



SDI Media Group



Annual Report 2001



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SALES, SHOWMAN

Annual General Meeting

The annual general meeting of shareholders will be held at 9.30am on Thursday May 16, 2002, at Gamla Stans Bryggeri, Tullhus 2, on Skeppsbrogajen, Stockholm, Sweden.

Shareholders who wish to participate in the meeting must notify Värdepapperscentralen (VPC, the Securities Registrar) in order to be registered no later than Monday 6 May 2002 in the shareholders' register prepared by VPC for the meeting, and must notify MTG no later than 1.00pm on Monday 13 May 2002 of their intention to attend. Shareholders can notify the Company via the Internet at www.mtg.se, by fax at +46 8 205074, by telephone at +46 33 724 1267 (8am to 5pm), or by mail at Modern Times Group MTG AB, P.O. Box 2094, SE-103 13, Stockholm, Sweden.

Notification must include the shareholder's full name, personal identification number (or company registration number), address, telephone number, and number of advisors attending.

Financial calendar

First Quarter Results announcement	24 April
Annual General Meeting	16 May
Second Quarter Results announcement	5 August
Third Quarter Results announcement	23 October
Fourth Quarter and Full Year 2002 Results announcement	February 2003



Chief Executive's Review

If someone asked me today to identify MTG's most valuable asset, there could only be one answer – our strong and well-recognized consumer brands, which is the reason why this year's annual report pays tribute to these brands. Everything changes rapidly in our industry – people, content, and even the stars themselves are here today and gone tomorrow. Concepts, ideas, scripts and formats have to be constantly adapted, but one thing remains at the center of what we do – the brand, its value and the loyalty it generates from the customer.

Our industry tends to talk a lot about new and dynamic business concepts and we have consequently seen many ideas come into, and go out of, fashion over the last few years – Internet, broadband, convergence, globalization and consolidation, to mention just a few. The truth is that our mission is a very simple one – to entertain people, no more and no less. Customers keep coming back to the strong entertainment brands, they associate themselves with them and those brands continue to live on. They do not come back because of the way the content is delivered technically, and they do not come back because the CEO is constantly in the press or because of industry gossip.

MTG is in a strong position because of its brands. TV3 is one of the strongest brands in commercial television in Northern Europe. Our Radio brands Rix FM, Power Hit Radio and P4

Radio Hele Norge – are instantly recognizable in their markets, TV1000 is now firmly set in consumer minds as the 'Home of the stars', and Viasat has become renowned for packaging a whole world of entertainment. TV-Shop is

the only well known pan-European brand for home shopping, Sonet, our movie production company, is synonymous with the biggest box office successes in Sweden and Strix, the production company, is not only a brand in itself but constantly develops new brands like 'Survivor', 'The Bar' or 'The Farm'.

That was just a selection of the many successful brands in the group. Our sales people, our stars and our employees have created more than 30 different brands over the past decade.

These brands are the future of MTG and the basis on which MTG remains the fastest growing media business in Europe.

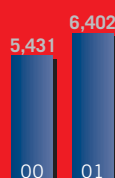
Brand development and marketing is an executive task. Image matters, and it is my job as CEO to take responsibility for it. No brand, no campaign and no slogan goes out into the field before I have seen and approved it. We have to protect, develop and serve our brands constantly.

2001 has been identified as one of the most difficult years in the history of media, with an unprecedented (in recent memory) and fast downturn in global advertising markets, a global economic slowdown, and depressed consumer and business confidence following the tragic events of September 11th in New York. However, our approach, which focuses on sales, showmanship and cost control, has enabled us to deliver a strong performance despite these adverse market conditions. Net sales were

“The truth is that our mission is a very simple one – to entertain people”

“...one thing remains at the center of what we do – the brand...”

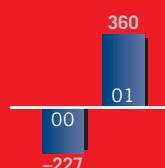
Sales, MSEK



EBITDA, MSEK



EBIT, MSEK



**SALES,
SHOWMANSHIP
& COST CONTROL**



**CROSS CONTENT,
CROSS PROMOTION &
CROSS SELLING**

up 18% to SEK 6.4 billion while operating profit before interest and taxes (excluding non-recurring items) increased by more than 100% to SEK 375 million.

One of the major reasons we were able to outperform the market was the fact that we anticipated the downturn early enough to adjust our cost base accordingly at the beginning of the year. However, as always, the major reason was the performance of our sales people who out-performed the competition on all levels, bringing in

a large number of new clients during the year.

MTG is the only media group in Europe that runs an in-house sales academy in order to set standards of excellence in the sales

process. As a result, our advertising-led TV operations have grown 2% in markets that declined by up to 15% in 2001.

On top of this, our pay-TV business took a substantial step forward, ending the year with more than half a million digital premium customers. Viasat is the third largest satellite pay-TV operator in Europe and, more importantly, one of the very few profitable ones. The growth in pay-TV has already changed the business model for our broadcasting division, which accounts for 70% of group net sales and a substantial part of group operating profit.

The Viasat offering to customers is strong, both in terms of content and brand recognition. Satellite has the competitive advantage when it comes to distribution – providing consumers with simplicity, choice and quality. The multi-channel environment offered by satellite and cable TV is the clear choice for the vast majority of the population in almost all European countries.

MTG's other business areas have either performed excellently or shown substantial improvement during the year. Strix has sold options to its reality TV formats in more than 30 countries around the world and SDI has further extended its position as the world market leader in subtitling for the fast growing DVD medium. TV-Shop was almost at breakeven in the fourth quarter and CDON, now the second largest CD internet retailer in Scandinavia with more than 380,000 units sold in 2001, was profitable in the second half of the year. Last but by no means least, TV1000 made a profit for the first time in the fourth quarter with more than 530,000 subscribers.

Our newspaper *Finanstidningen* was a disappointment in 2001, reporting a SEK 52 million loss. Despite the efforts of the team, a complete restructuring was required. As a result, we merged the newspaper with a weekly rival called *Vision* at the beginning of 2002 to form *Finans Vision* – a new concept in business newspaper publishing, which was launched in March. The same applies to *Everyday.com*, our Internet portal joint venture, which accounted for over 80% of the losses in our New Media division and has now been wound down.

The Radio and New Media business areas were managed through tough market conditions during the year. We increasingly integrated both areas into the Broadcasting unit in order to optimize the benefits of our '3C' approach – cross content, cross promotion and cross selling.

“Viasat is the third largest satellite pay-TV operator in Europe”

“We have become a truly international player with operations all over Europe, the U.S. and Asia”

MTG has been on the move again this year. The most significant change is that we have become a truly international player with operations all over Europe, the U.S. and Asia. One of the most exciting projects is our expansion into the Russian market. Russia is one of the fastest growing markets in Europe with annual TV advertising spend growing by over 50%. The 2002 TV advertising market is already expected to reach over US\$ 650 million and the forecast for 2003 is over US\$ 1 billion. Our investments in DarialTV and StoryFirst Communications Inc., which owns CTC (Russia's second largest commercial TV network) demonstrate our belief in the potential of this market. These channels reach over 100 million people in Russia today, and we see many business opportunities for MTG in Russia in the coming years. Our Baltic free-TV operations, which are now profitable, clearly show that our business model and philosophy works outside our core Scandinavian markets, reinforcing our commitment to export proven concepts to new territories.

I would like to thank our shareholders for their continued trust and support, our customers for their loyalty and, in particular, our employees for their hard work. As a CEO, you are only the conductor, the orchestra has to play, and it played very well last year. Our constant efforts to find the best people, improve the skills of our existing staff and create a winning team paid off. It was, and it will be, the key focus for me to ensure the continuity of this quality and to constantly seek to improve it.

MTG has acquired the rights to the Victory Challenge syndicate's bid for the ultimate prize in match race sailing, the America's cup. A team of Swedish, Danish, Norwegian and Finnish sailors is attempting to reach beyond

existing boundaries and expectations in order to challenge for victory. As well as providing strong content for us, which will be used across all our media platforms and channels, this challenge also reflects our culture – stretch for more than what you thought was possible, work harder and faster than your competitors, and celebrate your victories.

Hans-Holger Albrecht
President and CEO

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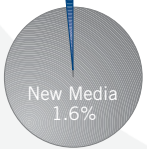


CROSS CONTENT,
CROSS PROMOTION &
CROSS SELLING

Group Overview

On New Year's Eve 1987, Industriförvaltnings AB Kinnevik launched TV3, the first commercial television channel in Scandinavia. This was the origin of today's international media group, Modern Times Group MTG AB. At Kinnevik's Annual General Meeting on 23 May 1997, it was decided that MTG would be demerged by means of the distribution of MTG's shares as a dividend to Kinnevik shareholders. Modern Times Group MTG AB's shares were subsequently listed on the Stockholmsbörsen's 'SBI' list and the Nasdaq National Market in New York on 18 September 1997. MTG shares have been quoted on the O-list of the Stockholmsbörsen since 3 May 1999.

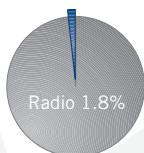
6

	 BROADCASTING	 NEW MEDIA
FACTS	<p>All TV-operations, free-to-air and pay, operate under the Viasat Broadcasting brand. Viasat completed the digitalisation of the transmission of its premium channels via satellite in May 2001.</p>	<p>The objective of the business area New Media is to make existing content available through various different media windows such as interactive digital TV, the Internet, and mobile telephony, in order to generate additional revenue streams.</p>
SHARE OF GROUP INCOME, %	 Viasat Broadcasting 67.3%	 New Media 1.6%
COMPANIES	<p><i>Own channels</i></p> <p>Viasat TV3 ZTV 3+ TV6 Nature TV6 Action TV8 (Publishing) Viasat Sport Viasat Explorer TV1000 TV1000 Cinema Viasat3 Darial TV</p> <p><i>Minority share</i></p> <p>TV4, 20.1%</p> <p><i>Third party channels</i></p> <p>BBC World CNN MTV Nickelodeon VH-1 History Channel Bloomberg Television Reality TV Playboy TV Hallmark Travel Channel DR1 DR2 NRK1 NRK TO RTL</p>	<p>Viasat Guide Everymobile Everytext Everyday.com</p>



RADIO

MTG Radio operates commercial radio stations in Sweden, Estonia and Latvia, and owns minority stakes in Norway's and Finland's only national commercial radio networks.



RIX FM
Lugna Favoriter
Power Hit Radio
Star FM
XL Format
Minority share
P4 Radio
Hele Norge, 33%
Radio Nova, 17%



PUBLISHING

The Publishing business area comprises newspaper, magazine and book publishing, a TV channel and web services. The business area focuses on financial news and information.

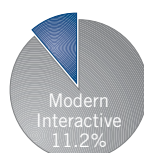


Finans Vision
Kapital
Moderna Tider
TV8
Financialhearings
Redaktörerna
Brombergs
Bokförlag



MODERN INTERACTIVE

Modern Interactive consists of four main operations; TV home shopping, e-commerce, Internet services and fulfillment logistics.

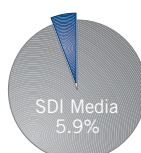


TV-Shop
PIN24
CDON.COM
ECL
NoName4Us



SDI MEDIA

SDI Media is the worlds leading provider of subtitling, dubbing and translation for TV, VHS video, film, DVD and Internet.

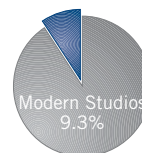


SDI Media Europe
SDI Media
Middle East
SDI Media U.S.
SDI Media Asia



MODERN STUDIOS

Modern Studios is the Group's production arm and includes companies involved in the production and distribution of cinema movies, television programming, music and sports events.



Strix Television
Sonet Film
Modern Entertainment
Modern TV
Freeport
Modern Games
Modern
Sports & Events
Nordic Artist

History Year 2001

- MTG becomes the first satellite TV broadcaster to switch off the analogue transmission of its pay-TV channels following a successful transition to digital TV.
- TV3 in Latvia was awarded a national terrestrial broadcasting licence, increasing its penetration from 69% to 96%.
- The digital home-shopping channel PIN24 was launched in Denmark on TDC's cable platform.
- MTG acquired 75% of Daria TV, one of Russia's national commercial television channels.
- The first episode of Strix's new reality TV format, 'The Farm', attracted a record audience of more than one million viewers in Norway.
- Strix sold options to its TV formats to broadcasters in more than 30 countries.
- Pay-per-view on Viasat's platform achieved a breakthrough when over 75,000 tickets were sold for the boxing fight between Mike Tyson and Brian Nielsen in Copenhagen.
- Viasat launched four new digital pay-TV channels in the Nordic region: Viasat Sport in Denmark, ZTV in Norway, Viasat Explorer and Reality TV.
- Well-established advertisers such as Telia, Microsoft, GE Capital and Warner Music implemented interactive TV advertising campaigns on Viasat's digital TV platform.
- Completion of EUR 120 million convertible debenture loan to fund further expansion.
- Viasat had more than 550,000 digital DTH subscribers by the end of the year.

1987 On New Year's Eve, TV3 began broadcasting and thus introduced commercial TV to Sweden. Print periodicals commenced publication the same year.

1988 At the start of broadcasting, 1.2 million people were able to watch TV3; by year-end 1988, the number was 3.4 million. Broadcasts were extended to Denmark and Norway. Independent TV production began through Strix.

1989 TV3 broadcast the World Championship in ice hockey for the first time as well as tennis from Wimbledon. TV-Shop started operations by selling goods and services via TV3. The pay-TV channel TV1000 was launched.

1990 Satellite TV was established as a new industry in Scandinavia. 45% of households could view TV3, which commanded 90% of the market for television advertising. A majority shareholding was acquired in Svensk Text, today's SDI Media.

1991 TV3 reported a full-year profit for the first time. TV1000 merged with its rival SF Succé. The first commercial radio broadcasts commenced. TV4 was granted the license for Sweden's third terrestrial TV station, and Kinnevik became a shareholder, acquiring 30% of the capital. Viasat started distribution of satellite TV.

