	-42	-68
Net income for the year		**-2,008**	**2,927**
Attributable to:			
Equity holders of the parent		-2,033	2,851
Minority interest		25	77
Net income for the year		**-2,008**	**2,927**
Basic earnings per share	17	-30.86	43.25
Diluted earnings per share	17	-30.97	42.93

Consolidated statement of comprehensive income

(SEK million)	Note	2009	2008
Net income for the year		-2,008	2,927
Other comprehensive income			
Change in currency translation differences		-883	1,534
Cash flow hedge		-13	31
Revaluation of shares at market value		8	-5
Other		-	5
Share of other comprehensive income of associates		45	-
Other comprehensive income for the year, net of tax	9, 18	**-843**	**1,564**
Total comprehensive income for the year		**-2,851**	**4,492**
Attributable to:			
Equity holders of the parent		-2,853	4,377
Minority interest		2	115
Total comprehensive income for the year		**-2,851**	**4,492**

Consolidated statement of financial position

(SEK million)	Note	31 December 2009	31 December 2008
ASSETS			
Non-current assets			
Intangible assets	10		
Capitalised expenditure		39	34
Patents and trademarks		1,151	1,214
Licenses and beneficial rights		233	335
Goodwill		5,239	8,798
Total intangible assets		**6,662**	**10,381**
Tangible assets	11		
Buildings		-	3
Machinery		48	60
Equipment, tools and installations		298	294
Total tangible assets		**346**	**357**
Long-term financial assets			
Shares in associated companies	6, 12	1,798	1,924
Receivables on associated companies		28	29
Shares and participation in other companies	12	21	5
Deferred tax asset	9	119	156
Other long-term receivables		51	29
Total long-term financial assets		**2,018**	**2,143**
Total non-current assets		**9,026**	**12,881**
Current assets			
Inventories			
Finished goods and merchandise		251	318
Program rights		1,682	1,463
Advances to suppliers		6	16
Total inventories		**1,940**	**1,797**
Current receivables			
Accounts receivables	14	1,419	1,585
Accounts receivables, affiliated companies		5	6
Tax receivables		146	192
Other current receivables, interest-bearing		-	35
Other current receivables, non interest-bearing		173	271
Prepaid expense and accrued income	15	1,206	1,490
Total current receivables		**2,948**	**3,579**
Cash and cash equivalents	16, 22		
Cash and bank		737	975
Total cash and cash equivalents		**737**	**975**
Total current assets		**5,625**	**6,351**
Total assets		**14,651**	**19,232**

(SEK million)	Note	31 December 2009	31 December 2008
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent company	18		
Share capital		334	332
Other paid-in capital		1,617	1,615
Reserves		659	1,523
Retained earnings including net income for the year		2,772	5,191
Total equity attributable to equity holders of the parent company		**5,381**	**8,662**
Minority interest			
Minority interest		298	318
Total equity		**5,680**	**8,980**
Non-current liabilities	22		
Interest-bearing			
Liabilities to financial institutions		3,495	4,623
Other interest-bearing liabilities		14	25
Total non-current interest-bearing liabilities		**3,509**	**4,649**
Non-interest bearing			
Non-interest bearing liabilities		22	2
Deferred tax liability	9	406	403
Provisions	19	238	209
Total non-current non-interest bearing liabilities		**666**	**614**
Total non-current liabilities		**4,175**	**5,263**
Current liabilities	22		
Interest-bearing			
Liabilities to financial institutions		23	30
Other interest-bearing liabilities		31	26
Total current interest-bearing liabilities		**54**	**56**
Non-interest-bearing			
Advances from customers		69	57
Accounts payable		1,226	1,563
Tax liability		292	261
Other liabilities		351	399
Accrued expense and prepaid income	20	2,803	2,654
Total current non-interest bearing liabilities		**4,741**	**4,933**
Total current liabilities		**4,796**	**4,989**
Total liabilities		**8,971**	**10,252**
Total equity and liabilities		**14,651**	**19,232**

For information about pledged assets and contingent liabilities, see note 21.

Consolidated statement of changes in equity

(SEK million) Note 9, 18	Equity attributable to the equity holders of the parent company									
	Share capital	Paid-in capital	Translation reserve	Hedging reserve	Fair value reserve	Revaluation reserve	Retained earnings incl net income for the year	Total	Minority interest	Total equity
Balance as of 1 January 2008	**335**	**1,537**	**6**	**3**	**5**	**-12**	**3,804**	**5,678**	**197**	**5,875**
Total comprehensive income for the year 2008			1,496	31	-5		2,855	4,377	115	4,492
Dividends to shareholders (SEK 15 per share)							-983	-983		-983
Share buy-back							-316	-316		-316
Redemption without payments	-8						8	-		-
Minority acquisition							-155	-155	6	-148
New share issue, Class C shares	2							2		2
Share buy-back, Class C shares							-2	-2		-2
Effect of employee share option programmes							-19	-19		-19
Employee options exercised	2	78						80		80
Balance as of 31 December 2008	**332**	**1,615**	**1,502**	**33**	**0**	**-12**	**5,191**	**8,662**	**318**	**8,980**
Total comprehensive income for the year 2009			-860	-13	8		-1,988	-2,853	2	-2,851
Dividends to shareholders (SEK 5 per share)							-329	-329		-329
Minority acquisition							-122	-122		-122
Dividends to minority shareholders									-21	-21
Sale of MTG shares							3	3		3
New share issue, Class C shares	2							2		2
Share buy-back, Class C shares							-2	-2		-2
Effect of employee share option programmes							19	19		19
Employee options exercised	0	1						2		2
Balance as of 31 December 2009	**334**	**1,617**	**642**	**21**	**8**	**-12**	**2,772**	**5,381**	**298**	**5,680**

Consolidated statement of cash flow

(SEK million)	Note	2009	2008
Cash flow from operations			
Net income for the year		-2,008	2,927
Adjustments to reconcile net income/loss to net cash provided by operations	27	3,317	-1,009
Cash flow from operations		**1,308**	**1,918**
Changes in working capital			
Increase (-)/decrease (+) inventories		-143	-233
Increase (-)/decrease (+) other current receivables		572	-422
Increase (+)/decrease (-) accounts payable		-337	373
Increase (+)/decrease (-) other current liabilities		145	349
Total change in working capital		**237**	**67**
Net cash flow from operations		**1,546**	**1,985**
Investment activities			
Investment in tangible and intangible assets		-159	-156
Acquisitions of shares in subsidiaries and associated companies	4	-145	-6,466
Other investments in shares and securities		-7	-
Proceeds from sales of shares in subsidiaries and other companies	27	0	1,948
Cash flow to investing activities		**-311**	**-4,674**
Financing activities			
Change in other long-term receivables		14	0
Borrowings		3,850	5,645
Loan amortisations		-4,990	-1,405
Change in other interest-bearing liabilities		11	85
Change in non-interest-bearing liabilities		20	0
Paid-in capital for employee share option programmes		2	80
Sale of MTG shares		3	-
Dividends and share buy-back		-329	-1,300
Dividends to minority shareholders		-21	-
Cash flow from/to financing activities		**-1,441**	**3,105**
Net change in cash and cash equivalents		**-206**	**417**
Cash and cash equivalents at beginning of year		**975**	**521**
Translation differences in cash and cash equivalents		-32	37
Cash and cash equivalents at end of year		**737**	**975**

Parent company income statement

(SEK million)	Note	2009	2008
Net sales		52	68
Gross income		**52**	**68**
Administrative expenses		-204	-219
Operating loss	10, 11, 13, 23, 25, 26	**-152**	**-150**
Dividends from group companies	8	1,305	-
Loss from shares in subsidiaries	8	-10	-99
Interest revenue and other financial income	8	297	479
Interest expense and other financial costs	8	-332	-202
Income before tax		**1,107**	**27**
Tax expenses	9	37	-36
Net income for the year		**1,144**	**-8**

Parent company balance sheet

(SEK million)	Note	31 December 2009	31 December 2008
ASSETS			
Non-current assets			
Intangible assets	10		
Capitalised expenditure		0	0
Total intangible assets		**0**	**0**
Tangible assets	11		
Equipment, tools and installations		0	0
Total tangible assets		**0**	**0**
Long-term financial assets			
Shares and participations in Group companies	12	3,702	3,703
Receivable from Group companies	29	12,074	12,388
Shares and participations in other companies	12	21	5
Deferred tax asset	9	43	87
Total long-term financial assets		**15,839**	**16,183**
Total non-current assets		**15,839**	**16,183**
Current assets			
Current receivables			
Accounts receivable	14	-	0
Receivable from Group companies		536	218
Tax receivables		2	27
Other receivables		73	124
Prepaid expense and accrued income	15	1	2
Total current receivables		**613**	**371**
Cash and cash equivalents			
Cash and cash equivalents	16, 22	536	59
Total cash and cash equivalents		**536**	**59**
Total current assets		**1,148**	**430**
Total assets		**16,988**	**16,613**

(SEK million)	Note	31 December 2009	31 December 2008
SHAREHOLDERS´ EQUITY AND LIABILITIES			
Shareholders´equity	18		
Restricted equity			
Share capital		334	332
Total restricted equity		**334**	**332**
Non-restricted equity			
Premium reserve		87	86
Translation reserve		-103	-138
Fair value reserve		8	0
Retained earnings		7,682	7,821
Net income for the year		1,144	-8
Total non-restricted equity		**8,818**	**7,761**
Total shareholders´ equity		**9,151**	**8,093**
Non-current liabilities			
Interest-bearing			
Liabilities to Group companies		3,531	2,559
Liabilities to financial institutions	22	3,462	4,623
Total non-current interest-bearing liabilities		**6,993**	**7,183**
Non-interest bearing			
Provisions	19	6	8
Total non-current liabilities		**6,999**	**7,190**
Current liabilities			
Interest-bearing			
Liabilities to Group companies		474	-
Total current interest-bearing liabilities		**474**	**-**
Non-interest bearing			
Accounts payable		10	50
Liabilities to Group companies		243	1,233
Other liabilities		76	7
Accrued expense and prepaid income	20	36	39
Total current non-interest bearing liabilities		**364**	**1,330**
Total current liabilities		**838**	**1,330**
Total shareholders´ equity and liabilities		**16,988**	**16,613**
Memorandum items			
Pledged assets		None	None
Contingent liabilities	21	362	273

Parent company statement of changes in equity

		Restricted equity		Non-restricted equity				
(SEK million)	Note 18	Share capital	Legal reserve	Premium reserve	Translation reserve	Fair value reserve	Retained earnings	Total
Balance as of 1 January 2008		**335**	**523**	**8**	**-**	**5**	**8,786**	**9,657**
Reduction of legal reserve			-523				523	0
Revaluation of shares at market value						-5		-5
Currency effect on hedge					-187			-187
Tax effect on hedge					49			49
Other							5	5
Group contributions net of tax							-194	-194
Total change in net assets recognised directly in equity			**-523**		**-138**	**-5**	**334**	**-332**
Net income for the year 2008							-8	-8
Total change in net assets, excluding transactions with shareholde			**-523**		**-138**	**-5**	**326**	**-340**
Dividends to shareholders							-983	-983
Share buy-back							-316	-316
Redemption without payment		-8					8	-
New share issue, Class C shares		2					-2	-
Effect of employee share option programmes							-4	-4
Employee options exercised		2		78				80
Balance as of 31 December 2008		**332**	**-**	**86**	**-138**	**-**	**7,813**	**8,093**
Revaluation of shares at market value						8		8
Currency effect on hedge					47			47
Tax effect on hedge					-12			-12
Group contributions net of tax							192	192
Total change in net assets recognised directly in equity			**-**		**35**	**8**	**192**	**235**
Net income for the year 2009							1,144	1,144
Total change in net assets, excluding transactions with shareholde			**-**		**35**	**8**	**1,336**	**1,379**
Dividends to shareholders							-329	-329
Sale of MTG shares							3	3
New share issue, Class C shares		2					-2	-
Effect of employee share option programmes							5	5
Employee options exercised		0		1				2
Balance as of 31 December 2009		**334**	**-**	**87**	**-103**	**8**	**8,826**	**9,151**

Parent company cash flow statement

(SEK million)	2009	2008
Cash flow from operations		
Net income for the year	1,144	-8
Adjustments to reconcile net income/loss to net cash provided by operations:		
Revaluation shares available for sale	-	26
Depreciation	0	1
Change in deferred tax	44	-87
Change in provisions	-2	-14
Unrealised exchange difference	-76	-155
Total adjustments to reconcile net income/loss to net cash provided by operations	**-34**	**-230**
Cash flow from/to operations	**1,110**	**-238**
Changes in working capital		
Increase (-)/decrease (+) short-term receivables	-241	-90
Increase (+)/decrease (-) accounts payable	-40	41
Increase (+)/decrease (-) other liabilities	-924	218
Total changes in working capital	**-1,205**	**169**
Net cash flow to operations	**-95**	**-69**
Investment activities		
Investment in shares in subsidiaries	-	-3,303
Investment in Metro depository receipts	-7	-
Cash flow to investing activities	**-7**	**-3,303**
Financing activities		
Receivables/liabilities from Group companies	1,953	407
Paid-in capital for employee share option programmes	2	80
Dividends to shareholders	-329	-983
Share buy-back	-	-316
Sales of MTG shares	3	-
Borrowings	3,850	5,645
Loan amortisation	-4,900	-1,405
Cash flow from financing activities	**579**	**3,428**
Net change in cash and cash equivalents	**477**	**56**
Cash and cash equivalents at beginning of year	**59**	**3**
Cash and cash equivalents at end of year	**536**	**59**

Notes to the accounts

Figures in SEK million unless otherwise specified

Note 1 Accounting and valuation principles

Modern Times Group MTG AB is a company domiciled in Sweden. The Company's registered office is located at Skeppsbron 18, P.O. Box 2094, SE-103 13 Stockholm, Sweden. The consolidated financial statements of the Company for the year ended 31 December 2009 comprise the Company and its subsidiaries and the share of participation in joint ventures and associated companies.

The financial statements were authorised for issue by the Board of Directors on 25 March 2010. The consolidated income statement and statement of financial position, and the income statement and the balance sheet of the parent company will be presented for adoption by the Annual General Meeting on 17 May 2010.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and its interpretations provided by the International Financial Reporting Interpretations Committee (IFRIC) as endorsed by the European Commission. Recommendation RFR 1.2 on Supplementary Accounting Rules for Groups as issued by the Swedish Financial Reporting Board has also been applied in the preparation of the report.

The consolidated accounts have been prepared based on the acquisition values except that the following assets and liabilities are stated at their fair value: derivative financial instruments and financial instruments classified as available-for-sale. The changes in the value of available-for-sale instruments are reported in other comprehensive income until derecognised, with the exception of assets with a significant long-term decrease in value where the value change is reported in the income statement.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise stated below.

Change in accounting principles and new accounting standards
Standards and interpretations as issued by IASB

The following Accounting standards and interpretations are applied from 1 January 2009:
Changes in IFRS 2 Share-based payment – clarification relating to vesting and non-vesting conditions, and in respect of cancellation. One of the clarifications is that if an employee sells shares that were purchased with the intention of receiving shares or options in the future, the entire remaining cost should be recognised immediately and not allocated over the remaining vesting period. The Group has two long-term incentive plans with both vesting and non-vesting conditions. The change may affect the Group's financial statements, but has not had any material effect on this annual report.

Changes in IFRS 7 Financial instruments: Disclosures – amendments to fair vale measurement disclosures and additional disclosure requirements regarding liquidity risks. Financial instruments recorded at fair value should be classified into a three level hierarchy depending on the quality of the source of data used derive at the fair value. The change has affected the disclosures regarding the Group's financial instruments at fair value.

IFRS 8 Operating Segments – the reports should reflect the management segments. The number of segments has increased, but the presentation shows no material differences compared to 2008, as the segments coincided with the management approach in previous years as well.

IFRIC 13 Customer Loyalty Programmes – the interpretation will be applied if and when such a loyalty programme will be introduced.

IAS 1 Presentation of Financial Statements – changes in the presentation of financial statements – Revenues and expenses previously recognised directly into equity are now recognised in other comprehensive income, which is disclosed in a separate statement "Consolidated statement of comprehensive income" directly after the consolidated income statement. The company has chosen to use the new titles for the reports – Statement of comprehensive income; statement of financial position; statement of changes in equity and statement of cash flows. The statements have been changed for all comparable periods throughout the annual report. The changes have not affected any amounts, neither earnings per share nor other items in the financial reports.

IAS 38 Intangible Assets – amendments clarify that expenditure on advertising and promotional activities is recognised as an expense at the time that the benefit or goods or services become available to the entity.

