MTG
MODERN TIMES GROUP

Annual Report 2010

MTG is Made To Grow

Contents

CEO's review

MTG is Made To Grow and 2010 was another year of industry leading growth. 4% sales growth at constant exchange rates in 2009 during the recession was followed by 12% sales growth in 2010 as economies stabilised or returned to growth around the world. This is in line with our strategic objective to grow by more than 10% organically each year. If 2009 demonstrated the benefit of half of our revenues coming from non-cyclical (pay-TV) subscription revenues, then 2010 highlighted the advantage of generating the other half of our revenues from cyclical (free-TV) advertising revenues − the best of both worlds! This uniquely integrated operating structure yields synergies, economies of scale and tangible operating and financial advantage.

If growth is what defines us, then cost control is in our DNA as a 'lean and mean broadcasting machine'. This was reflected in our 2010 profits returning to, and indeed exceeding, the pre-crisis levels in 2008, and the improved margin of 15% for our fully consolidated operations is moving towards our target of more than 20%. These profits have largely been converted into cash flow, which has enabled us to make investments, pay down debt and propose a higher dividend payment for the third year in succession.

Simply put, we are a Modern Media Group for Modern Times. We are a leading international entertainment broadcasting group with the largest geographical broadcast footprint in Europe. We operate 28 free-TV channels in 11 European countries and our 37 pay-TV channels are available in 32 countries. Viasat's packages and these channels are distributed on our own satellite platforms in 9 countries, as well as on third party broadcast networks (terrestrial, cable, satellite, IPTV) and over the open internet.

Our Scandinavian free-TV business benefited from the sharp recovery in the Scandinavian advertising markets in 2010, with sales up 16% year on year at constant exchange rates. This reflected not only the economic recovery, but also the fact that TV has continued to take advertising market share from other media, and that overall TV viewing is rising in the first markets in Europe to go fully digital. Our combined audience and advertising market shares continued to climb during 2010 following further channel penetration gains, investments in programming and the launch of new channels. Our combined media house of multiple channels in each country is the clear number two operator in each market, and we are challenging the pricing premiums and historic dominance of the incumbents. Our operating leverage ensured that this growth was translated into 32% earnings growth and an increased full year operating margin of 25%.

The performance of the emerging market free-TV business improved during the year as the local economies and advertising markets stabilised and, in some cases, returned to growth. We took viewing and advertising market shares in almost all of our territories, as we selectively invested in programming and the launch of new channels, and our sales were up 4% at constant exchange rates. Our scale Baltic, Czech and Bulgarian operations also reported an increased combined profit. The recovery in Eastern Europe has been sharpest in Russia where CTC Media, in which we have a 38% shareholding, reported 15% revenue growth in ruble terms, a 37% OIBDA margin, and paid out USD 80 million in dividends. The other markets will generate higher levels of growth again as the relatively low levels of advertising spend per capita rise accelerate with the broader economic recovery and resurgent consumer spending.

The investments that we have been making in new programming content and channels illustrate our belief that 'Content is King' and this is just as true for our pay-TV businesses, where content sits alongside accessibility and price as the drivers of consumer decision-making. The reason that we have been able to grow our Nordic subscriber base and increase our ARPU every year is that we have consistently enriched our market-leading content offering of sports, movies and documentaries every year. 2010 was no exception as we acquired the exclusive Swedish broadcasting rights to English Premier League football for three seasons, and became the only broadcaster to air Premier League football coverage on a pan-Scandinavian basis. We also added a number of our own channels and numerous third party channels to our offering. Not only does this enhance the content offering on our own Nordic satellite platform, but also makes our packages even more attractive to third party networks. We therefore signed new groundbreaking agreements in 2010 with Telenor and Com Hem to make our content available to their double and triple-play (telephony, broadband and TV) subscribers in Sweden and Norway. When combined with the agreements that we have signed with other operators over the last two years, our premium pay-TV packages are now distributed virtually in all of Scandinavia's broadband networks.

Technology is of course changing the way that content is delivered and consumed, and we are right at the forefront of this change. Not only did we launch a number of additional high definition channels in 2010 and launched Scandinavia's first 3D TV services, but we have also just launched the industry's first full scale 'Over-The-Top' internet-based on-demand service. As the region with the second highest broadband penetration and amongst the highest broadband speeds in the world, Scandinavia offers unrivalled opportunities in this area. For a single monthly payment, subscribers to our Viaplay service can now access thousands of movies, hundreds of hours of live and archive sports coverage and their favourite TV series over the open internet. Our content offering is now therefore truly available on an 'anytime, anywhere' basis to internet-connected devices including TV sets, PCs, mobile phones and tablets.

All in all, our Nordic pay-TV sales grew by 8% at constant exchange rates in 2010 as we exceeded 1 million subscribers for the first time, and we reported an increased operating margin of 18% despite all of the investments that we are making.

The Eastern European pay-TV markets are at an earlier stage of development but have considerable potential. Following our entry into these emerging markets with our free-TV channels, we started selling our movie, sports and documentary pay-TV channels through third party cable and satellite networks seven years ago. In 2010, the 50 millionth subscription was signed up to these 15 channels, which are now available in 28 countries, including the US. We have added to this wholesale distribution by deploying satellite platforms in the Baltics, Ukraine and, most recently, Russia, and had 430,000 subscribers by the end of the year, compared to 240,000 subscribers at the end of 2009. We acquired a further 35% (taking our holding to 85%) of the Ukrainian platform in 2010 and bought 50% of the Raduga TV satellite platform in Russia. Russia and Ukraine represent huge opportunities for us – the two largest countries in Europe by territory, with over 70 million TV households and low levels of cable and broadband penetration outside the major cities. Sales for the emerging market pay-TV business grew by 12% at constant exchange rates in 2010, and we delivered a 12% margin despite the investments that we are making in the development of the Russian and Ukrainian platforms.

MTG has always been about entrepreneur-led growth, staying ahead of the game-changing curves, and long term value creation for all of our stakeholders. This story continues and we are currently reviewing a number of opportunities to establish, grow and consolidate our competitive market positions in both existing and new territories. Our investments in Africa and the demerger of our internet retailing operations are perfect examples of this approach, as they illustrate our focus on identifying and positioning MTG to catch each new wave of growth.

Broadcast television in sub-Saharan Africa is in its relative infancy, but we are investing now to secure low cost entry on an opportunistic basis to markets that we believe will be the growth engines of the future. This is why we launched our first free-TV channel in Africa at the end of 2008 in Ghana, and have now launched four of our pay-TV channels in Nigeria and Kenya. It is the same approach as in Scandinavia in the 90s and Eastern Europe in the 00s – free-TV channels first, followed by pay-TV channels and then pay-TV platforms.

CDON Group comprises all of MTG's internet retailing operations and was launched more than 10 years ago. We grew the business to become the largest player in the Nordic e-commerce market with sales of over SEK 2 billion, and then spun it off to shareholders at the end of 2010. CDON Group is now a separately listed entity with a market value of over SEK 2 billion.

This approach to business is what we call Modern Responsibility – our responsibility to engage and respond to our stakeholders, to create long term value and to act responsibly in our relationships with all stakeholders, society and the environment. In this context, I would like to thank you as owners for your interest and support, as partners for your vision and cooperation, as employees for your dedication and creativity, and as customers for your business and loyalty.

Hans-Holger Albrecht
President & Chief Executive Officer

CFO's review

2010 was the financially strongest year in the Group's history so far, as we accelerated our growth levels in an improved operating environment and reported higher profits on a like for like basis than in the record year of 2008. A high proportion of this operating profit was converted into free cash flow, despite the fact that we entered the year with very low working capital levels. This cash was allocated to investments in the growth of the Group's operations, to the reduction in our borrowing levels, to financial investments and to shareholder returns in the form of cash and equity dividends.

The Group's reported 5% sales growth but sales were up 12% on an underlying constant exchange rate basis. This reflected the significant strengthening of the Group's Swedish krona reporting currency against almost all of our operating currencies. These currency exchange rate movements did also reduce the impact of our underlying operating expense growth on the reported profitability levels. Our group operating margin increased to 15% for the year when excluding associated company income and was due primarily to the incremental operating leverage in the business.

The 8% growth in operating expenses at constant exchange rates reflected the investments that we continued to make during 2010 to strengthen our competitive market positions by adding new programming, channels, platforms, technologies and subscribers. It also reflected our overall tight control on recurring costs, as indicated by the 2% growth in sales, general and administrative expenses at constant exchange rates. The majority of our investments were, as usual, expensed, with capital investments accounting for approximately 1% of Group sales. Our working capital did increase during the year, primarily as a result of the initial and largest payment made for the Swedish broadcasting rights to English Barclays Premier League football, which we acquired in June. We therefore converted 70% of our EBITDA into operating cash flow and generated increased free cash flow (defined as net cash flow from operations less capital expenditure) of SEK 1 billion. We also received USD 31 million of dividends from CTC Media, of which we owned 38.3% in 2010 and which paid out cash dividends for the first time following a strong performance through and out of the recession.

We partially reinvested our cash balances and cash flows into the acquisition of 50% of the Raduga satellite pay-TV platform in Russia at the beginning of the year, and of a further 35% of our Ukrainian satellite pay-TV platform in the middle of the year, as well as in a SEK 250 million convertible issued by our CDON Group internet retailing subsidiary.

Ten years after the establishment of CDON Group, which has grown to become the leading e-commerce player in the Nordic region, we spun-off the company to MTG shareholders by distributing and listing its shares on the Nasdaq OMX Stockholm stock exchange in December. The spin-off gave rise to a SEK 1.7 billion non-cash accounting gain, and CDON Group's contribution to our accounts otherwise comprised its net income and cash flow up until the end of November.

We also allocated our cash to the reduction in our borrowing levels. We refinanced the Group's debt during the autumn by self-arranging a new SEK 6.5 billion five year revolving credit facility with a syndicate of eight international banks. This facility was used to retire our SEK 3.5 billion credit facility and SEK 3 billion term loan, which were approaching maturity in 2011 and 2012 respectively. The new facility provides us with greater financial flexibility to draw down cash or pay down debt, and was secured at highly competitive rates and on favourable terms. We reduced our total borrowings by SEK 766 million to SEK 2.7 billion by the year end.

Finally, we also allocated our capital to the enhancement of shareholder returns. The 2010 annual general meeting of shareholders approved the payment of a SEK 5.50 per share cash dividend, which was 10% higher than in 2009, and the Board has now proposed a 36% higher annual cash dividend of SEK 7.50 per share to this year's AGM. This is in addition to the SEK 2 billion of market value distributed to shareholders in the form of CDON Group shares in December.

Our year end net debt position, when taking into account our cash balances of SEK 500 million, therefore amounted to SEK 2.0 billion, which was equivalent to less than 1 times Group EBITDA for the year. The Group's return on capital employed increased to 25% in 2010 and we reported a 30% return on equity for the year.

All of the above reflects our integrated financial management structure with in-country financial controllers who report to centralised functions. This enables us to invest and upstream cash efficiently. Our actions in 2010 reflect our strategy to invest in growth, carefully control costs and focus on high levels of cash conversion, in order to generate attractive returns and increase sustainable levels of shareholder value.

Mathias Hermansson
Chief Financial Officer

Five Year Summary

SEK million	2010	2009[2]	2008[2]	2007[2]	2006[2]
Net sales	13,101	14,173	13,166	11,351	10,136
Gross income	5,199	5,142	5,364	4,464	4,229
Operating income excluding non-recurring items	2,355	1,924	2,598	2,027	1,777
Income from corporate development	-	-	1,150	18	-
Closure and non-recurring costs	-	-3,352	-76	-	-
Operating income / loss	2,355	-1,428	3,671	2,027	1,777
Income from discontiued operations	1,790	-	-	-	-
Net income	3,541	-2,008	2,927	1,428	1,499
Financial position					
Non-current assets	8,648	9,026	12,881	5,756	4,891
Current assets	5,354	5,625	6,351	5,203	4,314
Total assets	14,002	14,651	19,232	10,958	9,205
Shareholders' equity incl non-controlling interests	6,238	5,680	8,980	5,875	5,105
Long-term liabilities	3,311	4,175	5,263	429	304
Short-term liabilities	4,452	4,796	4,989	4,654	3,796
Total shareholders' equity and liabilities	14,002	14,651	19,232	10,958	9,205
Personnel					
Average number of employees	3,069	2,906	2,644	2,341	2,008
Key figures					
Operating margin %	18	-	28	18	18
Operating margin adjusted for non-recurring items %	18	14	20	18	18
Net margin %	27	-	22	13	15
Return on total assets %	57	-	19	14	16
Return on equity %	30	17	26	26	28
Return on capital employed %	25	15	31	34	29
Equity / assets ratio %	45	39	47	54	56
Net debt to equity ratio %	32	48	41	-	-
Interest coverage ratio	17	-	59	30	30
Net sales per employee, SEK thousand	4,269	4,877	4,979	4,849	5,043
Operating income per employee, SEK thousand	767	-491	1,389	866	884
Capital expenditures					
Investments in non-current intangible and tangible assets	157	159	156	327	343
Investments in shares	275	145	6,466	219	645
Per share data					
Shares outstanding at year-end	66,342,124	65,896,815	66,370,375	66,352,540	67,042,524
Weighted average number of shares after dilution [1]	66,377,452	65,891,592	65,955,478	67,157,781	66,994,844
Weighted average number of shares before dilution	66,024,365	65,891,592	65,908,373	66,945,776	66,591,869
Market price of class 'B' share on the last trading day of the year (SEK)	445.00	355.90	168.50	455.00	450.00
Diluted earnings per share (SEK) [1]	53.03	-30.97	42.93	20.11	20.55
Basic earnings per share (SEK)	53.34	-30.86	43.25	20.35	21.57
Diluted shareholders' equity per share (SEK)	93.98	86.20	136.15	87.48	76.20
Basic shareholders' equity per share (SEK	94.48	86.20	136.25	87.76	76.66
Proposed ordinary dividend/Ordinary cash dividend (SEK)	7.50	5.50	5.00	5.00	-
Proposed extraordinary dividend/Extraordinary cash dividend (SEK)	-	-	-	10.00	7.50
Total proposed dividend/Total cash dividend (SEK)	7.50	5.50	5.00	15.00	7.50

1) The Group has implemented four share option programmes that may be exercised into 817,785 new class B shares.

2) Including CDON Group.

Modern Responsibility

Summary Modern Responsibility report 2010

Modern Times Group is dedicated to entertainment; it's the core of our business and thus the core of our Modern Responsibility, the name we've given our corporate responsibility. Being a broadcaster is a huge responsibility – TV and radio are powerful tools to be used with care, giving both possibilities and obligations – and we believe in conducting honest, responsible business by running a responsible company. We have meticulous controls making sure we are following international and national laws and protecting young viewers. We believe in transparency, protecting our staff with a Whistleblower Policy, and we are committed to fair competition with other companies.

There are still things that need improving along the journey of our Modern Responsibility, but we're sorting it out and moving forward. For a number of years, we have been collecting data centrally and we are now reporting focus areas and targets for our Modern Responsibility work, using the Global Reporting Initiative GRI framework.

During 2010 a "Modern Responsibility Tour" was accomplished, visiting all MTG offices and management teams. One of the main issues discussed was the Code of Conduct, which is being updated through out 2011 with emphasis put on anti-corruption. The ambition is to have all managers trained in measures against corruption by February 2012 and every MTG employee trained a year later.

MTG implemented a crisis management structure in 2010, enabling the company to vigilantly monitor its surroundings 24/7. A Crisis Support Team was established, ready to act fast in case of an emergency, supporting local management to ensure that we resolve human crisis and interruption of broadcast in the best possible way.

MTG is committed to promoting equal opportunities regardless of gender, ethnical background, religion, nationality, mental and physical handicaps, marital status, age or sexual orientation. MTG aspires to enhance its work within this area and develop it for the whole company by February 2012.

MTG's goal is to have a workplace culture where employees have the opportunity to balance their professional and personal lives, independent of their marital status or home conditions. The company believes it is possible to have a successful career and build a family, at the same time. MTG always does its very best to provide its employees with a healthy, safe and positive work environment free from discrimination. The best practice for the company's work life balance policy is rolled out step by step and the target date for finalising this work is 2015.

Since MTG is growing rapidly and extending its horizons through globalisation, emphasis is placed on how to transfer employees between countries. MTG is developing transfer procedures in order for international transfers to run smoothly and by 2014 the company aims to have them in place for all countries.

MTG started to calculate its carbon emissions in the Nordic countries and the UK in 2008, taking into account office electricity usage and business air travel. In 2009 the scope of its carbon assessment was extended to include all 19 countries where the company has an office. Also more emission sources were included in 2009 – MTG accounted for all business travel, including all air, rail and road travel plus hotel stays, energy use in offices and other facilities, and consumption of office supplies.

The company's goal is to reduce CO2 emissions per employee by 5% against a 2009 baseline with a target date February 2012. Actions to reach the goal include finding more environmentally friendly ways to travel, writing a local green action list in each country in 2011, training all employees in green thinking by 2012, increasing video conferencing by 20% to reduce the carbon footprint created by flying and developing joint CO2 reduction strategies with suppliers.

Further detailed information is available in our Modern Responsibility Report 2010 at www.mtg.se under Modern Responsibility.

Engaging with our stakeholders

We have an ongoing dialogue with our stakeholders in order to receive guidance on how they feel about the route we've chosen. We have reviewed our stakeholders on the basis of an analysis of all people or organisations that may be affected by our business. Acting responsibly towards our stakeholders has always been of the 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. The six stakeholder groups around which our business revolves are:

- Customers – The people to whom we dedicate our business.
- 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 and other authorities that set the rules for what we do.

Stakeholder survey

During 2010 we asked our stakeholders what they thought we should focus on in our work with Modern Responsibility. We did this because we want to make sure we work with and report on those issues that matter the most to the people that are important to our business.

We sent out an online survey to representatives from all of our stakeholder groups. We got very varied results and therefore we decided to divide the stakeholders into three groups when presenting the results to make everyone's voice heard in the best possible way: internal stakeholders, the general public and other external stakeholders. Internal stakeholders include our employees (top management, middle management and regular staff); the general public consists of TV viewers, radio listeners, our pay-TV subscribers and Bet24 customers; and other external stakeholders include business-to-business customers, shareholders, suppliers, NGOs and regulators.