1992 ZTV's first year as an independent channel. For the first time, the TV & Media business area in Kinnevik reported a full-year profit after financial revenue and expense.

1993 Radio Hele Norge received a license to operate nationwide commercial radio in Norway. In Sweden, the first licenses for commercial radio were obtained. Text-TV broadcasts on TV3 commenced. Terrestrial channels in Estonia and Lithuania were started.

1994 TV4 was the biggest channel in Sweden. TV6 was launched. The first projects for the Internet began, including Everyday as a brand.

1995 MTG was formed as a subgroup within Kinnevik. Metro was founded in Stockholm. A minority holding in Finans-tidningen was acquired. TV-Shop started doing business over the Internet.

1996 The satellite platform was switched from Astra to the Nordic position. The RIX FM radio network was formed through mergers. ZTV and TV6 in Denmark were merged to form 3+.

1997 Shares in MTG were distributed to the shareholders of Kinnevik and quoted by Stockholm Börsinformation (SBI) and on the Nasdaq National Market in New York. Metro was published in Prague. Strix was the first company in the world to produce a show in the Survivor format.

1998 TV3 acquired a TV channel in Latvia. Viasat's satellite-TV subscribers numbered more than one million. Commercial radio operations were started in Estonia and Latvia. Metro started publication in Gothenburg and Budapest. Finans-tidningen was acquired. Several new Internet services were launched.

1999 Metro was launched in Malmö, Helsinki, and the Netherlands. In Sweden, the business monthly Kapital commenced publication. The Internet portal Everyday.com was introduced. The business channel TV8 in Sweden was acquired. MTG Radio entered Finland. MTG's shares were quoted on the Stockholmsbörsen O-list.

2000 The Annual General Meeting of shareholders voted to distribute the share capital of Metro International S.A. to MTG shareholders. Hans-Holger Albrecht was appointed President and CEO of MTG. Viasat3 began broadcasting in Hungary. PIN24 was launched on Sky TV's platform in the UK. The transition to digital TV commenced with the conversion of all analogue premium subscribers to digital TV services. The remaining interests in TV1000 and Modern Entertainment were acquired. A minority stake in Finland's leading commercial radio network was acquired. Strix sold options to its programme formats to broadcasters in eight countries.

Goal and Business Objective

MTG's business objective concept is to package products in a way that attracts the audience that advertisers demand, and for which consumers are prepared to pay in the form of subscription fees. In addition, MTG conducts businesses related to media to the extent that they either produce services more efficiently than external suppliers or provide extraordinary opportunities for growth. The business objective is pursued through a dual strategy: to establish MTG's products in geographic advertising markets with growth potential, and to position them in segments of these markets that show above average growth.

The principal geographic markets for MTG's products are the Nordic and Baltic countries. The Group has also extended its established brands into Eastern Europe, most recently with investments in the Daria TV and CTC

TV channels. Furthermore, the Group has operations in other territories around the world, including SDI Media's global presence in the subtitling and dubbing market. Modern Interactive has TV home shopping and e-commerce operations in a number of European countries, and Strix Television (within the Modern Studios business area) has sold options to its television programme formats to broadcasters in 33 countries around the world.

MTG's involvement in multiple media markets and several segments of these markets provides the Group with unrivalled potential for achieving economies of scale in areas such as programme acquisition, staff deployment and technical distribution. A clear example of this concept is Viasat's channel factory in London where a staff of 150 people broadcast 20 channels.



MTG's goal is to generate profit for its shareholders by enhancing the value of the Company.

MTG's business objective is to be the best at capitalizing on the daily contacts with consumers created by the Group's media platforms and channels.



Directors

From the left: Asger Aamund, David Chance, Stig Nordin, Jan Hugo Stenbeck, Lars-Johan Jarnheimer, Hans-Holger Albrecht and Pelle Törnberg.

Board of

Jan Hugo Stenbeck (born 1942), Chairman of the Boards of Industriförvaltnings AB Kinnevik, Millicom International Cellular S.A., Tele2 AB, Invik & Co. AB, Modern Times Group MTG AB, and of Metro International S.A. Member of the Board of MTG since founding in 1997.

Stig Nordin (born 1943), MSc Engineering, has more than two decades' experience in the forest products industry. He joined Kinnevik in 1989 and has built enterprises such as TV3 in London. In 1991, Nordin was appointed Vice President of Kinnevik and from 1992 to 1999 he served as President. He was President of Invik & Co. AB until the second quarter of 2001. He also served as President of Korsnäs, from 1993 to 1998. Member of the Board of MTG since founding 1997.

Pelle Törnberg (born 1956), President and CEO of Metro International S.A. Started Strix, Kinnevik's first TV production company, in 1988. He subsequently established and launched several of the diverse media operations that currently make up MTG. In 1993, Törnberg was put in charge of all media companies previously part of Kinnevik, which now make up MTG. When Metro was distributed to MTG's shareholders in August 2000, he chose to become President and CEO of Metro. Member of the Board of MTG since 2001.

Hans-Holger Albrecht (born 1963), President of Modern Times Group MTG AB.

Lars-Johan Jarnheimer (born 1960), MSc Business and Economics, President and CEO of Tele2. Jarnheimer held various positions with IKEA, Hennes & Mauritz, and SARA Hotels. He served as President of ZTV a short period before joining Comviq as Vice President. Jarnheimer was President of Comviq from 1993 to 1997. From 1997 to 1998, he was a member of the Group Executive Management of Saab Automobile, responsible for the Nordic countries, Russia, and the Baltic States and was President of Saab Opel Sverige AB. On January 1, 1999, he was appointed Vice President of Industriförvaltnings AB Kinnevik and President of Investment AB Kinnevik. Since 1999, Jarnheimer has been President of Tele2 AB (formerly NetCom AB). Member of the Board of MTG since founding 1997.

David Chance (born 1957), BA Economics, BSc Psychology, and MBA, previously served as Vice President of the English media enterprise Sky Television, BSkyB. As head of overall strategies and business activities, Chance made BSkyB into one of the world's most successful and profitable television companies. He joined BSkyB in 1989, when he was recruited from Société Européenne de Satellites (SES), which owns and operates the Astra satellite. Prior to that, he worked seven years in the U.S. television industry. Today he is active in several media related companies. Member of the Board of MTG since 1998.

Asger Aamund (born 1940), Chairman of the Boards of Danish subsidiaries of MTG and Tele2. He is the majority shareholder in Bavarian Nordic Research Institute and NeuroSearch, both listed on the Copenhagen Stock Exchange. He has many years' experience in top management positions and on the Boards of Danish enterprises. Member of the Board of MTG since 2000.



Top row: Marvin Berchin, Jørgen Madsen, Petter Nylander.

Middle row: Anna Bråkenhielm, Eivind Schackt, Susanna Bervå, Michael Porseryd.

Lower row: Anders Nilsson, Christina Bellander, Mia Brunell.

Front: Hans-Holger Albrecht

Executive

Hans-Holger Albrecht (born 1963), Ph.D. in Law, President and CEO. Albrecht has been active in MTG since 1997, as Head of the Pay-TV operations and, following the merger of Pay and Free-TV, President of the entire business area. He became Chief Operating Officer of MTG in May 2000 and President and CEO in August 2000. 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. Albrecht was also responsible for SuperRTL and CLT's DigitalTV project.

Mia Brunell (born 1965), Chief Financial Officer, has worked at MTG since 1992, as Head of Accounting for TV1000, Controller for the Pay-TV business area, and Controller for the entire Viasat Broadcasting business area. Brunell became Group Controller for MTG at year-end 2000 and Chief Financial Officer in March 2001.

Anders Nilsson (born 1967), Chief Operating Officer. Nilsson worked for MTG Radio from 1992 before becoming President of MTG's radio operations in 1997. Nilsson was appointed President of the Publishing business area in the first quarter of 2000 and became COO of MTG in the fourth quarter of 2000.

Petter Nylander (born 1964), MSc Business and Economics, is head of the Broadcasting business area. He has worked for MTG since 1994, starting as a management trainee in London. Nylander has also served as Sales Manager, Vice President, and President of TV3 Sweden. He was appointed Head of Free-TV in the autumn of 2000 and Head of the Broadcasting business area in the third quarter of 2001.

Jørgen Madsen (born 1966), is President of the New Media business area. Madsen has worked in the Group since 1994, as Head of Sponsorship for TV3 and Head of Viasat Sport in Denmark and then for the Scandinavian region. Madsen was appointed President of New Media at the end of 2000.

Susanna Bervå (born 1959), is President of the Radio business area. Bervå joined MTG in 1994 and has held various positions, including Head of Accounting at Strix Television. She has worked in Radio since 1997, as Head of Accounting, Controller, and Vice President. Bervå was appointed President of Radio at the end of 2000.

Michael Porseryd (born 1966), MSc Business and Economics, is President of the Publishing business area. Porseryd has worked for MTG since 1994, starting as a management trainee at TV3 in London, later serving as Programming Manager and Vice President of TV3, and President of ZTV, TV8, and Viasat Broadcasting Sweden. He was appointed President of Publishing in the autumn of 2000.

Marvin Berchin (born 1962), Ph.D. in Law, is President of the SDI Media business area. Berchin studied law with a specialization in the media and entertainment industry. Berchin was appointed President of SDI Media in the autumn of 1999.

Christina Bellander (born 1955), is President of the Modern Studios business area. She became President of Moderna Tider in 1992 and was also in charge of Brombergs Bokförlag. Bellander managed the millennium celebrations in Stockholm on behalf of MTG, Tele2, Invik & Co, and Industriförvaltning AB Kinnevik. Bellander became President of Modern Studios in early 2000.

Eivind Schackt, (born 1964), MSc Business and Economics, is President of the Modern Interactive business area. He has worked in the Group since 1993, holding various positions including CEO of TV3 Norway and Scandinavian Manager for TV-Shop. Schackt was appointed President of Modern Interactive in the summer of 2001.

Anna Bråkenhielm (born 1966), is Managing Director of Strix Television. She joined Strix Television in 1989 and was appointed Head of Development and Formats at Strix Television in 1994. Bråkenhielm was appointed Managing Director of Strix Television in 1996.

Management

Financial review

Net sales increased by 18% during 2001 to SEK 6,402 million, compared to SEK 5,431 million in 2000. Operating income before depreciation and amortization increased by 44% to SEK 611 (424) million, excluding non-recurring items. Operating income after depreciation and amortization increased by 106% to SEK 375 (182) million, excluding non-recurring items. Non-recurring items amounted to SEK –15 (–409) million during the twelve-month period and related to the residual cost of the digitalisation of Viasat's broadcasting platform.

MTG's share in the earnings of associated companies amounted to SEK 25 (16) million. Net interest and other financial items amounted to SEK –43 (–44) million, including net exchange rate gains and losses on the translation of financial receivables and liabilities in foreign currencies, but excluding items relating to the convertible debentures. The net financial costs for the convertible debentures amounted to SEK –67 (–3) million, including exchange rate gains and losses on the translation of the liability.

The issue of EUR 120 million of subordinated convertible debentures was completed in June. The debentures have a term of 5 years and are convertible in 2006. The annual coupon payment is 5.50%.

MTG invested in a private placement of shares by Metro International S.A. in October. MTG's interest in Metro International would be 15% on a fully diluted basis on conversion of the US\$ 22 million outstanding convertible debenture loan to Metro.

Profit before tax, including the costs for the convertible debentures, increased to SEK 250 (–273) million.

The number of full time employees in the Group amounted to 1,451 at the end of the year, compared to 1,445 at the end of 2000.

Equity/assets ratio

The Group's equity to assets ratio was 44% (30%) as at 31 December 2001. The equity to assets ratio is defined as the Group equity and minority interests, including the EUR 120 million in convertible debentures, as a percentage of total assets. In connection with the new accounting principles, in accordance with the standards stated in RR15 issued by the Swedish Financial Accounting Standards Council, previously reported intangible assets of SEK 850 million have been charged against non-restricted equity after an adjustment of SEK 238 million relating to the tax effect of this write-off.

In addition, MTG holds shares in TV4 and Radio P4 Hele Norge, as well as shares in and a convertible debenture to Metro International. These holdings are treated as fixed assets. The aggregate market value of these securities at the end of the reporting period amounted to SEK 1,825 (3,262) million. The aggregate book value amounted to SEK 576 million. After adjustment for the premium on listed shares and for deferred tax, the equity to assets ratio amounted to 51% (47%) as at 31 December 2001.

Liquid funds

Group liquidity, including unutilised credit facilities, amounted to SEK 828 (514) million at the end of the reporting period.

Capital expenditure

Group investments in non-fixed assets amounted to SEK 106 (233) million for the year. In addition, investments in shares amounted to SEK 161 (164) million for the year.

Depreciation and amortization

Group depreciation and amortization totalled SEK 236 (242) million for the year.

Net borrowings

The Group's net borrowings totalled SEK 889 (520) million defined as interest-bearing liabilities, including the convertible debenture loan, less interest-bearing assets. Excluding the convertible debenture loan, net borrowings amounted to SEK –242 million.

Earnings per share

The Group reported fully diluted earnings per share of SEK 1.82 (–4.48) for the year.

Accounting principles

The new recommendations of The Swedish Financial Accounting Standards Council were adopted and applied with effect from 1 January 2001. As a result of recommendation RR15, which relates to the treatment of intangible assets, costs arising from new ventures such as the TV channels in Hungary and Russia are no longer capitalised or depreciated but charged directly to the profit and loss account. For details, please see Note 1 to the accounts on 'Accounting and Valuation Policies'.