The changes in accounting principles have not had any material affect on the Group's income statement or financial position nor earnings per share, but will affect the disclosures and presentation of the financial reports, if and when applicable.

The following new and changed accounting standards and interpretations have an effect on the Group's financial reports. They will be applied from 1 January 2010:
Revised IFRS 3 Business combinations and changed IAS 27 Consolidated and Separate Financial Statements – the changes relate to the definition of operations, transaction costs for acquisitions will be expensed, conditional considerations must be determined at fair value at the time of the acquisition and effects of revaluations of liabilities related to the conditional considerations are recognised as a revenue or expense in the income statement or other comprehensive income. Further, additional acquisitions made after decisive influence is achieved are recognised as shareholder transactions and recorded directly in equity. There will be two alternative for the recognition of minority interests and goodwill. One alternative is to recognise the minority at fair value by including goodwill, another alternative is to include the minority interests in net assets. The choice of method is made for each acquisition separately.

The following new and changed Accounting standards and interpretations are not judged to have an effect on the Group's financial reports. They will be applied from 1 January 2010 or later:
IFRS 2 Share-based payment – amendments relating to Group cash settled remuneration

IAS 24 Related party disclosures – amendments regarding the definition of related parties

IAS 32 Financial instruments: Presentation – amendments regarding the classification of new shares issues

IAS 39 Financial instruments: Recognition and Measurement – amendments relating to items which may be used for hedge accounting

IFRIC 16 Hedges of a Net Investment in a Foreign Operation – relate to hedging of net investments and where the hedging instrument can be held

IFRIC 17 Distribution of Non-cash Assets to Owners – liabilities for dividends are recognised at fair value at the date of decision with the corresponding decrease in retained earnings

Classification Non-current assets and liabilities comprise in all material aspects amounts expected to be recovered or paid after twelve months or more from the closing day. Current assets and liabilities comprise in all material aspects amounts expected to be recovered or paid within twelve months from the closing day.

Consolidated accounts The consolidated accounts include the parent company and all subsidiaries, and the share of participation in joint ventures and associated companies. All companies in which the Group holds or controls more than 50% of the votes, or in which the Group through agreements exercises decisive influence, are consolidated as subsidiaries. The holding in the Prima Group is an example of the latter, with 50% of the votes, but where the Group exercises a decisive influence through agreements.

The consolidated accounts for the year were prepared based on the purchase method, as specified in the International Financial Reporting Standards, as well as in previous years. By this method, the book value of the parent company's shares in each subsidiary is netted against that subsidiary's acquisition value, in other words, the subsidiary's shareholders' equity at the time of acquisition based on the fair value of that subsidiary's net assets. Results for companies acquired during the year are included in the consolidated statement of comprehensive income only for the period during which they were controlled.

The Group's shareholders' equity includes only that part of each subsidiary's equity added after acquisition. The difference between the acquisition value of shares in a subsidiary and identifiable assets, liabilities and contingent liabilities measured at fair values at the date of acquisition is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of identifiable net assets acquired is recognised in the profit and loss in the period of acquisition.

Additional investments for business combinations achieved in stages without change in control are accounted for as an equity transaction. During 2009 and 2008, the acquisition of part of the minority in MTG Russia AB relate to the described principle.

Functional currency and reporting currency The functional currency of the parent company is the Swedish krona (SEK). This is also the reporting currency for the Group and the parent company.

Financial statements of foreign operations The balance sheets of the Group's foreign subsidiaries are translated into Swedish krona (SEK). The translation is based on the exchange rates ruling at the balance sheet date, while the income statements are translated using an average rate for the period. The resulting translation differences are charged in other comprehensive income.

Transactions eliminated on consolidation Intra-group balances and any unrealised gains and losses or revenues and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Minority interest In subsidiaries not wholly owned, the share of equity owned by external shareholders is recorded as minority interest. For negative shareholders' equity, a receivable is reported for the minority to the extent that minority owners are expected to contribute their share of the deficit through a binding commitment and have an ability to fulfil this. The minority interest is reported in total equity.

Accounts of associated companies and joint ventures Associated companies are reported based on the equity method. An associated company is a company in which the Group exercises significant influence. Normally, this means companies in which the Group holds voting rights of at least 20% and no more than 50%. This applies to among other CTC Media (39.4%). The Group's share of earnings in associated companies' pre-tax profits or losses are reported under Profit/loss on shares and participations in associated companies in operating income. Dividends from associated companies decrease the book value of the asset. The operations of the associated companies are related to Pay-TV, Radio and Modern Studios. The share of associated companies' tax expense is reported among the Group's tax expenses. Surplus values are attributable to assets in each associated company or to goodwill. Differences between the acquisition value and the acquired equity are treated in accordance with the principles for consolidation of subsidiaries described in "Consolidated accounts" above. The accounts of associated companies are adjusted before the share of earnings is calculated, if necessary, so that the accounts comply with MTG's accounting and valuation principles.

The joint ventures are recognised according to the proportional method, whereby the income statement and the balance sheet items are proportionately consolidated in accordance with the percentage owned. This applies to TV 2 Sport A/S Denmark, Viastrong Holding AB with its Ukrainian subsidiaries and That's Strix Entertainment AS. The proportionate method is applied from the date that joint control commences until the date that joint control ceases.

Revenue recognition Revenue is recognised at the time the service is performed. Accordingly, the Group reports revenue from:

- TV and radio advertising at the time of broadcast
- Subscription fees for pay-TV over the subscription period
- Cable revenues as the services are provided to the cable wholesalers, based on the number of subscribers taking the Viasat channels, as reported by the cable companies
- Sale of goods in accordance with the terms of sales, i.e. when the goods have been transferred to the shipping agent, less returns
- Sale of services when the services are provided
- TV productions where recognition is based on the percentage of completion for each project in the same relation as incurred expenses are related to the total cost for the entire project
- Dividend income from investments when the shareholders' right to receive payment has been established.

Barter transactions Barter entails the exchange of air time on TV or radio for non-similar other goods or services. Barter transactions are reported at the fair value of the goods or services involved. The fair value is determined by agreements made with other customers for the same type of transactions. Revenues from barter transactions are reported when the commercial is broadcast. Expenses are reported when the goods or service is consumed.

Receivables and liabilities denominated in foreign currencies The Group's monetary receivables and liabilities that are denominated in foreign currencies are translated into local currency using exchange rates prevailing on the closing date. Realised and unrealised gains/losses on foreign exchange (exchange rate differences) are reported in the income statements. Exchange rate differences attributable to operating receivables and liabilities are reported in operating profit/loss, while differences attributable to financial assets or liabilities denominated in foreign currencies are reported under financial items. Exchange rate differences on financial loans, representing an expansion or reduction of the parent company's net investment in the subsidiary, are reported in other comprehensive income.

Non-current tangible and intangible assets Non-current assets are reported net after deductions for accumulated depreciation and amortisation according to plan. Depreciation and amortisation according to plan are normally calculated on a straight-line schedule based on the acquisition value of the asset and its estimated useful life. The non-current assets are classified in the following categories:

Capitalised expenditure	3–10 years
Patents and trademarks	Trademarks being part of a purchase price allocation are normally judged to have indefinite lives, other rights and licenses are amortised over the estimated revenue period based on the terms of the license
Beneficial rights/ broadcasting licenses	Estimated revenue period
Goodwill	Impairment tests annually or if triggered by events
Machinery and equipment	3–5 years

Capitalised expenditure Expenditure on development activities, whereby new or substantially improved products and processes, is capitalised if the process is technically and commercially feasible and the Group has sufficient resources to complete development. The expenditure capitalised includes the direct costs and, when appropriate, cost of direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised expenditures are stated at cost less accumulated amortisation and impairment losses. The capitalised expenditure relate mainly to software and software platforms.

Goodwill Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary and any contingent liabilities.

Goodwill is recognised as an asset and reviewed for impairment test at least annually. Any impairment is recognised immediately in the income statement and cannot be reversed.

Goodwill arising from acquisitions of associated companies is included in the reported value of shares in associated companies. Impairment tests are made on the total asset. Goodwill arising on acquisitions before the date of transition to IFRS, 1 January 2004, has been retained at the previous Swedish GAAP amounts, subject to being tested for impairment at that date.

Other intangible assets Other intangible assets, such as beneficial rights, broadcasting licenses and patents and trademarks, are stated at cost less accumulated amortisation and impairment losses. Trademarks forming part of a purchase price allocation are normally judged to have indefinite useful lives.

Machinery and equipment Items of machinery and equipment are stated at cost less accumulated depreciation and impairment losses. Where parts of an item of machinery and equipment have different useful lives, they are accounted for as separate items of machinery and equipment.

Impairment of tangible and intangible non-current assets The Group reviews the carrying amounts of its tangible and intangible assets annually but not later than at the balance sheet date to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Any impairment loss is recognised as an expense immediately.

Financial instruments Financial assets and liabilities include liquid funds, securities, derivative instruments, other financial receivables, accounts receivables, accounts payable, leasing undertakings and loan liabilities.

Recognition and derecognition in the statement of financial position Financial assets and liabilities are recognised in the statement of financial position when the company becomes a party to the contractual provisions of the instrument. Trade receivables are recognised when the invoice is sent. A liability is recognised when the delivery of goods or services is made and there is a contractual obligation to pay, regardless whether the invoice has been received or not. Trade payables are recognised when an invoice has been received.

Financial assets are derecognised in the statement of financial position when the contractual rights to cash flows from the asset expires, become due or when the company loses control over the asses. Financial liabilities are derecognised when the obligations are fulfilled or extinguished in any other way.

Financial instruments recorded at fair value should be classified into a three level hierarchy depending on the quality of the source of data used to derive at the fair value.

Financial assets available-for-sale The Group's holdings in listed shares available-for-sale are valued at market price based on bid price as per the balance sheet day. Changes in the market values of these shares will impact other comprehensive income, or, when there is significant decrease in value (above 20%) or if the decrease continues for a longer period of time, is charged to the profit and loss accounts in the income statement.

Loans and receivables Receivables are stated at accrued cost less impairment losses. The receivables are reviewed monthly to determine whether there is an indication of impairment. Doubtful accounts receivable are reported with the amount at which, after a careful assessment, it is deemed likely to be paid.

Financial assets and liabilities at fair value through profit and loss Derivatives at fair value that are not subject to hedge accounting are recognised as financial assets or liabilities and categorised as held for trading. The assets and liabilities are valued at fair value with the changes in value reported in the result of the year.

Other liabilities Loan liabilities are recognised initially at the amount received less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis. Other liabilities are stated at accrued cost and include accounts payable, leasing undertakings and other liabilities.

Derivative instruments The Group uses forward contracts to hedge its exposure to foreign exchange arising from operational activities. The major part of contracted programme acquisition outflows in US dollars, British pounds and Swiss francs, is hedged on a rolling twelve months basis. Derivatives that do not qualify for hedge accounting due to the rules in IAS 39 are accounted for as financial instruments held for trading.

Derivative financial instruments are recognised initially at cost and re-valued at fair value thereafter. The effective part of the gain or loss in the cash flow hedge revaluation is recognised in other comprehensive income with the aggregated changes in value in the hedge reserve in equity. When the forecasted transaction results in the recognition of programme inventory, the cumulative gain or loss is removed from equity and included in the initial cost of inventory. Any gains or losses from hedging transactions discontinued are recognised immediately in the income statement.

MTG hedged part of the book value of the net investment in Nova against fluctuation in currency rates, that is, the risk related to changes in currency rates between the Swedish krona and Bulgarian leva. Part of the financing of the acquisition of Nova was raised in euro, which is recognised as a hedging instrument. The change in value of the hedging instrument is recognised in other comprehensive income.

Accounting for leases A financial lease is a contract that entails the lessee to a material extent enjoying all economic benefits and bearing all economic risks associated with the asset regardless of whether or not the lessee retains the legal right of ownership of the asset. For financial leases, the leasing asset is reported as a non-current asset and the obligation for future payments as a liability in the lessee's statement of financial position. An operating lease is a lease that does not fulfil the conditions for a financial lease. For operating leases, the rental expense is reported in the lessee's accounts distributed equally over the period during which the asset is used.

Inventories Inventories are valued at the acquisition cost or net realisable value, whichever is lower. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of inventories is based on the first-in-first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

A significant portion of the amount reported as inventory by the Group refers to the TV channels' catalogue of programme rights. Programme rights are reported as inventory when the license period has begun, the programme itself is available for its first broadcast, the cost of the programme is known, and the programme content has been approved by the TV channel. Programme rights invoiced but where the license period has not started and the programme cannot be judged as inventory is reported as prepaid expenses. Future payment commitments in respect of contractual programme rights that have not yet been reported as inventory are reported as a memorandum item, note 23. Programme rights are normally acquired for a specific number of runs, which can be played out during a determined license period in certain territories. The programme rights are expensed per run according to how revenue is expected to accrue.

Prepaid subscriber acquisition expenses Prepaid expenses include incremental direct variable subscriber acquisition costs incurred to obtain new customers in fixed-term contracts, i.e. the contract includes fixed revenue over the subscription period. The costs are recognised as prepaid expenses as it is probable that the future economic benefit will flow to the company and the value can be measured with reliability. The costs are allocated over the contract period. Costs exceeding the contracted revenues are expensed when incurred.

Corporate income tax Tax expenses reported includes actual Swedish and foreign corporate income taxes and deferred tax arising from temporary differences between accounts for financial reporting and accounts for tax assessment, calculated using the liability method. Such temporary differences are caused mainly by differences between taxable value and the reported value of assets and liabilities. A deferred tax asset is reported corresponding to the value of loss carry forwards if it is judged likely that they will be applied to taxable income in the foreseeable future. Profit/loss for the year is charged with tax on taxable earnings for the year and with tax estimated for the change in temporary differences for the year as current tax and deferred tax expenses respectively in each Group company.

Provisions A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably calculated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Pensions There are mainly defined-contribution pension plans within the Group. The Group's payments to defined contribution plans are reported as costs in the period when the employee performed the services to which the fee relates. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. There are defined-benefit pension plans in Norway. The amounts relating to these pension plans are immaterial.

Share-based payments The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments including social security costs are expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. The fair value expense is reported in the income statement as personnel costs with the corresponding increase in equity. A bonus may be paid three years following each participant's acquisition of warrants, provided the participant is still employed by the Group. The bonus and social security costs are allocated over the vesting period. The bonus is related to the 2005-2007 share-based payment programmes only. The fair value is re-valued each quarter as a basis for the calculation of social security costs.

Fair value is measured by use of the Black & Scholes' model, taking into consideration the terms and conditions of the allotted financial instruments.

Parent company The parent company has prepared the Annual Report according to the Swedish Annual Accounts Act and the Swedish Financial Reporting Board recommendation RFR 2.2 Accounting for Legal Entities. RFR 2.2 involves application of all IFRSs and interpretations endorsed by the European Commission, except where the possibility to apply IFRS is restricted by the Swedish Company Act and due to tax rules. IAS 27 Consolidated and Separate Financial Statements was applied from 1 January 2009. The amendments related to the treatment of dividends, where all dividends received should be recognised as revenue, as opposed to reducing the cost of the investment, which previously was the case with dividends related to post-acquisition retained earnings.

Group contributions The parent company reports Group contributions in accordance with UFR 2. Group contributions are therefore reported according to their economic reality, namely having the purpose of minimising the Group's tax. Since they do not constitute consideration for fulfilment of services, they are taken directly to equity after deducting the tax component.

Shareholders' contribution Shareholders' contribution paid is recognised as an increase in shares in subsidiaries. When the contribution is given to cover losses made, an impairment test is made. Impairment is recognised in the income statement.

Note 2 Accounting estimates and judgements

The preparation of financial statements in conformity with IFRSs requires the Board of Directors and the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates are reviewed by the Audit Committee.

Key sources of estimation uncertainty Note 4 and 10 contain information of the assumptions and the risk factors relating to goodwill impairment. In note 19, the basis for provisions made and litigations are described.

Goodwill and other intangible assets Intangible assets, except goodwill and intangible assets with indefinite useful lives, are amortised and depreciated over their useful lives. Useful lives are based on management's estimates of the period that the assets will generate revenue.

The Group reviews annually, or at the balance sheet date at the latest, the carrying amounts to determine whether there is any indication that the assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is estimated by management through calculated future cash flows. Although management believes that the estimates of future cash flows are reasonable, different assumptions regarding such cash flows could materially affect the valuations.

Goodwill is subject to impairment tests yearly or when triggered by events. The impairment review requires management to determine the fair value of the cash generating units on the basis of cash flow projections and internal forecasts and business plans. For further information, see note 10 Intangible assets.