The results show us that the most significant issues according to our stakeholders are offering fair employment terms and equal opportunities to our staff, following broadcast laws and regulations in all the countries we operate in, engaging in charitable causes in local communities and strong anti-corruption practices. Also social and environmental impact during production, customer data protection and regular communication with stakeholders are considered important by our external stakeholders.

The results are published in our Modern Responsibility Report 2010. We will take these results onboard when planning our Modern Responsibility work and reporting for 2011.

How Modern Responsibility is governed

Our Modern Responsibility work is governed by MTG's Board of Directors who periodically get reports on the performance of our Modern Responsibility. Non-Executive Director Mia Brunell Livfors (who is also the CEO of our largest shareholder, Investment AB Kinnevik) and Hans-Holger Albrecht, our President & CEO , have overall responsibility for the Group's sustainability and corporate responsibility strategy, agenda and practices. Petra Colleen, who is a member of MTG's Executive Management team, is tasked with the management and development of Modern Responsibility. The central Modern Responsibility committee that we established in 2009 includes representatives from MTG's various business segments. This central committee oversees our work in all of our countries of operation. Our central Modern Responsibility team, working full-time with our corporate responsibility agenda, is responsible for monitoring and reporting progress within Modern Responsibility and communicating our efforts both internally and externally. Each Group company also has an appointed Modern Responsibility representative and a Green Ambassador. Internally we utilise newsletters, the intranet and local company events to inform our employees about the development. To report our progress and initiatives to external stakeholders we rely on our websites, and of course our Modern Responsibility Report.

Read more on the Modern Responsibility section of our corporate website at www.mtg.se.

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, the 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 33 countries. Viasat Broadcasting is also the leading Nordic operator and distributor of on-demand streamed free and paid video content over the internet, and offers movies, live sports events, TV series, and catch-up services. MTG is the major shareholder in Russia's largest independent television broadcaster - CTC Media (Nasdaq: CTCM).

MTG's results are reported for six business segments. Five of these segments, Free-TV Scandinavia, Pay-TV Nordic, Free-TV Emerging Markets, Pay-TV Emerging Markets and CTC Media, comprise Viasat Broadcasting.

The sixth business segment, Other Businesses, primarily comprises the Group's Radio, Bet24 and Modern Studios businesses. MTG is the largest commercial radio operator in the Nordic region and the Baltic countries and the Group's radio stations reach over three million listeners on a daily basis. MTG Radio owns the largest commercial radio broadcasting networks in Sweden and Norway, owns radio stations and networks in the Baltic countries and has an equity stake in the largest commercial radio broadcasting network in Finland. Modern Studios comprises the Group's content production businesses including the TV production company Strix. Bet24.com comprises the Group's betting business.

The Group's internet retailing business – CDON Group AB – was demerged on 15 December 2010. Its shares were distributed to MTG's shareholders and listed on Nasdaq OMX Stockholm's Mid Cap list.

Business Review

MTG delivered another year of record sales and profits in 2010. The Group's sales were up 12% year on year at constant exchange rates, following advertising market growth, continued advertising market share gains and net pay-TV subscriber intake. Operating profits were up 27% with an increased operating margin of 15% when excluding associated company income and the impact of non-recurring items in 2009. The performance demonstrates the significant operating leverage in the business, and our Free-TV Scandinavia and Pay-TV Nordic businesses reported increased full year margins of 25% and 18%, respectively.

We continue to benefit from our balanced mix of advertising and subscription revenues as well as the synergies which arise from being an integrated free-TV and pay-TV operator with the largest broadcast footprint in Europe. The Scandinavian advertising markets have performed well throughout the year, with rising volumes and pricing levels. Our sales in the Emerging Markets also increased year on year at constant exchange rates, but the recovery in these markets is still lagging.

We now have more than one million premium pay-TV subscribers in the Nordic region and 50 million subscriptions to our wholesale mini-pay channels in Central and Eastern Europe and the US. We added new channels and platforms to our portfolio during the year, and our free-TV and pay-TV channels are now more widely available, and on more platforms, than ever before. We have selectively invested in programming and in our HD, 3D and on-demand services.

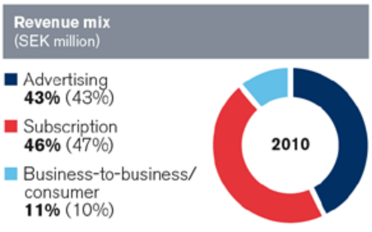
In December, we listed our internet retailing subsidiary CDON Group on Nasdaq OMX Stockholm and distributed its shares to our shareholders as a dividend, which totalled more than SEK 2 billion. The distribution was a step in our constant focus on our core broadcasting operations, and we continue to review both organic and acquisition driven growth opportunities going forward in order to develop the Group's market presence and competitive position.

Consolidated financial results

CDON Group has been excluded from the continuing operations in the income statement and cash flow statement in this report, and its net income have been reported as discontined operations for 2010 and 2009.

Key figures	2010	2009
Sales growth	5%	6%
Operating expenses growth (excl non-recurring expenses)	2%	10%
Operating income growth (excl non-recurring expenses)	31%	-28%
Operating margin (excl non-recurring expenses)	15%	12%
Effecient tax rate	25%	20%

Sales MTG reported a 5% net sales growth to SEK 13,101 (12,427) million for 2010, which reflected sales growth for Free-TV Scandinavia, the Nordic and Emerging Markets Pay-TV businesses, as well as the Other Businesses segment.



The Group's revenue mix reflected its diversified and balanced structure, with 43% (43%) of revenues derived from advertising sales; 46% (47%) from subscription revenues; and 11% (10%) from other business-to-business and business-to-consumer sales.

Operating expenses Group operating costs increased to SEK 11,160 (10,898) million and were up 8% year on year at constant exchange rates. This reflected the launch or re-launch of five free-TV channels and the addition of ten new pay-TV channels since the beginning of 2009, as well as ongoing programming investments in Scandinavia and the Emerging Markets, the signing or renewal of key sports rights acquisition contracts, and the year on year effect of the consolidation of the results of the Ukrainian and Russian pay-TV platforms. Group depreciation and amortisation charges totalled SEK 218 (230) million. In 2009, the Group reported SEK -3,352 million of non-recurring items primarily related to the impairment of goodwill.

Operating income before associated company income & non-recurring items Group operating income for the year increased by 27% to SEK 1,941 (1,529) million when excluding associated company income and the impact of the 2009 non-recurring items with an increased operating margin of 15% (12%).

Associated company income The Group's combined equity participations, which primarily comprise the shareholding in the earnings of CTC Media, contributed a total of SEK 413 (270) million of associated company income. MTG's participation in CTC Media was diluted during the year as a result of new issued shares in the company, and the Group's reported shareholding in CTC Media, was 38.3% (39.4%) of the issued and outstanding shares as at 31 December 2010.

Net interest and other financial items Net interest and other financial items amounted to SEK -34 (-185) million, which included the year on year reduction of net interest expenses to SEK -70 (-163) million. In December, the Group subscribed to 100% of a SEK 250 million convertible bond issued by CDON Group AB. The convertible bond has initially been recognised on MTG's balance sheet as a receivable at the transaction price, less the fair value of the option to convert the bond into CDON Group shares. The resulting effect on the Group's income statement comprises the accrual of interest income according to the effective interest method, and the recognition of the change in the fair value of the option element of the bond between the balance sheet dates as a financial item. The change in value of the option element between the listing of CDON Group's shares on 15 December and 31 December was SEK 2 million. The year on year change in other financial items also included a total of SEK 69 million of non-cash financial gain, following the issue of new shares by CTC Media and the resulting dilution of the Group's ownership in the company.

The Group announced on 21 October that it had arranged a new SEK 6,500 million five year revolving multi-currency credit facility, to replace the Group's existing SEK 3,500 million multi-currency credit facility, which was due in February 2011, and the SEK 3,000 million term loan, which was due in April 2012. The new facility is unsecured, has no required amortisations and was provided by a group of eight leading international banks.

Tax Group tax charges totalled SEK -571 (-350) million, which represented an effective tax rate of 25% (20%).

Net income and earnings per share The Group reported net profits from continuing operations of SEK 1,750 (-2,089) million, and basic earnings per share of SEK 53.34 (-30.86). Basic earnings per share for continuing operations excluding non-recurring items amounted to SEK 26.22 (18.79).

Total net income The Group reported a total net income of SEK 3,541 (-2,008) million when including the SEK 1,790 (81) million of net income from discontinued operations.

Net income from discontinued operations The Group reported a non-cash non-recurring gain of SEK 1,717 million in discontinued operations. The gain is due to the distribution of all the shares in CDON Group AB in December 2010, and reflects the difference between the market value of CDON Group of SEK 2,042 million (based on the SEK 30.79 average trading price of the CDON Group share between 15 and 17 December 2010) and the SEK 326 million book value at which the CDON Group was held on the Group's statement of financial position as at 30 November 2010. The Group also reported SEK 73 (81) million of net income from discontinued operations. The Group therefore reported total net income of SEK 3,541 (-2,008) million.

Financial position

(SEK million)	2010	2009
Cash flow from continuing operations	1,810	1,226
Changes in working capital, continuing operations	-277	101
Net cash flow from continuing operations	1,534	1,327
Investment activities, continuing operations	-683	-302
Financial activitites, continuing operations	-897	-1,441
Discontinued operations	-88	211
Net change in cash and cash equivalents,	-135	-206
Cash and cash equivalents	500	737
Return on capital employed % (excl non-recurring items)	25	15

Group capital expenditure on non-current assets totalled SEK 157 (156) million. Investments in shares in subsidiaries amounted to SEK 275 (146) million. The Group's reported return on capital employed, excluding non-recurring items, was 25% (15%) in 2010.

(SEK million)	2010	2009
Available liquid funds	4,400	3,837
Net debt	2,026	2,749
Return on equity %	30	17
Equity to assets ratio %	45	39
Net debt to equity ratio %	32	48
Interest-bearing debt	2,768	3,563

The Group had available liquid funds of SEK 4,400 (3,837) million as at 31 December 2010, including the SEK 3,900 (3,100) million unutilised element of the Group's credit facilities, and the unutilised overdraft facilities of SEK 100 (100) million. SEK 2,700 (3,500) million of the Group's SEK 6,500 million multi-currency credit facility were drawn as at 31 December.

The Group paid out the approved cash dividend of SEK 363 (329) million to shareholders during 2010. In December 2010, the shares in CDON Group AB were distributed to the MTG shareholders at a market value of SEK 2 billion. The Group reported a 30% (17%) return on equity for 2010.

Acquisitions and divestments

Following the resolution passed at an Extraordinary General Meeting of shareholders held on 21 October 2010, a prospectus regarding the demerger, distribution and listing of MTG's wholly owned subsidiary CDON Group AB was published on 10 December 2010 and CDON Group's shares commenced trading on the Mid Cap market of Nasdaq OMX Stockholm under the 'CDON' symbol on 15 December 2010. The record date for the dividend of all of the shares in CDON Group to MTG shareholders was 17 December 2010. MTG shareholders received one share in CDON Group for each MTG class A and/or class B share that they held on 14 December. MTG class C shares are not entitled to dividends.

The Group subscribed for 100% of the five year SEK 250 million convertible bond issued by CDON Group in December 2010. The bond is unsubordinated, bears interest of 2.85% per annum, and is due to be repaid on 2 December 2015 if not redeemed or converted prior to maturity. The bond may be converted into 6,578,947 CDON Group shares between 15 June 2012 and 1 December 2015. The conversion rate has been set at SEK 38, and represents 125 per cent of the volume-weighted average trading price of the CDON Group share between 15 December 2010 and 14 January 2011 (the first 20 days of trading in CDON Group's shares).

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 consideration in cash. MTG's previously held 50% of Viastrong, which operates the Viasat Ukraine DTH satellite pay-TV platform through Vision TV LCC. The acquisition was completed on 9 June. Following the closing of the transaction, MTG owns 85% of Viastrong with an option to acquire the remaining 15%, and has therefore fully consolidated the operating results of Viasat Ukraine in the Pay-TV Emerging Markets business segment since 1 June 2010.

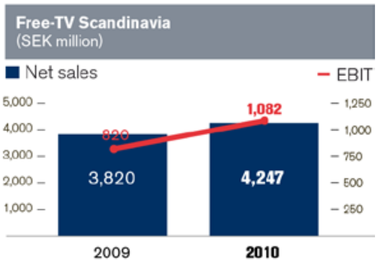
The Group announced on 8 February 2010 that it had acquired 50% of Raduga Holdings S.A. from Continental Media S.A. for a consideration in cash. Raduga is the sole owner of LCC DaoGeoCom, which operates Russian nationwide DTH satellite pay-TV platform Raduga TV. Raduga TV offers a package of more than 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 is a joint venture and consolidated proportionately by MTG and is reported within the Group's Pay-TV Emerging Markets business segment from February 2010.

Segments

Group Review (SEK million)	2010	2009	Change
Net sales per business segment			
Free-TV Scandinavia	4,247	3,820	11%
Pay-TV Nordic	4,484	4,327	4%
Free-TV Emerging Markets	2,004	2,095	-4%
Pay-TV Emerging Markets	896	875	2%
Others and elimination	-163	-177	-
Total Viasat Broadcasting	11,469	10,939	5%
Other Businesses	1,804	1,716	5%
Group central operations	191	178	7%
Eliminations	-363	-407	-
Continuing operations	13,101	12,427	5%
Operating income per business segment			
Free-TV Scandinavia	1,082	820	32%
Pay-TV Nordic	822	725	13%
Free-TV Emerging Markets	-43	-84	-
Pay-TV Emerging Markets	112	168	-33%
Associated company income from CTC Media	405	254	59%
Viasat Broadcasting central operations	19	21	-
Total Viasat Broadcasting	2,396	1,904	26%
Other Businesses	175	93	87%
Total operating business segments	2,571	1,998	29%
Group central operations	-216	-200	-
Non-recurring Other Businesses items	-	-47	-
Non-recurring Viasat Broadcasting items	-	-3,305	-
Continuing operations	2,355	-1, 553	-

Free-TV Scandinavia

MTG's free-TV channels TV3, TV6, TV8 and TV10 in Sweden, TV3 and Viasat4 in Norway and TV3, TV3+ and TV3 PULS in Denmark broadcast a wide range of entertainment programming. The channels are made available 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. The free-TV channels are also available as catch up services, through the Play services TV3 Play, TV6 Play and TV8 Play in Sweden, TV3 Play and Viasat4 Play in Norway and TV3 Gensyn, TV3+ Gensyn and TV3 PULS Gensyn in Denmark.



The business reported a sales growth of 11% to SEK 4,247 (3,820) million, which corresponded to a sales growth of 16% year on year excluding currency exchange effects. The growth reflected continued year on year TV advertising market growth in all three Scandinavian countries. Negative currency exchange effects impacted segment revenue performance by -5% for the year.

Total operating costs amounted to SEK 3,165 (2,999) million. The increase reflected programming investments, the launch of the TV10 channel in Sweden in September 2010 and investments in the development of the TV3 PULS channel in Denmark, which was launched at the end of the first quarter of 2009.

The business segment therefore reported an increased operating profit of SEK 1,082 (820) million, with an increased operating margin of 25% (21%).

Commercial share of viewing (%)	2010	2009
TV3, TV6, TV8 & TV10/ZTV Sweden (15-49)	36.8	36.1
TV3 & Viasat4 Norway (15-49)	26.4	27.3
TV3, TV3+ & TV3 PULS Denmark (15-49)	24.5	23.3

Penetration (%)	31 December 2010	31 December 2009
TV3 Sweden	87	88
TV6 Sweden	88	88
TV8 Sweden	66	65
TV3 Norway	92	89
Viasat4 Norway	75	68
TV3 Denmark	69	68
TV3+ Denmark	62	65
TV3 PULS Denmark	45	53

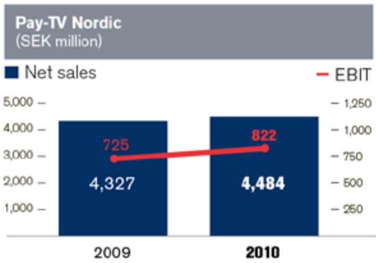
Significant events A High Definition ('HD') version of the TV3+ channel was launched on 1 February 2010 in Denmark.

TV10, a new sports focused free-TV channel, was launched in Sweden on 7 September 2010, and replaced ZTV on the distribution channels. TV10 utilises the free-TV broadcasting rights of the Group's existing premium sports rights, such as UEFA Champions League and Formula One. The channel also broadcasts NFL American football and Euroleague basketball along with other sports and documentary content.

Significant events after the end of the year A High Definition version of the TV3 channel was launched on 1 March 2011 in Sweden.

Pay-TV Nordic

The pay-TV operations in the Nordic region market and sell Viasat's premium pay-TV packages on the Viasat DTH satellite platform and via third party IPTV (broadband) and cable networks. Viasat also distributes its 26 Viasat-branded pay-TV channels via a wide range of third party pay-TV networks. Pay-TV Nordic also operates and markets Viaplay, which offers Viasat's free and paid content via streaming over the open internet.



The business reported sales growth of 4% to SEK 4,484 (4,327) million, which corresponded to a sales growth of 8% at constant exchange rates. The annualised average revenue per premium subscriber (ARPU) increased by 9% to SEK 4,555 at the end 2010, compared to SEK 4,435 at the beginning of the year. The growth primarily reflected price increases and the ongoing customer uptake of value-added services.

Total operating costs for the Pay-TV Nordic business amounted to SEK 3,662 (3,602) million for the full year. The increase at constant exchange rates reflected the addition of seven new Viasat-branded channels since the beginning of 2009, as well as increased programming investments in premium sports content.

Operating income for the Nordic operations increased by 13% to SEK 822 (725) million, and the operating margin therefore increased to 18% (17%).

Subscriber data	31 December 2010	31 December 2009
Premium subscribers ('000s)	1,057	997
- of which, DTH satellite	*663*	*685*
*- of which, third party network subscribers**	*394*	*312*
Basic DTH subscribers	43	45
DTH satellite value-added service subscribers:		
ViasatPlus	158	141
Multi-room	235	211
High definition	210	106
Premium ARPU (SEK)	4,555	4,435

* Includes premium subscribers on both third party IPTV (broadband) and cable networks.