Four years with MTG

(SEK million)	1998	1999	2000	2001
Income statements	pro forma*	pro forma*		
Net sales	3,595	4,491	5,431	6,402
Income from corporate development	45	-3	8	—
Income from sales of securities	50	—	106	—
Expensed option premium for TV1000	-91	-68	—	—
Result in Metro Sweden's sales company	—	—	32	—
Viasat Digital project	—	—	-555	-15
Operating income/loss	-45	87	-227	360
Income/loss after financial items, excluding interest on convertible debentures	-40	63	-271	317
Net income/loss	-125	-50	-296	121
Balance sheets				
Fixed assets	930	1,599	2,905	3,109
Current assets	2,048	2,525	3,135	3,832
Total assets	2,978	4,124	6,040	6,941
Shareholders' equity	774	918	1,790	1,948
Minority interest	27	23	7	5
Provisions	87	125	124	132
Long-term liabilities	771	687	1,321	1,518
Short-term liabilities	1,319	2,371	2,798	3,338
Total shareholders' equity and liabilities	2,978	4,124	6,040	6,941
Personnel				
Average number of employees	1,166	1,164	1,445	1,451
Key figures				
Return on total assets %	neg	neg	neg	2
Return on equity %	neg	neg	neg	6
Operating margin %	neg	2	neg	6
Profit margin %	neg	neg	neg	2
Equity/assets ratio including convertible %	44	36	30	44
Equity/assets ratio excluding convertible %	31	27	30	28
Debt/equity ratio	1.10	1.31	0.78	0.95
Interest coverage ratio	-2.17	2.13	-2.32	3.67
Net sales per employee, SEK thousand	3,083	3,858	3,758	4,412
Operating income per employee, SEK thousand	neg	75	neg	248
Capital expenditures				
Investments in fixed assets	62	166	233	106
Investments in shares	97	142	164	161
Per share data, (SEK)				
No of shares outstanding at year-end, incl convertible	64,685,967	64,685,967	66,375,156	66,375,156
No of shares outstanding at year-end, excl convertible	59,697,732	59,697,732	66,375,156	66,375,156
Denominator for diluted earnings per share	64,685,967	64,685,967	65,952,859	66,375,156
Denominator for basic earnings per share	59,697,732	59,697,732	63,944,505	66,375,156
Market price on the last day of the year	120.00**	422.00**	250.00	231.00
Diluted earnings per share	-1.93	-0.77	-4.48	1.82
Basic earnings per share	-2.09	-0.84	-4.62	1.82
Diluted shareholders' equity per share	11.97	14.19	27.15	29.35
Basic shareholders' equity per share	12.97	15.38	28.00	29.35
P/E ratio	N.A.	N.A.	N.A.	127
Cash dividend/proposed cash dividend	—	—	—	—

* The MTG Group according to the present structure.

** Market prices before August 15, 2000, include the value of Metro International S.A.

The MTG Share

The chart below shows the changes in share price and trading volume for the MTG B share since it was listed and began trading on September 18, 1997, on the Stockholm Börsinformation (SBI) list through April 1999 and on the Stockholmsbörsen O-list from May 3, 1999, and for the MTG ADR on the NASDAQ National Market.

The A and B shares are traded under the symbol 'MTGA' and 'MTGB' on the Stockholmsbörsen and as American depository receipts (ADRs) under the symbol 'MTGNY' on NASDAQ. The chart has been adjusted for

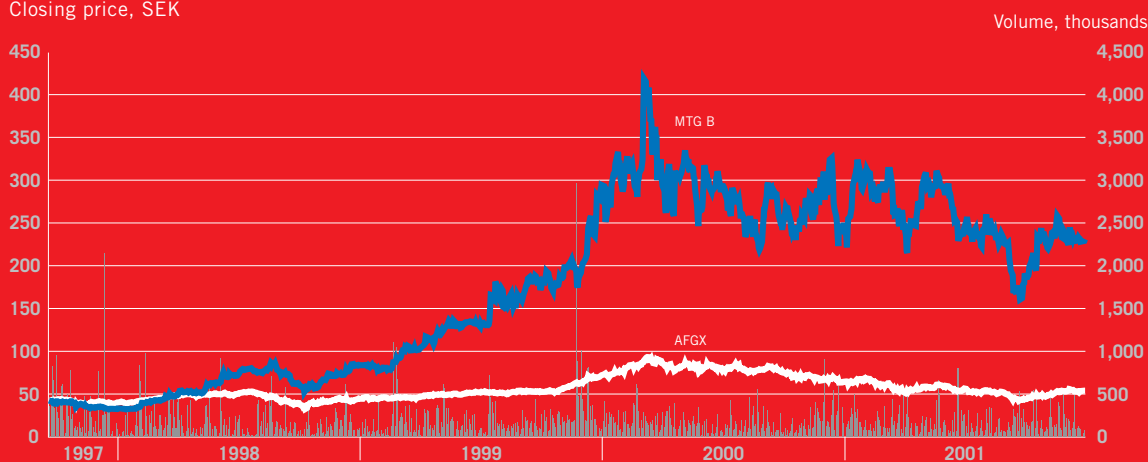
the distribution of Metro International S.A. shares to MTG shareholders on August 15, 2000. MTG's market capitalisation, based on its stock price on the Stockholmsbörsen on 28 December 2001 was SEK 15,300 million. No cash dividend is proposed for 2001.

* If all the options offered to senior executives and key employees are exercised, the number of shares in the company will increase by 2,052,840 B shares. If the EUR 120 million convertible loan is fully exercised, the number of B shares will increase by 2,790,994 shares in total.




































The top 20 shareholders

Shareholders	Total shares	A-shares	B-shares	% votes	% capital
Invik & Co AB	6,381,249	6,381,249	0	30.9	9.6
Industriförvaltnings AB Kinnevik	5,554,718	3,329,637	2,225,081	17.2	8.4
EMESCO AB	2,424,345	2,424,345	0	11.8	3.7
Stenbeck, Jan Hugo	1,131,000	1,131,000	0	5.5	1.7
Förvaltnings AB Confidentia	904,500	904,500	0	4.4	1.4
Nordea	3,647,295	395,000	3,252,295	3.5	5.5
SEB	4,294,494	0	4,294,494	2.1	6.5
Robur	3,190,050	0	3,190,050	1.5	4.8
Bankers Trust Company U.S.	2,311,907	0	2,311,907	1.1	3.5
Svenska Handelsbanken	1,055,350	124,050	931,300	1.1	1.6
Hugo Stenbecks stiftelse	199,530	199,530	0	1.0	0.3
Länsförsäkringar	797,135	122,000	675,135	0.9	1.2
Fjärde AP-fonden	1,707,450	0	1,707,450	0.8	2.6
von Horn Family	421,052	129,950	291,102	0.8	0.6
Chase Manhattan Bank	1,313,211	1,887	1,311,324	0.6	2.0
Bank of New York	1,254,485	0	1,254,485	0.6	1.9
State Street Bank and Trust Co	1,244,346	0	1,244,346	0.6	1.9
Andra AP-fonden	1,228,225	0	1,228,225	0.6	1.9
Banco Fonder	1,140,441	0	1,140,441	0.6	1.7
Tredje AP-fonden	1,028,428	0	1,028,428	0.5	1.5
Other shareholders	25,145,945	402,473	24,743,472	13.9	37.9
	66,375,156	15,545,621	50,829,535	100.0	100.0

MTG B-share on Stockholmsbörsen
Closing price, SEK



Analysts that follow MTG

 <p>Karl-Johan Bonnevier CAI-Chevreux kbonnevier@indocdv.com</p> 	 <p>Stefan Brännlund Nordea Securities stefan.brannlund@nordeasecurities.com</p> 	 <p>Peter Dahlander Carnegie AB petdah@carnegie.se</p> 	 <p>David Dowd Morgan Stanley david.dowd@morganstanley.com.</p>	 <p>Patrik Egnell Öhman Fondkommission patrik.egnell@ohman.se</p> 
 <p>Rasmus Engberg Handelsbanken Securities raen01@handelsbanken.se</p> 	 <p>Nicklas Fhärm Enskilda Securities nicklas.fharm@enskilda.se</p> 	 <p>Sandra Frimann-Clausen Alfred Berg Fondkommission sandra.frimann-clausen@alfredberg.se</p> 	 <p>Maurits Heldring Dexia Securities maurits.heldring@dexia-securities.nl</p> 	 <p>Pontus Herin Redeye pontus.herin@redeye.se</p> 
 <p>Peter Irlblad Deutsche Bank peter.irlblad@db.com</p> 	 <p>Patrik Nygård Swedbank patrik.nygard@foreningssparbanken.se</p> 	 <p>Henrik Persson HSBC henrik.persson@hsbcib.com</p> 	 <p>Mattias Runesson UBS Warburg mattias.runesson@ubs.com</p> 	 <p>Malin Rylander JP Nordiska malin.rylander@nordiska.se</p> 
 <p>Henrik Schultz Danske Securities henrik.schultz@dendanskebank.dk</p> 	 <p>Gorm Thomassen Cazenove & Co gorm.thomassen@cazenove.com</p> 	 <p>Ian Whittaker Merrill Lynch ian_whittaker@ml.com</p> 		

MTG ADR on NASDAQ
Closing price, USD





Broadcasting

Viasat Broadcasting is MTG's largest business area and accounts for 67% of group revenues. Viasat broadcasts 19 own-produced channels and 16 third party channels in 9 countries, reaching 45 million people.

Viasat generates equal amounts of revenue from advertising and subscriptions, differentiating it from other television broadcasters, which rely on one or the other. The proportion of non-advertising related revenues continues to increase.

Most of Viasat's television channels are broadcast from London by no more than 150 people operating the most efficient TV channel factory in Europe. Economies of scale are achieved in almost every area, including the centralization of programme acquisition, scheduling, transmission and administration. Advertising sales, marketing and public relations are handled locally.

The most important event of 2001 was the completion of Viasat's transition to digital television in May. Viasat was one of the last television companies in Europe to make the switch to digital, because Viasat deliberately waited until technology (transponder and set top decoder) costs fell and there was clear demand from customers for digital services and a multi-channel environment.

Digital broadcasting is more cost-effective than analogue, as well as providing the subscriber with access to a wide range of interactive services, and produces new revenue streams. Viasat broadcasts its channels on its own satellite DTH platform and on third party cable TV networks.

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>> BUSINESS OUTLINE >>

Sweden's first commercial TV channel, TV3, was launched on New Year's Eve 1987. Viasat today operates 19 of its own free-to-air and pay-TV channels in 9 countries, reaching 45 million people. Viasat distributes 16 third party pay-TV channels. Viasat concluded the transition to digital TV in May and acquired 75% of the Russian national TV channel, Daria TV, in 2001.

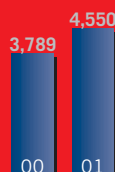
COUNTRIES >>

Sweden
Norway
Denmark
Finland
Estonia
Latvia
Lithuania
Hungary
Russia

Percent of sales



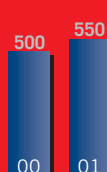
Sales, MSEK



EBITDA, MSEK



EBIT, MSEK





BROADCASTING





Broadcasting operates in two principal areas, free-TV and pay-TV. Free-TV comprises the 11 channels financed by advertising revenues, and pay-TV comprises channels financed by customer subscription charges.

Broadcasting's net sales increased by 20% to SEK 4,550 (3,789) million in 2001. Operating profit after depreciation and amortization, and excluding non-recurring items, improved by 10% to SEK 550 (500) million. This performance was largely the result of the 49% growth in pay-TV sales during the year.

Free-TV

Viasat launched its TV broadcasting operations on New Year's Eve 1987 when TV3, the first commercial TV channel in Scandinavia, began broadcasting and directly challenged the state television monopolies in Sweden, Norway and Denmark. Since then the business has grown at an unparalleled rate and now comprises TV3 in Sweden, Norway, Denmark, Estonia, Latvia, Lithuania and Hungary; ZTV in Sweden and Norway, 3+ in Denmark and Daria TV in Russia.

Free-TV

Sales, MSEK



TV3 Scandinavia

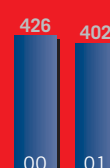
Sales, MSEK



EBITDA, MSEK



EBIT, MSEK





Scandinavia

TV3 has a penetration level of 64% and an average share of viewing of more than 11% in Sweden, making TV3 Sweden's second largest commercial TV channel. ZTV in Sweden, reaches 51% of the Swedish population and is particularly popular among young viewers.

TV3 has a 71% penetration level and an average share of viewing of 8% in Denmark. One of the most successful programmes on Danish TV3 in 2001 was the final episode of 'Expedition: Robinson' ('Survivor') which attracted 887,000 viewers and was produced for TV3 by MTG company Strix Television. TV3's sister channel, 3+, launched in Denmark in 1996, achieved a 4% share of viewing and features movies and sport including football matches from the Danish Premier League and The Champions League, as well as PGA golf.

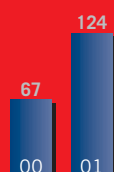
The most successful programmes on TV3 in Norway were 'Expedition: Robinson' and Champions League football. 'Expedition: Robinson' attracted approximately 650,000 viewers per programme and local football team Rosenborg's matches in the Champions League drew an average audience of 400,000 viewers. TV3 also broadcast the women's Handball World Championships in the autumn, with the final between the Norwegian and Russian teams pulling in over half a million viewers.

Overall TV3 Scandinavia reported a 2.4% decline in revenues to SEK 2,166 (2,219) million for the year in weak advertising markets. In Sweden, IRM estimate that the TV advertising market fell by more than 11% in 2001. In Norway, the TV advertising market fell by an estimated 4%, while the Danish market was estimated to have been down by 3%. The cost savings initiated at the beginning of the year resulted in a lower than anticipated negative impact from the weak market on operating profit levels. Operating profit after depreciation and amortization amounted to SEK 402 (426) million.