Depreciation and amortisation beneficial rights and programme rights inventory Depreciation and amortisation of beneficial rights and programme rights inventory are calculated in accordance with the estimated revenue period. A higher proportion of the costs are expensed in the beginning of the revenue period than the following years. The estimated revenue periods could change, and, as a result of this, affect the income for the period and the financial position. For further information, see note 10 Intangible assets and 13 Nature of expenses.

Provisions and contingent liabilities Liabilities are recognised when a present obligation exist as a result of a past event, it is probable that economic benefits will be transferred, and reliable estimates can be made of the amount of this obligation. In such a case, a provision is calculated and recognised in the statement of financial position. A contingent liability will be disclosed when a possible obligation has arisen, but its existence has to be confirmed by future events outside the Group's control, or when it is not possible to calculate the amount. Realisation of any contingent liabilities not currently recognised or disclosed could have a material impact on the Group's financial position.

The Group regularly reviews significant outstanding litigations in order to assess the need for provisions. Among the factors considered, are the nature of the litigation, claims, legal processes and potential level of damages, the opinions and views of the legal counsellors, and the management's intentions to respond to the litigations or claims. To the extent the estimates and judgements do not reflect the actual outcome; this could materially affect the income for the period and the financial position. For further information, see note 19 Provisions.

Deferred tax Deferred taxes are recognised for temporary differences as well as for unutilised tax loss carry-forwards. A deferred tax asset is calculated as a tax value of the loss carry-forward in all countries where it is judged likely that the Group will be able to apply its losses carry-forward to a taxable surplus. As a consequence, deferred tax asset is not reported in some countries. If actual results differ from these estimates or management adjusts these estimates in future, changes in the valuation may materially impact the income for the period as well as the financial position. For further information, see note 9 Taxes.

Critical accounting judgments and choices in applying the Group's accounting policies Certain critical accounting judgements and choices made in applying the Group's accounting policies are described below:

Cash flow hedges Cash flow hedges are made on a rolling twelve month basis, and comprise forward currency contracts used to cover exchange rate differences on the Group's programme purchases. The derivatives are valued at market rate on the balance day. MTG has elected to use hedge accounting in certain entities related to forward contracts. Certain forward contracts impact other comprehensive income; others affect the net income, due to the rules applied for hedge accounting according to IAS 39.

Prima Group The Group holds 50% of the shares in the Prima Group. The holdings are judged to be recognised as subsidiaries based on the agreements which give the Group a decisive influence in Prima Group. The Group consequently consolidates the Prima Group as subsidiaries. A minority interest is calculated.

Joint ventures The Group holds 50% of the shares in TV 2 Sport A/S, Viastrong Holding AB together with the Ukrainian subsidiaries, and That's Strix Entertainment AS. MTG has elected to recognise the holdings in the consolidated accounts according to the proportional method, whereby the income statement and the balance sheet are proportionately consolidated in accordance with the percentage owned. The holdings are jointly controlled entities, and a contractual agreement between the parties establishes the joint control over the economic activity of the entity.

Note 3 Business segments

The business is primarily divided into eight business segments. The segments have increased compared to last year, but the effect on the presentation is immaterial.

• Free-TV Scandinavia is a commercial free-TV broadcaster in Scandinavia.

• Pay-TV Nordic is a broadcaster in the Nordic countries, and comprises the DTH satellite broadcasting platform and pay-TV channels through third party cable and satellite networks.

• Free-TV Emerging Markets is a commercial free-TV broadcaster in Eastern Europe.

• Pay-TV Emerging Markets comprises the DTH satellite platforms in Eastern Europe and Viasat pay-TV channels distributed through third party cable and satellite networks.

• CTC Media is one of Russia's largest independent commercial television broadcaster and is listed on The Nasdaq Global Select Market.

The above TV broadcasting segments comprise the Viasat Broadcasting business area, which in previous years was regarded as one segment. To facilitate comparability between years, the TV broadcasting segments have been summarised in this presentation.

• Radio operates commercial radio stations in Sweden, Norway, Estonia, Latvia and Lithuania, and owns equity stakes in a Finnish national commercial radio network.

• Online operates internet retailing, the betting and gaming business as well as teletext in Spain, and operated a social network community up until 2009.

• Modern Studios produces television programmes and films, distributes films and television programmes, and produces and manages events mainly in Scandinavia. The segment also publishes customer magazines.

The stated figures for 2009 and 2008 are based on the same operational structure, where the 2008 figures have been adjusted to facilitate comparison.

		External Sales		Operating income	
(SEK million)		2009	2008	2009	2008
Free-TV Scandinavia		3,652	3,531	820	809
Pay-TV Nordic		4,163	3,756	725	692
Free-TV Emerging Markets		2,091	2,149	-84	292
Pay-TV Emerging Markets		848	645	168	106
Associated company CTC Media		-	-	254	629
Other and eliminations		164	171	21	14
Total Viasat Broadcasting business area		10,919	10,252	1,904	2,542
Radio		688	795	80	170
Online		2,299	1,816	120	79
Modern Studios		264	180	19	-6
Parent company and other companies		3	6	-200	-208
Total		**14,173**	**13,049**	**1,924**	**2,575**
Discontinued DTV Group			117	-	1,173
Asset impairment charges	Note 5			-3,352	-76
- of which Free-TV Emerging Markets				*-3,304*	-
- of which Online				*-47*	*-76*
Total Group		**14,173**	**13,166**	**-1,428**	**3,671**

Within the Viasat Broadcasting business area and the Modern Studios segment, there are companies that provide the different segments with acquired and own produced TV-programmes. Such sales are made at market price.

	Internal sales	
(SEK million)	2009	2008
Free-TV Scandinavia	168	156
Pay-TV Nordic	163	178
Free-TV Emerging Markets	4	1
Pay-TV Emerging Markets	27	14
Others	1,237	1,095
Total Viasat Broadcasting business area	1,599	1,444
Radio	5	5
Online	0	15
Modern Studios	205	193
Parent company and other companies	175	168
Total internal sales	**1,985**	**1,825**

The business segments are responsible for the management of the operational assets and their performance is measured at the same level. Financing is managed centrally by the Group. Consequently, liquid funds, interest-bearing receivables and liabilities are not allocated to the business segments.

	Assets		Liabilities	
(SEK million)	2009	2008	2009	2008
Free-TV Scandinavia	1,784	1,545	1,545	1,490
Pay-TV Nordic	2,085	2,134	2,683	2,167
Free-TV Emerging Markets	6,167	12,053	1,021	1,003
Pay-TV Emerging Markets	339	440	198	229
Associated company CTC Media	1,757	1,886	-	-
Others and eliminations	406	919	-887	-61
Total Viasat Broadcasting business area	12,537	18,977	4,560	4,828
Radio	1,015	919	385	411
Online	647	824	605	550
Modern Studios	138	301	157	240
Parent company and other companies	949	1,060	963	1,257
Total	**15,286**	**22,081**	**6,670**	**7,286**
Eliminations	-1,591	-4,043	-1,591	-4,043
Unallocated assets/liabilities	956	1,194	3,893	7,009
Total	**14,651**	**19,232**	**8,971**	**10,252**

	Capital expenditure		Depreciation and amortisation	
(SEK million)	2009	2008	2009	2008
Free-TV Scandinavia	16	22	31	29
Pay-TV Nordic	27	43	10	17
Free-TV Emerging Markets	58	41	145	52
Pay-TV Emerging Markets	2	3	1	1
Others	33	23	15	7
Viasat Broadcasting	136	133	202	105
Radio	13	5	19	17
Online	8	2	11	12
Modern Studios	0	5	2	3
Parent company and other companies	1	11	3	3
Total	**159**	**156**	**236**	**141**

The Group's business segments operate mainly in Europe. Net sales, assets, capital expenditure and depreciation are shown below by geographical area. Sales below are shown per country from which the revenues are derived.

	Net sales		Non-current assets	
(SEK million)	2009	2008	2009	2008
Sweden	4,298	4,197	1,028	1,048
Denmark	3,439	3,073	26	27
Norway	2,567	2,322	826	745
Czech Republic	940	1,061	1,248	1,361
Bulgaria	514	232	3,525	7,104
Rest of Europe	2,392	2,271	336	449
Other regions	22	9	20	5
Total	**14,173**	**13,166**	**7,008**	**10,738**

External sales by type of product/service (SEK million):	2009	2008
Advertising revenue	5,277	5,589
Subscription revenue	5,871	5,019
Business-to-business/Consumer revenue	3,025	2,557
Total	**14,173**	**13,166**

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Note 4 Operations acquired

Acquisitions 2009
The Group has acquired additional shares from minority holders during the year. Acquisitions of the remaining minority in MTG Russia AB have been made. In the Online business segment, part of the minority in Playahead AB and NLY Scandinavia AB were acquired and additional purchase prices were paid for Helsingin Dataclub OY.

Acquisitions 2008
The Group's major acquisitions during 2008 were Nova Televizia, Bulgaria and Gymgrossisten, Sweden. The detailed purchase price allocations are found below.

Other acquisitions during the year comprise the 50% joint venture Viastrong Holding AB, owner of the Ukrainian companies entailing the DTH satellite pay-TV platform. The DTH platform was launched on 21 April 2008. The purchase price was SEK 44 million and gave rise to a goodwill of SEK 31 million. An acquisition was made of GENUS TV in the Czech Republic, a regional terrestrial broadcasting licence. Additional purchase prices were paid for ERA TV, the Macedonian channel within Balkan Media Group. The acquisitions are reported within the Free-TV Emerging Markets segment.

Additional purchase prices were paid for Playahead AB, NLY Scandinavia AB, and Helsingin Dataclub OY during 2008 in accordance with the acquisition agreements. These acquisitions are reported within the Online segment.

In addition, acquisitions of part of the minority in MTG Russia AB and payment of the acquisition of part of associated company Altlorenscheuerhof S.A. were made during 2008.

Summary of acquisitions

	2009			2008		
Group (SEK million)	Net cash outflow	Net identifiable assets and liabilities	Goodwill	Net cash outflow	Net identifiable assets and liabilities	Goodwill
Gymgrossisten	-	-	-	192	108	89
Nova Televizia, Bulgaria	-	-	-	6,026	723	5,321
Additional consideration from previous years, paid ou	23	-	7	184	13	52
Other acquisitions	122	-	-	65	-	-
Total	**145**	**-**	**7**	**6,466**	**844**	**5,462**

Acquired net assets at the acquisition date

	2009			2008		
Group (SEK million)	Book value	Fair value adjustment	Total	Book value	Fair value adjustment	Total
Tangible assets				109		109
Intangible assets				79	700	780
Inventories				90		90
Trade and other receivables				109		109
Cash and cash equivalents				25		25
Deferred tax liability				0	-80	-80
Interest-bearing loans				-9		-9
Provisions				-1		-1
Trade and other payables				-179		-179
Net identifiable assets and liabilities	**-**	**-**	**-**	**223**	**621**	**844**
Goodwill on acquisition			7			5,462
Purchase price			**7**			**6,306**
Additional consideration from previous years, paid			16			29
Minority acquisition			122			155
Liquid funds in acquired companies			-			-25
Net cash flow			**145**			**6,466**

Gymgrossisten
The Group declared an unconditional offer for Gymgrossisten Nordic AB on 23 January 2008. Gymgrossisten is a leading online supplier of nutritional supplements. MTG controlled 99.42% of the shares on 8 February 2008 and initiated a mandatory tender for the remaining issued and outstanding shares. As per 24 November, MTG was in control of 100% of the shares. The result is reported within the Online business area with effect from 1 February 2008. The total consideration was SEK 198 million including transaction costs of SEK 2 million.The acquisition gave rise to separately identified immaterial rights of SEK 55 million and goodwill of SEK 89 million.

The goodwill in 2008 comprise of strategic benefits, market position and synergy effects.

Net assets acquired (SEK million):	Book value	Fair value adjustment	Recognised values
Property, plant and equipment	5		5
Intangible assets	52	55	107
Inventories	26		26
Trade and other receivables	7		7
Cash and cash equivalents	7		7
Deferred tax receivables	1		1
Deferred tax liabilities	-	-15	-15
Trade and other payables	-29		-29
Net identifiable assets and liabilities	**68**	**40**	**108**
Goodwill on acquisition			89
Total consideration			**198**
Liquid funds in acquired companies			-7
Net cash outflow			**192**

Nova Televizia, Bulgaria

On 16 October 2008, the Group acquired 100% of the shares in Nova Televizia for a total cash consideration of EUR 620 million and transaction costs of EUR 4.5 million. The Nova commercial TV channel is the second largest free-TV channel in Bulgaria, and is broadcast under a national terrestrial free-TV license, as well as on cable and satellite networks. The acquisition gave rise to goodwill of SEK 5,321 million, and separately identified intangible assets of net SEK 581 million. Nova Televizia is reported within the Viasat Broadcasting business area with effect from 16 October 2008.

The 2008 goodwill comprises of strategic benefits, synergy effects and geographical presence.

Net assets acquired (SEK million):	Book value	Fair value adjustment	Recognised values
Property, plant and equipment	103		103
Broadcasting license	-	153	153
Trademarks	27	493	519
Intangible assets	0		0
Inventories	64		64
Trade and other receivables	88		88
Cash and cash equivalents	18		18
Interest-bearing loans and borrowings	-9		-9
Provisions	-1		-1
Deferred tax liabilities	-	-65	-65
Trade and other payables	-148		-148
Net identifiable assets and liabilities	**142**	**581**	**723**
Goodwill on acquisition			5,321
Total cash consideration			**6,044**
Liquid funds in acquired companies			-18
Net cash outflow			**6,026**

Contributions during 2008 from the acquired companies by business area:

From the acquisition date (SEK million):	Viasat Broadcasting	Online	Group
Net sales	120	145	265
Operating income	-16	16	-1
Net profit	-20	7	-13

If the acquisition had occurred on 1 January (SEK million)	Viasat Broadcasting	Online	Group
Net sales	506	157	664
Operating income	74	20	94
Net profit	60	10	70

Acquisitions after the balance sheet date

On 8 February 2010, the Group agreed to acquire 50% of the shares in Raduga Holdings S.A.. Raduga operates a Russian nationwide DTH satellite pay-TV platform, Raduga TV. The business is a joint venture with shared management control between the owners. Raduga will be proportionately consolidated, and reported within the Pay-TV Emerging Markets segment.

The work with the purchase price allocation in identifiable assets is in progress and remains to be finalised. The preliminary recorded fair values have not yet been calculated, information will be released in the quarterly report as per 31 March, 2010. The purchase price is USD 22.5 million.

On 22 February 2010, the Group signed an agreement to acquire a further 35% of Viastrong Holding AB. The acquisition is subject to approval by the relevant regulatory authorities, and could be closed during the second quarter of 2010.

Note 5 Other operating income and expenses

Group

(SEK million):	2009	2008
Other operating income		
Gain from sale on non-current assets	2	-
Gain from exchange rate differences	11	-
Gain on sale of DTV Group	-	1,150
Other	-	13
Total	**13**	**1,163**
Other operating expenses		
Loss from sale on non-current assets	-	-2
Loss from exchange rate differences	-	-34
Asset impairment charges	-3,294	-76
Non-recurring costs	-58	-
Other	-101	-33
Total	**-3,453**	**-145**

The asset impairment charges primarily relate to the impairment of the Group's Bulgarian goodwill and other intangible assets. The impairment reflects the deterioration in the economic and financial climate and the challenging advertising market conditions. The Group has also recognised impairment of goodwill of the Slovenian free-TV broadcasting operations and the Playahead online social networking business. The non-recurring costs comprise close-down costs of the Playahead business as well as write-down of programming-related assets by the Group's Baltic free-TV broadcasting operations. See also note 3, Business segments.

Note 6 Share of earnings in associated companies

Group

(SEK million)	Country	Share capital %	2009	2008
Mediamätning i Skandinavien MMS AB	Sweden	25	1	6
Radio National i Luleå AB	Sweden	49	1	0
Radio National i Skellefteå AB	Sweden	49	0	0
Radioindustri Xerkses i Borås AB	Sweden	49	0	0
Svensk Programagentur AB	Sweden	50	8	11
Radio Nova	Finland	22	7	5
Gigahertz KB	Sweden	33	0	0
CTC Media	Russia	39	254	629
Total			**270**	**651**
Tax			-2	-193
Net Income			**268**	**459**

Totally recorded values in associated companies (SEK million)	31 December 2009	31 December 2008
Revenues	2,691	3,177
Net income	626	759
Assets	6,200	8,741
Liabilities	1,572	2,754

Associated companies are reported based on equity accounting. The share of earnings is equal to the Group's share in the profit/loss after financial items but before tax in each associated company after conversion into Swedish krona. The calculation of share in profit/loss are based on the latest available accounts. The figures for CTC Media are based on the interim report of 30 September, 2009 and 2008.