Viasat added 60,000 net new premium subscribers during the year, which reflected continued premium subscriber intake on third party networks. The DTH satellite premium subscriber base declined slightly during the year, but reported lower overall customer churn levels. This reflected growth in the premium DTH subscriber base in Sweden, which was offset by declines in the Norwegian and Danish subscriber bases. The number of subscribers to Viasat's recordable digital set-top box, multi-room and HD services continued to increase during the year, and the Viasat OnDemand internet pay-TV portal also continued to develop according to plan, following the launch of subscription video-on-demand services in Denmark, Norway and Sweden in February 2010.

Significant events

On 8 February a subscription video-on-demand service was launched on the internet portal Viasat OnDemand. The subscription service made an unrivalled range of pay-TV content, including live sports events, hundreds of episodes of hit TV series, and 200 feature films available to viewers over the internet at any given time. On 1 March 2011 the service was rebranded as Viaplay.

On 3 March a long term agreement was signed with Telenor AS to distribute Viasat's premium pay-TV channel packages to Telenor's broadband customers. Telenor had 623,000 broadband customers in Norway and 574,000 broadband customers in Sweden at the end of 2010. Viasat's channel packages continue to be available to Telenor subsidiary Bredbandsbolaget's subscribers in Sweden, and have also been included in Telenor's IPTV offering in Norway, which was launched in March 2010.

On 22 March the exclusive television broadcasting rights to England's Barclays Premier League in Sweden for the next three seasons were acquired. The Viasat Premier League HD channel was also announced at the time.

On 4 June an agreement was signed with Norwegian broadcasting group TV 2 AS to distribute TV 2's three Premier League channels – TV 2 Premier League HD, TV 2 Premier League HD 2 and TV 2 Premier League HD 3 on Viasat's DTH satellite pay-TV platform.

On 10 June a long-term agreement was signed with leading Swedish cable TV operator Com Hem. The agreement enables Viasat to market and sell its premium pay-TV channel packages to nearly 1.65 million Com Hem TV households, 600,000 of which were digital TV households at the time.

On 1 July MTG announced that its joint venture with TV 2 in Denmark, TV 2 Sport, would launch two new TV 2 Sport Premier League pay-TV channels. The new channels will provide live coverage of Barclays Premier League for the next three years.

On 2 August Viasat Broadcasting prolonged its exclusive broadcasting rights to motor racing's FIA Formula One World Championship™ in Sweden, Norway and Denmark, and to golf's American PGA Tour across the Nordic region (as wells in the Baltic states, Russia and Bulgaria) until the end of 2015.

On 11 November MTG entered a strategic cooperation with LG Electronics, the leading global consumer electronics manufacturer, in the Nordic region. Viasat has made its Viaplay internet pay-TV service available directly on all LG TV sets enabled with NetCast functionality. The on-demand, 'over the top' solution is available to customers with Viaplay accounts by connecting the TV set to a broadband connection.

On 16 December Viasat became the first Nordic TV operator to launch a 3D TV service. Viasat 3D made available to satellite subscribers with 3D enabled TV sets and Viasat's recordeable box selected events from Barclays Premier League, NHL, the PGA Tour and UEFA Champions League, as well as streaming movies on an demand basis.

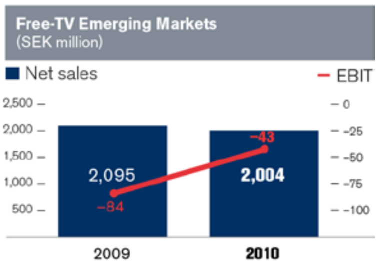
Significant events after the end of the year Viasat was responsible for the very first Scandinavian 3D production, when F.C. København met Chelsea F.C. in the first leg of the Round of 16 of UEFA Champions League in February 2011.

On 1 March a multi-screen on-demand pay-TV service was launched in Scandinavia. The new service – Viaplay – allows subscribers to utilise a single ID and password to access Viasat's pay-TV content on any internet-connected device. This 'over the top' (OTT) portable solution is the first of its kind in Scandinavia, and provides users with internet-based access to thousands of hours of streamed movies, sports coverage, and TV series, as well as catch-up services of favourite free-TV channels. The service is marketed and sold under the Viaplay brand, which has replaced the previous Viasat OnDemand service.

Free-TV Emerging Markets

The Group's Emerging Market free-TV operations comprise a total of 19 free-TV channels in the Baltics, the Czech Republic, Bulgaria, Hungary, Slovenia and Ghana. The Group has also launched catch up services in several of it's emerging markets, with TV3 Play available in Estonia and Latvia, and Nova Play in Bulgaria.

Combined sales for the Group's Free-TV Emerging Market operations declined by 4% to SEK 2,004 (2,095) million, but were up 4% for the full year at constant exchange rates. The growth reflected TV advertising market growth and market share gains in almost all of the Group's countries.



Commercial share of viewing (%)	2010	2009
Estonia (15-49)	40.9	40.2
Latvia (15-49)	38.1	34.7
Lithuania (15-49)	40.7	40.4
Hungary (18-49)	7.5	7.9
Czech Republic (15-54)	23. 4	20. 8
Slovenia (18-49)	10.1	11.2
Bulgaria (18-49)	28.2	31.7

Combined operating costs for the Emerging Markets free-TV businesses amounted to SEK 2,048 (2,179) million, and were up slightly year on year at constant exchange rates.

The development reflected ongoing selective programming investments offset by the previously introduced cost reduction measures.

The combined operations reported nearly halved operating losses of SEK -43 (-84) million for the year.

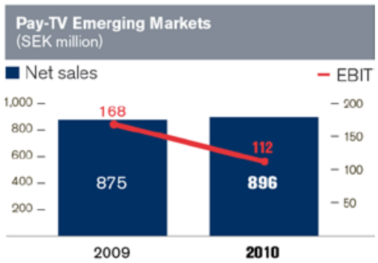
Significant events The analogue terrestrial networks in Estonia and Latvia were closed down on 1 June and replaced with digital terrestrial networks.

The internet based catch-up TV service Nova Play was launched in June, while TV3 Play was launched in Latvia in September and in Estonia in November.

Significant events after the end of the year On 8 March 2011 a third free-TV channel was launched in the Czech Republic. The new channel – Prima LOVE – focuses on attracting a 15-44 year old female audience and will complement sister channels TV Prima and Prima COOL.

Pay-TV Emerging Markets

Viasat's Pay-TV Emerging Markets operations market and sell premium pay-TV packages on the Viasat DTH satellite platforms in the Baltics and Ukraine, on the 50% owned joint venture Raduga TV DTH satellite platform in Russia, and on the Elion IPTV (broadband) network in Estonia. Viasat also distributes 18 of its channels via third party pay-TV networks to subscribers in 28 countries across Central and Eastern Europe, and in the United States and Africa.



The Pay-TV Emerging Markets business segment reported a 2% revenue growth to SEK 896 (875) million, and an increase of 12% at constant exchange rates. This reflected continued subscriber intake in the Baltics, Ukraine and Russia, as well as the year on year effect of the consolidation of the results of the Group's 50% interest in Raduga TV from the beginning of February 2010 and the full consolidation of the Viasat Ukrainian DTH satellite platform from the beginning of June 2010.

Viasat's total DTH satellite subscriber base grew year on year, following continued premium subscriber intake on the Ukrainian platform and basic subscriber intake on the Raduga TV platform in Russia. The wholesale mini-pay business added 9.5 million new subscriptions during the year and passed the 50 million subscription mark for the first time and only seven years after the business was launched.

Subscriber data (000's)	2010	2009
Premium DTH subscribers	245	216
Basic DTH subscribers	185	24
Mini-pay TV subscriptions	50,245	40,778

The Emerging Market pay-TV business reported operating costs of SEK 784 (707) million for the year. Operating costs were up even more year on year at constant exchange rates, following the launch of six new channels, including Nova Sport in Bulgaria since the beginning of 2009, the 50% consolidation of Raduga TV in Russia and the full consolidation of the Ukrainian satellite platform. The combined businesses reported an operating profit of SEK 112 (168) million, with an operating margin of 12% (19%).

Significant events The Viasat Hockey channel was made available in Estonia, Latvia and Lithuania in January 2010, replacing Viasat Sport East in all three countries.

On 8 February 50% of Raduga Holdings S.A. was acquired from Continental Media S.A.. Raduga is the sole owner of LCC DaoGeCom, which operates the Russian nationwide DTH satellite pay-TV platform Raduga TV.

On 30 April the new localised premium sports pay-TV channel Nova Sport in Bulgaria was launched. The channel features premium sports content, including England's Barclays Premier League, UEFA Champions League and IAAF Diamond League athletics.

On 5 May an international version of the Nordic Viasat Nature channel was launched in 25 countries in Central & Eastern Europe.

On 9 June the acquisition of a further 35% of Viastrong Holding AB from Strong Media Group Ltd was completed. MTG now owns 85% of Viastrong which, through Vision TV LCC, operates the Viasat Ukraine DTH satellite pay-TV platform, with an option to acquire the remaining 15%.

On 9 the exclusive broadcasting rights to England's Barclays Premier League in Estonia, Latvia and Lithuania for the next three seasons was acquired. Viasat subsequently launched Viasat Premier League HD for the Baltic states.

Significant events after the end of the year Four new pay-TV channels were launched in Africa on 28 February 2011. Viasat History, Viasat Nature, Viasat Explorer and Viasat Crime have initially been made available to satellite pay-TV subscribers in Nigeria and cable pay-TV subscribers in Kenya.

Associated company CTC Media

MTG's share of Russia's largest independent television broadcaster CTC Media amounted to 38.3% during a majority of 2010. The Group's participation in CTC Media was diluted after the end of the year due to new share issues, and the Group owns as of March 2011 38.2% of the issued and outstanding shares in CTC Media.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 rolling 12 months (USD million)	2010	2009
Sales 1 October 2009 – 30 September 2010	559	513
Income before tax 1 October 2009 – 30 September 2010	152	-50
Share of earnings MTG 38,3% (SEK million)	405	254

CTC Media's sales grew by 9% to USD 559 (513) million for the twelve months ended 30 September 2010, and reported pre-tax profits of USD 152 (-50) million for the period. CTC Media's results for the fourth quarter of 2009 included a USD 19 million charge, arising from the impairment of the broadcasting licenses of certain regional owned-and-operated stations in Russia, and a USD 29 million stock-based compensation expense recognised in conjunction with the settlement of litigation brought by CTC Media.

MTG's equity participation in the earnings of CTC Media therefore amounted to SEK 405 (254) million.

CTC Media made four cash dividends of in total USD 80 million during 2010. The Group received payments of in total USD 31 million, SEK 216 million, during 2010.

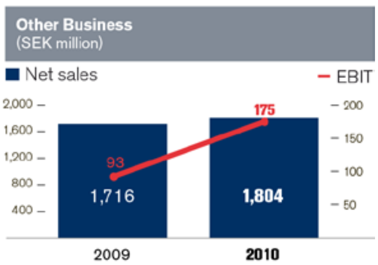
Detailed information regarding CTC Media's operations and the company's financial position is available on www.ctcmedia.ru.

Significant events after the end of the year CTC Media published its results for the fourth quarter and full year ended 31 December 2010 on 1 March 2011.

CTC Media announced its intention to pay an aggregate of USD 100 million in cash dividends in 2011. The Board of Directors of CTC Media has approved the payment of the first instalment of the dividend in the amount of USD 0.16 per outstanding share of common stock, or USD 25 million in total. MTG's share in CTC Media has been further diluted through new share issues and the Group owns as per March 2011 38.2% of the issued and outstanding shares.

Other Businesses

The Other Businesses segment primarily comprises the Group's Radio, Bet24 and Modern Studios businesses. The Group's radio operations comprise the leading national commercial networks RIX FM in Sweden and P4 Hele Norge in Norway, the networks Bandit and NRJ, the stations Lugna Favoriter and, since April 2011, Radio1 which has replaced Star FM in Sweden, and the big city network P5 in Norway, as well as national and local stations in the Baltics. The Group also has an equity stake in the largest commercial radio broadcasting network in Finland. Modern Studios comprises the Group's content production business, and includes the Strix Television production company. Bet24.com is MTG's gaming and betting operation.



Combined sales for the other businesses increased by 5% to SEK 1,804 (1,716) million, and was up 11% at constant exchange rates. The development reflected healthy sales growth and further advertising market share gains for the Norwegian radio operations in particular.

Operating costs for the combined businesses totalled SEK 1,629 (1,623) million. The increase at constant exchange rates reflected both the incremental cost of sales and investments in the local P5 city radio network in Norway. The combined businesses therefore reported a near doubling of operating profits to SEK 175 (93) million, with increased operating margins of 10% (5%) for the two respective periods.

Outlook

The economic environment improved in the Group's operating territories in 2010. This was reflected in the stabilisation or growth of advertising spending in almost all of these markets. MTG remains well-positioned to continue to take audience and market share in each of its operating territories, due to the beneficial effects of the digitalisation of television broadcasting, the Group's position as primary challenger to incumbents, and the investments made in programming, channels, platforms and technologies.

MTG is first and foremost a growth company. The stated objectives are to generate annual organic sales growth of at least 10%, with an operating profit margin of more than 20% for the TV broadcasting operations over the long-term. The Group's TV broadcasting businesses in the Emerging Markets are expected to contribute an increasing proportion of the Group's revenues and profits overtime. Finally, the Group expects to generate healthy returns on investment (Return On Capital Employed, Return On Equity) and to shareholders (Total Shareholder Returns).

Moving into 2011, the Scandinavian free-TV operations will continue to benefit from the growth of the advertising markets following price increases, as well as the ongoing rise in the amount of time people spend watching television. The operations will also benefit from higher channel penetration levels, the combined offering of multiple channels, and the ongoing closing of the pricing gap to the incumbent operator in each country. The competitive environment will result in additional programming investments in 2011, with operating expenditure currently expected to grow at a similar rate to that in 2010.

The Nordic pay-TV business proved resilient to the global economic downturn, and grew its premium subscriber base and satellite premium average revenue per user (ARPU) during 2010. This is expected to continue in 2011 with subscriber intake being driven by third party network premium subscriber acquisition. With the launch of Viaplay in March 2011, MTG is also the first to market in Scandinavia with an 'over-the-top' on-demand service. Premium DTH ARPU is also expected to continue to rise following price increases in 2010 and the increasing proportion of HD, multi-room and 3D subscriptions, and value added products. Programming content costs are expected to rise in line with the market.

The performance of the Emerging Markets free-TV business is highly geared to the development of the Baltic, Czech and Bulgarian advertising markets. MTG expects to gain further audience and advertising market share following the investments made in the programming schedules, and the development of both existing and new channels, as well as the selling on a bundled basis of the combined reach of its media house of channels to advertisers.

The Emerging Markets pay-TV business is expected to report healthy growth levels and benefit from the increased exposure and ongoing investments in the Ukrainian and Russian satellite platforms, as well as the reduction of subscriber churn levels on the Baltic satellite platform. The mini-pay business should also continue to grow, with healthy profitability levels. The ongoing investments in the Ukrainian and Russian platforms will impact overall profitability in the segment during 2011.

As a whole, the Group therefore expects to report continued revenue growth and healthy margins moving forward. MTG's Swedish krona reporting currency strengthened during 2010 against the Group's local market operating currencies. The Group's underlying sales and cost growth at constant exchange rates is therefore expected to be higher than the reported growth level. The year on year impact of currency exchange rate movements is currently expected to gradually diminish during the course of 2011.

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 capitalise on 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 cycle 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 impact 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 relates to programming content acquired in foreign currencies. The Group's equity is not hedged.

MTG is reliant on debt capital markets to finance its operations General refinancing risks have stabilised during the year, following the turbulence in the financial markets as a result of the 2008 and 2009 global financial crisis. The Groups' existing credit facilities are currently considered sufficient.

MTG's business is affected by laws, rules and regulations. **Changes to these laws, rules and regulations, and the outcome of court cases could positively or adversely affect the Group's ability to operate and the results of its operations** The business is currently facing the possibility of two potentially significant changes. The UK regulator is in the processes of reviewing its rules regarding the amount of advertising which commercial broadcasters may show. Changes may have an adverse effect on the Group's UK established free-TV channels.

A case is currently pending with the European Court of Justice relating to the sale of conditional access cards and decoders and the broadcast of Premier League matches, the outcome of which may have an impact on the way that programming rights are sold within Europe. Any such change may have an adverse effect on the Group's business.

It should be noted that additional changes affecting licensing, programme transmission, consumer protection, commercial advertising or taxation in particular may affect aspects of the business operations, or those of MTG's competitors, which could have an impact on the business and the results of the Group's operations, but MTG is not aware of any imminent changes which would have 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 ViasatPlus, a service with a recordable digital box, or the internet streaming 'over the top' Viaplay service, will depend on MTG's ability to offer them to customers at competitive prices, with competing service offerings, 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 the Group's 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 and economical risks on some of these markets may be regarded as higher than those prevailing on MTG's Scandinavian markets. Further, the expansion results in an increased exposure to foreign currencies.

MTG has only limited control over its associated companies 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

MTG's business is reliant on technology MTG is reliant on encrypted broadcasting and other technologies to restrict unauthorised access to the Group'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. The exposures are described in Note 22 to the Accounts in this report.

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.

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. The loan was repaid in 2009. 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 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 of these 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 2,651 full time employees at the end of 2010, compared to 2,936 employees at the beginning of 2010. This takes into account the distribution of the Group's e-commerce group – CDON Group AB. 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 2010 Annual General Meeting. Senior executives covered by these guidelines include the Executive Management (below the "Executives"). Remuneration to the Executive Management is presented 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 are also aligned with shareholders' interests. Executive Remuneration consists of a fixed and variable salary, as well as the possibility of participation in a long-term incentive programme and pension schemes. These components create a well-balanced remuneration structure which reflects 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 75% 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 2010.

Proposal for 2011 Executive Remuneration guidelines

The Board of Directors will propose to the 2011 Annual General Meeting that the guidelines for 2010 should be applied in 2011 with the amendments below.

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 are also aligned with shareholders' interests. Executive Remuneration consists of a fixed and variable **salary in cash, as well as the possibility of participation in an equity based long-term incentive programme** and pension schemes. These components create a well-balanced remuneration structure which reflects individual performance and responsibility, both short-term and long-term, as well as MTG's overall performance.

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 and it should be noted that 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.**

Share-based long-term incentive plans

The Group has four outstanding share-based long-term incentive plans, approved in 2007, 2008, 2009 and 2010. For information about these programmes, see Note 25 and MTG's 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. 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 41 (52) million for the full year. Net interest and other financial items totalled SEK 543 (1,259) million, and included SEK 73 (1,305) million of dividends received from subsidiaries. Income before tax amounted to SEK 368 (1,107) million. The parent company had cash and cash equivalents of SEK 136 (536) million at the end of the period. SEK 3,900 million of the SEK 6,600 million total available credit facilities, including the SEK 100 million overdraft facility, was unutilised at the end of the reporting period.