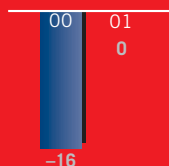
The Baltic States

TV3 in the Baltic States of Lithuania, Latvia and Estonia attracted five million weekly viewers during 2001, and achieved a combined audience share of 29%. In the Baltic States, TV3 exists as three different channels, with the content adapted to each country market. The TV3 stations in Estonia, Latvia and Lithuania collaborate with each other in areas

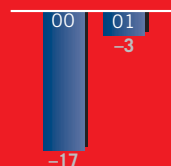
Sales, MSEK



EBITDA, MSEK

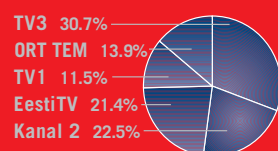


EBIT, MSEK

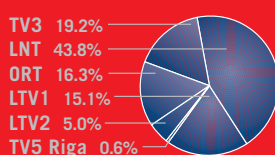


TV3 Baltic States

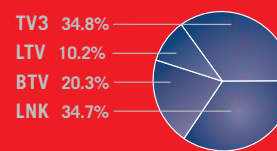
Commercial Share of Viewing
Age 15-49, Estonia



Commercial Share of Viewing
Age 15-49, Latvia



Commercial Share of Viewing
Age 15-49, Lithuania





such as programme acquisition in order to benefit from economies of scale. The TV3 channels in Latvia and Estonia also cooperate closely with MTG Radio's Star FM networks. One example of the collaboration between the TV3 channels is the three way joint production of the Baltic version of 'Expedition: Robinson', in which teams from each of the three Baltic countries competed against each other. The series was a great success, attracting almost 1.5 million viewers and achieving the definitive breakthrough for the reality format in the Baltics.

MTG launched TV3 in Estonia in January 1996. The channel now reaches 98% of viewers and has an average share of viewing of 17.4%, making it the largest TV channel in Estonia. In January 2002, MTG acquired the outstanding shares in the Estonian operations, and has now fully consolidated its ownership. TV3 Estonia reached profitability in 2001.

The Estonian parliament passed a new law in late 2001 forbidding the state-owned channel ETV from broadcasting advertisements after July 2002. Since TV1 filed for bankruptcy during 2001, there are now only two commercial channels in the Estonian market, TV3 and Kanal2. The Estonian advertising market is estimated to have grown by 12% in 2001 and the outlook for 2002 is extremely encouraging.

TV3 was granted a national terrestrial television broadcasting licence in Latvia in early 2001, enabling the company to increase its penetration from 69% to 96%. TV3 Latvia, which was launched in 1998 and is the youngest of the TV3 stations in the Baltic States, exceeded expectations, and the share of viewing increased to 25%, and TV3 continues to gain market share in an advertising market that grew close to 11% in 2001.

Viasat Ticket



On 13 October 2001, heavyweight boxing champions Mike Tyson and Dane, Brian Nielsen, clashed in a fight that was broadcast live from the Danish national arena in Copenhagen. The contest was broadcast on a pay-per-view basis in Sweden, Norway, Denmark and Finland and attracted more than 75,000 paying households, a new Nordic record and a breakthrough for pay-per-view television in the region.

Viasat's pay-per-view services are available on the digital channel 'Viasat

Ticket'. Pay-per-view involves the viewer paying to watch specific programmes on a per programme basis, over and above their regular subscription commitment. Viasat Ticket offers a whole world of entertainment with live sports and music events, as well as a televisual video shop with a choice of new films starting every 20 minutes, all available at the viewer's fingertips through their remote control or telephone.



MTG is the majority shareholder in the Lithuanian TV3 channel which, being the biggest television station in Lithuania with a 25.6% share of viewing, has a penetration level of 98%. The combined effects of a 9% growth in the advertising market in 2001 and a strengthened sales force resulted in an increase in net sales during the year.

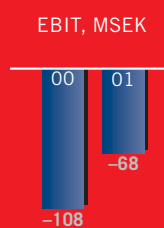
TV3 Baltics include TV3 Estonia, TV3 Latvia and TV3 Lithuania. MTG owned 42% of TV3 Estonia for the duration of 2001 and this operation's income is included in the earnings of associated companies. Net sales for TV3 in the Baltics increased by 85% to SEK 124 (67) million in 2001, whilst the combined operations reported an operating loss after depreciation and amortization of SEK -3 million compared to SEK -17 million for the previous year. The remaining shares in TV3 Estonia were acquired with effect from January 2002.

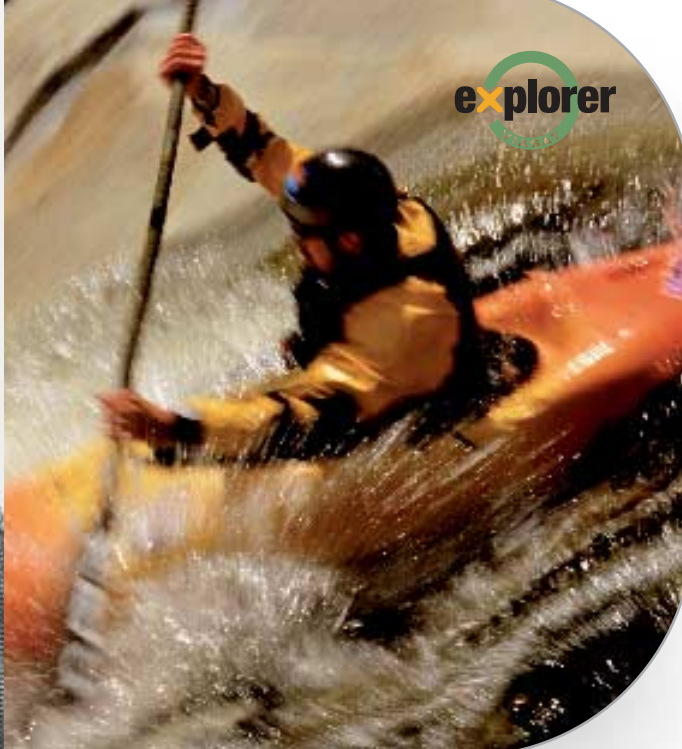


Russia and Hungary

Viasat3 in Hungary, launched by MTG in the autumn of 2000, was the fastest growing channel in Hungary in 2001, and is now the country's third largest commercial channel. The channel is broadcast from London and distributed by all the main cable TV operators in Hungary, achieving a penetration level of almost 50%. Viasat3 is a broad based entertainment channel, following the same concept as TV3 in the Nordic and Baltic countries. Viasat3 increased its sales in 2001 and increased its share of a declining Hungarian advertising market during the year.

MTG acquired 75% of the Russian television channel Daria TV in April 2001. Daria TV is one of eight commercial television stations in Russia with a national licence, and





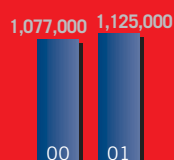
reaches approximately 20 million viewers. The Russian TV advertising market grew by more than 70% in 2001 and amounted to more than US\$ 400 million. In January 2002, MTG acquired 36.3% of StoryFirst Communications Inc., which owns the majority stake in CTC – the second largest commercial TV network in Russia, reaching over 75 million people. The deal is subject to approval by the Russian regulatory authorities.

Pay-TV

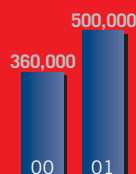
MTG's pay-TV operations were launched in 1989. The channels are broadcast via satellite to subscribers with satellite dishes in Sweden, Denmark, Norway and Finland, and are offered as part of Viasat's premium package. Viasat is the largest provider of pay-TV in Northern Europe. By the end of December 2001, Viasat had 1,125,000 card-holders, 41% of which were subscribers to the Viasat Gold package.

In May 2001, Viasat completed the most fundamental change in its history to date when all of its premium subscribers had been successfully transferred to Viasat's new digital TV platform. Viasat was one of the last of the European television companies to make the switch to digital because it chose to wait until technology costs (transponders and set-top decoders) had fallen and there was significant and sustained demand from the public for digital TV. This strategy paid off in May 2001 when Viasat became the first pay-TV company in Europe to close down the analogue transmission of its pay-TV channels, and benefit from both significant distribution cost savings, and new revenue streams.

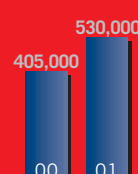
Viasat cardholders



Premium clients



TV1000 – number of clients





BROADCASTING

Digital television opens up new opportunities for both viewers and advertisers. In addition to a number of new channels, including 13 digital radio and music channels, the viewer now has access to interactive services such as games, extra channel features and Viasat's own electronic programme guide, 'Viasat Guide'. Interactive advertising enables the advertiser to encourage the viewer to interact and find out more about, or even place a direct order for, products and services by using their remote control or telephone.

Viasat's pay-TV operation generated net sales of SEK 2,225 (1,496) million in 2001, representing an increase of 49% over the previous year. This growth was driven by the 39% increase in the number of subscribers and a price increase for the premium package. Churn has continuously decreased in recent years, and fell from 30% in 2000 to approximately 19% in 2001. The proportion of premium subscribers to total subscribers increased from 33% to 44% during 2001. Premium packages accounted for 82% of new sales volume in 2001 and generate approximately eight times more average revenue per user compared to the basic package. The switch from analogue to digital transponders has also created considerable distribution cost savings.

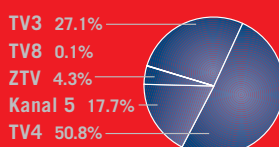
Own Channels

Viasat has seven pay-TV channels of its own: TV1000, TV1000 Cinema, TV6 Action, TV6 Nature, Viasat Sport, and Viasat Explorer, as well as TV8, which is included in the report for the Publishing business area. TV1000 and TV1000 Cinema are the premium movie channels included in Viasat's premium Viasat Gold package and are also available on third party cable TV networks. The arrival of the digital TV environment has made it possible to multiplex these channels and make the same film available at three staggered showing times each day, thereby providing the subscriber with six movie channels. TV1000 and TV1000 Cinema are available in Sweden, Norway, Denmark and Finland. TV1000 is also broadcast in the Baltic States via satellite.

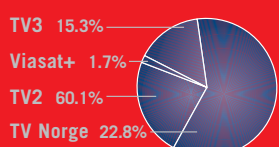
TV6 is a pay-TV channel with two different formats and brand names; TV6 Nature, which airs between 6pm and 9pm each evening, and TV6 Action, which is broadcast between 9pm



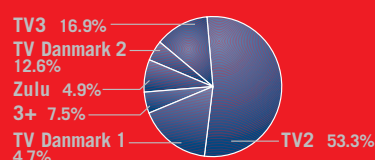
Commercial Share of Viewing
Age 15-49, Sweden



Commercial Share of Viewing
Age 15-49, Norway



Commercial Share of Viewing
Age 15-49, Denmark





and midnight. This channel is broadcast in Viasat's premium package, as well as being distributed by most cable TV operators.

The number of TV1000 subscribers rose sharply in 2001, from 405,000 at the beginning of the year to 530,000 at the end of December. This increased to TV1000 showing its first-ever quarterly profit in the fourth quarter of 2001. Net sales for the TV1000 channels were up by 49% to SEK 1,106 (741) million, while operating losses after depreciation and amortization improved by SEK 40 million to total SEK -68 (-108) million.

Viasat Sport was launched in 1999 as the dedicated Viasat sports channel, broadcasting a wide range of events and competitions including live golf tournaments, top-level European football matches and horse races. This channel enables Viasat to fully exploit acquired sports rights, which had previously only been broadcast on TV3 or 3+. A local version of Viasat Sport was launched in Denmark in December 2001, featuring Danish and international sports events, interviews and news.

Viasat launched a new channel called Viasat Explorer in December 2001. Viasat Explorer broadcasts nature documentaries, extreme sports coverage, science fiction and adventure programming.

Third-Party Channels

In addition to Viasat's own-produced channels, Viasat offers a range of leading third party channels: Hallmark, The History Channel, Reality TV, Nickelodeon, Playboy TV, CNN, The Travel Channel, Bloomberg Television, BBC World, MTV, VH1 Music First, DR1, DR2, NRK1, NRK2 and RTL.





New Media

The New Media business area includes Viasat Guide (previously called Everyday.TV), Everymobile, Everytext and Everyday.com. The objective of the New Media business area is to make existing content available on multiple platforms and through several different media windows, such as interactive digital TV, the Internet, and mobile telephony, in order to create additional revenue streams.

New Media develops and operates interactive applications for platforms such as digital TV and provides services to enable the viewer to get more out of their television viewing. New Media is now the market leader in the field despite the very modest levels of investment.

New Media has produced interactive advertising campaigns for companies such as Carlsberg, GE Capital, Coca-Cola, Dansk Tipstjenste, ATG and Microsoft.

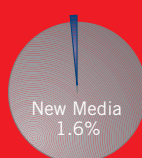
Everytext started producing teletext pages for TV3 in 1993 in Scandinavia. Today, the Company also provides its services to ZTV and the TV1000 channels in the Nordic countries. Everytext expanded to Spain in 1995, where its clients include the country's largest commercial TV station, Telecinco, and a number of regional and local TV stations including TeleMadrid.

New Media's net sales increased by 75% to SEK 107 (61) million in 2001. Everytext accounted for the majority of turnover. The other businesses are less than two years old and consequently in the early stages of their development phase. Operating losses amounted to SEK -70 (-39) million, largely due to losses arising from MTG's equity participations in the Everyday.com, but also due to investments in new services and operations which have had a negative impact on the overall result for the business area.

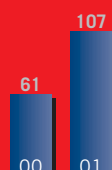
Viasat Guide

Viasat Guide is the Electronic Programme Guide (EPG), providing an electronic guide to television programmes and interactive services available on Viasat's digital TV platform.