For further information, see also note 12.

Note 7 Joint venture companies

Group

Totally recorded values in joint venture companies (SEK million)	31 December 2009	31 December 2008
Revenues	495	400
Net income	-41	-15
Current assets	190	217
Long-term assets	90	15
Current liabilities	124	20
Long-term liabilities	51	133

Joint venture companies are reported based on the proportional method. The companies involved are TV 2 Sport A/S Denmark, Viastrong Group Ukraine, and That's Strix Entertainment AS Norway.

Note 8 Financial items

Group

(SEK million)	2009	2008
Gain from CTC Media new share issue	0	57
Total	**0**	**57**
Interest revenue	19	68
Net exchange rate differences	17	-
Other	-	15
Total	**36**	**83**
Interest expense	-190	-96
Revaluation of Metro shares	-	-26
Net exchange rate differences	-	-79
Other	-44	-
Total	**-234**	**-201**
Net financial items	**-197**	**-61**
Parent Company		
Dividends from subsidiaries	1,305	-
Total	**1,305**	**-**
Write-down of shares in subsidiaries	-10	-99
Total	**-10**	**-99**
Interest revenue from external parties	17	36
Interest revenue from subsidiaries	250	328
Exchange rate differences	29	107
Other financial revenues	0	7
Total	**297**	**479**
Interest expense to external parties	-139	-94
Interest expense to subsidiaries	-18	-80
Revaluation of Metro shares	-	-26
Exchange rate differences	-148	-
Other	-27	-2
Total	**-332**	**-202**
Net financial items	**1,259**	**178**

Hedging positions are taken to protect the Group against the effects of transaction exposures in the main part of contracted outflow for programme acquisitions in US dollars, British pounds, and Swiss francs on a rolling twelve month basis. The hedging reserve at year end was SEK 21 (33) million. The total value of the forward contracts were SEK -70 (122) million at year-end.

MTG has financed part of the investment in Nova Televizia in euros, recognising the euro loan as a hedging instrument. The loan was repaid in its entirety during 2009.

Other financial expenses in the Group and the Parent Company include amortisation of capitalised borrowing costs for loans and costs for guarantees, in total these costs amounted to SEK 23 million in 2009 and SEK 2 million in 2008.

The gain from the equity stake of CTC Media is a consequence of the dilution from options exercised in 2009 and 2008. The gain is calculated as the difference between the MTG book value and the option exercise value.

Note 9 Taxes

Group

Distribution of tax expense (SEK million)	2009	2008
Current tax		
Current tax expense	-375	-637
Adjustment for prior years	35	22
Total	**-341**	**-615**
Deferred tax		
Temporary differences	-42	-68
Total	**-42**	**-68**
Total income tax expense in income statement	**-383**	**-683**

Reconciliation of tax expense (SEK million)	2009	%	2008	%
Tax/Tax rate in Sweden	430	26.3	-1,012	-28.0
Non-taxable income	202	12.4	338	9.4
Foreign tax rate differential	-40	-2.5	80	2.2
Effect of losses carry-forward not previously recognised	19	1.2	-	-
Non-deductible write-down of goodwill	-859	-52.5	-21	-0.6
Non-deductible amortisation and write-down of beneficial rights	-11	-0.7	-	-
Non-deductible expenses	-148	-9.0	-71	-2.0
Losses where no deferred tax was recognised	-27	-1.7	-25	-0.7
Revalued tax losses carry-forward	0	0.0	-	-
Other permanent effects	15	0.9	6	0.2
Under/over provided in prior years	35	2.1	22	0.6
Effective tax/tax rate	**-383**	**-23.4**	**-683**	**-18.9**

Tax related to other comprehensive income (SEK million)	Gross 2009	Tax 2009	Net of tax 2009	Gross 2008	Tax 2008	Net of tax 2008
Change in currency translation differences	-869	-14	-883	1,599	-65	1,533
Cash flow hedge	-13		-13	31		31
Revaluation of shares at market value	8		8	-5		-5
Other				5		5
Other comprehensive income related to associates	45		45	-		-
Total other comprehensive income	**-829**	**-14**	**-843**	**1,630**	**-65**	**1,564**

(SEK million)	31 December 2009	31 December 2008
Deferred tax asset		
Goodwill	-	-14
Equipment	11	1
Beneficial rights	10	15
Provisions	6	2
Inventory	1	4
Non-current receivables	-	32
Current receivables	1	5
Current liabilities	17	9
Tax value of losses carry-forward recognised	73	101
Total	**119**	**156**
Deferred tax liabilities		
Trademarks	225	232
Goodwill	176	162
Equipment	-	-2
Current receivables	-	5
Current liabilities	-	3
Other	5	3
Total	**406**	**403**
Deferred tax net	**-287**	**-247**

The movements in temporary differences net are explained below:

(SEK million)	2009 Opening balance 1 January	Deferred tax expense	Acquisition of subsidiary	Other comprehensive income	Translation differences	Closing balance 31 December
Tax losses carryforward	101	-27				73
Temporary differences in:						
Goodwill	-176					-176
Equipment	4	7				11
Intangible assets	-217	-1			2	-216
Provisions	2	4				6
Inventory	4	-3				1
Non-current receivables	32	-36				-4
Current receivables	0	1				1
Current liabilities	6	11				17
Other	-3	2				-1
Total	**-247**	**-42**	**0**	**0**	**2**	**-287**

(SEK million)	2008 Opening balance 1 January	Deferred tax expense	Acquisition of subsidiary	Other comprehensive income	Translation differences	Closing balance 31 December
Tax losses carryforward	38	63				101
Temporary differences in:						
Goodwill	-49	-127				-176
Equipment	3	0				4
Intangible assets	-144	4	-66		-10	-217
Provisions	5	-3				2
Inventory	1	3				4
Non-current receivables				32		32
Current receivables	10	-10				0
Current liabilities	1	5				6
Other		-3				-3
Total	**-135**	**-68**	**-66**	**32**	**-10**	**-247**

The Group had recognised losses carry-forward without expiration date of SEK 279 (378) million at 31 December 2009. The accounts for 2009 and 2008 include deferred tax assets as a tax value of the losses carry-forward in all countries where it is judged likely that the Group will be able to apply its losses carry-forward to a taxable surplus. As a consequence, deferred tax assets are not recognised in some countries.

Unrecognised tax losses carry-forward by expiry date (SEK million)	2009	2008
2009	-	0
2010	-	0
2011	16	20
2012	34	20
2013	3	11
No expiry date	86	20
Total	**140**	**71**

Parent company

The tax loss carry forward of SEK 43 (87) million recognised in the accounts of 2009 correspond to the tax rate of 26.3%. The tax loss carry forward is without expiration date.

Distribution of tax expenses (SEK million)	2009	2008
Current tax relating to Group contributions	69	-76
Adjustment for prior years	-	2
Deferred tax	-32	37
Total tax	**37**	**-36**

(SEK million)	31 December 2009	31 December 2008
Deferred tax asset (tax loss carry forwards)	43	87
Total	**43**	**87**

Reconciliation of tax expense (SEK million)	2009	%	2008	%
Tax/Tax rate in Sweden	-291	-26.3	-8	-28.0
Non-deductible expenses	-21	-1.9	-2	-8.4
Non-taxable income	343	31.0	-	-
Adjustment for prior years	-	-	2	7.3
Other permanent effects	6	0.5	-28	-101.6
Effective tax/tax rate	**37**	**3.4**	**-36**	**-130.7**

Note 10 Intangible assets

	Group				Parent company
(SEK million)	Capitalised expenditure	Patents and trademarks	Licenses and beneficial rights	Goodwill	Capitalised expenditure
Acquisitions					
Opening balance 1 January 2008	122	543	1,018	2,552	53
Investments during the year	39	546	157		
Acquisitions through business combinations		30	0	5,508	
Divestment during the year	-1		-603	-82	
Retirement during the year			-34		
Change in Group structure, reclassifications etc	-53	0	-21	19	
Translation differences	1	108	39	943	
Closing balance 31 December 2008	**107**	**1,227**	**556**	**8,940**	**53**
Opening balance 1 January 2009	107	1,227	556	8,940	53
Investments during the year	14	0	2		
Acquisitions through business combinations				6	
Retirement during the year	-9				
Change in Group structure, reclassifications etc	-4	0	0	37	
Translation differences	0	-22	-13	-403	
Closing balance 31 December 2009	**108**	**1,205**	**546**	**8,581**	**53**
Accumulated amortisation and impairment losses					
Opening balance 1 January 2008	-94	-7	-473	-61	-52
Divestment during the year	1		289		
Retirement during the year			3		
Amortisation during the year	-16	-5	-55		-1
Impairment losses	-16			-76	
Change in Group structure, reclassifications etc	52	0	19		
Translation differences	-1	-1	-4	-4	
Closing balance 31 December 2008	**-73**	**-13**	**-221**	**-142**	**-53**
Opening balance 1 January 2009	-73	-13	-221	-142	-53
Retirement during the year	10		0		
Amortisation during the year	-6	-8	-91		0
Impairment losses during the year	-2	-35	-4	-3,252	
Change in Group structure, reclassifications etc	2	0	0	-54	
Translation differences	0	1	5	106	
Closing balance 31 December 2009	**-69**	**-55**	**-312**	**-3,342**	**-53**
Book value carried forward					
As per 1 January 2008	28	536	546	2,491	1
As per 31 December 2008	34	1,214	335	8,798	0
As per 1 January 2009	34	1,214	335	8,798	0
As per 31 December 2009	39	1,151	233	5,239	0

Only external expenditure have been capitalised.

Amortisation by function (SEK million)	2009	2008
Cost of goods and services	56	33
Administrative expenses	48	41
Other operating expenses	0	1
Total	**105**	**75**

Impairment losses by function (SEK million)	2009	2008
Cost of goods and services	1	16
Other operating expenses	3,293	76
Total	**3,294**	**92**

Amortisation by function, parent company (SEK million)	2009	2008
Administrative expenses	0	-
Total	**0**	**-**

Impairment tests for cash-generating units containing goodwill

Major cash generating units with significant carrying amounts of goodwill are:

(SEK million)	2009	2008
TV1000	663	668
Prima Group	927	972
P4 Radio	516	458
Bulgaria	2,783	6,222
Subtotal	**4,888**	**8,320**
Other units	351	478
Total	**5,239**	**8,798**

The decrease in goodwill in Prima Group and TV1000, as well as the increase in goodwill in P4 Radio, are due to translation differences.

Impairment testing

Impairment testing of the goodwill and other intangible assets with indefinite lives for cash-generating units in the business areas are based on calculations of the recoverable amount, and by use of a discounted cash flow model. The model involves among other factors terminal values, market growth rates, and working capital requirements. These cash flow projections calculated over a five year period are based on actual operating results, forecasts and financial projections, using historical trends, general market conditions, industry trends and other available information.

The cash flow projections are based on a sustainable growth rate which is individually estimated based on each unit's outlook. Individual assumptions are also made on cost and capital turnover development. The cash flow is discounted for each unit using an appropriate discount rate considering the cost of capital and risk with individual consideration taken only in special circumstances.

Impairments

Based on the above assessments, the Board and the management concluded that the goodwill and other intangibles relating to Bulgaria, Slovenia and the social network community Playahead had an impairment requirement of SEK 3,151 million, SEK 120 million and 30 million in 2009 respectively. The impairment in other intangibles relate to Playahead. Bulgaria and Slovenia are reported in the Free-TV Emerging Markets segment and Playahead in the Online segment. In 2008, impairment of the goodwill related to Playahead resulted in a write-down of SEK 76 million. The write-downs are due to the deterioration in the economic and financial climate and the prevailing advertising market conditions in Bulgaria and Slovenia. As for the Playahead business, the impairment is due to the declining number of users. The goodwill and other intangible assets are calculated at net present value-in-use, as described above. The discount rate used when calculating the recoverable amount related to Bulgaria was 12%.

Impairment losses in goodwill are included in other operating expenses in the income statement.

Sensitivity

The units, which do not indicate an impairment requirement, generally have such a margin that reasonably possible adverse changes in individual parameters would not cause the value in use to fall below the book value. However, the cash flow projections are more uncertain and may also be influenced by factors not in control by the company.

Note 11 Tangible assets

(SEK million)	Group: Machinery, technical plant	Group: Equipment, tools	Group: Buildings	Parent company: Equipment, tools
Acquisitions				
Opening balance 1 January 2008	78	611	-	3
Investments during the year	39	86		
Acquisitions through business combinations		117	4	
Divestment during the year	-3	-46		
Change in Group structure, reclassifications etc	4	24		
Translation differences	13	21		
Closing balance 31 December 2008	**131**	**814**	**4**	**3**
Opening balance 1 January 2009	131	814	4	3
Investments during the year	27	116		
Divestment during the year	-37	-16	-4	
Change in Group structure, reclassifications etc	-5	22		
Translation differences	-4	-17		
Closing balance 31 December 2009	**112**	**919**	**-**	**3**
Accumulated depreciation				
Opening balance 1 January 2008	-49	-440	-	-3
Divestment during the year	3	13		
Depreciation during the year	-14	-52	0	
Change in Group structure, reclassifications etc	-4	-23		
Translation differences	-8	-19		
Closing balance 31 December 2008	**-71**	**-521**	**0**	**-3**
Opening balance 1 January 2009	-71	-521	0	-3
Divestment during the year	17	11	0	
Depreciation during the year	-15	-116		
Impairment losses during the year		-1		
Change in Group structure, reclassifications etc	3	-2		
Translation differences	3	8		
Closing balance 31 December 2009	**-63**	**-621**	**-**	**-3**
Book values carried forwards				
As per 1 January 2008	31	170	-	0
As per 31 December 2008	60	294	3	0
As per 1 January 2009	60	294	3	0
As per 31 December 2009	48	298	-	0

Depreciation by function (SEK million)	2009	2008
Cost of goods and services	60	8
Selling expenses	2	0
Administrative expenses	64	42
Other operating expenses	5	16
Total	**131**	**66**

Note 12 Long-term financial assets

Shares in subsidiaries, held by parent company (SEK million)	Co. Reg.no.	Registered office	Number of shares	Share capital (%)	Voting rights (%)	Book value 31 Dec
MTG Publishing AB	556457-2229	Stockholm	1,000	100	100	3,302
MTG Radio AB	556365-3335	Stockholm	1,000	100	100	65
MTG Internet Retailing AB	556035-6940	Stockholm	10,000	100	100	84
MTG Modern Studios Holding AB	556264-3261	Stockholm	2,000	100	100	117
MTG Holding AB	556057-9558	Stockholm	5,000	100	100	102
MTG AS Norge		Norway	82,300	100	100	33
Total						**3,702**

Shares in subsidiaries (Within the group)	Co. Reg.no.	Registered office	Share capital (%)	Voting rights (%)
MTG Publishing AB	556457-2229	Stockholm	100	100
MTG Services AB	556022-0831	Stockholm	100	100
MTG Financing Partners HB	969725-9514	Stockholm	100	100
MTG Broadcasting SA		Luxembourg	100	100
MTG Broadcasting Holding AB	556580-7806	Stockholm	100	100
MTG Broadcasting AB	556353-2687	Stockholm	100	100
ViaSat Pay Channels AB	556098-4709	Stockholm	100	100
Viasat AS Estonia		Estonia	100	100
Eesti Vaba Television EVTV		Estonia	100	100
UAB TV3 Lithuania		Lithuania	100	100
TV3 Estonia AS		Estonia	100	100
TV3 Latvia SIA		Latvia	100	100
Viasat Hungária Rt		Hungary	95	95
MTG Russia AB	556650-6472	Stockholm	100	100
Felista ZAO		Russia	100	100
Viasat Holding LLC		Russia	100	100
Viasat Global LLC		Russia	100	100
Viasat Entertainment LLC		Russia	100	100
Prva d.o.o.		Slovenia	100	100
Viasat Broadcasting G Ltd		Ghana	85	85
Nova Televizia First Private Channel EAD		Bulgaria	95	95
Nova Televizia Plus EOOD		Bulgaria	95	95
Agency Eva OOD		Bulgaria	76	76
Diema Vision EAD		Bulgaria	95	95
Viasat Ukraine LLC		Ukraine	100	100