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 chooses, 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 2010 (SEK):

Premium reserve	267,111,846
Fair value reserve	-93,199,867
Retained earnings	8,027,931,046
Net profit for 2010	288,324,910
Total	**8,490,167,935**

The Board of Directors propose that a SEK 7.50 dividend per share be paid to shareholders for the twelve months ended 31 December 2010 and that the remaining amount be carried forward, of which SEK 267 million to the premium reserve, SEK -93 million to the fair value reserve. The total proposed dividend payment would amount to a maximum of SEK 501,017,168, based on the maximum potential number of outstanding shares as at the record date, and represent 29% of the Group's normalised reported net income for the full year 2010.

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 2012, 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 2010, was SEK 29.5 billion.

Shareholders The number of shareholders according to the share register held by Euroclear Sweden AB (Swedish Securities Centre) was approximately 20,900 at the end of 2010. The shares held by the ten largest shareholders corresponded to approximately 43 % (47)% of the share capital and 59% (61)% of the voting rights. Swedish institutions and mutual funds own approximately 43% (50)% of the share capital, international investors own approximately 42% (33)% and Swedish private investors own approximately 16 % (18)%.

Shareholder's as at 31 December 2010

Name	Total	Class A Shares	Class B Shares	Capital	Votes
Investment AB Kinnevik	13,503,856	5,199,491	8,304,365	20.3%	47.8%
Lannebo Funds	2,697,194	0	2,697,194	4.0%	2.1%
Capital Group Funds	2,123,000	0	2,123,000	3.2%	1.7%
Fidelity Funds	1,818,065	0	1,818,065	2.7%	1.4%
SEB Funds	1,636,946	0	1,636,946	2.5%	1.3%
Swedbank Robur Fund	1,565,908	0	1,565,908	2.4%	1.2%
AMF Pension Funds	1,424,239	0	1,424,239	2.1%	1.1%
Nordea Funds	1,389,638	0	1,389,638	2.1%	1.1%
SHB Funds	1,104,877	0	1,104,877	1.7%	0.9%
Government of Norway	971,970	0	971,970	1.5%	0.8%
Second AP Fund	685,912	0	685,912	1.0%	0.5%
Enter Funds	633,200	0	633,200	1.0%	0.5%
First AP Fund	558,950	0	558,950	0.8%	0.4%
Third AP Fund	510,975	0	510,975	0.8%	0.4%
Others	35,717,394	1,437,322	34,280,072	53.8%	38.6%
Total outstanding shares	66,342,124	6,636,813	59,705,311	100.0%	100.0%
Class C shares held by MTG	1,065,000				
Total shares issued	67,407,124				

Source: Euroclear Sweden AB

Share distribution	Number of shareholders	%	Number of shares	%
1 – 1,000	19,210	92,0	3,557,923	5.4
1,001 – 5,000	1,129	5.4	2,457,276	3.7
5,001 – 10,000	158	0.8	1,117,556	1.7
10,001 – 50,000	203	1.0	4,966,901	7.5
50,001 – 100,000	63	0.3	4,537,758	6.8
100,001 – 15,000,000	113	0.5	49,704,700	74.9
Total 31 December 2010	**20,876**	**100.0**	**66,342,124**	**100.0**

Share capital and votes As at 31 December 2010, the total number of issued shares amounted to 67,407,124, of which 6,636,813 were Class A shares, 59,705,311 were Class B shares, and 1,065,000 were Class C shares. The Class C shares are held by MTG. Each Class A share is entitled to ten voting rights. Each Class B and each C share is entitled to one voting right. The Class C shares are not entitled to dividend payments. The Class C shares were issued and repurchased in 2008, 2009 and 2010 as part of the MTG performance based incentive plan approved by the Annual General Meeting in 2008, 2009 and 2010. The total number of voting rights are 127,138,441 (138,123,124) as per 31 December 2010.

The Group's share capital amounted to SEK 337 million at the end of the year. For changes in the share capital between 2009 and 2010, please see the report entitled Consolidated statement of changes in equity.

Dividends The parent company paid an ordinary dividend of SEK 5.50 per share to shareholders in 2010, amounting to a total payment of SEK 363 (329) million. The shares in CDON Group were distributed in December 2010 at a market value of SEK 2 billion.

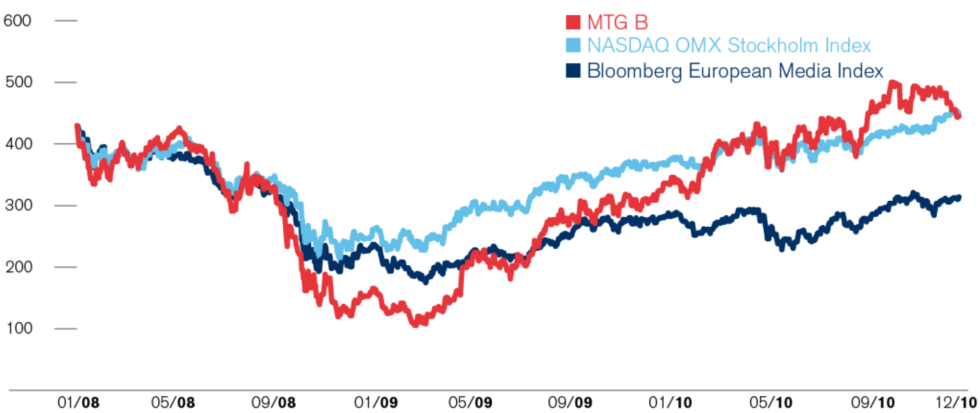
Share buy-back A total of 1,517,000 Class B shares were repurchased during 2008 and 2007 and cancelled in 2008. The 2009 and 2010 Annual General Meetings approved a mandate to authorise the Board of Directors to buy back MTG Class A and Class B shares up until the 2010 and 2011 Annual General Meeting. The Group's shareholding in its own stock may not exceed 10% of the total number of issued shares. No Class A shares or Class B shares were bought back during 2009 and 2010. 480,000 Class C shares were issued and repurchased in 2008, 370,000 Class C shares in 2009, and 215,000 in 2010. The quota value is SEK 5.00, and the total consideration was SEK 2 million in 2009 and 2008 respectively, and SEK 1 million in 2010. The share of total share capital represented 0.6%, 0.7% and 0.3% for the 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 2010, 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 2011 and 2012 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, of 7,160,725 Class A shares into Class B shares in 2009, and 1,293,888 in 2010. 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.

Share-based long-term incentive plans If all options granted to senior executives and key employees as at 31 December 2010 were exercised, the issued share capital of the Company would increase by 817,785 Class B shares, and be equivalent to a dilution of 1.2% of the issued capital and 0.7% of the related voting rights as at the end of 2010.

The remaining 28,890 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 466.60 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. The 105,224 performance options granted in the 2010 programme have an exercise price of SEK 452.00 and the 63,543 retention and performance rights entitle holders to one free Class B share per right. Further details about the programmes can be found in Note 25.

Share performance



Articles of Association The Articles of Association do not include any provisions for appointing or dismissing members of the Board of Directors or for changing the articles. Outstanding shares may be freely transferred without restrictions. MTG is not aware of any agreements between shareholders, limiting the right to transfer shares.

Corporate Governance Report

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 with the exception of the membership of the Remuneration Committee and the Chairmanship of the Nomination Committee, which are explained below.

Governance structure

Shares and shareholders The share capital consists of Class A, Class B and Class C shares. The holder of one Class A share is entitled to ten voting rights. Holders of Class B and Class C shares are entitled to one voting right 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 under the heading The MTG share, page 32.

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 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 2010 financial year will be held on 18 May 2011 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 2010, 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, Peder Hasslev on behalf of AMF Pension, Hans Ek on behalf of SEB Fonder, and Johan Ståhl on behalf of Lannebo 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 2011 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.

Cristina Stenbeck, who is a Member of the Board of Directors of MTG, 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 2010 The Board of Directors of Modern Times Group MTG AB comprises seven Non-Executive Directors. The members of the Board of Directors are David Chance, 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 17 May 2010. The former member Asger Aamund declined re-election at the Annual General Meeting. Biographical information on each Board member is provided on pages 45-47 of this report.

Responsibilities and duties of the Board of Directors The Board of Directors has the overall responsibility for MTG's organisation and admininstration. 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 segment 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.

Ensuring quality in financial reporting The working procedures determined annually by the Board include detailed instructions on the type of financial reports and similar information which are to be submitted to the Board. In addition to the full-year report, interim reports and the annual report, the Board reviews and evaluates comprehensive financial information regarding the Group as a whole and the entities within the Group.

The Board also reviews, primarily through the Group's Audit Committee, the most important accounting principles applied by the Group in financial reporting, as well as major changes in these principles. The tasks of the Audit Committee also include reviewing reports regarding internal control and financial reporting processes, as well as internal audit reports submitted by the Group's internal audit function. The Group's external auditors report to the Board as necessary, but at least once a year. A minimum of one such meeting is held without the presence of the CEO or any other member of Excecutive Management. The external auditors also attend the meetings of the Audit Committee. Minutes are taken at all meetings and are made available to all Board members and to the auditors.

Board of Directors during 2010

Name	Position	Born	Nationality	Elected	Independent to major shareholders	Independent to company and its management	Remuneration Committee	Audit Committee
David Chance	Chairman	1957	American and British	1998	Yes	Yes	Member	
Asger Aamund	Former Member	1940	Danish	2000	Yes	Yes	Former 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	
Cristina Stenbeck	Member	1977	American and Swedish	2003	No	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 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.

Audit Committee The Audit Committee comprises Simon Duffy as Chairman, Alexander Izosimov and Michael Lynton. The Audit Committee's responsibility is to

- monitor the company's financial reporting
- monitor the company's efficiency relating to internal control, internal audit and risk management
- keep informed regarding the audit of the annual report and the consolidated accounts
- review and monitor the impartiality and independence of the auditor, with special attention to the services provided other than audit
- assist to prepare for the election of auditors at the Annual General Meeting

In addition, the Audit Committee should, when applicable, monitor and secure the quality and fairness of transactions with related parties.

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.

Work of the Board during 2010 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 2010.

Attendance at Board and Committee Meetings

Board of Directors	Board meetings	Audit Committee	Remuneration Committee
Meetings before the Annual General Meeting 17 May	2	1	3
Meetings after the Annual General Meeting 17 May	5	2	2
Total number of meetings	7	3	5
David Chance, Chairman	7/7		5/5
Asger Aamund (until 17 May 2010)	2/2		2/3
Mia Brunell Livfors	7/7		5/5
Simon Duffy	7/7	3/3	
Alexander Izosimov	7/7	3/3	
Michael Lynton	6/7	3/3	
David Marcus	7/7		5/5
Cristina Stenbeck	7/7		

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 2010 and 2007 Annual General Meetings respectively. KPMG was last elected as MTG's lead auditors in 2010 and has been external auditors since 1997. George Pettersson, authorised public accountant, is responsible for the audit of the Company on behalf of KPMG since 2010, and replaced Carl Lindgren, authorised public accountant. The second auditors are Ernst & Young, elected in 1997, with authorised public accountant Erik Åström responsible since 2005. Ernst & Young was last elected in 2007.

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.

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 2008, 2009 and 2010. 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 2008, 2009 and 2010.

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 48-51 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 2011 are described under the heading Executive Remuneration on page 29.

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 four outstanding share based long-term incentive programmes, decided upon in 2007, 2008, 2009 and 2010. 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, information and communication, 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 monitoring internal audit and establishing 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 segments 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 segments 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 segment, where meetings are held at least four times a year. The Chief Executive Officer, the business segment 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.

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.

Board of Directors

David Chance
Chairman of the Board
American and 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.

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, Transcom Worldwide S.A., Korsnäs AB and CDON Group AB 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: 5,505 Class B shares.

Not independent of the Company and management and not independent of major shareholders.

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

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 bwin.party digital entertainment plc, Cell C (Pty) Limited, mBlox Inc., Cadogan Petroleum plc and Symbiotic Technologies Pty Limited as well as a Non-Executive Director of Oger Telecom Limited. 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.

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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 a Director of Dynasty Foundation, the GSMA (the governing body for the global mobile telecommunications industry), 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 since 2003. Cristina graduated with a B. Sc. from Georgetown University in Washington DC.

Direct or related person ownership: 225,961 Class A shares and 53,722 Class B shares. In addition to her own directly held shares, Cristina is via Verdere S.à r.l. indirectly owner of a considerable shareholding in MTG's major shareholder, Investment AB Kinnevik.

Independent of the Company and management but not independent of major shareholders.

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, chairman of CDON Group AB (the internet retailing group that was demerged from MTG in December 2010 and listed on Nasdaq OMX Stockholm), and is also a member of the Board of Directors of Millicom International Cellular S.A. since May 2010, and 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: 11,400 Class B shares
Warrants: 0
Stock options: 0

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: 3,454 Class B shares
Warrants: 0
Stock options: 0

Anders Nilsson
Chief Operating Officer

Born 1967, Anders was appointed COO of MTG with effect from January 2008. Since October 2008, he is also Head of MTG's Bulgarian TV operations, 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, was Chief Operating Officer of MTG between 2000 and 2003 and served and Head of MTG Sweden between 2003 and 2007. Between 2008 and 2010 he was also CEO of MTG's then business area Online. He is a member of the Board of Directors of CDON Group AB (the internet retailing group that was demerged from MTG in December 2010 and listed on Nasdaq OMX Stockholm).

Shareholding in MTG: 3,300 Class B shares
Warrants: 0
Stock options: 24,000

Marc Zagar
Chief Operating Officer of Viasat Broadcasting and Group VP Finance

Born 1965, Marc joined MTG in 2001 to serve as Business Area Controller of Viasat Broadcasting. In March 2006 Marc was appointed as Chief Operating Officer for MTG's Broadcasting businesses. Prior to joining MTG, Marc worked for over 10 years in various financial management positions within Vivendi Universal's book publishing business in the UK and France. He graduated with a Bachelor's degree from CESEM Business School in Reims, France and has a Master's degree from Université Dauphine in Paris.

Shareholding in MTG: 1,950 Class B shares
Warrants: 0
Stock Options: 0

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 Kinnevik TV & Media (which became today's 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 and a Bachelor of Law from Stockholm University.

Shareholding in MTG: 8,000 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: 3,746 Class B shares
Warrants: 0
Stock options: 0

Jørgen Madsen

CEO MTG Denmark

Born 1966, Jørgen was appointed CEO of MTG Denmark, which includes Free-TV and Pay-TV, in 2002. He is also responsible for Viasat Broadcasting's 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: 0
Stock options: 0

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: 3,300 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 and held a number of roles within sales and distribution within the company. 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: 4,000 Class B shares
Warrants: 0
Stock options: 0

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: 3,888 Class B shares
Warrants: 0
Stock options: 0

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: 2,099 Class B shares
Warrants: 0
Stock options: 0

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: 2,300 Class B shares
Warrants: 0
Stock options: 0

See Note 25 for employee retention and performance shares and options held by Executive Management members.

Financial statements

Consolidated income statement

(SEK million)	Note	2010	2009
CONTINUING OPERATIONS			
Net sales	3	13.101	12.427
Cost of goods and services		-7.902	-7.553
Gross income		**5.199**	**4.873**
Selling expenses		-1.169	-1.116
Administrative expenses		-1.992	-2.139
Other operating income	5	12	10
Other operating expenses	3, 5	-109	-3.452
Share of earnings in associated companies	6	413	270
Operating income	3, 4, 5, 6, 7, 10, 11, 13, 23, 25, 26, 28	**2.355**	**-1.553**
Gain from financial assets	8	79	0
Interest revenue and other financial income	8	31	40
Interest expense and other financial costs	8	-144	-225
Income before tax		**2.321**	**-1.739**
Current tax expenses	9	-557	-337
Deferred tax expenses	9	-13	-13
Net income for the year continuing operations		**1.750**	**-2.089**
DISCONTINUED OPERATIONS	30		
Net gain from distribution of CDON Group		1.717	-
Net income for the period from discontinued operations		73	81
Net income for the year from discontinued operations		**1.790**	**81**
Total net income for the year		**3.541**	**-2.008**
Attributable to:			
Equity holders of the parent		3.522	-2.033
Non-controlling interest		19	25
Net income for the year		**3.541**	**-2.008**
Basic earnings per share (SEK)	17	53,34	-30,86
Diluted earnings per share (SEK)	17	53,03	-30,97

Consolidated statement of comprehensive income

(SEK million)	Note	2010	2009
Net income for the year		3.541	-2.008
Other comprehensive income			
Change in currency translation differences		-818	-883
Cash flow hedge		9	-13
Revaluation of shares at market value		2	8
Share of other comprehensive income of associates		69	45
Other comprehensive income for the year, net of tax	9, 18	**-737**	**-843**
Total comprehensive income for the year		**2.803**	**-2.851**
Attributable to:			
Equity holders of the parent		2.810	-2.853
Non-controlling interest		-7	2
Total comprehensive income for the year		**2.803**	**-2.851**

Consolidated statement of financial position

(SEK million)	Note	31 December 2010	31 December 2009
ASSETS			
Non-current assets			
Intangible assets	10		
Capitalised expenditure		20	39
Patents and trademarks		1.009	1.151
Licenses and beneficial rights		153	233
Goodwill		4.928	5.239
Total intangible assets		**6.111**	**6.662**
Tangible assets	11		
Machinery		48	48
Equipment, tools and installations		249	298
Total tangible assets		**297**	**346**
Long-term financial assets			
Shares in associated companies	6, 12	1.827	1.798
Receivables on associated companies		24	28
Shares and participation in other companies	12	67	21
Deferred tax asset	9	103	119
Other long-term receivables		220	51
Total long-term financial assets		**2.241**	**2.018**
Total non-current assets		**8.648**	**9.026**
Current assets			
Inventories			
Finished goods and merchandise		43	251
Program rights		1.625	1.682
Advances to suppliers		16	6
Total inventories		**1.684**	**1.940**
Current receivables			
Accounts receivables	14	1.369	1.419
Accounts receivables, affiliated companies		4	5
Tax receivables		75	146
Other current receivables, interest-bearing		2	-
Other current receivables, non interest-bearing		100	173
Prepaid expense and accrued income		1.619	1.206
Total current receivables		**3.170**	**2.948**
Cash and cash equivalents	16, 22		
Cash and bank		500	737
Total cash and cash equivalents		**500**	**737**
Total current assets		**5.354**	**5.625**
Total assets		**14.002**	**14.651**