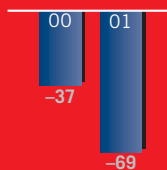
Percent of sales



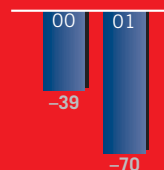
Sales, MSEK



EBITDA, MSEK

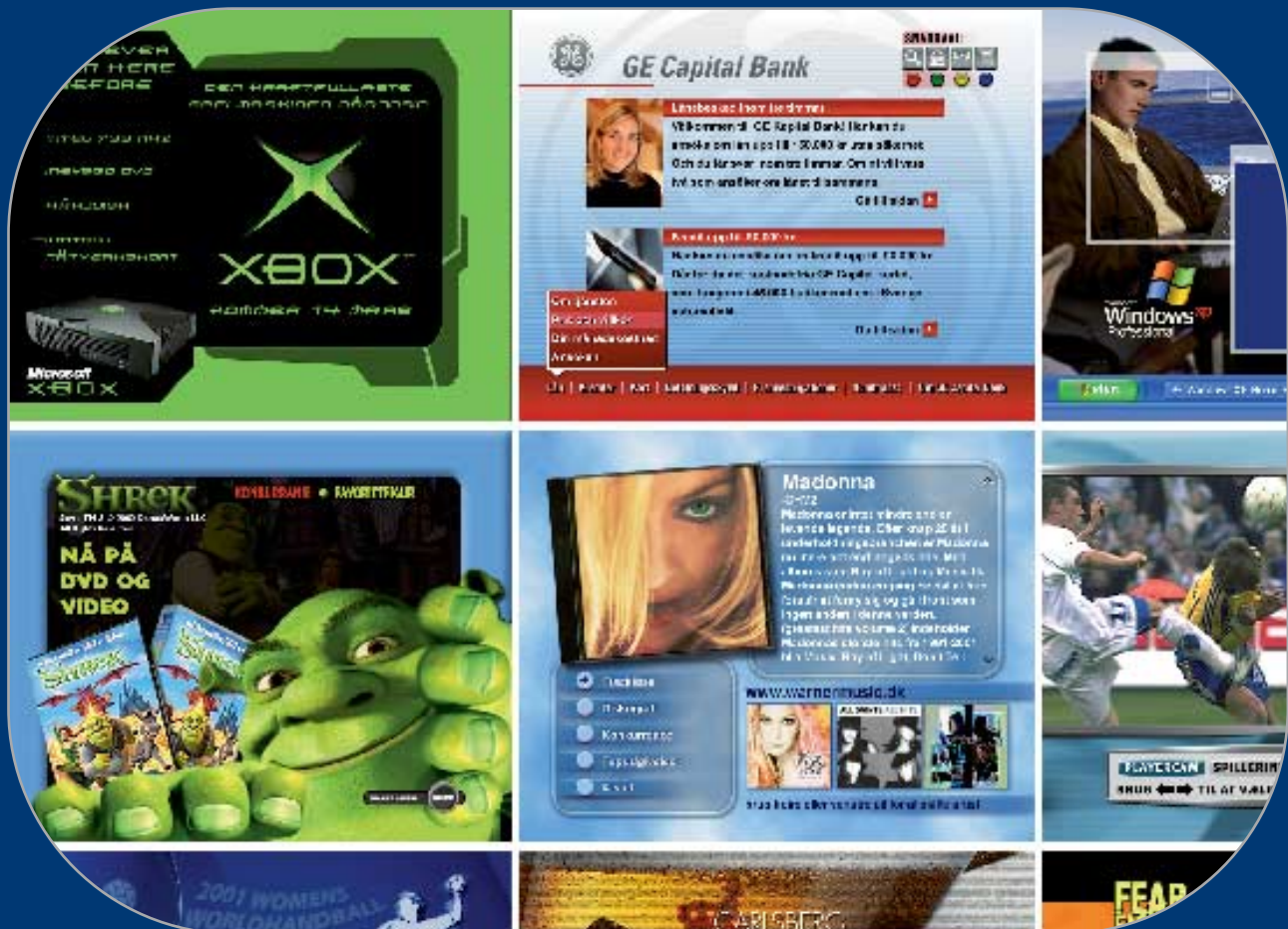


EBIT, MSEK





NEW MEDIA



>> BUSINESS OUTLINE >>

New Media leverages existing content by making it available on additional platforms and through multiple media windows, including interactive digital TV, the Internet and mobile telephony. New Media also develops interactive applications for digital TV platforms.

COUNTRIES >>

Sweden
Norway
Denmark
Spain



Everytext



w e b a d



**Everytext**

Everytext is the teletext operation that supplies content to TV3, ZTV and TV1000. A large part of Everytext's business is based in Spain. Everytext produces and commercializes teletext pages for Spanish national TV broadcasters Telecinco and TeleMadrid, as well as for a number of local TV stations. The business model involves offering TV stations a complete teletext service and then selling advertising space on the teletext pages. Economies of scale arise as a result of the similar processes involved with each broadcaster.

Everymobile

Everymobile is a platform for mobile telecommunications services. Services include SMS voting on television or radio programmes, and downloading ring tones and logos.

Everyday.com

Everyday.com is a pan-European Internet portal. The Nordic operations are jointly owned by MTG and Tele2 on an equal basis. The cost base of the operation was adjusted during the year to reflect the weak advertising markets.

Webad

Webad is a specialist advertising sales company, which markets and sells advertising space on Internet and teletext pages, as well as digital TV channels.

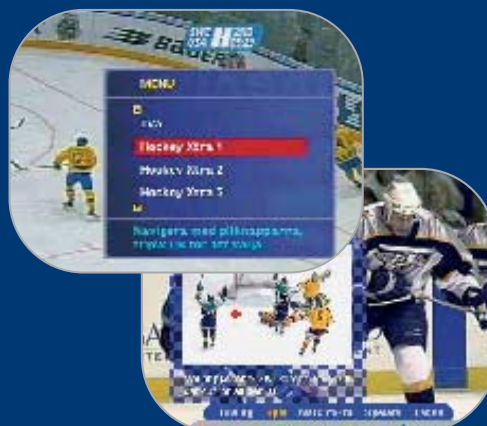
Ice Hockey World Championships

Sweden will be hosting the ice-hockey world championships in the Spring of 2002. Viasat Broadcasting owns the television rights for the championships and will be broadcasting comprehensive coverage of the championships on TV3, Viasat Sport and the digital TV platform. The true hockey fan will be satisfied with noting less than the Viasat Gold package that gives the viewer so much more than simply hockey matches.

Viewers will be able to take part in competitions during the live coverage of the matches, to predict penalties, who will be the first to score, and the final score. They can test their knowledge in

the World Championship hockey quiz, and obtain all kinds of information relating to individual player profiles and statistics. During World Championships, viewers can choose to follow a particular player in close-up at the same time as they watch the match, follow behind-the-scenes activities, or see replays of the goals and match highlights after the game has finished. Highlights will be shown on Viasat's dedicated highlights channel.

This is made possible by New Media, which designs and implements these applications, based on the content supplied by Viasat Broadcasting.





Radio

MTG is the largest commercial radio network operator in Northern Europe, with ownership of, or equity stakes in, the market leading radio networks in Sweden, Norway, Finland and the Baltic States, reaching 6.3 million listeners each week in five countries. The business area comprises the RIX FM stations, Lugna Favoriter and Power Hit Radio in Sweden, Star FM and Power Hit Radio in Estonia, Star FM in Latvia, as well as minority interests in P4 Radio Hele Norge in Norway (the country's only national commercial network) and Radio Nova in Finland (also the country's only national commercial network).

MTG bought the minority interests in Star FM Latvia during 2001. After the end of the year, MTG similarly bought the minority interests in the Estonian operation and has consolidated the results from Star FM Estonia since 1 January 2002.

MTG announced early in 2002 that it was taking over the radio stations, Lugna Favoriter and WOW 105.5. Subsequent to the takeover, Lugna Favoriter has also now been launched in Gothenburg. These acquisitions are a further step in the consolidation of the Swedish radio market.

Net sales in the business area as a whole amounted to SEK 124 (133) million and operating income totalled SEK 12.6 (18.2) million.

Sweden

RIX FM is Sweden's largest commercial radio network, with 789,000 daily listeners according to the first official 2002 RUAB institute radio listenership survey. This was the fourteenth consecutive RUAB survey in which RIX FM has claimed the top position.

The RIX FM network consists of 25 radio stations, playing adult contemporary popular music for the 20+ age group. The daily breakfast and drive-time show, RIX Morronzoo, which is aired on weekdays between 6am and 10am, reaches 446,000 listeners and is one of Sweden's most popular radio programmes.

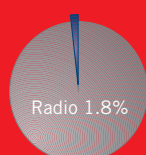
2001 was all about increasing market shares, both of radio as a proportion of the overall market as well as against rival broadcasters, by further enhancing the efficiency of the sales force.

The takeover by MTG of Lugna Favoriter and WOW 105.5 in January 2002 led to changes in MTG's offering. By popular and advertisers' demand, Lugna Favoriter was launched in Gothenburg.

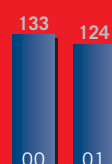
Lugna Favoriter is the largest commercial channel in Stockholm, with 153,000 daily listeners. Power Hit Radio is the second most popular, attracting 124,000 daily listeners.

28

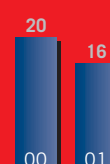
Percent of sales



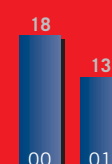
Sales, MSEK



EBITDA, MSEK



EBIT, MSEK





RADIO



>> BUSINESS OUTLINE >>

MTG Radio owns or holds stakes in the market leading national radio networks in Sweden, Norway and Finland, as well as in Star FM in Estonia and Latvia, reaching 6.3 million listeners every week. RIX FM is Sweden's largest commercial radio network, whilst Lugna Favoriter and Power Hit Radio are Stockholm's two largest commercial radio stations.

COUNTRIES >>

Sweden
Norway
Finland
Estonia
Latvia





RADIO

30

Net sales in Sweden fell by 11% in 2001 to SEK 119 (133) million. According to statistics from the IRM research institute, the radio ad market fell 13% in 2001, indicating that MTG Radio gained market shares.

Baltic States

MTG Radio owns and operates the Star FM networks in Estonia and Latvia, as well as the Power Hit Radio station in Tallinn. Star FM is an adult contemporary channel, while Power Hit Radio provides chart hits and aims at a younger audience. Star FM steadily increased its reach during 2001, achieving 60% in Estonia and 85% in Latvia. Star FM has been profitable on a monthly basis since April.

Power Hit Radio in Estonia's capital city is a joint venture with Tele2. It is an interactive station, which enables the listeners to request tracks, vote, and contact the radio station via SMS text and e-mail. The station attracts 31,000 listeners each week.

P4 Radio Hele Norge

MTG Radio owns 33.1% of Norway's only national commercial station. P4 Radio Hele Norge has a 29% daily commercial share of listening, or 1.15 million daily listeners according to Norwegian Gallup's first survey for the year 2002.

The advertising market in Norway was weak throughout 2001. P4 Radio Hele Norge, however, performed well and reported net sales of NOK 255 (290) million and operating income of NOK 45.7 (99) million. The station was restructured during 2001, yielding annual cost savings of approximately NOK 20 million.

Radio Nova

Radio Nova is Finland's only national commercial network, and comprises 22 stations attracting 1.8 million listeners each week. MTG has a minority holding of 17% in the network.

XL Format

XL Format specialises in outdoor advertising. During the year, XL Format has become the market leader in this segment of the advertising market.

Star FM



MTG acquired a number of local radio stations in Estonia in December 1998, creating the Easy FM radio network. MTG bought a radio station with a national licence in Latvia a few months later, to which it added some local radio stations in Estonia over the following years. These acquisitions formed the basis of what would become Star FM.

Star FM in Estonia and Latvia were merged in 2001 to become one channel with one transmission signal. Today, it is a pure music channel with an adult contemporary popular music format. Only news and advertising are broadcast in

local languages, resulting in substantial cost savings.

Star FM has a penetration of close to 85% in Latvia and more than 60% in Estonia. The number of listeners has increased since the merger, in spite of strong competition. There are 25 commercial radio channels in Latvia's capital, Riga, alone. Star FM is currently investing in promoting its brand through TV and print advertising in order to grow its market share. The radio advertising market in Estonia is expected to grow by over 10% during 2002 and at an even faster rate in Latvia.





Publishing

The publishing business area comprises newspapers, TV and web service companies principally focused on financial news and information. These are Finans Vision, Kapital, Moderna Tider, TV8, Financialhearings, Redaktörerna and Brombergs Bokförlag.

The advertising markets were extremely weak in 2001, and the publishing sector in Sweden was hit harder than most. The emphasis in the publishing division has therefore been on driving new sales, increasing cost control and restructuring.

MTG announced the acquisition of weekly newspaper Vision at the beginning of 2002, which was then merged with business daily, Finanstidningen, to create a new daily newspaper, Finans Vision.

Publishing's net sales amounted to SEK 196 (234) million and the operating result was SEK -82 (-53) million.

Finanstidningen, Finans Vision

Finanstidningen was the only daily business newspaper to increase its readership in 2001 and therefore increased its share of the market segment. MTG acquired the newspaper Vision at the beginning of 2002 and merged it with Finanstidningen to create the new daily business newspaper Finans Vision and a new approach to reporting daily business news.

TV8

TV8 is a niche channel that broadcasts national and international business and financial markets news, as well as documentaries and current affairs debates. TV8's subscriber

31

Finans Vision

MTG announced the acquisition of the weekly newspaper Vision on 31 January, 2001. Vision was acquired because its profile and approach were similar to Finanstidningen. At the end of February it was announced that Finanstidningen and Vision merged to create Finans Vision. The first issue of the newspaper was published in March 2002.

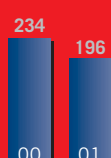
Finans Vision aims to meet the public demand for daily business news but also to challenge the old order with new ideas. Finans Vision's reporting focuses particularly on the emerging industries such as telecommunications, Information Technology, media, finance and entertainment – sectors on which Sweden's future will be built. Finans Vision is a newspaper not for those who built Sweden, but for those who intend to re-build it.



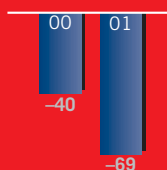
Percent of sales



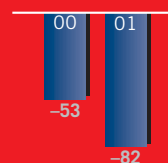
Sales, MSEK



EBITDA, MSEK



EBIT, MSEK





PUBLISHING



>> BUSINESS OUTLINE >>

The Publishing business area brings together newspaper, magazine and book publishing companies, with a TV channel and web services. The common focus is on financial news and information. Daily newspaper Finanstidningen was replaced by Finans Vision at the beginning of 2002.