Shares in subsidiaries (Within the group)	Co. Reg.no.	Registered office	Share capital (%)	Voting rights (%)
Viasat AB	556304-7041	Stockholm	100	100
Viasat Satellite Service AB	556278-7910	Stockholm	100	100
MTG Broadcast Centre Stockholm AB	556493-2340	Stockholm	100	100
TV1000 AB	556133-5521	Stockholm	100	100
TV1000 Norge AS		Norway	100	100
OY Viasat Finland Ab		Finland	100	100
Viastrong Holding AB	556733-1086	Stockholm	50	50
Solutions LLC		Ukraine	50	50
Vision TV LLC		Ukraine	50	50
Vision Media LLC		Ukraine	50	50
FTV Prima Holding A.S.		Czech Republic	50	50
FTV Prima, spol s.r.o.		Czech Republic	50	50
TV Produkce, a.s.		Czech Republic	50	50
Ceska Vyrobni s.r.o.		Czech Republic	50	50
Regio Media spol s.r.o.		Czech Republic	50	50
TV Vridlo s.r.o.		Czech Republic	50	50
TV Morava, s.r.o.		Czech Republic	26	26
TV Lyra, s.r.o.		Czech Republic	30	30
Regionalni televise DAKR, s.r.o.		Czech Republic	26	26
ZAK TV s.r.o.		Czech Republic	26	26
Genus TV s.r.o.		Czech Republic	50	50
MTG Modern Group Espana SL		Spain	100	100
In TV Espana SL		Spain	100	100
Interactive Partner SL		Spain	100	100
Interactive Media Solutions SL		Spain	100	100
Interactive New Media SL		Spain	100	100
Viasat Broadcasting UK Ltd		United Kingdom	100	100
3+ Television Ltd		United Kingdom	100	100
TV3 Broadcasting Group Ltd		United Kingdom	100	100
TV3 AB	556153-9726	Stockholm	100	100
TV3 A/S Danmark		Denmark	100	100
TV3 AS Norge		Norway	100	100
Televisionsaktiebolaget TV8	556507-2401	Stockholm	100	100
Viasat World Ltd		United Kingdom	100	100
MTG TV Online Ltd		United Kingdom	100	100
MTG Radio AB	556365-3335	Stockholm	100	100
KiloHertz AB	556444-7158	Stockholm	100	100
Star FM SIA		Latvia	100	100
Mediainvest Holding AS		Estonia	100	100
UAB TV3 Radio Lithuania		Lithuania	100	100
MTG Radio Sales AB	556490-7979	Stockholm	100	100
MTG Frekvens AB	556514-3103	Stockholm	100	100
MTG Internet Retailing AB	556035-6940	Stockholm	100	100
CDON AB	556406-1702	Stockholm	100	100
NLY Scandinavia AB	556653-8822	Stockholm	90	90
Helsingin Dataclub OY		Finland	100	100
CDON Alandia AB		Finland	100	100

Shares in subsidiaries (Within the group)	Co. Reg.no.	Registered office	Share capital (%)	Voting rights (%)
Linus & Lotta Postorder AB	556078-3135	Stockholm	90	90
Gymgrossisten Nordic AB	556690-6987	Stockholm	100	100
Gymgrossisten Sverige AB	556564-4258	Stockholm	100	100
MTG Publiken AB	556533-8372	Stockholm	100	100
MTG Modern Studios Holding AB	556264-3261	Stockholm	100	100
MTG Film AB	556103-7283	Stockholm	100	100
Strix Drama AB	556419-9544	Stockholm	100	100
Redaktörerna i Stockholm AB	556472-8425	Stockholm	100	100
Strix Television AB	556345-5624	Stockholm	100	100
Strix Televisjon AS		Norway	100	100
That's Strix Entertainment AS		Norway	50	50
Strix Television bv		The Netherlands	100	100
Strix Television s.r.o.		Czech Republic	100	100
MTG Online AB	556461-1662	Stockholm	100	100
Playahead AB	556557-8951	Stockholm	90	90
MTG TV Online AB	556513-5547	Stockholm	100	100
Engine AB	556572-8408	Stockholm	100	100
MTG Holding AB	556057-9558	Stockholm	100	100
Bäckegruve AB	556170-7752	Stockholm	100	100
MTG Accounting AB	556298-5597	Stockholm	100	100
Senaste Nytt på Nätet SNN AB	556448-0076	Stockholm	100	100
MTG Media AB	556170-2217	Stockholm	100	100
MTG Facility Management AB	556711-0290	Stockholm	100	100
Modern Betting Ltd		Malta	90	90
Nordic Betting Ltd		Malta	90	90
Bet24 Ltd		United Kingdom	90	90
Nordic Casino Ltd		Malta	90	90
B24 Marketing Services Ltd		Gibraltar	90	90
MTG A/S Danmark		Denmark	100	100
Strix Television A/S Danmark		Denmark	100	100
ViaSat A/S Danmark		Denmark	100	100
Viasat Sport A/S		Denmark	100	100
TV1000 Danmark A/S		Denmark	100	100
TV2 Sport A/S		Denmark	50	50
MTG AS Norge		Norway	100	100
Viasat AS Norge		Norway	100	100
Metro Norge AS		Norway	100	100
SportN AS		Norway	100	100
TV4 AS Norge		Norway	100	100
P4 Radio Hele Norge AS		Norway	100	100
P5 Radio Halve Norge AS		Norway	100	100
Finland Radio Investment AS		Norway	100	100

There was a third party agreement linked to the holding in MTG Russia AB, with a put and call option relating to the remaining minority holding. MTG Russia AB was as per 31 December 2009 a 100% owned subsidiary to MTG Broadcasting AB.

Shares in associated companies within the Group (SEK million)	Co. Reg.no.	Registered office	Number of shares	Share capital (%)	Voting rights (%)	Book value 31 Dec 2009	Book value 31 Dec 2008	Market value 31 Dec 2009
Forum och Marknad 107,7 i Nyköping HB	969651-4125	Nyköping	-	33	33	0	0	
Lugna Favoriter 104,7 i Stockholm HB	969651-2970	Stockholm	-	33	33	0	0	
GH GigaHertz HB	969616-7551	Göteborg	-	33	33	1	2	
Göteborg Air 105,9 HB	969661-0600	Göteborg	-	33	33	0	0	
Jönköpings Reklamradio 106,0 HB	969651-3739	Jönköping	-	33	33	0	0	
Mediamätning i Skandinavien MMS AB	556353-3032	Stockholm	1,225	25	25	5	5	
Power i Stockholm HB	969651-2236	Stockholm	-	33	33	0	0	
Radio 2000 107,6 Helsingborg HB	969651-5015	Helsingborg	-	33	33	0	0	
Radio Air 104,5 i Hällby och Eskilstuna Hl	969651-1980	Eskilstuna	-	33	33	0	0	
Radio National i Luleå AB	556475-0411	Stockholm	490	49	49	1	1	
Radio National i Skellefteå AB	556475-0346	Stockholm	490	49	49	0	0	
Radio Storpannan 104,8 i Göteborg HB	969651-2228	Göteborg	-	33	33	0	0	
Reklammedia 104,4 i Kil och Karlstad HB	969651-4109	Karlstad	-	33	33	0	0	
Reklammedia 107,3 i Kristianstad HB	969651-3697	Kristianstad	-	33	33	0	0	
Rix i Borås AB	556034-4391	Borås	490	49	49	7	7	
Rix i Skandinavien AB	556475-3670	Stockholm	500	50	50	0	0	
Svensk Programagentur AB	556453-6281	Göteborg	4,270	50	50	8	7	
Radiobranschen RAB AB	556623-1345	Stockholm	400	40	40	0	0	
Trestad Air 105,0 HB	969651-2715	Vänersborg	-	33	33	0	0	
Växjö Reklamradio 104,3 HB	969651-1972	Växjö	-	33	33	0	0	
Z-Radio 101,9 HB	969651-2269	Stockholm	-	33	33	0	0	
Östersund Air 104,0 HB	969651-2681	Östersund	-	33	33	0	0	
OY Suomen Radioviestinäly (SR)		Finland		69	69	0	0	
OY Special-Hopea (SH)		Finland		26	26	0	0	
Radio Nova		Finland	-	22	22	8	6	
Kimtevill HB	969680-2272	Stockholm	-	33	33	0	0	
Altlorenscheuerhof S.A.		Luxembourg	625	33	33	10	11	
CTC Media, Inc.		USA	60,008,800	39	39	1,757	1,886	6,449
Total						**1,798**	**1,924**	

Shares in associated companies (SEK million)	2009	2008
Balance brought forward 1 January	1,924	1,841
Investments in associated companies	1	-
Effect from new share issues CTC Media	0	57
Sale of associated companies	-	-7
Share of earnings in associated companies	270	651
Share of tax expense in associated companies	-2	-193
Elimination of internal part for the sale of DTV	-	-755
Dividend received	-12	-16
Translation differences	-382	346
Balance carried forward 31 December	**1,798**	**1,924**

Shares and participations in other companies, within the group (SEK million)	Registered office	Number of shares	Share capital (%)	Voting rights (%)	Book value 31 Dec 2009	Book value 31 Dec 2008	Market value 31 Dec 2009
Metro International S.A. - shares	Luxembourg	7,260,584	1.38	1.34	7	5	7
Metro International S.A. - warrants	Luxembourg	18,151,460			9	-	9
Metro International S.A. - subordinated debentures	Luxembourg	9,075,730			4	-	4
Other					0	0	0
Total					**21**	**5**	**21**

Shares and participations in other companies, held by parent company (SEK million)	Registered office	Number of shares	Share capital (%)	Voting rights (%)	Book value 31 Dec 2009	Book value 31 Dec 2008	Market value 31 Dec 2009
Metro International S.A. - shares	Luxembourg	7,260,584	1.38	1.34	7	5	7
Metro International S.A. - warrants	Luxembourg	18,151,460			9	-	9
Metro International S.A. - subordinated debentures	Luxembourg	9,075,730			4	-	4
Other					0	0	0
Total					**21**	**5**	**21**

The shares in Metro International S.A. are classified as shares available-for-sale, and are thereby valued at fair value. The change in the fair value was in 2008 recognised in the income statement, and the fair value component in equity was reversed. In 2009, the change was recognised in other comprehensive income. The cumulative net changes are recognised in the fair value reserve in equity. In 2009, the parent company invested in Metro warrants and subordinated debentures, also classified as available-for-sale.

Shares and participation in Group companies, Parent company (SEK million)	2009	2008
Accumulated acquisition values		
Opening balance 1 January	3,703	400
Liquidation of subsidiaries	-1	-
Acquisition of subsidiary	-	0
Shareholders' contribution	10	3,401
Write down	-10	-99
Closing balance 31 December	**3,702**	**3,703**

The shareholder contribution in 2009 was made to Modern Studios Holding AB and in 2008 to MTG Publishing AB and Modern Studios Holding AB.

Shares and participation in other companies, Parent company and Group (SEK million)	2009	2008
Accumulated acquisition values		
Opening balance 1 January	66	66
Acquisition depository receipts in Metro	7	-
Total acquisition values	**73**	**66**
Accumulated fair value revaluations		
Opening balance 1 January	-61	-30
Revaluation available-for-sale during the year	8	-30
Total fair value revaluations	**-53**	**-61**
Closing balance 31 December	**21**	**5**

Note 13 Nature of expenses

(SEK million)	2009	2008
Net sales	14,173	13,166
Cost of programmes and goods	-6,971	-5,409
Distribution costs	-1,905	-1,525
Employee benefits expense	-1,586	-1,362
Depreciation and amortisation expense	-236	-141
Asset impairment charges	-3,352	-76
Other expenses	-1,821	-2,784
Gain of sale of DTV Group	-	1,150
Share of earnings in associated companies	270	651
Operating Income	**-1,428**	**3,671**

Note 14 Accounts receivable

Group (SEK million)	31 December 2009	31 December 2008
Accounts receivable		
Gross accounts receivable	1,617	1,747
Less allowances for doubtful accounts	-199	-161
Total	**1,419**	**1,585**
Allowance for doubtful accounts		
Openingen balance 1 January	161	112
Provision for potential losses	68	57
Actual losses	-18	-2
Reversed write-offs	-9	3
Translation differences	-3	-9
Closing balance 31 December	**199**	**161**
Receivables due without provisions for bad debt		
<30 days	215	250
30-90 days	79	135
> 90 days	5	21
Total	**299**	**406**
Receivables due with provisions for bad debt		
> 90 days	199	161
Total	**199**	**161**

Parent company (SEK million)	31 December 2009	31 December 2008
Gross accounts receivable	-	0
Less allowances for doubtful accounts	-	0
Total	**-**	**0**

Note 15 Prepaid expense and accrued income

Group (SEK million)	31 December 2009	31 December 2008
Prepaid transponder costs	0	2
Prepaid media costs	7	11
Accrued sales revenue	191	117
Prepaid production costs	29	21
Prepaid distribution costs	17	9
Prepaid subscriber acquisition costs	381	441
Prepaid programme acquisition costs	510	779
Other	71	110
Total	**1,206**	**1,490**

The prepaid subscriber acquisition costs are distributed over the contract period (in Sweden 24 months), and SEK 36 million will be expensed in 2011.

Parent company (SEK million)	31 December 2009	31 December 2008
Prepaid insurance premium	0	0
Other	1	2
Total	**1**	**2**

Note 16 Cash and cash equivalents

Group (SEK million)	31 December 2009	31 December 2008
Bank balances	730	931
Deposits	7	44
Total	**737**	**975**

Parent company (SEK million)	31 December 2009	31 December 2008
Bank balances	536	59
Total	**536**	**59**

Note 17 Earnings per share

(SEK million)	2009	2008
Earnings per share before dilution		
Net income for the year attributable to equity holders of the parent company	-2,033	2,851
Shares outstanding on 1 January	65,890,375	66,352,540
Effect from stock options exercised	1,217	188,097
Effect from share buy-back	-	-632,264
Weighted average number of shares before dilution	**65,891,592**	**65,908,373**
Basic earnings per share, SEK	**-30.86**	**43.25**
Diluted earnings per share		
Net income for the year attributable to equity holders of the parent company	-2,033	2,851
Effect from dilution in associated companies (CTC Media)	-7	-19
Diluted net income for the year attributable to the equity holders of the parent company	**-2,041**	**2,832**
Weighted average number of shares before dilution	65,891,592	65,908,373
Effect from stock options	-	47,105
Weighted average number of shares after dilution	**65,891,592**	**65,955,478**
Diluted earnings per share, SEK	**-30.97**	**42.93**

Potentially dilutive instruments

Modern Times Group MTG AB has outstanding employee stock option programmes where the strike price exceeded the average share price for ordinary shares. These options are therefore not included in the calculation of diluted earnings per share. If the average share price exceeds the strike price in future, these options will be dilutive. Further, the company has outstanding employee stock option programmes, where the strike price is below the average share price for ordinary shares. These options are not included in the calculation, as these would dilute the loss per share. However, the options will be diluting going forward, when earnings per share are positive, as long as the share price lies above the strike price.

Note 18 Shareholders' equity

Shares issued (SEK million)	Number of shares paid	Quota value
MTG Class A	7,930,701	40
MTG Class B	57,966,114	290
MTG Class C	850,000	4
Total number of shares issued/total quota value as per December 31 2009	**66,746,815**	**334**

The holder of an MTG Class A share is entitled to 10 votes, the holder of an MTG Class B share one vote and MTG Class C share one vote. Class C shareholders are not entitled to dividend payments. The Class C shares are held by the parent company.

	Class A shares	Class B shares	Class C shares	Total
31 December 1997	15,123,741	44,573,991		59,697,732
New share issue 2000	5,410,532	1,266,892		6,677,424
31 December 2000	20,534,273	45,840,883		66,375,156
Conversion of Class A shares to Class B shares 2001	-4,988,652	4,988,652		-
31 December 2001	15,545,621	50,829,535		66,375,156
New share issue 2006, exercise of stock options issued 2001	-	667,368		667,368
31 December 2006	15,545,621	51,496,903		67,042,524
New share issue 2007, exercise of stock options issued 2001	-	29,016		29,016
Conversion of Class A shares to Class B shares, 2007	-303,953	303,953		-
Repurchase of Class B shares 2007	-	-719,000		-719,000
31 December 2007	15,241,668	51,110,872		66,352,540
New share issue 2008, exercise of stock options issued 2005		335,835		335,835
New share issue 2008, share option plan issued 2008			480,000	480,000
Conversion of Class A shares to Class B shares, 2008	-150,242	150,242		-
Repurchase of Class B shares 2008		-798,000		-798,000
Shares issued 31 December 2008	**15,091,426**	**50,798,949**	**480,000**	**66,370,375**
New share issue 2009, exercise of stock options issued 2005		6,440		6,440
New share issue 2009, share option plan issued 2009			370,000	370,000
Conversion of Class A shares to Class B shares, 2009	-7,160,725	7,160,725		-
Shares issued 31 December 2009	**7,930,701**	**57,966,114**	**850,000**	**66,746,815**

Parent company (SEK)	2009	2008
Proposed/decided cash dividends	5.50	5.00

Legal reserve
The legal reserves in the parent company were previously legal statutory reserves in accordance with the Swedish Company Act. In 2008 and 2007, the legal reserves were reduced and transferred to retained earnings.