(SEK million)	Note	31 December 2010	31 December 2009
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent company	18		
Share capital		337	334
Other paid-in capital		1.797	1.617
Reserves		-122	659
Retained earnings including net income for the year		3.974	2.772
Total equity attributable to equity holders of the parent company		**5.986**	**5.381**
Non-controlling interest			
Non-controlling interest		253	298
Total equity		**6.239**	**5.680**
Non-current liabilities	22		
Interest-bearing			
Liabilities to financial institutions		2.667	3.495
Other interest-bearing liabilities		16	14
Total non-current interest-bearing liabilities		**2.683**	**3.509**
Non-interest bearing			
Non-interest bearing liabilities		59	22
Deferred tax liability	9	371	406
Provisions	19	197	238
Total non-current non-interest bearing liabilities		**627**	**666**
Total non-current liabilities		**3.311**	**4.175**
Current liabilities	22		
Interest-bearing			
Liabilities to financial institutions		73	23
Other interest-bearing liabilities		9	31
Total current interest-bearing liabilities		**83**	**54**
Non-interest-bearing			
Advances from customers		70	69
Accounts payable		1.008	1.226
Tax liability		234	292
Other liabilities		337	351
Accrued expense and prepaid income		2.721	2.803
Total current non-interest bearing liabilities		**4.370**	**4.741**
Total current liabilities		**4.452**	**4.796**
Total liabilities		**7.763**	**8.971**
Total equity and liabilities		**14.002**	**14.651**

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

Consolidated statement of changes in equity

(SEK million) Note 18	Share capital	Paid-in capital	Translation reserve	Hedging reserve	Fair value reserve	Revaluation reserve	Retained earnings incl net income for the year	Total	Non-controlling interest	Total equity
	Equity attributable to the equity holders of the parent company									
Balance as of 1 January 2009	**332**	**1.615**	**1.502**	**33**	**0**	**-12**	**5.191**	**8.662**	**318**	**8.980**
Net income for the year							-2.033	-2.033	25	-2.008
Other comprehensive income for the year			-860	-13	8		45	-820	-23	-843
Total comprehensive income for the year 2009			**-860**	**-13**	**8**		**-1.988**	**-2.853**	**2**	**-2.851**
Acquisition from non-controlling interests							**-122**	**-122**		**-122**
Dividends to shareholders (SEK 5 per share)							-329	-329		-329
Dividends to shareholders with non-controlling interests								-	-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**
Net income for the year							3.522	3.522	19	3.541
Other comprehensive income for the year			-792	9	2		69	-712	-26	-737
Total comprehensive income for the year 2010			**-792**	**9**	**2**		**3.591**	**2.810**	**-7**	**2.803**
Dividends to shareholders (SEK 5,50 per share)							-363	-363		-363
Distribution of CDON Group							-2.042	-2.042		-2.042
Dividends to shareholders with non-controlling interests								0	-39	-39
New share issue, Class C shares	1							1		1
Share buy-back, Class C shares							-1	-1		-1
Effect of employee share option programmes							17	17		17
Employee options exercised	2	180						182		182
Balance as of 31 December 2010	**337**	**1.797**	**-150**	**30**	**10**	**-12**	**3.974**	**5.986**	**253**	**6.239**

Consolidated statement of cash flow

(SEK million)	Note	2010	2009
Cash flow from operations			
Net income for the year from continuing operations		1.750	-2.089
Adjustments to reconcile net income/loss to net cash provided by operations	27	60	3.314
Cash flow from continuing operations		**1.810**	**1.226**
Changes in working capital			
Increase (-)/decrease (+) inventories		32	-140
Increase (-)/decrease (+) other current receivables		-441	499
Increase (+)/decrease (-) accounts payable		4	-296
Increase (+)/decrease (-) other current liabilities		129	38
Total change in working capital		**-277**	**101**
Net cash flow from continuing operations		**1.534**	**1.327**
Investment activities			
Investment in tangible and intangible assets		-157	-156
Acquisitions of shares in subsidiaries and associated companies	4	-275	-139
Other investments in shares and securities		-	-7
Other cash flow to investing activities, CDON Group convertible loan		-250	-
Cash flow to investing activities, continuing operations		**-683**	**-302**
Financing activities			
Change in other long-term receivables		-	14
Borrowings		4.957	3.850
Loan amortisations		-5.757	-4.990
Change in other interest-bearing liabilities		-6	11
Change in non-interest-bearing liabilities		128	20
Paid-in capital for employee share option programmes		182	2
Sale of MTG shares		-	3
Dividends		-363	-329
Dividends to shareholders with non-controlling interest		-39	-21
Cash flow from/to financing activities, continuing operations		**-897**	**-1.441**
Cash flow from discontinued operations, CDON Group	30	**-88**	**211**
Net change in cash and cash equivalents		**-135**	**-206**
Cash and cash equivalents at beginning of year		**737**	**975**
Translation differences in cash and cash equivalents		-102	-32
Cash and cash equivalents at end of year		**500**	**737**

Parent company income statement

(SEK million)	Note	2010	2009
Net sales		41	52
Gross income		**41**	**52**
Administrative expenses		-217	-204
Operating loss	10, 11, 13, 23, 25, 26	**-175**	**-152**
Dividends from Group companies	8	73	1.305
Loss from shares in subsidiaries	8	-	-10
Interest revenue and other financial income	8	653	297
Interest expense and other financial costs	8	-184	-332
Income before tax		**368**	**1.107**
Tax expenses	9	-79	37
Net income for the year		**288**	**1.144**

Parent company statement of comprehensive income

(SEK million)	Note	2010	2009
Net income for the year		288	1.144
Other comprehensive income			
Change in currency translation differences		-	35
Revaluation of shares at market value		2	8
Other comprehensive income for the year, net of tax	9, 18	**2**	**43**
Total comprehensive income for the year		**290**	**1.187**

Parent company balance sheet

(SEK million)	Note	31 December 2010	31 December 2009
ASSETS			
Non-current assets			
Intangible assets	10		
Capitalised expenditure		0	0
Total intangible assets		**-**	**-**
Tangible assets	11		
Equipment, tools and installations		0	0
Total tangible assets		**-**	**-**
Long-term financial assets			
Shares and participations in Group companies	12	3.676	3.702
Receivable from Group companies	29	12.538	12.074
Shares and participations in other companies	12	18	21
Deferred tax asset	9	5	43
Other long-term receivables	29	6	-
Total long-term financial assets		**16.243**	**15.839**
Total non-current assets		**16.243**	**15.839**
Current assets			
Current receivables			
Accounts receivable	14	0	-
Receivable from Group companies		526	536
Tax receivables		2	2
Other receivables		52	73
Prepaid expense and accrued income	15	7	1
Total current receivables		**587**	**613**
Cash and cash equivalents			
Cash and cash equivalents	16, 22	136	536
Total cash and cash equivalents		**136**	**536**
Total current assets		**723**	**1.148**
Total assets		**16.966**	**16.988**

(SEK million)	Note	31 December 2010	31 December 2009
SHAREHOLDERS´ EQUITY AND LIABILITIES			
Shareholders´equity	18		
Restricted equity			
Share capital		337	334
Total restricted equity		**337**	**334**
Non-restricted equity			
Premium reserve		267	87
Translation reserve		-103	-103
Fair value reserve		10	8
Retained earnings		8.028	7.682
Net income for the year		288	1.144
Total non-restricted equity		**8.490**	**8.818**
Total shareholders´ equity		**8.827**	**9.151**
Non-current liabilities			
Interest-bearing			
Liabilities to Group companies		3.848	3.531
Liabilities to financial institutions	22	2.667	3.462
Total non-current interest-bearing liabilities		**6.516**	**6.993**
Non-interest bearing			
Non-interest bearing liabilities		49	-
Provisions	19	10	6
Total non-current liabilities		**6.575**	**6.999**
Current liabilities			
Interest-bearing			
Liabilities to Group companies		872	474
Total current interest-bearing liabilities		**872**	**474**
Non-interest bearing			
Accounts payable		10	10
Liabilities to Group companies		627	243
Other liabilities		14	76
Accrued expense and prepaid income	20	40	36
Total current non-interest bearing liabilities		**691**	**364**
Total current liabilities		**1.563**	**838**
Total shareholders´ equity and liabilities		**16.966**	**16.988**
Memorandum items			
Pledged assets		None	None
Contingent liabilities	21	357	362

Parent company statement of changes in equity

(SEK million)	Note 18	Restricted equity		Non-restricted equity				
		Share capital	Legal reserve	Premium reserve	Translation reserve	Fair value reserve	Retained earnings	Total
Balance as of 1 January 2009		**332**	**-**	**86**	**-138**	**-**	**7.813**	**8.093**
Net income for the year							1.144	1.144
Other comprehensive income for the year:								
Revaluation of shares at market value						8		8
Currency effect on hedge					47			47
Tax effect on hedge					-12			-12
Total comprehensive income 2009			**-**		**35**	**8**	**1.144**	**1.187**
Group contributions net of tax							192	192
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**
Net income for the year							288	288
Other comprehensive income for the year:								
Revaluation of shares at market value						2		2
Total comprehensive income 2010			**-**			**2**	**288**	**290**
Group contributions net of tax							-115	-115
Dividends to shareholders							-363	-363
Distribution of CDON Group							-324	-324
New share issue, Class C shares		1					-1	-
Effect of employee share option programmes							5	5
Employee options exercised		2		180				182
Balance as of 31 December 2010		**337**	**-**	**267**	**-103**	**10**	**8.317**	**8.827**

Parent company cash flow statement

(SEK million)	2010	2009
Cash flow from operations		
Net income for the year	288	1.144
Adjustments to reconcile net income/loss to net cash provided by operations:		
Options	5	-
Change in deferred tax	38	44
Change in provisions	5	-2
Unrealised exchange difference	-21	-76
Total adjustments to reconcile net income/loss to net cash provided by operations	**26**	**-34**
Cash flow from operations	**314**	**1.110**
Changes in working capital		
Increase (-)/decrease (+) short-term receivables	26	-241
Increase (+)/decrease (-) accounts payable	0	-40
Increase (+)/decrease (-) other liabilities	327	-924
Total changes in working capital	**353**	**-1.205**
Net cash flow from/to operations	**667**	**-95**
Investment activities		
Investment in shares in subsidiaries	-58	-
Shareholders' contribution CDON Group	-240	-
Other long-term receivables	-1	-
Investment in Metro depository receipts	-	-7
Cash flow to investing activities	**-299**	**-7**
Financing activities		
Receivables/liabilities from Group companies	136	1.953
Paid-in capital for employee share option programmes	182	2
Dividends to shareholders	-363	-329
Other long-term liabilities	77	-
Sales of MTG shares	-	3
Borrowings	4.957	3.850
Loan amortisation	-5.757	-4.900
Cash flow from financing activities	**-768**	**579**
Net change in cash and cash equivalents	**-400**	**477**
Cash and cash equivalents at beginning of year	**536**	**59**
Cash and cash equivalents at end of year	**136**	**536**

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 2010 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 2011. 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 18 May 2011.

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 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 have had an effect on the Group's financial reports. They were applied from 1 January 2010:
IAS 1 Presentation of Financial Statements – The IASB annual improvements process suggested changes which have been early adopted by the Group. The changes relate to the statement of changes in equity where the reconciliation of the changes in each item in equity, for instance the reserves for accumulated other comprehensive income, does not have to specify each item in other comprehensive income. The Group has chosen to disclose the detailed reconciliation of the reserves and oher items In equity in the notes instead. Such detailed reconciliations were reported in the Annual Report for 2009. In accordance with the changes in IAS 1, the previous line for the total comprehensive income in the statement of changes in equity is split between this year's result and this year's other comprehensive income. The presentation is implied for both years, and has not caused any adjusted amounts in the financial reports.

Revised IFRS 3 Business combinations and changed IAS 27 Consolidated and Separate Financial Statements – the changes relate to the definition of businesses, 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 alternatives for the recognition of non-controlling interests and goodwill. One alternative is to recognise the minority at fair value by including goodwill, another alternative is to include the non-controlling interests in net assets. The choice of method is made for each acquisition separately. The rules for additional acquisitions made after control is achieved were applied for the acquisition of 35% of the shares in Viastrong Holding AB, previously a joint venture of 50%. The original 50% share was revalued at fair value, and the remaining 15% shares included in the purchase price allocation.

Amended IAS 27 Consolidated and Separate Financial Statements – The change implies among other that non-controlling interests shall be recognised even if the non-controlling interest is negative, transactions with non-controlling owners shall be recorded in equity, and that when a disposal of part of a subsidiary results in loss of control of the subsidiary, any remaining interest should be revaluated at fair value with the resulting effect recognised in profit or loss.

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. The changes in accounting principles have had a material effect on the Group's income statement and earnings per share, as well as the disclosures and presentation of the financial reports in relation to the distribution of former subsidiary CDON Group AB. At the date of settlement, the Group recognise the difference between the fair value of the distributed asset and the Group book value of the net assets in net income.

Other new and changed Accounting standards and interpretations are not judged to have any effect on the Group's financial reports.

New and amended Accounting standards and interpretations after 2010
The following new standards and amendments have been issued but are not effective for the financial year 2011 and have not been early adopted.

Amended IFRS 7 Financial instruments: Disclosures – Transfers of Financial Assets. The change will disclose more information about an entity's exposure to the risks of transferred financial assets, particularly those that involve securitisation of financial assets. The standard is not expected to have any impact on MTG. The standard is effective from 1 July 2011.

IFRS 9 Financial instruments This standard addresses the classification and measurement of financial instruments and will probably affect the Group's accounting for its financial assets and liabilities. The Group is yet to assess IFRS 9's full impact. The standard is effective for annual periods beginning on or after 1 January 2013.

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

Other new and changed Accounting standards and interpretations are not judged to have any effect on the Group's financial reports.

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 control, 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 control 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 and 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, 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.

Non-controlling interest In subsidiaries not wholly owned, the share of equity owned by external shareholders is recorded as non-controlling interest.

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 (38.3%). 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 and Other Businesses. 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 and Raduga Holdings S.A., and for 2009 Viastrong Holding AB with its Ukrainian subsidiaries and That's Strix Entertainment AS. Viastrong Holding AB and That's Strix Entertainment AS was acquired and reclassified as subsidiaries in 2010. 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 cash and cash equivalents, 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 asset. Financial liabilities are derecognised when the obligations are fulfilled or extinguished in any other way.

Financial instruments recorded at fair value should, for disclosure purposes, 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 Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance-sheet date. These are classified as non-current assets. Loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet. Receivables are stated at amortised 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.

Convertible debenture CDON Group The Group has subscribed to a convertible debenture in CDON Group. The bond is initially recognised at the transaction price less the fair value of the option to convert the bond into CDON Group shares. The option is valued at fair value through profit and loss.

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 profit or loss.

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, euros 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 fair value and re-valued 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. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously reported in other comprehensive income is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the income statement.

Net investment Nova 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 Accounting for Legal Entities. RFR 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.

Classification and presentation The Parent company reports total comprehensive income for the first time 2010. The Parent company uses the terms 'Balance sheet' and 'Cash flow statement' for the reports where the Group uses 'Consolidated statement of financial position' and 'Consolidated statement of cash flow' respectively.

Holdings in subsidiaries are recognised in the Parent Company according to the purchase method which means that the transaction costs are included in the recognised value of shares in subsidiaries. The Group recognises these costs in the income statement immediately when occurred.

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 fair value 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 non-controlling interest is calculated.

Joint ventures The Group holds 50% of the shares in TV 2 Sport A/S and Raduga Holdings S.A.. 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 six business segments. The segments have decreased compared to last year, following the distribution of CDON Group.

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

• Pay-TV Nordic market and sell Viasat"s premium pay-TV packages on the Viasat DTH satellite platform and third party IPTV (broadband) and cable networks. Viasat also distributes its 25 Viasat-branded pay-TV channels via a wide range of third party pay-TV networks.

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

• Pay-TV Emerging Markets market and sell premium pay-TV packages on the Viasat DTH satellite platforms in the Baltics and Ukraine, on the 50% owned joint venture Raduga TV DTH satellite platform in Russia, and on the Elion IPTV (broadband) network in Estonia. Viasat also distributes 15 of its channels via third party pay-TV networks to subscribers in 25 countries across Central and Eastern Europe and in the United States and in Africa.

• 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 Viasat Broadcasting. To facilitate comparability between years, the TV broadcasting segments have been summarised in this presentation.

• Other Businesses primarily comprises the Group's Radio, Bet24 and Modern Studios businesses. These businesses were earlier recognised as separate segments, but from 2010, due to their size, they are reported as one segment. The Group's radio operations comprise the leading national commercial networks in Sweden and Norway, as well as national and local stations in the Baltics and owns equity stakes in a Finnish national commercial radio network. Bet24 operates in the betting and gaming business. Modern Studios produces television programmes and films, distributes films and television programmes, and produces and manages events mainly in Scandinavia.

The stated figures for 2010 and 2009 are based on the same operational structure, where the 2009 figures have been adjusted to facilitate comparison.