COUNTRIES >>

Sweden



financial
hearings.com



Kapital

MODERNATIDER





base continues to grow as more and more people upgrade to digital TV. The channel complements Viasat's focus on entertainment and is particularly popular with advertisers due to its audience of high income, highly educated decision makers.

Brombergs Bokförlag

Brombergs Bokförlag is one of the most successful publishing companies in Sweden. Exceptional sales focus, cost control and a successful track record of picking the most popular titles characterise the Company. Bodil Jönsson's 'Ten Thoughts on Time', was the best selling book in 2000 and 2001, and Brombergs Bokförlag published works by popular authors, including Umberto Eco, Arto Paasilinna and Isaac B. Singer.

Moderna Tider

Moderna Tider is a high quality monthly magazine that has played a leading role in public debate in Sweden, informing and shaping public opinion on a wide range of cultural and political issues. Moderna Tider attracted 68,000 readers in 2001, and had circulation of 20,700 copies. Readership was up 26% year on year, whilst circulation was increased by 52%.

Kapital

Kapital is a business lifestyle magazine, and attracted a readership of 53,000 in 2001. 17,000 additional copies of Kapital are now also being distributed with Finans Vision in Scandic Hilton Hotels.

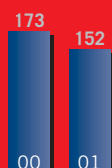
Financialhearings

Financialhearings organised more than 400 company presentations to the investment community in 2001, establishing the company as the market leader in Sweden. The company also has operations in Norway, Denmark, Finland, Germany and the UK.

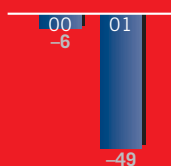
Redaktörerna

Redaktörerna was launched in 2001 and specialises in producing employee and customer oriented publications. The company offers a full service solution – from planning and copywriting to printing, distribution and advertising sales.

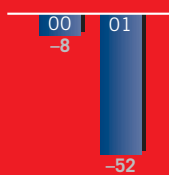
Sales, MSEK



EBITDA, MSEK



EBIT, MSEK

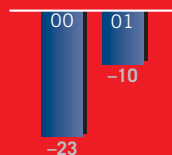


Finanstidningen

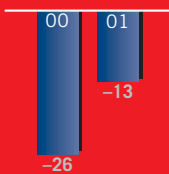
Sales, MSEK



EBITDA, MSEK



EBIT, MSEK



TV8

Modern Interactive

The Modern Interactive business constitutes four main operations; the TV-Shop and PIN24 television home shopping businesses, online Internet retailing under the CDON brand name, the web services company NoName4Us, and logistics specialist ECL.

Net sales for the business area increased by 30% in 2001, principally due to growth in TV-Shop and CDON. Cost control and management systems were improved across the business area during the year, which is expected to improve both the sales performance and profitability in 2002.

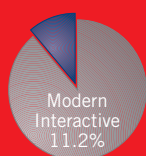
TV-Shop and PIN24

TV-Shop is Europe's largest direct sales television company and was the first company to launch direct sales on the Internet in Sweden. The TV-Shop channel is currently broadcast in 52 countries, in English and German language formats and reaches approximately 80 million households. Products sold range from music compilations and VHS videos to personal fitness and cleaning products. These products are largely identical across all markets, enabling economies of scale.

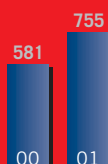
TV-Shop increased its sales by almost 17% in 2001 despite a highly competitive market place. TV-Shop's sales in Germany, its largest market, were up by 28%. This performance reflected popular product choices and marketing in the right media. This focus gave very good results.

TV-Shop also went through a major re-organisation in 2001 and is now focused on selling and distributing products for growth segments in each market, and promoting the products on media channels that reach the target buyer in a cost-effective way. PIN24 is a 24 hours a day shopping channel that currently reaches almost 20 million people. The channel was introduced in 2000 on the BSkyB digital TV platform in the UK and was subsequently launched on the Viasat digital platform in Scandinavia, and on TDC's cable TV network in Denmark. The PIN24 channel has also been broadcast to 13 million homes in Germany, Austria and Switzerland since 14 January 2002.

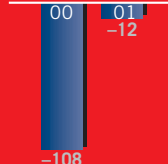
Percent of sales



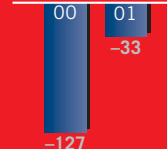
Sales, MSEK



EBITDA, MSEK



EBIT, MSEK





>> BUSINESS OUTLINE >>

Modern Interactive comprises four principal operations: TV home shopping, Internet retailing, logistics and web services. TV-Shop operates in 24 markets but reaches a total of 52 countries.

COUNTRIES >>

Sweden	United Kingdom	Estonia
Norway	France	Hungary
Finland	Switzerland	Iceland
Denmark	Austria	Latvia
Holland	Spain	Lithuania
Germany	Czech Republic	Romania
Belgium	Italy	Russia
Ireland		Slovakia
		Slovenia





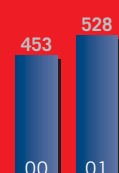
Combined net sales increased by 17% to SEK 528 (453) million in 2001, and the operating loss almost halved to SEK –39 (–70) million. The focus for 2002 is to improve profitability further through the renegotiation of media contracts and improved efficiency levels.

ECL

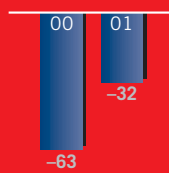
ECL is an e-Commerce Logistics company, which was formerly part of TV-Shop. ECL handles the entire fulfilment process, from the receipt of orders to delivery, and from invoicing to collection and after-sales enquiries. There are significant economies of scale because ECL's customers demand the same type of services.

TV-Shop

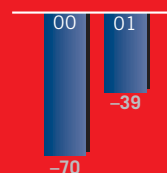
Sales, MSEK



EBITDA, MSEK

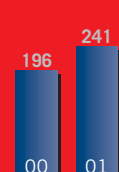


EBIT, MSEK

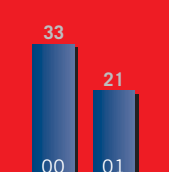


ECL

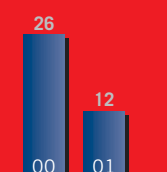
Sales, MSEK



EBITDA, MSEK

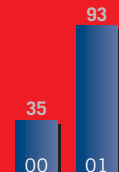


EBIT, MSEK

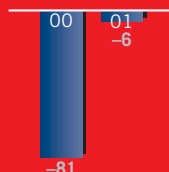


CDON

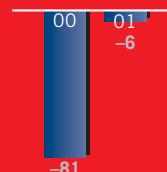
Sales, MSEK



EBITDA, MSEK



EBIT, MSEK



Net sales increased by 23% during 2001 to SEK 241 (196) million. Operating income amounted to SEK 12 (26) million.

NoName4Us

NoName4Us was started when TV-Shop moved into e-commerce in order to design and administrate the TV-Shop Internet site. NoName4Us' operations consist of providing web services as well as developing successful interactive applications on Viasat's digital television platform in cooperation with companies in the New Media division.

This offers a great potential as the digital broadcast market continues to grow at an exponential rate.

CDON.COM

CDON is Sweden's fastest-growing internet retailer of digital discs. The CDON e-commerce site sells CDs, DVDs and computer games. CDON operates in Sweden, Denmark, Norway, Finland and Holland.

CDON's sales increased by 167% to SEK 93 (35) million in the year, while operating income improved by SEK 75 million to SEK -6 (-81) million. CDON was profitable in both the third and fourth quarters of 2001.

CDON.COM



CDON.COM is an internet retailer for CDs, DVD, VHS videos, and computer and TV games in Sweden, Norway, Denmark, Finland and Holland.

2001 was a very successful year for CDON.COM with a substantial increase in sales volume and net sales increasing by 167%. The focus in 2001 was on sales growth, improving logistical processes and continued cost savings. As a result, CD sales have increased and the demand for DVD film has taken off with CDON.COM offering an extensive selection of 1,000 DVD film titles.

CDON's customer database more than doubled in 2001 and the average number of purchases per customer has increased. CDON was profitable in the third and fourth quarters of 2001.

The challenge for CDON now is to increase customer gratification. CDON has now launched its "Product Recommender" tool that acts as an online directory to help customers find what they are looking for. The objective for 2002 is to continue to increase CDON's market share, particularly amongst the primary target groups of 18-35 year olds and families.



SDI Media

Subtitling & Dubbing International was established in 1981 and is today one of the world's leading providers of translation, dubbing and subtitling services for television, VHS video, film, games and DVD. One year before TV3 was on air in 1987, 'Svensk Text', which was the previous name of the company got the contract to do the subtitling for TV3. In November 1990, Kinnevik acquired 91% of the company, and bought the remaining outstanding shares in 1996. SDI has more than a 60% share of the market for subtitling DVDs of Hollywood produced movies, and has contracts with all the major movie studios in the US.

SDI operates in 19 different countries around the world. In addition to SDI's 320 employees, the Company has over 1,000 freelance translators, subtitlers and dubbers at its disposal, offering translation services to and from the world's most widely spoken languages. The Mongolian and Khmer languages were added to this list during 2001.

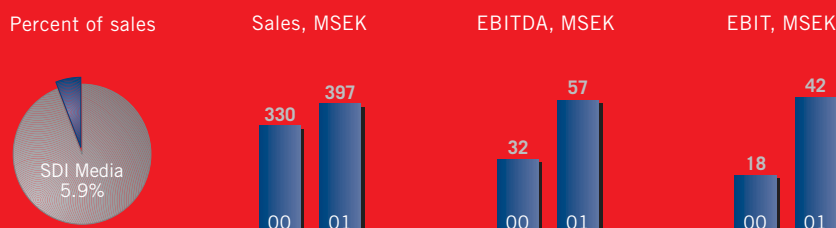
SDI Media works for many of the world's leading entertainment companies, including AOL Time Warner, Sony, Disney and News Corporation, translating and localising content for multiple markets. The Group's scale and geographical reach enables the company to offer clients full service solutions. SDI provides such services to the Discovery Channel, which it subtitles into seven different languages for broadcast in eight countries around the world.

SDI Media's sales increased by 20% during the year to SEK 397 (330) million. This increase is largely due to the exponential growth in the DVD market, with DVD subtitling now accounting for 43% of group revenues, compared to 28% in 2000. Operating income more than doubled to SEK 42 (18) million.

DVD was launched ten years ago and since then the market has exploded. In the US alone, 13 million DVD players were sold in 2001, up 50% on the previous year, and the pattern in Europe has been the same. More than 58 million US homes are expected to have DVD players by the end of 2002. Each owner of a DVD player buys an average of 16 discs every year, whilst the typical VCR owner makes only five or six purchases each year. DVD sales increased from USD 700 million in 1999 to USD 4.6 billion in 2001, and this figure is expected to reach USD 9 billion in 2002.

Subtitling & Dubbing

SDI offers translation and subtitling of feature films, VHS videos, DVDs and television programmes, including the re-cueing of existing text files.





SDI MEDIA



>> BUSINESS OUTLINE >>

SDI Media is the world's leading supplier of translations, dubbing and subtitles for television, VHS video, film, DVD and the Internet. SDI has operations in 19 countries.

COUNTRIES >>

Denmark	Japan	United Kingdom
Estonia	Korea	Sweden
Finland	Latvia	Taiwan
France	Lebanon	Thailand
Holland	Lithuania	USA
Hong Kong	Singapore	
Israel	Slovenia	

SDI Media Group





SDI MEDIA

SDI Media is the market leader in subtitling DVD films and has had all the leading Hollywood studios as customers. Projects during 2001 included work on the 'Godfather' trilogy for Paramount, 'Lord of the Rings' for New Line Cinemas, and the 'Planet of the Apes' and 'Moulin Rouge' for Fox. SDI signed a new three-year agreement with Sony Pictures in 2001.

In addition to subtitling, SDI Media offers localisation of DVD menus and translation of marketing material. SDI has specialised DVD teams, which have implemented DVD-ROM and weblink solutions for productions such as 'Harry Potter and the Sorcerer's Stone', 'The Matrix' and 'You've Got Mail'. A weblink solution enhances the functionality of the DVD-ROM by providing automatic links to Internet pages. SDI has also now begun to offer its services to website developers and software companies.

SDI Media creates so-called dialogue lists that describe every word and sound on the track, to ensure that the translator or dubber has every opportunity to make as accurate a translation, dubbing or voiceover as possible. Voice-overs recorded in SDI's own studios are used for animated features and computer games. SDI offers the full range of dialects and accents in each of its languages to ensure accuracy and consistency.

These applications are employed to customize the subtitling of films and television programmes for the partially or completely deaf. The difference to ordinary subtitling is that all sound effects are subtitled, enabling people with impaired hearing to enjoy the total film experience. SDI provides this particular service for a number of studios including MGM, Warner Bros and New Line Cinema.

40

SDI – at the forefront of the DVD market

DVD is clearly an explosive market with vast potential, but just how great is that potential? Bob Auger, founder of Electronic Switch, one of the first DVD production studios in Europe, explains the potential:

"Zero to 60 million players in five years – that is an impressive achievement by DVD film, which has become the fastest growing electronic product ever. Last year, 365 million DVD discs were sold in North America and 28 million households in Europe are expected to own a DVD player by the end of 2002. This pattern is reflected worldwide, as more and more viewers demand digital TV services and products."

"This is a real dream, especially since the greater part of the growth initially took place in stages, without taking too much of the VHS market. Some companies have benefited enormously from this DVD expansion, and SDI has been at the leading edge of the linguistic and

technical development in the vital area of subtitling."

SDI offers DVD subtitling in more than 40 languages today.

This achievement is not solely attributable to SDI's use of local translators in each market, even though this is the key factor distinguishing SDI from its competitors. SDI also has a core competence in technology, which is applied to create computer-based tools that enable the thousands of different subtitling components that are included on every DVD disc. For anyone watching a DVD film, the subtitles seem simple and belie the complicated behind-the-scenes work that makes them possible. For SDI, this is the result of well-planned investment and strategic development that have po-



sitioned the Company at the forefront of the industry.