Paid-in capital/Premium reserve
The paid-in capital arises when shares are issued at a premium, i.e. shares were paid at a higher price than the quotient value. The premium reserve in the parent company relates to employee options exercised during 2009 and 2008 only.

Translation reserve in equity
Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations to Swedish krona in the consolidated accounts.

Group (SEK million)	2009	2008
Opening balance, 1 January	1,502	6
This year's translation differences, net of tax	-860	1,347
Realised accumulated translation differences by sale of shares in Group companies	-	149
Total accumulated translation differences, 31 December	**642**	**1,502**

MTG hedges the book value of the net investment in Nova Televizia against fluctuation in currency rates, that is, the risk related to changes in currency rates between the Swedish krona and Bulgarian leva. In relation to the acquisition MTG raised a euro loan which is recognised as hedging instrument for part of the investment. The loan was repaid during 2009.

Hedging reserve
The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Group (SEK million)	2009	2008
Opening balance, 1 January	33	3
Recognised in other comprehensive income	-13	31
Recognised in the income statement	-12	93
Transferred to the acquisition value of item hedged	12	-94
Closing balance, 31 December	**21**	**33**

Fair value reserve

The fair value reserve includes the cumulative net change in the fair value of available-for-sale investments until the investment is derecognised. If a decrease in values has occurred for a longer period of time, the change is charged to the income statement and will therefore not be recognised in the fair value reserve.

Group (SEK million)	2009	2008
Opening balance, 1 January	0	5
Recognised in other comprehensive income	8	-5
Closing balance, 31 December	**8**	**0**

Revaluation reserve

The revaluation reserve includes revaluation of trademarks in relation to successive share purchase.

Group (SEK million)	2009	2008
Opening balance, 1 January	-12	-12
Closing balance, 31 December	**-12**	**-12**

Retained earnings

Retained earnings comprise of previously earned income.

Minority interest

In subsidiaries not wholly owned, the share of equity owned by external shareholders is recorded as minority interest. If the shareholders' equity is negative, a receivable is reported for the minority to the extent that minority owners are expected to contribute their share.

Note 19 Provisions

Group (SEK million)	Royalties and other provisions	Pension provisions	Total
Opening balance, 1 January 2008	**219**	**13**	**233**
Provisions during the year	130		130
Utilised during the year	-133		-133
Reversed during the year	-29		-29
Translation differences	9	-1	8
Closing balance, 31 December 2009	**197**	**12**	**209**
Provisions during the year	174		174
Utilised during the year	-84		-84
Reversed during the year	-60		-60
Translation differences	-2	2	-1
Closing balance, 31 December 2009	**224**	**14**	**238**
Included in non-current liabilities 31 December 2008	197	12	209
Included in non-current liabilities 31 December 2009	224	14	238

Various MTG companies are involved in disputes with collecting societies over payment of royalties for the past use of copyrights and similar rights. Further, MTG companies are parties to non-material litigations. The Company does not believe that liabilities related to these matters are likely to have a material adverse effect on the financial position of the Group.

The entire pension costs are recognised in operating income. The Group's defined-benefit pension plans for employees upon retirement exist in Norway and in one Swedish company. The Swedish plans are multi-employer defined benefit plans. The Group reports these pension costs in the same way as defined contribution plans.

Parent company

The provisions in the Parent company comprise accrued social expenses on share-based payments of SEK 6 (8) million.

Note 20 Accrued expense and prepaid income

Group (SEK million)	31 December 2009	31 December 2008
Accrued personnel costs	179	157
Accrued interest costs	5	25
Accrued commission to sales agents	189	205
Accrued royalties	55	37
Accrued professional fees	28	14
Accrued media costs	91	63
Accrued distribution costs	47	28
Accrued costs of goods sold	70	59
Accrued programme costs	1,071	1,059
Prepaid income	736	755
Other	333	253
Total	**2,803**	**2,654**

Parent company (SEK million)	31 December 2009	31 December 2008
Accrued personnel costs	29	10
Accrued interest costs	5	25
Other	2	5
Total	**36**	**39**

Note 21 Contingent liabilities

Group (SEK million)	31 December 2009	31 December 2008
Guarantees external parties	-	-
Total	**-**	**-**

Various MTG companies are involved in disputes with collecting societies over payment of royalties for the past use of copyrights and similar rights. Further, MTG companies are parties to non-material litigation. The Company does not believe that liabilities related to these matters are likely to have a material adverse effect on the financial position of the Group. These litigations are therefore not included in the contingency liabilities. There are no pledged assets in 2009 and 2008.

Parent company (SEK million)	31 December 2009	31 December 2008
Guarantees external parties	-	-
Guarantees subsidiaries	362	273
Total	**362**	**273**

Note 22 Financial instruments and financial risk management

Capital management

The primary objective of the Group's capital management is to ensure financial stability, manage financial risks and secure the Group's short-term and long-term need of capital. The Group defines its capital as equity including minority interest as stated in the statement of financial position.

The Group manages its capital structure and makes adjustments when necessary due to economic conditions in its environment. To maintain or adjust the capital structure, the Group may change the dividend payment to shareholders, buy-back shares or issue new shares. New strategic goals were presented during 2007, and are commented upon in the Directors' report.

The Group monitors capital efficiency using different ratios, such as net debt, return on capital employed and equity to assets ratio.

The Board of Directors propose to the Annual General Meeting 2010 a dividend of SEK 5.50 per share, which corresponds to 28% of this year's normalised net income. The total proposed dividend payment would amount to a maximum of SEK 365,779,321, based on the maximum potential number of outstanding ordinary shares as at the record date. The Group continues to maintain a strong financial position for its future development.

The Board of Directors was given a mandate to buy back shares at the Annual General Meeting in 2009 and 2008. The Board of Directors will propose to the Annual General Meeting in 2010 a new authorisation for a share buy-back.

There are no regulatory external capital requirements to be met by the parent company or any of the subsidiaries other than covenants described under the heading "Loan facility" in this note.

Group (SEK million)	2009	2008
Interest-bearing loans and borrowings	-3,518	-4,653
Other interest-bearing liabilities	-45	-52
Cash and short term deposits	737	975
Long- and short-term interest-bearing assets	77	92
Net debt	**-2,749**	**-3,637**
Equity including minority interest	5,680	8,980
Net debt to equity ratio	48%	41%
Assets	14,651	19,232
Equity to assets	39%	47%
Capital employed, average	12,495	8,240
Operating income adjusted for one-off costs and the gain on sale of DTV Group	1,924	2,521
Return on Capital employed	15%	31%

Financial policy

The Group's financial risk management is centralised to the parent company to capitalise on economies of scale and synergy effects in the financial sector and to minimise operational risks. The parent company functions as the Group's internal bank and is responsible for the management of financing and the financial risk policy. This includes netting and pooling of cash requirements, and payment flows. The payment flows relate to Scandinavia and the Baltics. The aim is to limit the Group's financial risk, and ensure that the Group has appropriate and secure financing for its current needs.

The Group's financial policy is reviewed and approved by the Board of Directors and constitutes a framework of guidelines and rules for financial risk management and financial activities in general. The policy is subject to a yearly review. The Group's financial risks are continuously compiled and followed up to ensure compliance with the financial policy.

Liquidity in the Group is concentrated with the central financing function and in local cash pools. Surplus liquidity may be invested during a period of maximum six months. The financial policy involves a special counterparty regulation by which a maximum credit exposure for various counterparties to minimise the risk is stipulated.

Loan facility

A revolving multicurrency credit facility of SEK 3,500 million was granted in February 2006. The facility is unsecured and there are no required amortisations. The facility is available until February 2011. A new non-revolving credit facility of SEK 3,000 million was granted in July 2009. The facility is available until 2 July 2012. In addition to the credit facilities, two overdraft facilities of SEK 50 million, in total SEK 100 million, are granted. As per 31 December 2009 SEK 3,500 (4,640) million of the credit facilities were utilised.

The loan agreements have covenants based on the ratios total consolidated EBITDA in relation to net debt and to net financial expenses.

The revolving credit facility of SEK 3,500 million can be paid out in optional currencies and the interest rate varies with Libor, Euribor or Stibor, depending on the currency utilised.

The Prima Group has a revolving credit facility of CZK 220 million, of which CZK 60 million is an overdraft facility. The facilities were unutilised on 31 December 2009 as well as 2008.

The Bulgarian company Nova has a credit facility of EUR 6 million, of which EUR 2.3 million were drawn at the balance sheet date, and provided a bank guarantee of EUR 0.8 million to an external supplier. EUR 2.9 million were therefore unutilised as per 31 December 2009. As per 31 December 2008 EUR 2.7 million were drawn, with a bank guarantee of EUR 1.7 million and EUR 1.6 million were unutilised.

Financial lease liabilities

The leasing liabilities refer to HD playout equipment. The equipment had a value of SEK 9 (11) million as per 31 December. Finance lease liabilities are payable as follows:

	2009			2008		
Group (SEK million)	Minimum lease payments	Interest	Principal	Minimum lease payments	Interest	Principal
Less than a year	4	1	3	5	1	4
Between one and five years	8	1	8	13	1	12
Total financial lease	**13**	**1**	**11**	**18**	**2**	**16**

Interest-bearing liabilities

Group (SEK million)	31 December 2009	31 December 2008
Non-current liabilities		
Non-current portion of bank loans	3,495	4,623
Other long-term liabilities	5	9
Finance lease liabilities	9	17
Total	**3,509**	**4,649**
Current liabilities		
Current portion of bank loans	23	30
Other short-term interest-bearing liabilities	27	21
Current portion of finance lease liabilities	4	5
Total	**54**	**56**

Maturity of long-term loans

Parent company (SEK million)	31 December 2009	31 December 2008
Amount due for settlement within 12 months	-	-
Amount due for settlement within 13 to 59 months	3,462	4,623
Amount due for settlement after 60 months	-	-

Terms and payback period, gross values

	2009						
Group (SEK million)	Interest rate	Fixed interest term	Effective interest rate	Total	12 months or less	1-2 years	More than 2 years
Finance lease liabilities	6.3-7.2	12 months	6.3-7.2	13	4	9	-
Loan from bank	1.1-2.3	3 months	2.8-3.9	3,732	113	583	3,036
Forward agreements				70	70	-	-
Other interest-bearing liabilities				32	27	5	-
Accounts payable				1,226	1,226	-	-
				5,073	**1,439**	**598**	**3,036**

	2008						
Group (SEK million)	Interest rate	Fixed interest term	Effective interest rate	Total	12 months or less	1-2 years	More than 2 years
Finance lease liabilities	6.3-7.2	12 months	6.3-7.2	21	5	17	-
Loan from bank	3.4-6.1	1 - 9 months	5.7-7.1	4,891	135	3,089	1,666
Other interest-bearing liabilities				30	21	9	-
Accounts payable				1,563	1,563	-	-
				6,505	**1,724**	**3,114**	**1,666**

The interest payments arising from the financial instruments were calculated using the last interest rates before or on 31 December. The liabilities were calculated to be repaid on the earliest possible time period.

Overdraft facilities

The amount granted for bank overdraft facilities in Sweden at 31 December 2009, equaled SEK 100.0 (100.0) million, of which SEK 100.0 (100.0) million was unutilised. The Prima Group is granted a bank overdraft facility of CZK 60 (60) million, of which CZK 60 (60) million was unutilised.

Interest rate and refinancing risk

MTG’s sources of funds are primarily shareholders’ equity, cash flows from operations and borrowing. The interest-bearing borrowing exposes the Group to interest rate risk. The refinancing risk is limited partly through having loans with different maturity dates and with a number of financial institutions, partly by striving for refinancing all loans at least 12 months prior to maturity.

Market risk - interest rate

With an average fixed interest period of 2.5 months, a one percentage change in interest rates would have an impact on the Group's interest expense of approximately SEK 27 (23) million, calculated on the basis of long-term interest-bearing loans of SEK 3,500 (4,623) million as per 31 December 2009. The calculation is based on the change in interest expense after the interest period and does not take the maturity of the loans or changes in currency rates into consideration.

Group policy is to have a balanced mix between variable and fixed interest rates. During 2009, the interest period was however short term. At year end it was 1 month. The Group does not currently use derivative financial instruments to hedge its interest risks.

Credit risk

Credit risk is defined as the exposure to losses in the event that one party to a financial instrument fails to fulfill their obligations. The Group's policy related to the credit risk in financial activities imply approving only well-established international financial institutions as counterparties. Transactions are made within fixed limits and exposures are continuously monitored. The Group's exposure to credit risk amounts to SEK 2,261 (2,751) million as per 31 December 2009. The exposure are based on the carrying amount for the financial assets, the major part comprising trade receivables and cash.

The credit risk with respect to the Group's trade receivables is diversified among a large number of customers, both private individuals and companies. The credit risks on certain markets have increased since the autumn in 2008 due to the financial crises. High credit ratings are required for all material credit sales and solvency information is obtained to reduce the risk of bad debt expense. See also note 14 Accounts receivable.

Insurable risks

The insurance cover is governed by corporate guidelines, and centrally negotiated insurance policies cover the majority of its subsidiaries. In certain cases, local insurance policies have been put in place. Each business unit is responsible for assessing and managing the insurable risks associated with its day-to-day operations.

Foreign exchange risk

Foreign exchange risk is the risk that fluctuations in exchange rates will adversely affect the income statement, financial position and/or cash flows. The risk can be divided into transaction exposure and conversion exposure.

Transaction exposure

Transaction exposure is the risk that arises from net inflow or outflow of a foreign currency required by operations and financing. Hedging positions are taken to protect the Group against the effects of transaction exposures in the contracted outflow for the main part of programme acquisitions in US dollars, British pounds and Swiss francs on a rolling twelve month basis. Other transaction exposure is not hedged.

The entities' net foreign exchange cash flow was distributed among the currencies as follows, hedges not included:

Currency (SEK million)	2009	2008
DKK	646	526
NOK	788	625
EUR	-557	-781
CHF	-49	-65
USD	-1,153	-1,013

The nominal value of the hedge contracts amount to USD 158 (139) million, CHF 12 (12) million, and GBP 3 (3) million at closing day.

Market risks – exchange risk

A 5% change in USD/SEK would have a net currency flow affect on profit before tax of approximately SEK 50-65 (45-60) million, while the respective change in NOK would affect profit before tax by approximately SEK 35-45 (30-40) million.

The effect of a change in the rate by 5% on the outstanding positions in the hedge reserves in equity as per 31 December would have been approximately SEK 5 (3) million.

Conversion exposure

Conversion exposure is the risk that arises from equity in a foreign subsidiary or associated company that is denominated in a foreign currency. The USD amount comprises the holding in CTC Media. MTG hedges part of the book value of the net investment in Nova Televizia against fluctuation in currency rates, that is, the risk related to changes in currency rates between the Swedish krona and Bulgarian leva. In relation to the acquisition MTG raised a euro loan which is recognised as the hedging instrument, as the Bulgarian leva is pegged to euro. The euro loan was repaid at 31 December 2009. There are no other hedging positions for conversion exposure.

Net foreign assets including goodwill and other intangible assets arising from acquisitions are distributed as follows:

	2009		2008	
Currency	SEK million	%	SEK million	%
BGN	4,028	43	7,908	57
USD	1,757	19	1,886	14
NOK	984	10	1,154	8
EUR	738	8	482	3
DKK	53	1	185	1
Other currencies	1,915	20	2,195	16
Total equivalent SEK value	**9,475**	**100**	**13,810**	**100**

A 5% change in USD/SEK would affect equity by approximately SEK 88 (94) million, while the respective change in the currencies in the Central European countries would affect equity by SEK 300 (506) million.

Financial instruments at fair value in the statement of financial position

Financial instruments at fair value are classified in a three level hierarchy:

Level 1 - quoted prices in active markets for identical assets or liabilities are used to determine the fair value.

Level 2 - observable sources of data for the asset or liability, either directly or as prices or indirectly as derived from prices, are used to arrive at fair value.

Level 3 - unobservable input data which are not based on market data are used to arrive at the fair value.

Financial instruments available-for-sale, which comprise shares in listed companies are classifed as level 1, derivative instruments as forward foreign exchange contracts are classifed as level 2. There are no financial instruments at level 3.

Fair value of Financial instruments in the statement of financial position

	31 December 2009		31 December 2008	
Group (SEK million)	Level 1	Level 2	Level 1	Level 2
Financial assets				
Derivatives				
Forward foreign exchange contracts	-	-	-	122
Financial assets available-for-sale				
Shares in other companies	21	-	33	-
Financial liabilities				
Derivatives				
Forward foreign exchange contracts	-	70	-	-

Other financial assets are reported in the statement of financial position in cash and cash equivalents, interest-bearing long-term receivable, accounts receivables, and accounts receivables affiliated companies. Financial liabilities are reported in accounts payable, short-term interest-bearing liabilities and long-term interest-bearing liabilities. The company judges the book values and the fair values to correspond for these items.