		External sales		Operating income	
(SEK million)		2010	2009	2010	2009
Free-TV Scandinavia		4.078	3.652	1.082	820
Pay-TV Nordic		4.319	4.163	822	725
Free-TV Emerging Markets		2.001	2.091	-43	-84
Pay-TV Emerging Markets		878	848	112	168
Associated company CTC Media		-	-	405	254
Other and eliminations		171	164	19	21
Total Viasat Broadcasting		11.446	10.919	2.396	1.904
Other Businesses		1.640	1.505	175	93
Parent company and other companies		15	3	-216	-200
Total		**13.101**	**12.427**	**2.355**	**1.798**
Asset impairment charges	Note 5	-		-	-3.352
- of which Free-TV Emerging Markets		-		-	*-3.304*
- of which Other Businesses		-		-	*-47*
Total Group continuing operations		**13.101**	**12.427**	**2.355**	**-1.553**
Discontinued operations		1.870	1.746	122	125
Total Group		**14.971**	**14.173**	**2.477**	**-1.428**

Within Viasat Broadcasting and the Other Businesses 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)	2010	2009
Free-TV Scandinavia	170	168
Pay-TV Nordic	165	163
Free-TV Emerging Markets	4	4
Pay-TV Emerging Markets	18	27
Others	1.214	1.237
Total Viasat Broadcasting	1.570	1.599
Other Businesses	164	210
Parent company and other companies	176	175
Total internal sales continuing operations	**1.911**	**1.984**
Discontinued businesses	-	1
Total internal sales	**1.911**	**1.985**

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)	2010	2009	2010	2009
Free-TV Scandinavia	2.306	1.784	1.835	1.545
Pay-TV Nordic	2.142	2.085	2.936	2.683
Free-TV Emerging Markets	5.590	6.167	977	1.021
Pay-TV Emerging Markets	720	339	190	198
Associated company CTC Media	1.785	1.757	-	-
Others and eliminations	-683	406	-1.047	-887
Total Viasat Broadcasting	11.860	12.537	4.892	4.560
Other Businesses	1.169	1.331	608	677
Parent company and other companies	851	949	199	963
Total	**13.880**	**14.818**	**5.698**	**6.200**
Eliminations	-791	-1.591	-791	-1.591
Unallocated assets/liabilities	913	956	2.856	3.893
Total continuing operations	**14.002**	**14.183**	**7.763**	**8.501**
Discontinued operations	-	468	-	470
Total	**14.002**	**14.651**	**7.763**	**8.971**

	Capital expenditure		Depreciation and amortisation	
(SEK million)	2010	2009	2010	2009
Free-TV Scandinavia	14	16	30	31
Pay-TV Nordic	33	27	8	10
Free-TV Emerging Markets	86	58	130	145
Pay-TV Emerging Markets	2	2	3	1
Others	5	33	17	15
Viasat Broadcasting	140	136	188	202
Other Businesses	10	19	25	25
Parent company and other companies	3	1	4	3
Total continuing operations	**153**	**156**	**218**	**230**
Discontinued operations	4	3	6	6
Total	**157**	**159**	**224**	**236**

The Group's business segments operate mainly in Europe. Net sales and non-current assets 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)	2010	2009	2010	2009
Sweden	3.950	3.398	1.020	793
Denmark	3.367	3.279	15	26
Norway	2.408	2.164	769	826
Czech Republic	913	940	1.116	1.248
Bulgaria	468	514	3.038	3.525
Rest of Europe	1.956	2.111	437	312
Other regions	39	22	13	20
Total continuing operations	**13.101**	**12.427**	**6.407**	**6.750**
Discontinued operations	1.870	1.746	-	258
Total	**14.971**	**14.173**	**6.407**	**7.008**

External sales by type of product/service (SEK million):	2010	2009
Advertising revenue	5.633	5.267
Subscription revenue	6.077	5.871
Business-to-business/Consumer revenue	1.391	1.289
Total continuing operations	**13.101**	**12.427**
Discontinued operations	1.870	1.746
Total	**14.971**	**14.173**

Note 4 Operations acquired

Acquisitions 2010

Summary of acquisitions

Group (SEK million)	2010 Net cash outflow	2010 Net identifiable assets and liabilities	2010 Goodwill	2009 Net cash outflow	2009 Net identifiable assets and liabilities	2009 Goodwill
Raduga, Russia	155	-	165	-	-	-
Viastrong, Ukraine	104	-	208	-	-	-
Additional consideration from previous years, paid out	-	-	-	23	-	7
Other acquisitions	16	-	-	122	-	-
Total	**275**	**-**	**373**	**145**	**-**	**7**

Raduga, Russia

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 is proportionately consolidated, and reported within the Pay-TV Emerging Markets segment. The consideration was USD 22.5 million excluding transaction costs of SEK 1.2 million.The acquisition gave rise to separately identified immaterial rights of SEK 4 million and goodwill of SEK 165 million.

The goodwill in 2010 comprise of potential new products and customers expected to be realised in future as well as the skill of existing employees. The goodwill will not be tax deductible.

Net assets acquired (SEK million):	Book value	Fair value adjustment	Recognised values
Property, plant and equipment	2		2
Intangible assets	1	4	5
Trade and other receivables	9		9
Cash and cash equivalents	11		11
Deferred tax receivables	5		5
Deferred tax liabilities	-	-1	-1
Trade and other payables	-37		-37
Net identifiable assets and liabilities	**-8**	**4**	**-4**
Goodwill on acquisition			165
Total consideration			**161**
Liquid funds in acquired companies			-6
Net cash outflow			**155**

Viastrong, Ukraine

On 9 June 2010 the Group acquired a further 35% of Viastrong Holding AB, and now owns 85% of the shares. The agreement includes an option to acquire the remaining 15% of the shares. Viastrong operates through Vision TV LCC the Viasat Ukraine DTH satellite pay-TV platform. The acquisition was made following the plans to further capitalise on this market. The operating results is reported in the Pay-TV Emerging Market segment and have been fully consolidated from June 2010. Viasat Ukraine was previously a joint venture and was as such consolidated according to the proportional method up until May 2010. The consideration was EUR 11.25 million in cash, excluding transaction costs of SEK 0.2 million.

The purchase price for the remaining 15% of the shares is calculated based on the option clauses in the agreement, and, as a consequence, 100% of Viastrong is consolidated without non-controlling interest.

The receivables are recorded at fair value, and thus the related cash flows are expected to be collected at the same value, which is shown in the table below.

The goodwill in 2010 comprise of potential new customer relationsships on new market segments expected to be realised in future as well as the skill of existing employees. The goodwill will not be tax deductible.

Net assets acquired (SEK million):	Book value	Fair value adjustment	Recognised values
Property, plant and equipment	2		2
Intangible assets	1	11	12
Trade and other receivables	42		42
Cash and cash equivalents	4		4
Deferred tax receivables	19		19
Deferred tax liabilities	-	-3	-3
Trade and other payables	-61		-61
Interest-bearing liabilities	-57		-57
Net identifiable assets and liabilities	**-50**	**8**	**-42**
Goodwill on acquisition			208
Total consideration			**166**
Purchase price unpaid			-58
Liquid funds in acquired companies			-4
Net cash outflow			**104**

Contributions during 2010 from the acquired companies:

From the acquisition date (SEK million):	Raduga	Viastrong	Group
Net sales	43	42	85
Net profit	-8	-59	-67

Group amounts 2010 from the acquired companies:

If the acquisition had occurred on 1 January (SEK million)	Raduga	Viastrong
Net sales	13.104	13.122
Net profit	1.670	1.667

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 Other Businesses segment, part of the minority in Playahead AB were acquired. In the discontinued operations, acquisitions were made in NLY Scandinavia AB and additional purchase prices were paid for Helsingin Dataclub OY.

Note 5 Other operating income and expenses

Group

(SEK million):	2010	2009
Other operating income		
Gain from sale on non-current assets	0	0
Gain from exchange rate differences	-	10
Other	12	-
Total	**12**	**10**
Other operating expenses		
Loss from exchange rate differences	-9	-
Asset impairment charges	-	-3.294
Non-recurring costs	-	-58
Other	-100	-100
Total	**-109**	**-3.452**

The asset impairment charges in 2009 primarily relate to the impairment of the Group's Bulgarian goodwill and other intangible assets. The impairment reflected the deterioration in the economic and financial climate and the challenging advertising market conditions. The Group 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 10, Intangible assets.

Note 6 Share of earnings in associated companies

Group

(SEK million)	Country	Share capital %	2010	2009
Mediamätning i Skandinavien MMS AB	Sweden	25	0	1
Radio National i Luleå AB	Sweden	49	1	1
Radio National i Skellefteå AB	Sweden	49	0	0
Radioindustri Xerkses i Borås AB	Sweden	49	0	0
Svensk Programagentur AB	Sweden	50	2	8
Radio Nova	Finland	22	7	7
Digital Radio Norge AS	Norway	33	-1	-
Gigahertz KB	Sweden	33	0	0
CTC Media	Russia	38	405	254
Total			**413**	**270**
Tax			-158	-2
Net Income			**255**	**268**

Totally recorded values in associated companies (SEK million)	31 December 2010	31 December 2009
Revenues	3.093	2.691
Net income	534	626
Assets	6.430	6.200
Liabilities	1.216	1.572

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, 2010 and 2009.

For further information, see also note 12.

Note 7 Joint venture companies

Group

Totally recorded values in joint venture companies (SEK million)	31 December 2010	31 December 2009
Revenues	518	495
Net income	-10	-41
Current assets	175	190
Long-term assets	281	90
Current liabilities	135	124
Long-term liabilities	2	51

Joint venture companies are reported based on the proportional method. The companies involved are TV 2 Sport A/S Denmark and Raduga Group Russia. As per 31 December 2009 Viastrong Group Ukraine and That's Strix Entertainment AS Norway as well were joint venture companies.

Note 8 Financial items

Group

(SEK million)	2010	2009
Gain from shares in associated companies, CTC Media new share issue	69	0
Gain from financial assets at fair value through profit, CDON Group options	2	-
Gain from financial assets available-for-sale	8	-
Total	**79**	**0**
Interest revenue	24	18
Net exchange rate differences	8	21
Total	**31**	**40**
Interest expenses	-94	-181
Borrowing costs, included in the effective interest	-45	-23
Other	-5	-21
Total	**-144**	**-225**
Net financial items	**-34**	**-185**
Parent Company		
Dividends from subsidiaries	73	1.305
Total	**73**	**1.305**
Write-down of shares in subsidiaries	-	-10
Total	**-**	**-10**
Interest revenue from external parties	13	17
Interest revenue from subsidiaries	618	250
Exchange rate differences	21	29
Other financial revenues	0	0
Total	**653**	**297**
Interest expense to external parties	-100	-139
Interest expense to subsidiaries	-17	-18
Borrowing costs, included in the effective interest	-45	-23
Exchange rate differences	-15	-148
Other	-7	-4
Total	**-184**	**-332**
Net financial items	**543**	**1.259**

MTG 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.

The gain from the equity stake of CTC Media is a consequence of the dilution from the options held by other shareholders exercised in 2010 and 2009. 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)	2010	2009
Current tax		
Current tax expense	-572	-374
Adjustment for prior years	15	36
Total	**-557**	**-337**
Deferred tax		
Temporary differences	-13	-13
Total	**-13**	**-13**
Total income tax expense in income statement	**-571**	**-350**

Reconciliation of tax expense (SEK million)	2010	%	2009	%
Tax/Tax rate in Sweden	-610	-26,3	457	26,3
Non-taxable income	122	5,2	202	11,6
Foreign tax rate differential	-58	-2,5	-40	-2,3
Effect of losses carry-forward not previously recognised	40	1,7	20	1,2
Non-deductible write-down of goodwill	-	-	-859	-49,4
Non-deductible amortisation and write-down of beneficial rights	-11	-0,5	-11	-0,6
Non-deductible expenses	-54	-2,3	-147	-8,4
Losses where no deferred tax was recognised	-39	-1,7	-24	-1,4
Revalued tax losses carry-forward	-	-	0	0,0
Other permanent effects	25	1,1	15	0,9
Under/over provided in prior years	15	0,6	35	2,0
Effective tax/tax rate	**-571**	**-24,6**	**-350**	**-20,1**

Tax related to other comprehensive income (SEK million)	Gross 2010	Tax 2010	Net of tax 2010	Gross 2009	Tax 2009	Net of tax 2009
Change in currency translation differences	-810	-8	-818	-869	-14	-883
Cash flow hedge	8	1	9	-13		-13
Revaluation of shares at market value	2		2	8		8
Other comprehensive income related to associates	69		69	45		45
Total other comprehensive income	**-731**	**-7**	**-737**	**-829**	**-14**	**-843**

(SEK million)	31 December 2010	31 December 2009
Deferred tax asset		
Equipment	13	11
Beneficial rights	4	10
Provisions	4	6
Inventory	3	1
Non-current receivables	-	-
Current receivables	9	1
Current liabilities	11	17
Tax value of losses carry-forward recognised	59	73
Total	**103**	**119**
Deferred tax liabilities		
Trademarks	197	225
Goodwill	176	176
Equipment	-2	-
Current receivables	-	-
Current liabilities	-	-
Other	-	5
Total	**371**	**406**
Deferred tax net	**-268**	**-287**

The movements in temporary differences net are explained below:

(SEK million)	2010 Opening balance 1 January	Deferred tax expense	Discontinued operations	Acquisition of subsidiary	Other comprehensive income	Translation differences	Closing balance 31 December
Tax losses carryforward	73	-14					59
Temporary differences in:							
Goodwill	-176						-176
Equipment	11	1					12
Intangible assets	-216	-6	15	-3	13	5	-191
Provisions	6	-1					4
Inventory	1	2					3
Non-current receivables	-4	4					0
Current receivables	1	7					9
Current liabilities	17	-6					11
Other	-1				1		0
Total	**-287**	**-13**	**15**	**-3**	**14**	**5**	**-268**

(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**
of which CDON Group		30				
Total continuing operations	**-247**	**-13**	**0**	**0**	**2**	**-287**

The Group had recognised losses carry-forward without expiration date of SEK 247 (279) million at 31 December 2010. The accounts for 2010 and 2009 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)	2010	2009
2010	-	-
2011	-	16
2012	87	34
2013	59	3
2014	58	-
2015 and thereafter	45	-
No expiry date	0	86
Total	**249**	**140**

Parent company

The tax loss carry forward of SEK 17 (163) million recognised in the accounts of 2010 correspond to the tax rate of 26.3%. The tax loss carry forward is without expiration date.

Distribution of tax expenses (SEK million)	2010	2009
Current tax	-41	69
Deferred tax	-38	-32
Total tax	**-79**	**37**

(SEK million)	31 December 2010	31 December 2009
Deferred tax asset (tax loss carry forwards)	5	43
Total	**5**	**43**

Reconciliation of tax expense (SEK million)	2010	%	2009	%
Tax/Tax rate in Sweden	-97	-26,3	-291	-26,3
Non-deductible expenses	-1	-0,3	-21	-1,9
Non-taxable income	19	5,2	343	31,0
Other permanent effects	-	-	6	0,5
Effective tax/tax rate	**-79**	**-21,4**	**37**	**3,4**

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 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**
Opening balance 1 January 2010	108	1.205	546	8.581	53
Investments during the year	19	1	23		
Acquisitions through business combinations		19	1	376	
Retirement during the year	-8		0		
Discountinued operations	-30	-50	-1	-228	
Change in Group structure, reclassifications etc	3	2	1	11	
Translation differences	-1	-114	-44	-849	
Closing balance 31 December 2010	**90**	**1.062**	**525**	**7.891**	**53**
Accumulated amortisation and impairment losses					
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	-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**
Opening balance 1 January 2010	-69	-55	-312	-3.342	-53
Retirement during the year	8		0		
Amortisation during the year	-9	-9	-83		
Impairment losses during the year	-7	-2			
Discountinued operations	7	9	0	17	
Change in Group structure, reclassifications etc	0		0	-15	
Translation differences	1	3	23	378	
Closing balance 31 December 2010	**-70**	**-53**	**-372**	**-2.962**	**-53**
Book value carried forward					
As per 1 January 2009	34	1.214	335	8.799	0
As per 31 December 2009	39	1.151	233	5.239	0
As per 1 January 2010	39	1.151	233	5.239	0
As per 31 December 2010	20	1.009	153	4.928	0

Only external expenditure have been capitalised.

Amortisation by function (SEK million)	2010	2009
Cost of goods and services	54	56
Administrative expenses	46	48
Other operating expenses	1	0
Total	**101**	**105**

Impairment losses by function (SEK million)	2010	2009
Cost of goods and services	9	1
Other operating expenses	-	3.293
Total	**9**	**3.294**

Amortisation by function, parent company (SEK million)	2010	2009
Administrative expenses	-	0
Total	**-**	**0**

Impairment tests for cash-generating units

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

(SEK million)	2010	2009
TV1000	666	663
Prima Group	850	927
P4 Radio	492	516
Nova	2.442	2.783
Subtotal	**4.450**	**4.889**
Other units	478	351
Total	**4.928**	**5.239**

The decrease in goodwill for Prima Group, P4 Radio and Nova are due to translation differences.

Trademarks with indefinite lives included in Patents and trademarks are:

(SEK million)	2010	2009
Prima Group	209	218
P4 Radio	272	293
Nova	464	524
Subtotal	**945**	**1.035**
Other units	102	181
Total	**1.047**	**1.216**

The decrease in trademarks for Prima Group, P4 Radio and Nova 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 segment are based on calculations of the recoverable amount based on value in use, and by use of a discounted cash flow model. The cash flow is in the normal case discounted at a pre-tax interest of 12%. A higher interest rate is used in some cases. 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. After the five-year period, a growth of 2.5-3% is applied.

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.

Impairments

The impairments tests are done on a regular basis, anually or when triggered by event. In 2009, based on the above assessments, the Board and the management concluded that the goodwill and other intangibles relating to Nova, TV3 Slovenia and the social network community Playahead had an impairment requirement of SEK 3,151 million, SEK 120 million and 30 million respectively. The impairment in other intangibles relate to Playahead. Nova and TV3 Slovenia are reported in the Free-TV Emerging Markets segment and Playahead in the Other Businesses segment. The write-downs were due to the deterioration in the economic and financial climate and the prevailing advertising market conditions for Nova in Bulgaria and TV3 in Slovenia. As for the Playahead business, the impairment was 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 Nova was 12 per cent before tax.

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. The book value related to Nova is recognised at the recoverable amount, and a negative change in the projections or other parameters could result in an impairment.