"From the very outset of my work with DVD, subtitling was considered one of the greatest challenges. It has always been a pure pleasure to work with the teams at SDI Media, a company that has taken charge of DVD film subtitling and refined it into an art form."

Modern Studios

The Modern Studios business area includes some of the leading production units in their fields – Strix Television, Sonet Film, Modern Entertainment, Modern TV, Modern Games, Modern Sports & Events, Nordic Artists and Freeport.

A basic requirement for a media group is to produce strong content as all the other operations build on this. All the companies within Modern Studios develop, produce, acquire rights to, sell or distribute content. Modern Studios companies provide content to Viasat Broadcasting, New Media and other divisions, but also sell formats and rights to third parties on the global media market.

Modern Studios grew strongly during 2001, due in large part to the performances of Sonet Film and Strix Television. Sonet Film distributed the biggest Swedish grossing box office hit of the year, Josef Fares's 'Jalla Jalla!', which was watched by more than 740,000 cinema-goers.

Strix meanwhile launched new reality TV formats during the year, the most successful of which was 'The Farm'. This format achieved very high ratings in Sweden and Norway, and options and licences on the rights to the format have already been sold to eight countries.

Modern Entertainment also had a successful year, which culminated in the company signing its first US TV network distribution deal at the beginning of January 2002.

One of the year's rookies was Modern Sports & Events, which produces and promotes events and a number of Nordic boxers.

Strix Television

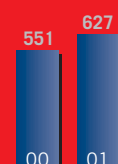
Strix Television was set up in 1988 and is today the largest and most successful TV production company in Scandinavia. The company was a pioneer in the field of reality TV entertainment, producing the first and most talked about docu-soap of all time, 'Expedition: Robinson', which became known internationally as 'Survivor'. Strix has gone on to develop and produce further successful formats including 'The Bar', 'The Farm', 'Harem', 'Villa Medusa' and 'Trading Places'.

Strix productions have achieved international recognition, and options and licenses to the formats have now been sold to 33 different countries around the world. Strix formats produced 34 programme series or more than 900 hours of TV entertainment in 2001.

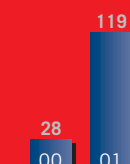
Percent of sales



Sales, MSEK



EBITDA, MSEK



EBIT, MSEK





>> BUSINESS OUTLINE >>

Modern Studios is the Group's production arm, with companies that produce and distribute feature films, television productions and events. The production company Strix has sold licenses and options for productions to 33 countries around the world.

COUNTRIES >>

Sweden
Denmark
Norway
Estonia
USA



One of the highlights of the year was the launch of 'The Farm'. The series attracted a record number of viewers in Sweden, out-performing programmes such as 'Who Wants To Be A Millionaire?', 'The Gladiators' and the news programme 'Rapport'. In Norway, the series helped TV2 to become the largest commercial channel in the country, with the final episode being watched by a record audience – the first time that an entertainment programme had ever attracted over a million viewers. Furthermore, 65% of those watching the series were in the 15–44 age range so prized by advertisers. 'The Farm' format has been nominated for both the Montreux Golden Rose and for 'Best Format' at the Venice International TV Festival.

Despite Strix's unrivalled success in the field of reality TV entertainment, the company is not restricting itself to this niche but is also producing programmes such as 'Wanted' and 'Questionable', as well as constantly working to develop new programme ideas for both the Nordic and international TV markets.

Strix's sales increased by 39% in 2001 to SEK 364 (261) million. The operating profit increased by 131% to SEK 79 (34) million.

Sonet Film

Sonet Film was founded 17 years ago as a distributor of European high quality motion pictures. After a number of successful years as a distributor of imported films, Sonet then also began to produce and distribute Swedish feature films.

MTG bought Sonet Film in 1987, partly in order to broaden its production and distribution base, but also because Sonet Film was a source of high-quality content.

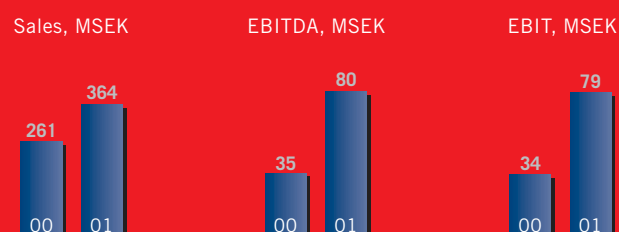
Today, Sonet Film is one of the dominant producers of Swedish feature films, as well as the market leading distributor of Swedish cinema movies. Sonet Film's box office hits include films such as 'Show Me Love', 'Together', 'The Hunters', 'Wings of Glass' and 'Zero Tolerance'. Sonet Film also distributed two of Sweden's biggest selling Swedish language films in 2001 – 'Jalla! Jalla!' was watched by more than 740,000 people and 'Executive Protection' also produced by Sonet, attracted a cinema audience of nearly half a million.

After several years of sustained growth as a Swedish film production and distribution company, Sonet Film is this year making the break into a new area with the production of its first English language film for the international feature film market.

Sonet's sales increased by 20% to SEK 116 (96) million in 2001, while operating income was up by 34% to SEK 13 (10) million.

Modern Entertainment

Modern Entertainment works in the field of the acquisition, sales and distribution of TV, video and DVD broadcast rights. The Company buys the rights to programmes, series and movies and then sells licences to this content in the international media markets. In the last two years, Modern Entertainment's library of rights has grown by over 50% and now includes more than 500 titles. Modern Entertainment distributes film rights to broadcasters all over the world, with North America remaining the largest market.





44

2001 was a breakthrough year for Modern Entertainment, moving into profit for the first time and successfully negotiating its first US TV network distribution agreement. The agreement is for a TV series based on Stephen King's best-selling book, 'The Dead Zone', to which Modern Entertainment owns the films and TV rights.

Modern Entertainment's sales increased by 91% to SEK 80 (42) million in 2001 and operating income was turned around from a loss of SEK 14 million in 2000 to a profit of SEK 11 million.

Modern TV

Modern TV produces content for TV, films, DVD and events. The Company produced documentary series for SVT, TV4 and TV8 during 2001, including a documentary about composer Georg Friedric Händel for SVT and 'Global Access', a series of interviews with the world's leading scientists for TV8.

The company produces children's and youth-oriented programming for TV3, including 'Woodii' in Sweden and

Norway, and 'Hits for Kids' as well as a number of commissioned feature films. Modern TV has also developed several sports and children's productions for DVD, including an annual review and highlights package from the Swedish premier football league.

Modern TV's 2002 programme of events includes the production of major events surrounding Stockholm's 750 year Jubilee.

The box office hit 'Executive Protection'



Autumn 2001 saw the premiere of hit movie 'Executive Protection', which is a sequel to the 1999 thriller, 'Zero Tolerance'. The trilogy will be completed in the fall of 2002 with 'The Third Wave'. Scriptwriter and Director Anders Nilsson and Sonet have built the films around the career of leading character, Johan Falk, a SWAT team member turned Detective Inspector. The aim was to create a new all Swedish action hero to emulate the well-established and massively successful Hollywood genre. Sonet has produced and

distributed both films. 'Zero Tolerance' became a box-office hit and the success has been repeated on video and TV. The sequel, 'Executive Protection', was one of the biggest grossing Swedish films in recent years, receiving critical acclaim and watched by a cinema audience of over half a million. 'Executive Protection' has now been released on video and is available as a pay-per-view movie on Viasat Ticket. The film is not only popular in Sweden, but across Scandinavia, and has even been sold to Japan. The production of the third

and final part of the trilogy will begin in September 2002. 'Executive Protection' is an excellent example of how MTG produces high quality content and leverages its multiple media channels in order to reach the widest possible audience.



Modern Sports & Events

Modern Sports & Events creates content by organizing and promoting boxing fights and has a stable of 15 of Scandinavia's best boxers. The company also buys and sells the rights to boxing contests, reflecting the benefits of controlling the full value chain to ensure maximum leverage.

Modern Sports & Events arranged a number of hugely popular boxing contests in 2002 and the line-up for the current year includes two world championship fights in the Spring in Copenhagen.

Modern Games

Modern Games develops on and off line proprietary games and simulations for companies including BMW and Tetra Pak as well as games related to other MTG-owned or controlled content, including the Ice Hockey World Championships, which are broadcast on Viasat's TV channels.

Freeport

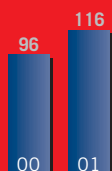
Danish company, Freeport Film, is a TV production company that has produced programmes including 'The Royal Family' for Danmarks Radio and 'Boys in the Fast Lane' for Danish commercial broadcaster TV2.

Nordic Artist

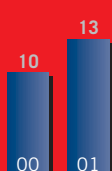
Nordic Artist produces, markets and presents entertainment events in the worlds of music and sport. Nordic Artist's best known productions include the annual Swedish Sports Awards.



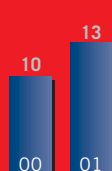
Sales, MSEK



EBITDA, MSEK

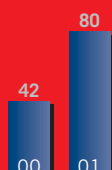


EBIT, MSEK

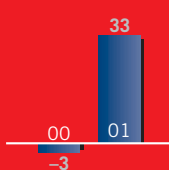


Sonet Film

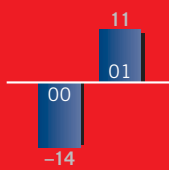
Sales, MSEK



EBITDA, MSEK



EBIT, MSEK



Modern Entertainment

Directors' Report

Modern Times Group MTG AB (MTG) was distributed to Kinnevik shareholders on 18 September 1997. MTG A and B shares are listed on the Stockholmsbörsen O-list and in the form of American Depositary Receipts on the NASDAQ National Market in New York.

Significant events in 2001

The year saw the completion of the transition to digital distribution of Viasat's premium channels, resulting in a considerable reduction in Viasat's costs for satellite distribution. The digitalisation of broadcast distribution has also paved the way for new potential sources of income, including interactive advertising on the digital TV platform, which has been well received and attracted a number of well-established brand advertisers. Furthermore, pay-per-view achieved a breakthrough in the Nordic countries, with over 75,000 tickets sold for the boxing fight between Mike Tyson and Brian Nielsen in October. The number of premium package pay-TV subscribers increased by 39% from 360,000 to 500,000 during the year. The Viasat and third party cable network subscriber intake at premium channel TV1000 was also very strong, increasing from 405,000 to 530,000 in 2001.

As part of the geographical expansion of the TV3 concept, MTG acquired a 75% controlling interest in Darial TV in April. Darial TV is one of Russia's eight commercial TV channels holding a national licence. The channel reaches 20 million people in Russia today. In addition, the outstanding shares in TV3 Latvia were acquired and the operation has been fully consolidated.

At the beginning of the year, TV3 was awarded a national terrestrial TV licence in Latvia, increasing the channel's reach from 69% to 96% of households. TV3 now has nationwide coverage in all three Baltic States.

In the Publishing business area, Silikon was sold, reflecting the business area's increased focus on finance and business related publishing.

MTG Radio acquired the outstanding shares in its Star FM operation in Latvia.

Two new businesses, Modern Sports & Events and Modern Games, were started up within the Modern Studios business area.

An issue of EUR 120 million of subordinated convertible debentures was completed in June.

Consolidated earnings

Group net sales in 2001 was SEK 6,402 million, compared to SEK 5,431 million in 2000. Operating income after depreciation and amortization totalled SEK 360 million, compared to SEK -227 million in the previous year. Non-recurring items of SEK -15 million in 2001 related to the final costs of the migration of the premium subscriber base to digital TV services. Non-recurring items of SEK -409 million in 2000 comprised SEK -555 million related to the Viasat digital project, SEK 106 million of proceeds from the sale of TV4 shares, SEK 32 million of income from the Metro Sweden advertising sales company, and SEK 8 million in business development.

Income from associated companies in which MTG holds minority equity interests amounts to SEK 25 (16) million. MTG's participations principally comprise TV4, P4 Radio, Radio Nova and Everyday.com.

Net interest and other financial items amounted to SEK -110 (-46) million, including unrealised exchange rate gains and losses on the translation of the convertible debentures and interest payable on the convertible debentures totalling SEK -67 (-3) million.

Profit before tax amounted to SEK 250 million, compared to a loss of SEK -273 million in 2000.

Group Structure

During the year, the operations have been run in seven business areas:

- Broadcasting
- New Media
- Radio
- Publishing
- Modern Interactive
- SDI Media
- Modern Studios

Financial position

The Group's equity to assets ratio at the end of the year was 44% (30%). The equity/assets ratio is defined as the Group equity and minority interests, including EUR 120 million in convertible debenture loans, as a percentage of total assets.

Group liquidity, including unutilised credit facilities, amounted to SEK 828 (514) million at the end of the period.

The Group's net borrowings amounted to SEK 889 (520) million at 31 December 2001, defined as interest-bearing liabilities, including the convertible debentures, less interest-bearing assets. Excluding the convertible debentures, net borrowings would have amounted to SEK -242 million.

Outlook

MTG will continue to focus on delivering growth and increased efficiency both regarding sales and costs to continue to increase profitability.

Significant events after the year end

The following significant events have taken place in January and February 2002: MTG acquired two radio stations, Lugna Favoriter and WOW 105.5, from the RTL Group, as well as the remaining shares in the Star FM and TV3 radio and TV operations in Estonia respectively. MTG also acquired 36.3% of StoryFirst Communications Inc., a private company. StoryFirst owns CTC, the second largest commercial TV network in Russia that reaches 75 million people, as well as shares in six Russian radio stations. The acquisition is subject to approval from the Russian regulatory authorities. The weekly newspaper Vision was acquired and merged with MTG's daily newspaper, Finanstidningen. The new business daily Finans Vision was launched in March.

Parent Company

The parent company runs no business operations itself. Earnings after financial items amounted to SEK 168 (205) million.

Other items

The number of employees, fees and other reimbursements are presented in notes 21 and 22 to the accounts respectively.