Note 23 Lease and other commitments

Lease and other commitments for future payments at 31 December 2009

Group (SEK million)	Future rent on non-cancelable leases	Future payments for program rights	Transponder commitments	Total commitments
2010	85	1,573	257	1,915
2011	97	1,592	207	1,896
2012	87	1,366	67	1,519
2013	74	772	2	849
2014	80	229	1	311
2015 and thereafter	257	219	1	477
Total lease and other commitments	**681**	**5,750**	**536**	**6,967**
This year's operational costs				
Minimum lease fees	78	2,139	297	2,514
Variable fees	1	179	17	196
Total operational costs	**79**	**2,318**	**313**	**2,710**

Lease and other commitments for future payments at 31 December 2008

Group (SEK million)	Future rent on non-cancelable leases	Future payments for program rights	Transponder commitments	Total commitments
2009	85	1,309	245	1,639
2010	77	1,163	190	1,429
2011	72	794	184	1,050
2012	64	363	45	473
2013	64	162	0	226
2014 and thereafter	247	138	-	385
Total lease and other commitments	**609**	**3,928**	**665**	**5,202**
This year's operational costs				
Minimum lease fees	69	2,129	263	2,460
Variable fees	0	316	26	342
Total operational costs	**69**	**2,444**	**289**	**2,802**

Future rent on non-cancelable leases at 31 December

Parent company (SEK million)	2009	2008
2009	-	1
2010	1	1
2011	1	1
2012	1	1
2013	1	1
2014	1	1
2015 and thereafter	-	-
Total lease and other commitments	**5**	**6**
This year's operational costs		
Minimum lease fees	1	1
Variable fees	-	-
Total operational costs	**1**	**1**

Note 24 Average number of employees

Group	2009 Men	2009 Women	2008 Men	2008 Women
Sweden	548	399	476	368
Bulgaria	156	164	102	87
Czech Republic	140	120	153	124
Norway	144	116	127	121
Denmark	158	89	137	93
United Kingdom	120	120	129	114
Estonia	67	96	52	80
Lithuania	53	29	52	49
Latvia	27	47	22	63
Ukraine	30	25	21	10
Russia	17	26	29	35
Slovenia	18	21	28	23
Malta	24	15	19	11
Ghana	29	8	11	3
Hungary	14	27	18	22
Spain	16	7	27	10
Finland	12	8	7	3
The Netherlands	2	8	1	6
Poland	1	2	-	6
Other	1	2	1	4
Total	**1,577**	**1,329**	**1,412**	**1,232**
Total number of employees		**2,906**		**2,644**

Parent company	2009	2008
Men	21	28
Women	10	12
Total	**31**	**40**

Gender distribution senior executives

Group	Men %	Women %
Board of Directors	75	25
CEO	79	21
Other senior executives	78	22
Total	**78**	**22**

Parent company	Men %	Women %
Board of Directors	75	25
CEO	100	-
Other senior executives	67	33
Total	**73**	**27**

Absence due to illness

	As a percentage of standard working hours	
Parent company	2009	2008
Men	0.4%	0.3%
Women	3.6%	1.0%
Total	**1.4%**	**0.5%**

Since the number of employees is relatively low and that absence due to illness therefore could be attached to private individuals, no information about age categories or absence longer than 60 days is disclosed.

Note 25 Salaries, other remuneration, and social and security expenses

Group (SEK million)	2009	2008
Personnel expenses		
Wages and salaries	1,249	1,088
Social security expenses	231	212
Pension costs - defined contribution plans	74	51
Pension costs - defined benefit plans	12	10
Share-based payments	6	4
Social security expenses on share-based payments	14	-3
Total	**1,586**	**1,362**

(SEK million)	2009	2008
Board of Directors, CEO and other senior executives [1]	176	156
of which, variable salary	*37*	*46*

1) Includes SEK 4.4 (4.4) million Board fees approved by the Annual General Meeting

Parent company (SEK million)	2009	2008
Board of Directors, CEO and other senior executives	43	46
of which, variable salary	*11*	*20*
Other employees	57	61
Total salaries and other remuneration	**100**	**107**
Social security expenses	26	37
of which, pension costs	*7*	*10*
of which, pension costs CEO	*1*	*2*

Total salaries in the parent company include remuneration to other senior executives (4 persons) of SEK 20 (20) million, of which variable salary is SEK 5 (6) million.

Remuneration to senior executives

A fee is paid to the Board of Directors in accordance with the ruling of the Annual General Meeting. The remuneration to senior executives are paid in accordance with the guidelines approved of by the Annual General Meeting.

The objectives of the Group's Remuneration policy are to offer competitive remuneration packages to attract, motivate and retain senior group and operational management, within the context of the international peer group consisting of Northern and Eastern European media companies. The aim is to incentivise management to deliver excellent operating results and also align senior executive remuneration with the creation of value for shareholders. The remuneration should provide for an appropriate balance between fixed and variable, short and long term incentives. The current senior executive remuneration programme therefore consists of a combination of fixed salary, variable salary and participation in incentive programmes, and is designed to meet the objectives of the policy.

Remuneration to the CEO and other senior executives comprises a base salary, bonus and other benefits. Other senior executives include business area managers, the Chief Operating Officer, the Chief Financial Officer, Chiefs of Staff and Head of Administration. The Executive Management is found on pages 9-12. Martin Lewerth joined the Executive Management group in January 2010, and the related salary is therefore not included in the figures below.

The variable remuneration shall be based on the performance in relation to established goals. The general contractual bonus system is based on an earnings period of one year, and does normally not exceed 50% of the base salary. However, in some cases an extra bonus above the 50% target has been granted based on exceptional performance, and, in other cases, due to the cash bonus paid out in connection with the exercise of the share options from the 2005 programme and the forfeited 2006 warrants, in accordance with the decision of the Annual General Meeting.

The CEO and the other members of the Company's senior exeecutives are entitled to customary pension commitments based on the national pension plan, entailing retirement at the age of 65. Pension commitments are secured through premiums paid to insurance companies.

Other benefits include company cars and, in one case, housing allowance.

The maximum notice period in any Executive's contract is twelve months during which time salary payment will continue. The Company does not generally allow any additional contractual severance payments to be agreed although there can be occasional cases where this takes place. The Chief Executive Officer is entitled to receive a severance payment equivalent to one month's basic salary per year of service in the Group if he complies with certain conditions.

Remuneration and other benefits 2009

(SEK thousand)	Base fee	Base salary	Variable remuneration	Other benefits	Pension costs	Other remuneration	Total
David Chance, Chairman of the Board	1,125					252	1,377
Asger Aamund	425						425
Mia Brunell Livfors	425						425
Simon Duffy	600						600
Alexander Izosimov	475						475
Michael Lynton	475						475
David Marcus	450						450
Cristina Stenbeck	400						400
Hans-Holger Albrecht, CEO	-	13,721	5,908	315	1,287	-	21,231
Executive managers (9 persons)	-	31,586	11,829	1,278	2,058	-	46,751
Total	**4,375**	**45,307**	**17,737**	**1,593**	**3,345**	**252**	**72,609**

During 2009, the Group has applied a salary freeze for all senior executives. The 2009 amounts disclosed for the executive managers relate to the full year, 2008 part of the year for one of the executive managers. The remaining differences in base salary between the years relate to foreign exchange rate differences only. The numbers include variable salary remuneration incurred to be paid after the year end for the Chief Executive Officer of SEK 3.3 (2.2) million. In addition, non-cash share based incentive programme costs calculated in accordance with IFRS 2 amounted to SEK 5.4 million for the CEO and SEK 10.1 million for other

Remuneration and other benefits 2008

(SEK thousand)	Base fee	Base salary	Variable remuneration	Other benefits	Pension costs	Other remuneration	Total
David Chance, Chairman of the Board	1,125					252	1,377
Asger Aamund	450						450
Mia Brunell Livfors	425						425
Simon Duffy	600						600
Alexander Izosimov	475						475
David Marcus	500						500
Cristina Stenbeck	400						400
Pelle Törnberg	400						400
Hans-Holger Albrecht, CEO	-	14,107	7,303	108	1,950	-	23,468
Executive managers (9 persons)	-	29,503	13,468	935	2,389	-	46,295
Total	**4,375**	**43,610**	**20,771**	**1,043**	**4,339**	**252**	**74,389**

The amounts disclosed for the executive managers relate to the full year with one exception where the information relates to part of the year. The numbers include variable salary remuneration incurred to be paid the year after of SEK 2.2 (1.1) million for the Chief Executive Officer. In addition, non-cash share based incentive programme costs calculated in accordance with IFRS 2 amounted to SEK 2.2 million for the CEO and SEK 4.2 million for other executive managers.

	2005/2009	2006/2010	2007/2011	2008/2011		2009/2012	
	Stock options	Warrants and stock options	Warrants and stock options	Retention and performance		Retention and performance	
Financial instruments 2009	Number	Number	Number	Shares	Options	Shares	Shares
CEO	-	99,300	44,996	27,200	51,000	7,000	49,000
Executives executives (9 persons)	-	58,546	174,384	67,750	124,950	17,000	92,000
Total	**-**	**157,846**	**219,380**	**94,950**	**175,950**	**24,000**	**141,000**

David Chance has, further to the board fee in MTG, also received a board fee of SEK 252 (252) thousand as a Director of the Board in Viasat Broadcasting UK.

Decision process

The remuneration to the Chief Executive Officer was decided by the Board of Directors. Remuneration to executive management is proposed by the Chief Executive Officer and decided by the Board of Directors.

Sharebased payments

The Annual General Meetings, with the beginning in 2005, have established stock-based incentive programmes for senior executives and key personnel.

2009 Long-term incentive programme (LTIP)
The 2009 programme is performance based and directed towards 50 senior executives and other key employees. Individual investments in MTG shares are required to participate. These shares can be shares already held or shares purchased on the market in connection with the notification to participate in the programme. The shares must be held during the three year vesting period. Thereafter, the participants are granted retention rights and performance rights depending on the fulfillment of certain stipulated goals. The goals relate to shareholder return, normalised return on capital employed and shareholder return to be equal to a peer group. The rights to retention shares and performance shares were granted by the company free of charge at the beginning of June 2009, and may be exercised the day following the release of the interim report for Q1 2012. Dividends paid on underlying shares during the vesting period will increase the number of retention and performance shares in order to treat the shareholders and the participants equally. The programme is calculated to comprise 43,225 retention shares, and 217,900 performance shares.

2008 Long-term incentive programme (LTIP)
The 2008 programme is performance based and directed towards 50 senior executives and other key employees. Individual investments in MTG shares are required to participate. These shares can be shares already held or shares purchased on the market in connection with the notification to participate in the programme. The shares must be held during the three year vesting period. Thereafter, the participants are granted retention shares and performance shares and options depending on the fulfilment of certain stipulated goals. The goals relate to shareholder return, return on capital employed, organic growth and shareholder return compared to a peer group. The rights to retention and performance shares were granted by the company free of charge at the end of May 2008, and may be exercised after the release of the interim report for Q1 2011 until 30 days before the planned release of the Q2 report in 2011. The retention rights and the performance shares will be adjusted for dividends. The programme comprises 12,500 retention shares, 131,000 performance shares and 262,000 performance options.

2005-2007 programmes – conditions in general
The 2005-2007 incentive programmes have comprised a combination of warrants and stock options, which entitle senior executives to a combined maximum of 399,994 MTG Class B shares under the 2007 programme and 399,999 MTG Class B shares under the 2006 and 2005 programme. The participants had the opportunity to buy warrants at the prevailing market price, and, for each warrant purchased, a maximum of six stock options under the 2007 programme and two stock options under the 2006 and 2005 programmes are issued, each carrying the right to purchase one Class B share. The exercise price for both the 2005 and 2006 programmes was set at 115% and for the 2007 programme at 110% of the average share price of the Class B share over the ten days following the Annual General Meeting.

To encourage participation in the incentive programme, the AGMs also approved the payment of a cash bonus three years after the acquisition of the warrants by the participant. The cash bonus will be paid if the stock options and the Class B shares acquired by exercising the warrants are still held by the participant, and if the participant is still employed by the Group, after three years. The bonus may amount to a maximum of the difference between the total price paid by the participant and 2% of the total value of the underlying Class B shares at the time of acquisition of the warrants and stock options.

The 2007 option programme
The 2007 programme was directed towards a group of 41 senior executives. The exercise price for the allotted options was set at SEK 432.50 per MTG Class B share. The stock options may be exercised on, or after, 15 May 2010 provided that the holder is still employed by the Group. The exercise period is 15 May 2010 - 15 May 2012.

The 2006 option programme
The 2006 programme was directed towards a group of 25 senior executives. The exercise price for the allotted options was set at SEK 450.30 per MTG Class B share. The stock options may be exercised on, or after, 15 May 2009 provided that the holder is still employed by the Group. Following the distribution of the majority of MTG's shareholding in Metro International S.A. to MTG shareholders in July 2006, the exercise price for the warrants was recalculated as SEK 417.70 and the exercise price for the stock options as SEK 413.30. The exercise period is 15 May 2009 - 15 May 2011.

The 2005 option programme
The 2005 programme was directed towards a group of 20 senior executives. The exercise price for the allotted options was set at SEK 261.70 per MTG Class B share. The stock options may be exercised on, or after, 15 May 2008 provided that the holder is still employed by the Group. Following the distribution of the majority of MTG's shareholding in Metro International S.A. to MTG shareholders in July 2006, the exercise price for the warrants was recalculated as SEK 239.30 and the exercise price for the stock options as SEK 235.80. The exercise period is 15 May 2008 - 15 May 2010.

Cost effects of the incentive programmes

The programmes are equity-settled programmes. The initial fair value at grant date of the stock option programmes, are expensed during the vesting period. The cost for the programmes are recognised in equity and as an operating expense. The cost is based on the fair value of the MTG Class B share at grant date and the number of shares expected to vest. The cost recognised in 2009 for the programmes amounts to SEK 19 million excluding social charges.

The fair value of services received in return for share options granted were calculated based on the Black & Scholes method. The expected volatility is based on historical values. Further, it has been assumed that 10% of the personnel will leave during the period. As for the performance programmes, the probability that the goals are met has been taken into consideration by applying adjustment factors to the different goals, when calculating the costs.

At the end of 2009, exercisable stock options granted in 2005 and 2006, entitling the holders to acquire 203,238 MTG Class B shares had not yet been utilised.

Dilution
If all options granted to senior executives and key employees as at 31 December 2009 were exercised, the issued share capital of the Company would increase by 1,130,159 Class B shares, and be equivalent to a dilution of 1.7% of the issued capital and 0.8% of the related voting rights at the end of 2009. In 2009, 6,440 options from the 2005 programme were exercised.

Distribution of issued warrants, stock options and retention and performance rights and options:

Warrants, options and rights outstanding	CEO	Senior executives	Key personnel	Total
Incentive programmes 2005-2007	111,196	227,278	160,919	499,393
LTIP 2008	78,200	192,700	122,501	393,401
LTIP 2009	56,000	109,000	72,365	237,365
Total outstanding as per 31 December 2009	**245,396**	**528,978**	**355,785**	**1,130,159**

	2009		2008	
	No of options	Weighted exercise price	No of options	Weighted exercise price
Options outstanding at 1 January	1,049,807	374.28	1,078,291	351.64
Warrants issued during the year	-	-	-	-
Retention shares and options issued during the year	239,490	-	395,851	322.47
Options exercised during the year	-6,440	235.80	-335,835	237.19
Options forfeited during the year	-152,698	413.12	-88,500	386.96
Total outstanding at 31 December	**1,130,159**	**293.89**	**1,049,807**	**374.28**

The weighted exercise price for the 2005-2007 option programmes were recalculated for the redemption of the shares in Metro International S.A..

The weighted share price at exercise day was SEK 334.22 (415.06) for stock options exercised during the period.

Outstanding options as per 31 December 2009 have an exercise price between SEK 235.80 and SEK 498.10, and the weighted average price is SEK 293.89 (374.28). The weighted average remaining contractual life is 1.5 (1.95) year.

	2008	2007		2006		2005
Share option programmes at grant	Options	Warrants	Stock options	Warrants	Stock options	Stock options
Expected volatility %	28%	27%	27%	30%	27%	27%
Expected life of options (years)	3	3	3	3	3	3
Expected dividends	-	-	-	-	-	-
Risk free interest rate %	4.32%	4.19%	4.05%	3.31%	4.10%	4.09%

The 2009 programme comprise share rights only.