Note 11 Tangible assets

	Group			Parent company
(SEK million)	Machinery, technical plant	Equipment, tools	Buildings	Equipment, tools
Acquisitions				
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**
Opening balance 1 January 2010	112	919	-	3
Investments during the year	17	98		
Divestment during the year	-8	-11		
Discountinued operations	-	-11		
Change in Group structure, reclassifications etc	5	-7		
Translation differences	-7	-59		
Closing balance 31 December 2010	**118**	**929**	**-**	**3**
Accumulated depreciation				
Opening balance 1 January 2009	-71	-521	0	-3
Divestment during the year	17	11	0	
Depreciation during the year	-15	-116		
Impairment losses	-	-1		
Change in Group structure, reclassifications etc	3	-2		
Translation differences	3	8		
Closing balance 31 December 2009	**-63**	**-621**	**-**	**-3**
Opening balance 1 January 2010	-63	-621	-	-3
Divestment during the year	8	6		
Depreciation during the year	-18	-105		
Impairment losses during the year	0	-2		
Discountinued operations	-	7		
Change in Group structure, reclassifications etc	-3	-2		
Translation differences	6	37		
Closing balance 31 December 2010	**-70**	**-680**	**-**	**-3**
Book values carried forwards				
As per 1 January 2009	60	294	3	-
As per 31 December 2009	48	298	-	-
As per 1 January 2010	48	298	-	-
As per 31 December 2010	48	249	-	-

Depreciation by function (SEK million)	2010	2009
Cost of goods and services	53	60
Selling expenses	11	2
Administrative expenses	47	64
Other operating expenses	12	5
Total	**123**	**131**

Impairment losses by function (SEK million)	2010	2009
Cost of goods and services	2	0
Other operating expenses	-	1
Total	**2**	**1**

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 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
MTG Investment AS		Norway	1.000	100	100	58
Total						**3.676**

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
Modern African Production Ltd		Ghana	100	100
Viasat Broadcasting G Ltd		Ghana	85	85
Viasat Ukraine LLC		Ukraine	100	100
Nova Televizia First Private Channel EAD		Bulgaria	95	95
Agency Eva OOD		Bulgaria	76	76
Edutainment Television Group S.A		Luxembourg	51	51
LLC TV Education		Russia	51	51
LLC Viasat DaVinci		Russia	51	51
Raduga Holding SA		Luxembourg	50	50
LLC DalGeoCom		Russia	50	50

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	85	85
Solutions LLC		Ukraine	85	85
Vision TV LLC		Ukraine	85	85
Vision Media LLC		Ukraine	85	85
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

Shares in subsidiaries (Within the group)	Co. Reg.no.	Registered office	Share capital (%)	Voting rights (%)
MTG Modern Studios Holding AB	556264-3261	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
Strix Television bv		Netherlands	100	100
Strix Television s.r.o.		Czech Republic	100	100
MTG Online AB	556461-1662	Stockholm	100	100
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 Modern Services 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
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
OY Suomen Radioviestinäly (SR)		Finland	69	69
OY Special-Hopea (SH)		Finland	100	100

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 2010	Book value 31 Dec 2009	Market value 31 Dec 2010
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	1	
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	6	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 HB	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	9	8	
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	
Radio Nova		Finland	-	22	22	8	8	
Norge Mobil TV AS		Norway	33.334	33	33	0	-	
Digital Radio Norge AS		Norway	36	33	33	0	-	
Kimtevill HB	969680-2272	Stockholm	-	33	33	0	0	
Altlorenscheuerhof S.A.		Luxembourg	625	33	33	10	10	
CTC Media, Inc.		USA	60.008.800	38	38	1.785	1.757	9.564
Total						**1.827**	**1.798**	

Shares in associated companies (SEK million)	2010	2009
Balance brought forward 1 January	1.798	1.924
Investments in associated companies	2	1
Effect from new share issues CTC Media	69	0
Share of earnings in associated companies	413	270
Share of tax expense in associated companies	-158	-2
Dividend received	-223	-12
Effect of employee share option programmes CTC Media	72	45
Translation differences	-146	-427
Balance carried forward 31 December	**1.827**	**1.798**

Shares and participations in other companies, within the group (SEK million)	Registered office	Number of shares	Share capital (%)	Voting rights (%)	Book value 31 Dec 2010	Book value 31 Dec 2009	Market value 31 Dec 2010
Metro International S.A. – shares	Luxembourg	7.260.584	1,38	1,34	8	7	8
Metro International S.A. – warrants	Luxembourg	18.151.460			9	9	9
Metro International S.A. – subordinated debentures	Luxembourg	9.075.730			-	4	-
CDON Group options	Stockholm	6.578.947			49	-	49
Other					0	0	0
Total					**67**	**21**	**67**

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 is recognised in other comprehensive income. The cumulative net changes are recognised in the fair value reserve in equity. In 2010, the Group invested in CDON Group convertible loan. In 2009, the parent company invested in Metro warrants and subordinated debentures, also classified as available-for-sale.

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 2010	Book value 31 Dec 2009	Market value 31 Dec 2010
Metro International S.A. – shares	Luxembourg	7.260.584	1,38	1,34	8	7	8
Metro International S.A. – warrants	Luxembourg	18.151.460			9	9	9
Metro International S.A. – subordinated debentures	Luxembourg	9.075.730			-	4	-
Other					0	0	0
Total					**18**	**21**	**18**

Shares and participation in Group companies, Parent company (SEK million)	2010	2009
Accumulated acquisition values		
Opening balance 1 January	3.702	3.703
Liquidation of subsidiaries	-	-1
Acquisition of subsidiary	58	-
Distribution CDON Group	-324	
Shareholders' contribution	240	10
Write down	-	-10
Closing balance 31 December	**3.676**	**3.702**

The shareholder contribution in 2010 was made to CDON Group AB and in 2009 to Modern Studios Holding AB.

Shares and participation in other companies, Group (SEK million)	2010	2009
Accumulated acquisition values		
Opening balance 1 January	73	66
Reclassification convertible debentures Metro	-4	-
Acquisition depository receipts in Metro	-	7
Acquisition CDON Group share options	47	-
Total acquisition values	**116**	**73**
Accumulated fair value revaluations		
Opening balance 1 January	-53	-61
Revaluation available-for-sale during the year	4	8
Total fair value revaluations	**-49**	**-53**
Closing balance 31 December	**67**	**21**

Shares and participation in other companies, Parent company (SEK million)	2010	2009
Accumulated acquisition values		
Opening balance 1 January	73	66
Reclassification convertible debentures Metro	-4	-
Acquisition depository receipts in Metro	-	7
Total acquisition values	**69**	**73**
Accumulated fair value revaluations		
Opening balance 1 January	-53	-61
Revaluation available-for-sale during the year	2	8
Total fair value revaluations	**-51**	**-53**
Closing balance 31 December	**18**	**21**

Note 13 Nature of expenses

(SEK million)	2010	2009
Net sales	13.101	12.427
Cost of programmes and goods	-6.235	-5.807
Distribution costs	-1.412	-1.690
Employee benefits expense	-1.521	-1.489
Depreciation and amortisation expense	-218	-230
Asset impairment charges	-11	-3.352
Other expenses	-1.763	-1.682
Share of earnings in associated companies	413	270
Operating Income	**2.355**	**-1.553**

Note 14 Accounts receivable

Group (SEK million)	31 December 2010	31 December 2009
Accounts receivable		
Gross accounts receivable	1.560	1.617
Less allowances for doubtful accounts	-191	-199
Total	**1.369**	**1.419**
Allowance for doubtful accounts		
Openingen balance 1 January	199	161
Provision for potential losses	58	68
Actual losses	-37	-18
Reversed write-offs	-9	-9
Discontinued operations	-6	-
Translation differences	-13	-3
Closing balance 31 December	**191**	**199**
Receivables due without provisions for bad debt		
< 30 days	211	215
30-90 days	62	79
> 90 days	3	5
Total	**276**	**299**
Receivables due with provisions for bad debt		
> 90 days	191	199
Total	**191**	**199**

Note 15 Prepaid expense and accrued income

Parent company (SEK million)	31 December 2010	31 December 2009
Prepaid insurance premium	0	0
Other	7	1
Total	**7**	**1**

Note 16 Cash and cash equivalents

Group (SEK million)	31 December 2010	31 December 2009
Bank balances	494	730
Deposits	5	7
Total	**500**	**737**

Parent company (SEK million)	31 December 2010	31 December 2009
Bank balances	136	536
Total	**136**	**536**

Note 17 Earnings per share

(SEK million)	2010	2009
Earnings per share before dilution		
Net income for the year attributable to equity holders of the parent company, continuing operations	1.731	-2.114
Net income for the year attributable to equity holders of the parent company, discontinued operations	1.790	81
Net income for the year attributable to equity holders of the parent company, total Group	**3.522**	**-2.033**
Shares outstanding on 1 January	65.896.815	65.890.375
Effect from stock options exercised	127.550	1.217
Weighted average number of shares, basic	**66.024.365**	**65.891.592**
Basic earnings per share, continuing operations, SEK	26,22	-32,08
Basic earnings per share, discontinued operations, SEK	27,12	1,22
Basic earnings per share, total Group, SEK	**53,34**	**-30,86**
Diluted earnings per share		
Net income for the year attributable to equity holders of the parent company	3.522	-2.033
Effect from dilution in associated companies (CTC Media)	-1	-7
Diluted net income for the year attributable to the equity holders of the parent company	**3.521**	**-2.040**
Weighted average number of shares, basic	66.024.365	65.891.592
Effect from stock options and performance rights and options	353.087	-
Weighted average number of shares, diluted	**66.377.452**	**65.891.592**
Diluted earnings per share, continuing operations, SEK	26,06	-32,19
Diluted earnings per share, discontinued operations, SEK	26,97	1,22
Diluted earnings per share, total Group, SEK	**53,03**	**-30,97**

Potentially dilutive instruments

Modern Times Group MTG AB has outstanding long-term incentive plans. For the share options, the calculation of the potential dilution are done to determine the number of shares that could have been acquired at fair value based on the value of the subscription rights. Retention and performance share rights are included in the potentially dilutive shares from the start of the program, and in accordance with the performance targets achieved. The dilution from the incentive plans are a consequence of the 2007, 2008, 2009 and 2010 programs. Further, the Company has outstanding programmes, where the strike price or performance are not yet achived. These rights and options might be diluting in the future.

Note 18 Shareholders' equity

Shares issued (SEK million)	Number of shares paid	Quota value
MTG Class A	6.636.813	33
MTG Class B	59.705.311	299
MTG Class C	1.065.000	5
Total number of shares issued/total quota value as per 31 December 2010	**67.407.124**	**337**

The holder of an MTG Class A share is entitled to 10 voting rights, the holder of an MTG Class B and MTG Class C share one voting right. 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
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**
New share issue 2010, exercise of stock options issued 2006 and 2007		445.309		445.309
New share issue 2010, share option plan issued 2010			215.000	215.000
Conversion of Class A shares to Class B shares	-1.293.888	1.293.888		-
Shares issued 31 December 2010	**6.636.813**	**59.705.311**	**1.065.000**	**67.407.124**

Parent company (SEK)	2010	2009
Proposed/decided cash dividends	**7,50**	**5,50**

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 2010, 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)	2010	2009
Opening balance, 1 January	642	1.502
This year's translation differences, net of tax	-792	-860
Realised accumulated translation differences by sale of shares in Group companies	0	-
Total accumulated translation differences, 31 December	**-150**	**642**

MTG hedged 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)	2010	2009
Opening balance, 1 January	21	33
Recognised in other comprehensive income	9	-13
Recognised in the income statement	-1	-12
Transferred to the acquisition value of item hedged	2	13
Closing balance, 31 December	**30**	**21**

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)	2010	2009
Opening balance, 1 January	8	0
Recognised in other comprehensive income	2	8
Closing balance, 31 December	**10**	**8**

Revaluation reserve

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

Group (SEK million)	2010	2009
Opening balance, 1 January	-12	-12
Closing balance, 31 December	**-12**	**-12**

Retained earnings

Retained earnings comprise of previously earned income.

Non-controlling interest

In subsidiaries not wholly owned, the share of equity owned by external shareholders is recorded as non-controlling interest.

Note 19 Provisions

Group (SEK million)	Royalties and other provisions	Pension provisions	Total
Opening balance, 1 January 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**
Provisions during the year	189	1	190
Utilised during the year	-145		-145
Reversed during the year	-78		-78
Translation differences	-7	-1	-7
Closing balance, 31 December 2010	**183**	**14**	**197**
Included in non-current liabilities 31 December 2009	224	14	238
Included in non-current liabilities 31 December 2010	183	14	197

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 10 (6) million.

Note 20 Accrued expense and prepaid income

Parent company (SEK million)	31 December 2010	31 December 2009
Accrued personnel costs	29	29
Accrued interest costs	5	5
Other	7	2
Total	**40**	**36**

Note 21 Contingent liabilities

Group (SEK million)	31 December 2010	31 December 2009
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 2010 and 2009.

Parent company (SEK million)	31 December 2010	31 December 2009
Guarantees external parties	-	-
Guarantees subsidiaries	357	362
Total	**357**	**362**

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 non-controlling 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.

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 2011 an ordinary dividend of SEK 7.50 (5.50) per share, which corresponds to 29% of this year's normalised net income. The total proposed dividend payment would amount to a maximum of SEK 501,017,168, 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 2010 and 2009. The Board of Directors will propose to the Annual General Meeting in 2011 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)	2010	2009
Interest-bearing loans and borrowings	-2.741	-3.518
Other interest-bearing liabilities	-27	-45
Cash and short term deposits	500	737
Long- and short-term interest-bearing assets	242	77
Net debt	**-2.026**	**-2.749**
Equity including non-controlling interest	6.239	5.680
Net debt to equity ratio	32%	48%
Assets	14.002	14.651
Equity to assets	45%	39%
Capital employed, average	9.414	12.495
Operating income adjusted for one-off costs	2.355	1.924
Return on Capital employed	25%	15%

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 was unsecured and there were no required amortisations. The facility was available until February 2011. A new mid-term credit facility of SEK 3,000 million was granted in July 2009. The facility was available until 2 July 2012. In October 2010, the Group arranged a new SEK 6,500 million five year revolving multi-currency credit facility, replacing the then existing borrowing facilities. In addition to the credit facilities, two overdraft facilities of SEK 50 million, in total SEK 100 million, are granted. As per 31 December 2010 SEK 2,700 (3,500) 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 6,500 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 2010 as well as 2009.

The Bulgarian company Nova has a credit facility of EUR 6 million, of which EUR 5.8 (2.3) million were drawn at the balance sheet date. EUR 0.2 (2.9) million were unutilised as per 31 December 2010. As per 31 December 2009 a bank guarantee of EUR 0.8 million to an external supplier were provided. The guarantee expired at the beginning of 2010.

Financial lease liabilities

The leasing liabilities refer to HD playout equipment. The equipment had a value of SEK 2 (9) million as per 31 December. Finance lease liabilities are payable as follows:

	2010			2009		
Group (SEK million)	Minimum lease payments	Interest	Principal	Minimum lease payments	Interest	Principal
Less than a year	4	0	3	4	1	3
Between one and five years	4	0	4	8	1	8
Total financial lease	**8**	**1**	**7**	**13**	**1**	**11**

Interest-bearing liabilities

Group (SEK million)	31 December 2010	31 December 2009
Non-current liabilities		
Non-current portion of bank loans	2.667	3.495
Other long-term liabilities	8	5
Finance lease liabilities	8	9
Total	**2.683**	**3.509**
Current liabilities		
Current portion of bank loans	73	23
Other short-term interest-bearing liabilities	5	27
Current portion of finance lease liabilities	4	4
Total	**83**	**54**

Maturity of long-term loans

Parent company (SEK million)	31 December 2010	31 December 2009
Amount due for settlement within 12 months	-	-
Amount due for settlement within 13 to 59 months	2.667	3.462
Amount due for settlement after 60 months	-	-

Terms and payback period, gross values

	2010						
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	8	4	4	-
Loan from bank	1.1-4.05	1 month	1.56	2.933	73	160	2.860
Forward agreements				56	56	-	-
Interest-bearing liabilities				13	5	8	-
Accounts payable				1.008	1.008	-	-
				4.018	**1.147**	**172**	**2.860**

	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**

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 2010, 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 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 1 (2.5) months, a one percentage change in interest rates would have an impact on the Group's interest expense of approximately SEK 25 (27) million, calculated on the basis of long-term interest-bearing loans of SEK 2,700 (3,500) million as per 31 December 2010. 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 2010 and 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 2,186 (2,261) million as per 31 December 2010. 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 increased in the autumn in 2008 due to the financial crises, and the risks are still high on some of these markets. 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, Swiss francs, and, from 2010, Euro, on a rolling twelve month basis. The hedging reserve at year end was SEK 30 (21) million. Other transaction exposure is not hedged.

The entities' net foreign exchange cash flow was distributed among the currencies as follows, hedges not included (the cash flows from CDON Group are included):

Currency (SEK million)	2010	2009
DKK	583	646
NOK	696	788
EUR	-1.638	-557
CHF	-30	-49
USD	-1.303	-1.153

The nominal value of the hedge contracts amount to USD 154 (158) million, EUR 36 (-) million, CHF 13 (12) million, and GBP 1 (3) million at closing day. The total value of the forward contracts were SEK -60 (-70) million at year-end.

Market risks – exchange risk

A 5% change in USD/SEK would have a net currency flow affect on profit before tax of approximately SEK 60-70 (50-65) million, while the respective change in EUR would affect profit before tax by approximately SEK 75-85 (25-30) 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 75 (63) million.

Translation exposure

Translation 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 hedged 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 translation exposure.

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

	2010		2009	
Currency	SEK million	%	SEK million	%
BGN	3.061	37	4.028	43
USD	1.785	22	1.757	19
NOK	976	12	984	10
EUR	229	3	738	8
DKK	88	1	53	1
Other currencies	2.081	25	1.915	20
Total equivalent SEK value	**8.220**	**100**	**9.475**	**100**

A 5% change in USD/SEK would affect equity by approximately SEK 89 (88) million, while the respective change in the currencies in the Central European countries would affect equity by SEK 260 (300) million.

Measurement of financial instruments at fair value in the statement of financial position

Financial instruments recorded at fair value are classified in a three level hierarchy depending on the quality of the source of data used to derive the fair value:

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 2010		31 December 2009	
Group (SEK million)	Level 1	Level 2	Level 1	Level 2
Financial assets				
Financial assets available-for-sale				
Shares and other investments in other companies	18	49	21	-
Financial liabilities				
Derivatives				
Forward foreign exchange contracts	-	56	-	70

Level 1 items have been valued at the market prices on Nasdaq OMX Stockholm. For level 2 item, the market prices on Nasdaq OMX have been used to derive at fair value by applying the Black & Scholes method. As for the forward contracts, the Six Edge rates have been used to derive at fair value.