Specification of LTIP programmes	No. of allocated options and other rights	No. of people	Exercise price	Theoretical value at allocation	Exercise period	Outstanding options as per 1 January	Forfeited during the year	Exercised during the year	Outstanding options as per 31 December
Grant 2005									
2009	399,999	20	235.80	49.52	2008-2010	44,832		6,440	38,392
2008	399,999	20	235.80	49.52	2008-2010	396,999	16,332	335,835	44,832
Grant 2006									
2009	327,369	25	413.30	54.82	2009-2011	281,769	116,923		164,846
2008	327,369	25	413.30	54.82	2009-2011	324,369	42,600		281,769
Grant 2007									
2009	356,923	41	432.50	104.38	2010-2012	327,355	31,200		296,155
2008	356,923	41	432.50	104.38	2010-2012	356,923	29,568		327,355
Grant 2008									
2009	395,851	50	498.10	57.00	2,011	395,851	2,450		393,401
2008	395,851	50	498.10	57.00	2,011				395,851
Grant 2009									
2009	239,490	50	Free of charge	65.60	2,012		2,125		237,365
Total grant									
2009	1,719,632					1,049,807	152,698	6,440	1,130,159
2008	1,480,142					1,078,291	88,500	335,835	1,049,807

The 2005 and 2006 programmes were exercisable at the balance sheet date.

Employee expenses, Group (SEK million)	2009	2008
Share options granted in 2005	-1	-14
Share options granted in 2006	-5	1
Share options granted in 2007	8	7
Retention rights and options granted in 2008	11	7
Retention rights and options granted in 2009	5	-
Total expense recognised as employee costs	**18**	**1**

Employee expenses, Parent company (SEK million)	2009	2008
Share options granted in 2005	-1	-18
Share options granted in 2006	-2	-6
Share options granted in 2007	2	2
Retention rights and options granted in 2008	2	5
Retention rights and options granted in 2009	2	-
Total expense recognised as employee costs	**3**	**-16**

Options outstanding, Parent company	2009	2008
Stock options issued 2005	38,392	44,832
Warrants issued 2006	-	53,823
Stock options issued 2006	30,646	104,646
Warrants issued 2007	18,121	18,121
Stock options issued 2007	77,610	108,726
Retention shares issued 2008	4,500	4,500
Performance shares issued 2008	46,500	46,500
Performance options issued 2008	93,000	93,000
Retention shares issued 2009	14,475	-
Performance shares issued 2009	66,900	-
Total	**390,144**	**474,148**

Terms, prices and basis of calculation are the same as for the Group.

Note 26 Audit fees

Group (SEK million)	2009	2008
KPMG, audit services	11	11
KPMG, other services	1	1
Ernst & Young, audit services	0	0
Ernst & Young, other services	5	4
Other auditors, audit services	2	1
Total	**19**	**17**

Parent company (SEK million)	2009	2008
KPMG, audit services	0	1
KPMG, other services	1	-
Ernst & Young, audit services	0	0
Ernst & Young, other services	3	2
Total	**4**	**3**

Auditing services have involved the examination of the Annual Report and financial accounting and the administration by the Board and the Chief Executive Officer, other tasks related to the duties of a company auditor and consultation or other services which may result from observations noted during such examination or implementation of such other tasks. All other tasks are defined as other assignments.

Note 27 Supplemental information to the statement of cash flow

Adjustments to reconcile net income/loss to net cash provided by operations.

Group (SEK million)	2009	2008
Income/loss from sales of subsidiaries	-	-1,150
Gain from CTC Media new share issues	0	-57
Depreciation and amortisation, write-downs and disposals of fixed assets	3,531	390
Share in the earnings of associated companies	-270	-651
Share in tax expense of associated companies	2	193
Dividends from associated companies	5	23
Change in deferred tax	60	68
Change in provisions	58	83
Options	19	7
Unrealised change in value of Metro shares	-	26
Unrealised exchange differences	-89	59
Total	**3,317**	**-1,009**

Divested entities

Group (SEK Million)	2009	2008
Assets	-	472
Liabilities	-	-423
Gain on divestment of DTV Group	-	1,905
Payment received	**-**	**1,954**
Cash in sold entities	-	-5
Cash flow effect	**-**	**1,948**

Other information

Cash paid for interest and corporate tax

Group (SEK million)	2009	2008
Interest	157	65
Corporate income tax	263	544
Total	**420**	**609**

Parent company (SEK million)	2009	2008
Interest	155	45
Corporate income tax	-	119
Total	**155**	**164**

Note 28 Related party transactions

Related party	
Investment AB Kinnevik (Kinnevik)	Kinnevik holds shares in Modern Times Group MTG AB.
Tele2 AB (Tele2)	Related parties to MTG hold a significant amount of shares in Tele2.
Metro International S.A. (Metro)	Related parties to MTG holds shares in Metro.
Millicom International Cellular S.A. (Millicom)	Related parties to MTG hold a significant amount of shares in Millicom.
Transcom WorldWide S.A. (Transcom)	Related parties to MTG hold a significant amount of shares in Transcom.
AVI Audit Value International (Audit Value)	Related parties to MTG hold a significant amount of shares in Audit Value.
CTC Media, Inc. (CTC)	MTG holds a significant amount of shares in CTC Media.

The Group has related party relationship with its subsidiaries, joint ventures and associated companies (see note 12).

The transactions between the different parties are based on market prices negotiated on arm's-length basis.

Business agreements with related parties
The Group sells advertising to Tele2 and Metro. Metro rents office space from the Group from 1 January 2010.

The Group rents office space from Kinnevik.

The Group purchases credit management services, customer service and telemarketing services from Transcom.

The Group purchases tele and data communication services from Tele2 and technical consulting and services through their subsidiary Datametrix, Tele2Vision, and offers its customers the MTG TV-channels through their cable network.

The Group purchases advertising from Metro.

The Group purchases internal audit services from Audit Value.

The Group sold programme rights to CTC Media as part of the DTV transaction in 2008.

Other transactions

In 2009, the parent company has invested in subordinated debentures and warrants in Metro at market conditions through a public offering.

	Group		Parent company	
(SEK million)	2009	2008	2009	2008
Revenues				
Transcom	0	0		
Kinnevik	0	-		
Tele2	72	77		
Metro	10	6		
CTC	1	49		
Other related companies	8	9		
Total revenues	**91**	**140**	**-**	**-**
Operating costs				
Transcom	140	179		
Kinnevik	3	3		2
Tele2	37	30	8	0
Metro	10	13	0	0
CTC	4	-		
Other related companies	38	29	8	7
Total operating costs	**233**	**254**	**16**	**9**
Accounts receivable				
Transcom	0	0		
Kinnevik	0	-		
Tele2	8	8		
Metro	4	2		
CTC	1	-		
Other related companies	3	5		
Total Accounts receivable	**16**	**15**	**-**	**-**
Accounts payable				
Transcom	5	17		
Kinnevik	1	0		
Tele2	1	3		
Metro	1	3		
Other related companies	3	24	0	
Total Accounts payable	**10**	**47**	**0**	**-**

Remuneration of key management personnel

Other transactions than reported in note 25 have not been made.

Note 29 Long-term receivable, Group companies

Parent company

(SEK million)	2009	2008
Opening balance 1 January	12,388	1,837
New lending	0	12,272
Re-payments	-314	-1,718
Translation differences	-	-3
Closing balance 31 December	**12,074**	**12,388**

The Board of Directors and Chief Executive Officer certify that the financial reporting is prepared in accordance with generally accepted accounting principles for a publicly listed company in Sweden. The information presented is consistent with the actual conditions and that nothing of a significant nature has been omitted that would be required for a fair presentation of the Group and Parent Company in the financial reporting.

The annual accounts and the consolidated statements were approved by the Board of Directors on 25 March 2010. The consolidated income statement and balance sheet, and the income statement and balance sheet of the Parent Company, will be presented for adoption by the Annual General Meeting on 17 May 2010.

Stockholm, 25 March 2010

Asger Aamund
Non-Executive Director

David Chance
Chairman of the Board

Mia Brunell Livfors
Non-Executive Director

Simon Duffy
Non-Executive Director

Alexander Izosimov
Non-Executive Director

Michael Lynton
Non-Executive Director

David Marcus
Non-Executive Director

Hans-Holger Albrecht
President and
Chief Executive Officer

Cristina Stenbeck
Non-Executive Director

Our Audit report was submitted on 26 March 2010

KPMG AB
Carl Lindgren
Authorised Public Accountant

Ernst & Young AB
Erik Åström
Authorised Public Accountant

Audit Report

To the annual meeting of the shareholders of Modern Times Group MTG AB (publ) Corporate identity number 556309-9158

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the Chief Executive Officer of Modern Times Group MTG AB for the year 2009. The annual accounts and the consolidated accounts are included in this document on pages 53-111. The Board of Directors and the Chief Executive Officer are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of International Financial Reporting Standards IFRS as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain high but not absolute assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the Chief Executive Officer and significant estimates made by the Board of Directors and the Chief Executive Officer when preparing the annual accounts and the consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the Chief Executive Officer. We also examined whether any board member or the Chief Executive Officer has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with International Financial Reporting Standards IFRS as adopted by the EU and the Annual Accounts Act and give a true and fair view of the Group's financial position and results of operations. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the annual meeting of shareholders that the income statement and balance sheet of the Parent Company and the consolidated statement of comprehensive income and the statement of financial position of the Group be adopted, that the profit of the Parent Company be dealt with in accordance with the proposal in the administration report and that the members of the Board of Directors and the Chief Executive Officer be discharged from liability for the financial year.

Stockholm, 26 March 2010

KPMG AB

Carl Lindgren
Authorised Public Accountant

Ernst & Young AB

Erik Åström
Authorised Public Accountant

Definitions

EBIT

EBIT is read Earnings Before Interest and Tax, and also referred to as operating income.

EBITDA

EBITDA is read Earnings Before Interest, Tax, Depreciation and Amortisation.

Net debt

Net debt is the sum of consolidated interest-bearing liabilities, less interest-bearing short-term and long-term assets and cash and cash equivalents.

Equity/assets ratio

The equity/assets ratio corresponds to shareholders' equity including minority interest, expressed as a percentage of total assets.

Net debt/equity ratio

The net debt/equity ratio is expressed as net debt in relation to shareholders' equity, including minority interest.

Cash flow from operations

Cash flow from operations comprises operating cash flow before financial items and tax payments, taking into account other financial cash flow.

Liquid funds

Liquid funds is expressed as cash and cash equivalents plus short-term investments including unutilised credit facilities.

Return on total assets %

Return on total assets corresponds to income before financial costs and tax as a percentage of average total assets.

Return on equity %

Return on equity is expressed as net income as a percentage of average shareholders' equity.

Operating margin %

Operating profit as a percentage of net sales.

Interest coverage ratio

Interest coverage ratio is calculated as operating income less financial costs divided by financial items.

Earnings per share

Earnings per share is expressed as net income divided by the number of shares.

Net assets

Assets less liabilities including provisions.

Capital employed

Capital employed is calculated as an average of total fixed assets, cash and networking capital reduced by provisions.

Return on capital employed %

Return on capital employed is calculated as operating income as a percentage of average capital employed.

Glossary

The following explanations are not intended as technical definitions, but to assist the general reader to understand certain terms.

Analogue

A signalling technology in which signals are conveyed by continuously varying, among other things, the frequency, amplitude or phase of the transmission.

Analogue terrestrial

The method most people have used to receive television, with the TV signal broadcast unencrypted, free-to-air, and receivable with a regular antenna.

ARPU

Annualised Average Revenue per User calculated for premium subscribers.

Churn

Subscription disconnections expressed as a percentage of the midpoint of the number of subscribers at the beginning and end of the period.

Digital

A signalling technology in which a signal is encoded into digits for transmission.

Digital terrestrial

The method more and more people are using to receive television, an implementation of digital technology to provide a greater number of channels and/or better quality of picture and sound using aerial broadcasts.

Digital switchover

The process when a country, step by step, or entirely at one point, moves from broadcasting via the analogue terrestrial network to broadcasting via the digital terrestrial network.

DTH

Direct-to-home transmission of TV programmes to customers with parabolic satellite dishes and receivers.

Encrypted

Distribution of transmissions that are scrambled in order to prevent illegitimate access.

Free-TV

TV channels that are mainly financed through advertising.

IPTV

Internet Protocol Television is a system where a digital TV service is delivered using the Internet Protocol over a network infrastructure, which may include delivery by a broadband connection. IPTV is also known as Broadband TV.

Media house strategy

An MTG expression, which means that the Group clearly profiles its free-TV channels to target different audience groups, then bundles the channels when selling its combined reach to advertisers.

Multi room

When analogue terrestrial signals are replaced by digital terrestrial signals, all TV sets in a household need to be able to receive the digital signals, which may require new receivers.

Pay-TV

TV channels that are mainly financed through subscriptions.

Penetration

Share of households with access to the channel or station in question.

Play channels

A catch up service – where the free-TV channel viewer or pay-TV channel subscriber – is able to access the program, via the internet or their ViasatPlusHD recordable digital box at any time.

Premium subscriber

Subscriber with prepaid premium pay-TV content.

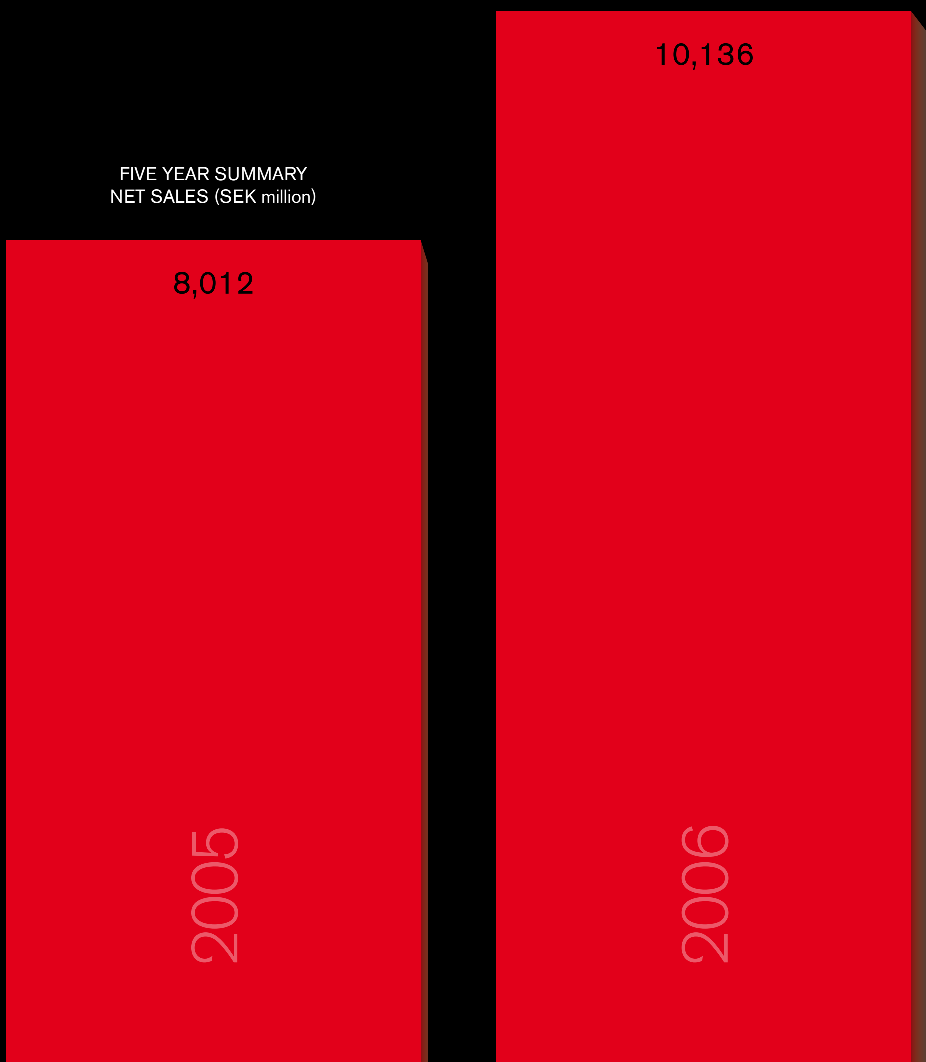
Viasat OnDemand

The brand name for the Viasat's service, available through the internet or the ViasatPlusHD recordable digital box or selected IPTV networks. The service comprice Play channels, subscription video on demand and pay-per-event or per-per day programming.

ViasatPlus

A service for satellite TV subscribers receiving the Viasat channel offering with parabolic satellite dishes and a recordable digital box.

FIVE YEAR SUMMARY
NET SALES (SEK million)



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