Other financial assets are reported in the statement of financial position in cash and cash equivalents, interest-bearing long-term receivable, and loans and receivables (accounts receivables, and accounts receivables affiliated companies). Financial liabilities are other liabilities 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 2010

Group (SEK million)	Future rent on non-cancelable leases	Future payments for program rights	Transponder commitments	Total commitments
2011	114	1.858	266	2.239
2012	92	1.646	75	1.813
2013	80	1.016	8	1.105
2014	70	612	2	684
2015	70	382	1	454
2016 and thereafter	211	181	0	392
Total lease and other commitments	**638**	**5.695**	**352**	**6.686**
This year's operational costs				
Minimum lease fees	99	2.939	312	3.350
Variable fees	1	149	22	172
Total operational costs	**100**	**3.088**	**333**	**3.522**

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**

Future rent on non-cancelable leases at 31 December

Parent company (SEK million)	2010	2009
2010	-	1
2011	1	1
2012	1	1
2013	1	1
2014	1	1
2015	1	-
2016 and thereafter	1	-
Total lease and other commitments	**6**	**5**
This year's operational costs		
Minimum lease fees	1	1
Variable fees	-	-
Total operational costs	**1**	**1**

Note 24 Average number of employees

	2010		2009	
Group	Men	Women	Men	Women
Sweden	575	433	548	399
Bulgaria	161	161	156	164
Norway	153	127	144	116
Denmark	149	84	158	89
United Kingdom	112	117	120	120
The Czech Republic	117	101	140	120
Ukraine	92	61	30	25
Estonia	49	67	67	96
Latvia	42	60	27	47
Lithuania	57	40	53	29
Russia	31	47	17	26
Hungary	25	33	14	27
Slovenia	25	28	18	21
Ghana	30	9	29	8
Malta	26	13	24	15
Spain	17	7	16	7
Finland	6	5	12	8
The Netherlands	1	7	2	8
Poland			1	2
Other		1	1	2
Total	**1.668**	**1.401**	**1.577**	**1.329**
Total number of employees		**3.069**		**2.906**

Parent company	2010	2009
Men	22	21
Women	9	10
Total	**31**	**31**

Gender distribution senior executives

Group	Men %	Women %
Board of Directors	95	5
CEO	83	17
Other senior executives	60	40
Total	**80**	**20**

Parent company	Men %	Women %
Board of Directors	71	29
CEO	100	-
Other senior executives	80	20
Total	**77**	**23**

Absence due to illness

	As a percentage of standard working hours	
Parent company	2010	2009
Men	0,2%	0,4%
Women	2,0%	3,6%
Total	**0,8%**	**1,4%**

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)	2010	2009
Personnel expenses		
Wages and salaries	1.288	1.249
Social security expenses	254	231
Pension costs – defined contribution plans	75	74
Pension costs – defined benefit plans	8	12
Share-based payments	13	6
Social security expenses on share-based payments	11	14
Total	**1.649**	**1.586**

(SEK million)	2010	2009
Board of Directors, CEO and other senior executives [1]	147	176
of which, variable salary	*31*	*37*

1) Includes SEK 3.9 (4.4) million Board fees approved by the Annual General Meeting

Parent company (SEK million)	2010	2009
Board of Directors, CEO and other senior executives	48	43
of which, variable salary	*12*	*11*
Other employees	33	57
Total salaries and other remuneration	**82**	**100**
Social security expenses	26	26
of which, pension costs	*6*	*7*
of which, pension costs CEO	*1*	*1*

Total salaries in the parent company include remuneration to other senior executives (5 (4) persons) of SEK 22 (20) million, of which variable salary is SEK 6 (5) 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 2010.

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 which reflects 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 75 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.

Senior executives include segment managers, the Chief Operating Officer, the Chief Financial Officer, Chiefs of Staff and Head of Administration. The Executive Management is found on pages 48-51. Martin Lewerth joined the Executive Management group in January 2010. Marc Zagar joined the Executive Management group in September 2010. The related salary for the latter is therefore included from that date in the figures below.

The maximum notice period in any Executive's contract is twelve months during which time salary payment will continue. 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 2010

(SEK thousand)	Base fee	Base salary	Variable remuneration	Other benefits	Pension costs	Other remuneration	Total
David Chance, Chairman of the Board	1.125					102	1.227
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	-	12.874	7.789	220	990	-	21.873
Executive managers (11 persons)	-	33.656	12.841	597	2.487	-	49.581
Total	**3.950**	**46.530**	**20.630**	**817**	**3.477**	**102**	**75.506**

The 2010 amounts disclosed for the executive managers relate to the full year, although part of the year for one of the executive managers. The numbers include variable salary remuneration incurred to be paid after the year end for the Chief Executive Officer of SEK 4.3 (3.3) million. In addition, non-cash share based incentive programme costs calculated in accordance with IFRS 2 amounted to SEK 2 million for the CEO and SEK 6 million for other executive managers.

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 relate to the full year. 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 executive managers.

David Chance has, further to the board fee in MTG, also received a board fee of SEK 102 (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.

Recalculation due to distribution of CDON Group

The terms for long-term incentive 2008-2010 plans have been recalculated due to the distribution of CDON Group. This applies both to exercise prices for the performance options as well as the maximums grants for retention rights, performance rights and performance options.

2010 Long-term incentive programme (LTIP)
The 2010 programme is performance based and directed towards 100 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. The participants are granted retention and performance rights, and performance options, depending on the fulfillment of certain stipulated goals and the employee category. 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 2010, and may be exercised the day following the release of the interim report for Q1 2013. 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 12,500 retention shares, 53,000 performance shares, and 106.000 performance options. The exercise price for the performance options was set at 120% of the average share price of the Class B share at grant date.

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. All options were either exercised or forfeited at year end.

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. All options were either exercised or forfeited at year end.

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 2010 and 2009 respectively for the programmes amounts to SEK 21 (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 per cent 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 2010, exercisable stock options granted in 2007, entitling the holders to acquire 28,890 MTG Class B shares had not yet been utilised.

Dilution

If all options granted to senior executives and key employees as at 31 December 2010 were exercised, the issued share capital of the Company would increase by 817,785 (1,130,159) Class B shares, and be equivalent to a dilution of 1.2 (1.7) % of the issued capital and 0.7 (0.8) % of the related voting rights at the end of 2010. In 2010, 38,392 options from the 2005 programme were exercised, 157.046 options from the 2006 programme, and 249.871 options from the 2007 programme.

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 2007	-	25.680	3.210	28.890
LTIP 2008	83.054	196.468	96.753	376.275
LTIP 2009	58.643	114.145	60.858	233.646
LTIP 2010	26.545	79.634	72.795	178.974
Total outstanding as per 31 December 2010	**168.242**	**415.927**	**233.616**	**817.785**

	2010		2009	
	No of options	Weighted exercise price	No of options	Weighted exercise price
Options outstanding at 1 January	1.130.159	293,89	1.049.807	374,28
Recalculated due to distribution CDON Group	25.333	225,56	-	-
Retention shares and options issued during the year	168.768	303,53	239.490	-
Options exercised during the year	-445.309	408,77	-6.440	235,80
Options forfeited during the year	-61.166	408,09	-152.698	413,12
Total outstanding at 31 December	**817.785**	**231,24**	**1.130.159**	**293,89**

The weighted exercise price for the 2005-2007 option programmes were recalculated for the redemption of the shares in Metro International S.A.. The exercise prices for the 2008-2010 incentive programmes were recalculated for the distribution of the shares in CDON Group in 2010.

The weighted share price at exercise day was SEK 408.77 (334.22) for stock options exercised during the period.

Outstanding options as per 31 December 2010 have an exercise price between SEK 235.80 and SEK 466.60, and the weighted average price is SEK 231.24 (293.89). The weighted average remaining contractual life is 1.1 (1.5) year.

	2010	2009	2008	2007		2006	
Share option programmes at grant	Options		Options	Warrants	Stock options	Warrants	Stock options
Expected volatility %	30%		28%	27%	27%	30%	27%
Expected life of options (years)	3,05		2,95	3,00	3,00	3,00	3,00
Risk free interest rate %	1,45%		4,32%	4,19%	4,05%	3,31%	4,10%
Adjustment factor market conditions TSR	70%	80%	82%				
Adjustment factor market conditions TSR peer groups	35%	30%	44%				

The 2009 programme comprise share rights only.

Specification of LTIP programmes	No. of allocated options and other rights	No. of people	Exercise price options	Theoretical value at allocation	Exercise period	Outstanding options as per 1 January	Recalcu-lation due to dividend	Forfeited during the year	Exercised during the year	Outstanding options as per 31 December
Grant 2005										
2010	399.999	20	235,80	49,52	2008-2010	38.392			38.392	-
2009	399.999	20	235,80	49,52	2008-2010	44.832			6.440	38.392
Grant 2006										
2010	327.369	25	413,30	54,82	2009-2011	164.846		7.800	157.046	-
2009	327.369	25	413,30	54,82	2009-2011	281.769		116.923		164.846
Grant 2007										
2010	356.923	41	432,50	104,38	2010-2012	296.155	1.890	19.284	249.871	28.890
2009	356.923	41	432,50	104,38	2010-2012	327.355		31.200		296.155
Grant 2008										
2010	395.851	50	466,60	57,00	2011	393.401	10.930	28.056		376.275
2009	395.851	50	498,10	57,00	2011	395.851		2.450		393.401
Grant 2009										
2010	239.490	50		65,60	2012	237.365	2.156	5.875		233.646
2009	239.490	50		65,60	2012			2.125		237.365
Grant 2010										
2010	168.767	83	452,00	69,17	2013	-	10.357	150		178.974
Total grant										
2010	1.888.399					1.130.159	25.333	61.165	445.309	817.785
2009	1.719.632					1.049.807		152.698	6.440	1.130.159

The 2007 programme were exercisable at the balance sheet date.

Employee expenses, Group (SEK million)	2010	2009
Share options granted in 2005	1	-1
Share options granted in 2006	2	-5
Share options granted in 2007	-3	8
Retention rights and options granted in 2008	6	11
Retention rights and performance shares granted in 2009	7	5
Retention rights and options granted in 2010	12	-

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Employee expenses, Parent company (SEK million)	2010	2009
Share options granted in 2005	1	-1
Share options granted in 2006	1	-2
Share options granted in 2007	1	2
Retention rights and options granted in 2008	9	2
Retention rights and performance shares granted in 2009	5	2
Retention rights and options granted in 2010	1	-
Total expense recognised as employee costs	**17**	**3**

Options outstanding, Parent company	2010	2009
Stock options issued 2005	-	38.392
Warrants issued 2006	-	-
Stock options issued 2006	-	30.646
Warrants issued 2007	-	18.121
Stock options issued 2007	28.890	77.610
Retention shares issued 2008	3.567	4.500
Performance shares issued 2008	36.492	46.500
Performance options issued 2008	78.093	93.000
Retention shares issued 2009	11.800	14.475
Performance shares issued 2009	56.200	66.900
Retention shares issued 2010	4.063	-
Performance shares issued 2010	18.400	-
Performance options issued 2010	39.376	-
Total	**276.881**	**390.144**

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

Note 26 Audit fees

Group (SEK million)	2010	2009
KPMG, audit fees	10	10
KPMG, audit related fees	1	1
KPMG, tax related fees	0	0
KPMG, other services	1	1
Ernst & Young, audit fees	0	0
Ernst & Young, audit related fees	0	-
Ernst & Young, tax related fees	5	2
Ernst & Young, other services	0	2
Total	**17**	**17**

Parent company (SEK million)	2010	2009
KPMG, audit fees	0	0
KPMG, other services	0	1
Ernst & Young, audit fees	0	0
Ernst & Young, audit related fees	0	-
Ernst & Young, tax related fees	1	-
Ernst & Young, other services	0	3
Total	**2**	**4**

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)	2010	2009
Income/loss from sale of associated companies	-7	-
Revaluation of CDON Group options	-2	-
Gain from CTC Media new share issues	-69	0
Depreciation and amortisation, write-downs and disposals of fixed assets	228	3.529
Share in the earnings of associated companies	-413	-270
Share in tax expense of associated companies	158	2
Dividends from associated companies	223	5
Change in deferred tax	-11	60
Change in provisions	-41	58
Options	17	19
Unrealised exchange differences	-22	-89
Total	**60**	**3.314**

Other information

Cash paid for interest and corporate tax

Group (SEK million)	2010	2009
Interest	-96	-157
Corporate income tax	-131	-263
Total	**-227**	**-420**

Parent company (SEK million)	2010	2009
Cash paid for interest	-93	-155
Cash received for group dividends	73	1.305
Total	**-20**	**1.150**

Note 28 Related party transactions

Related party	
Investment AB Kinnevik (Kinnevik)	Kinnevik holds shares in Modern Times Group MTG AB.
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 rents office space from Kinnevik.

The Group sells program rights to CTC Media.

Other Kinnevik companies	
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.
CDON Group AB (CDON Group)	Related parties to MTG hold a significant amount of shares in CDON Group.

Business agreements with other Kinnevik companies

The Group sells advertising to Tele2 and Metro. Metro rents office space from the Group from 1 January 2010.

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.

Other transactions

In 2009, the parent company has invested in subordinated debentures and warrants in Metro at market conditions through a public offering. In 2010, the Group invested in a convertible loan debenture in CDON Group.

	Group		Parent company	
(SEK million)	2010	2009	2010	2009
Revenues				
Kinnevik	1	0		
CTC	3	1		
Other related parties	9	8		
Other Kinnevik companies	71	82	1	
Total revenues	**84**	**91**	**1**	**-**
Operating costs				
Kinnevik	4	3	3	
CTC	2	4		
Other related parties	25	38	2	8
Other Kinnevik companies	135	188	5	8
Total operating costs	**167**	**233**	**10**	**16**
Accounts receivable				
Kinnevik	0	0		
CTC	0	1		
Other related parties	4	3		
Other Kinnevik companies	10	12	0	
Total Accounts receivable	**14**	**16**	**-**	**-**
Accounts payable				
Kinnevik	1	1	0	
Other related parties	1	3		0
Other Kinnevik companies	10	7	0	
Total Accounts payable	**11**	**10**	**0**	**0**
Dividends from affiliated companies				
CTC	216			
Other related parties	6			
Total dividends affiliated companies	**216**	**-**	**-**	**-**
Convertible bond				
CDON	204			
Total Convertible bond	**204**	**-**	**-**	**-**

Remuneration of key management personnel

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

Note 29 Long-term receivable

Parent company

Long-term Group receivables (SEK million)	2010	2009
Opening balance 1 January	12.074	12.388
New lending	464	0
Re-payments	-	-314
Closing balance 31 December	**12.538**	**12.074**

Long-term External receivables (SEK million)	2010	2009
Opening balance 1 January	-	-
Reclassification	4	-
Accrued interest	1	-
Closing balance 31 December	**6**	**-**

Note 30 Discontinued operations - distribution of CDON Group

The Group distributed CDON Group in December 2010. Net income before tax was SEK 105 thousand. Tax expenses was 31 thousand, and net income for the year SEK 73 thousand.

Net income from discontinued operations

Group (SEK thousand)	2010	2009
Sales	1.870	1.746
Expenses	-1.766	-1.633
Net income before tax	105	113
Tax	-31	-33
Net income from discontinued operations	**73**	**81**
Distribution of CDON Group at fair value	2.042	-
Book value CDON Group	-326	-
Total gain from discontinued operations	**1.790**	**81**
Basic earnings per share from discontinued operations (SEK)	27,12	1,22

Cash flow from discontinued operations

Group (SEK thousand)	2010	2009
Net income	1.790	81
Adjustments	-1.711	47
Change in working capital	-116	138
Cash flow to/from operations	**-37**	**266**
Cash flow to investing activities	-27	-6
Cash flow to financial activities	-24	-49
Cash flow to/from discontinued operations	**-88**	**211**

Group Effect on assets and liabilities	2010	2009
Non-current assets	281	258
Inventories	275	153
Trade receivables	50	16
Other receivables	72	41
Cash, bank	88	15
Long-term liabilities	14	16
Short-term liabilities	426	458
Divested assets and liabilities, net	**325**	**8**

The Board of Directors and the Chief Executive Officer confirm that the annual accounts have been prepared in accordance with accepted accounting standards in Sweden, and that the consolidated accounts have been prepared in accordance with the international accounting standards in Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards. The annual accounts and the consolidated accounts give a true and fair view of the Group's and Parent Company's financial position and results of operations.

The Board of Directors' Report for the Group and the Parent Company gives a true and fair view of the Group's and the Parent Company's operations, position and results, and describes significant risks and uncertainty factors that the Parent Company and Group companies face.

The annual accounts and the consolidated statements were approved by the Board of Directors and the Chief Executive Officer on 25 March 2011. The consolidated income statement and statement of financial position, and the income statement and balance sheet of the Parent Company, will be presented for adoption by the Annual General Meeting on 18 May 2011.

Stockholm 25 March 2011

Mia Brunell Livfors
Non-Executive Director

David Chance
Chairman of the Board

Simon Duffy
Non-Executive Director

Alexander Izosimov
Non-Executive Director

Michael Lynton
Non-Executive Director

David Marcus
Non-Executive Director

Cristina Stenbeck
Non-Executive Director

Hans-Holger Albrecht
President and
Chief Executive Officer

Our Audit report was submitted on 28 March 2011

KPMG AB
George Pettersson
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 managing director of Modern Times Group MTG AB (publ) for the year 2010. The annual accounts and the consolidated accounts of the company are included in this document on pages 10-108. The board of directors and the managing director 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 IFRSs 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 reasonable 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 board of directors and the managing director and significant estimates made by the board of directors and the managing director 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 managing director. We also examined whether board member or the managing director 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 IFRSs 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. A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are 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 income statement 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 statutory administration report and that the board of directors and the managing director be discharged from liability for the financial year.

Stockholm 28 March 2011

KPMG AB

George Pettersson
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 non-controlling 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 non-controlling 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 working capital net 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.

Broadband-connected device
AS LG's NetCast enabled TV sets or Android enabled tablets or smartphones or iPads or iPhones.

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.

DTT
Digital terrestrial television. See Digital terrestrial.

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.

Multi-screen
On-demand pay-TV service which is not dependent on which internet-connected device that is used.

OTT
Over the top. Video content delivered by alternative means.

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 recordable box at any time.

Portability
Instead of broadcasting through a regular TV set – portability makes live TV and on-demand programming available on any internet-connected device.

Premium subscriber
Subscriber with prepaid premium pay-TV content.

Viasat OnDemand
The previous brand name for the Viasat's service, available through the internet or the recordable box or selected IPTV networks and cable TV network. The service comprice Play channels, subscription video on demand and pay-per-event or per-per day programming. Viasat OnDemand was rebranded to Viaplay on March 2011.

Viaplay
The new brandname for the multi-screen on-demand pay-TV service which provides thousands of hours of streamed movies, live sports coverage, TV series and catch-up services of favourite free-TV channels.

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