Board procedures

The Board of Directors of MTG is constituted to provide effective support and control of the activities of the executive management of the company. MTG's Board of Directors held five meetings during 2001 and background documentation and reports were distributed to Directors one week in advance of each meeting.

The Board has adopted procedures for its own tasks and for instructions to the Chief Executive Officer. These procedures include provisions such as the requirement that all investments are approved by the Board.

Proposed appropriation of earnings

The following funds are at the disposal of shareholders (SEK '000s):

Retained earnings brought forward	1,472,867
Net profit for 2001	47,356
Total	1,520,223

Non-restricted equity in the Group totalled SEK 215 (65) million at the year end after deducting the proposed provisions to restricted equity. The Board of Directors and Chief Executive Officer propose that the retained earnings at the disposal of shareholders be carried forward into the accounts for 2002.

Consolidated income statement

SEK million	Note	2001	2000
Net Sales	2	6,402.1	5,430.9
Cost of goods and services		-4,103.7	-3,507.5
Gross income/loss		2,298.4	1,923.4
Selling expenses		-584.1	-312.5
Administrative expenses		-1,161.0	-1,228.3
Other operating revenues		21.0	18.2
Other operating expenses		-224.4	-235.2
Income/loss from corporate development	3	—	7.8
Income/loss from sales of securities	3	—	106.0
Result in Metro Sweden sales company Jan–May 2000	3	—	32.3
Viasat Digitalproject	3	-15.0	-555.0
Share of earnings in associated companies	5	25.0	16.3
Operating income/loss	2, 4	359.9	-227.0
Interest revenue and similar income	6	50.8	37.9
Interest expense and similar costs	7	-93.8	-81.5
Income/loss after financial revenue and expense excluding interest on convertible debentures		316.9	-270.6
Interest on convertible debentures		-32.9	-2.5
Unrealised exchange difference on convertible debentures		-34.0	0.0
Income/loss before tax	2	250.0	-273.1
Current tax	8	-156.9	-155.0
Change in deferred tax	8	25.0	131.3
Minority interests		2.6	1.2
Net income for the year		120.7	-295.6

Consolidated balance sheet

SEK million	Note	011231	001231
ASSETS			
Fixed assets			
Intangible assets	9		
Capitalized development expenses		62.0	110.6
Beneficial rights		310.0	298.1
Goodwill		1,032.6	1,045.4
		1,404.6	1,454.1
Tangible assets			
Machinery and other technical plant	10	16.4	27.6
Equipment, tools and installations	10	237.0	224.3
		253.4	251.9
Long-term financial assets	11		
Shares in associated companies		307.7	268.6
Receivables from associated companies		180.9	130.6
Shares and participation in other companies		98.2	34.7
Deferred tax receivable	8	323.7	299.9
Metro Convertible		235.5	216.9
Long-term receivable from Metro		269.5	216.2
Other long-term receivables		35.1	32.6
		1,450.6	1,199.5
Total fixed assets		3,108.6	2,905.5
Current assets			
Inventories etc.			
Products in progress		9.6	13.7
Finished goods and merchandise		209.8	69.7
Program rights		216.6	176.0
Work in progress		5.3	13.0
Advances to suppliers		1,283.4	928.8
		1,724.7	1,201.2
Current receivables			
Accounts receivable	12	1,081.2	981.0
Other current receivables		209.1	359.5
Prepaid expense and accrued revenue	13	562.0	300.7
		1,852.3	1,641.2
Short-term investments	14	0.8	16.7
Cash and cash equivalents		254.6	275.4
Total current assets		3,832.4	3,134.5
TOTAL ASSETS		6,941.0	6,040.0

Consolidated balance sheet

SEK million	Note	011231	001231
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	15		
Restricted equity			
Share capital		331.9	331.9
Restricted reserves		1,400.9	1,392.6
		1,732.8	1,724.5
Non-restricted equity			
Non-restricted reserves		94.8	361.0
Net income/loss for the year		120.7	-295.6
		215.5	65.4
Total shareholders' equity		1,948.3	1,789.9
Minority interests in equity		4.7	6.5
Provisions			
Provisions for pensions		0.4	1.8
Deferred tax liability	8	0.0	5.0
Other provisions	16	131.9	117.5
Total provisions		132.3	124.3
Long-term liabilities	17		
Interest-bearing			
Overdraft facilities	18	37.1	17.5
Other liabilities to financial institutions		315.0	1,250.8
Convertible debenture loan 2001/2006	17	1,130.3	0.0
Other liabilities		9.3	8.5
		1,491.7	1,276.8
Non-interest bearing		26.1	43.9
Total long-term liabilities		1,517.8	1,320.7
Current liabilities			
Interest-bearing			
Liabilities to financial institutions		350.0	125.0
Trade notes payable		0.2	0.0
		350.2	125.0
Non-interest-bearing			
Advances from customers		92.9	67.5
Accounts payable		1,274.4	1,172.7
Liabilities to associated companies		13.5	1.1
Tax liability		126.8	116.6
Other liabilities		488.6	554.0
Accrued expense and prepaid revenue	19	991.5	761.7
		2,987.7	2,673.6
Total current liabilities		3,337.9	2,798.6
Total liabilities		4,992.7	4,250.1
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		6,941.0	6,040.0
Assets pledged		None	None
Contingent liabilities	20	135.3	165.9

Consolidated cash flow statement

SEK million	Note	2001	2000
Cash flow from operations			
Net income for the year		120.7	-295.6
Adjustments to reconcile net income/loss to net cash provided by operations	24	221.0	36.8
		341.7	-258.8
Changes in working capital			
Inventories		-523.5	-455.2
Accounts receivables		-100.2	-25.9
Other current receivables		150.4	-144.8
Prepaid expense and accrued income		-261.3	-52.1
Advances from customers		25.4	51.9
Accounts payable		101.7	410.2
Liabilities to associated companies		12.4	0.4
Tax liability		10.2	48.5
Other short-term liabilities, non-interest-bearing		-64.9	214.4
Accrued expense and prepaid revenue		229.8	145.2
Net cash flow from operations		-78.3	-66.2
Investment activities			
Other investment in fixed assets		-105.5	-232.8
Acquisitions of shares in subsidiaries and associated companies		-160.8	-164.1
Proceeds from sales of shares in subsidiaries and associated companies		—	129.1
Dividends from associated companies		48.6	34.0
Cash flow to investing activities		-217.7	-233.8
Financing activities			
Change in receivables from associated companies		-50.3	-108.5
Metro International transaction		-19.4	-235.0
Change in other long-term receivables		-2.5	-17.3
Change in interest-bearing liabilities		349.3	550.9
Change in non-interest-bearing liabilities		-17.8	43.6
Cash flow from financing activities		259.3	233.7
Net increase in cash and cash equivalents		-36.7	-66.3
Cash and cash equivalents at beginning of year		292.1	341.7
Cash and cash equivalents at end of year		255.4	292.1

Parent company income statement

SEK million	Note	2001	2000
Net Sales		63.8	58.9
Gross Income		63.8	58.9
Selling expenses		0.0	0.0
Administrative expenses		-151.7	-147.0
Share of earnings in associated companies	5	0.0	0.0
Operating income		-87.9	-88.1
Interest revenue and similar costs	6	383.6	358.2
Interest expense and similar costs	7	-60.2	-62.2
Income/loss after financial revenue and expense excluding interest on convertible debentures		235.5	207.9
Interest on convertible debentures		-33.1	-2.5
Unrealised exchange difference on convertible debentures		-34.1	0.0
Income/loss before appropriations and tax		168.3	205.4
Taxes		-121.0	-254.6
Net income for the year		47.3	-49.2

Parent company balance sheet

SEK million	Note	2001	2000
ASSETS			
Fixed assets			
Intangible assets	9		
Capitalized development expenses		13.0	16.3
		13.0	16.3
Tangible assets	10		
Equipment, tools and installations		0.4	0.7
		0.4	0.7
Long-term financial assets	11		
Shares and participations in Group companies		136.4	136.4
Receivable from Group companies		3,059.5	3,079.7
Receivable from associated companies		156.5	101.6
Shares and participations in other companies		98.0	14.1
Metro convertible		235.5	216.9
Long-term receivable from Metro		269.5	216.2
		3,955.4	3,764.9
Total fixed assets		3,968.8	3,781.9
Current assets			
Current receivables			
Accounts receivable	12	15.6	17.3
Receivable from Group companies		1,779.2	2,281.6
Other receivables		15.6	5.0
Prepaid expense and accrued revenue	13	74.3	3.3
		1,884.7	2,307.2
Cash and cash equivalents		38.5	50.7
Total current assets		1,923.2	2,357.9
TOTAL ASSETS		5,892.0	6,139.8

Parent company balance sheet

SEK million	Note	2001	2000
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted equity	15		
Share capital		331.9	331.9
Premium reserve		1,332.5	1,332.5
Legal reserve		7.7	7.7
		1,672.1	1,672.1
Non-restricted equity			
Retained earnings/losses		1,473.0	1,833.1
Net income for the year		47.3	-49.2
		1,520.3	1,783.9
Total shareholders' equity		3,192.4	3,456.0
Long-term liabilities			
Interest-bearing	17		
Overdraft facilities	18	37.1	17.5
Other liabilities to financial institutions		315.0	1,250.0
Convertible debenture loan 2001/2006	17	1,130.3	0.0
		1,482.4	1,267.5
Total long-term liabilities		1,482.4	1,267.5
Current liabilities			
Interest-bearing			
Convertible debenture loan			
Other liabilities to financial institutions		350.0	125.0
Liabilities to Group companies		342.4	201.4
		692.4	326.4
Non-interest-bearing			
Accounts payable		20.3	8.0
Liabilities to Group companies		451.1	999.1
Other liabilities		6.4	67.5
Accrued expense and prepaid revenue	19	47.0	15.3
		524.8	1 089.9
Total current liabilities		1,217.2	1,416.3
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		5,892.0	6,139.8
Asset pledged		None	None
Contingent liabilities	20	706.6	493.6

Parent company cash flow statement

SEK million	Note	2001	2000
Cash flow from operations			
Net income for the year		47.3	-49.2
Adjustments to reconcile net income/loss to net cash provided by operations			
Depreciation		4.4	4.3
Write-downs of fixed assets		1.7	8.1
Unrealised exchange difference		-18.5	—
		34.9	-36.8
Changes in working capital			
Accounts receivables		1.7	-11.3
Receivable from Group companies		502.4	-1,169.0
Other short-term receivables		-10.6	10.8
Prepaid expense and accrued income		-71.0	-3.1
Accounts payable		12.3	-27.7
Liabilities to Group Companies		-548.0	868.2
Other liabilities		-61.1	65.8
Accrued expense and prepaid revenue		31.7	6.1
Net cash flow from operations		-107.7	-297.0
Investment activities			
Investment in fixed assets		-2.5	-10.0
Investment in shares		-83.9	-13.9
Cash flow to investing activities		-86.4	-23.9
Financing activities			
Receivable from Group companies		20.2	7.9
Receivable from associated companies		-54.9	-101.6
Convertible debenture loan		1,096.3	6.7
Other interest-bearing liabilities		-549.4	838.9
Issue of new shares		—	900.0
Group/shareholders' contributions		-310.9	-654.6
Issue of Metro convertible		—	-216.9
Issue of long-term receivable from Metro		-19.4	-216.2
Other capitalization of Metro		—	-192.6
Cash flow from financing activities		181.9	371.6
Net decrease in cash and cash equivalents		-12.2	50.7
Cash and cash equivalents at beginning of year		50.7	0.0
Cash and cash equivalents at end of year		38.5	50.7

Notes (Figures in SEK million unless otherwise specified)

NOTE 1 >> Accounting and valuation principles

The Company complies with the Swedish Annual Accounts Act and recommendations issued by the Swedish Financial Accounting Standards Council.

Consolidated accounts

The consolidated accounts include the parent company and all subsidiaries and associated companies. The consolidated accounts for the year were prepared based on the purchase method, as specified in the Annual Accounts Act and recommendations of the Swedish Financial Accounting Standards Council. 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 (including the equity component of untaxed reserves) at the time of acquisition based on a market appraisal of that subsidiary's net assets. 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 the reported shareholders' equity of that subsidiary at the time of acquisition not resulting from differences between market value and book value of fixed assets is reported as goodwill. Goodwill is amortized in accordance with the Swedish Annual Accounts Act and, as a rule, on a straightline basis over five years or 10 years. An individual assessment of the economic life of goodwill and surplus values is made for major acquisitions, where the Company considers factors such as the foreseeable future for the industry, product lifecycles and the strength of trademarks, in order to determine for how long the high profitability is expected to prevail. This may result in amortization periods longer than five or 10 years. According to the assessment made following the acquisition of TV1000 in 2000, the economic life of its goodwill is 20 years. Profit/loss for the year is charged with tax on taxable earnings for the year ('Current tax') and with tax estimated for the change in untaxed reserves for the year ('Change in deferred tax') in each Group company. Tax liabilities in untaxed reserves are reported as a deferred tax liability, while the remaining untaxed reserves are reported under shareholders' equity in restricted reserves.

The balance sheets of the Group's foreign subsidiaries are translated into Swedish krona using the exchange rate prevailing on the closing date, while the income statements are translated using an average rate. The resulting translation differences are charged directly to shareholders' equity. Minority interest includes the share of net profit/loss and shareholders' equity. For negative shareholders' equity, a liability is reported for the minority to the extent that minority owners are expected to contribute their share of the deficit.

Accounts of associated companies

Associated companies are reported based on the equity method. The Group's share of earnings in associated companies' profits or losses after financial items are reported under Profit/loss on shares and participations in associated com-

panies in the income statements. The share of associated companies' tax expense is reported among the Group's tax expenses. Surplus values on consolidation in foreign associated companies are reported as assets denominated in foreign currencies. These values are translated using the same principles applied to the associated companies' income statements and balance sheets. Companies in which the Group owns at least 20% and no more than 50% and in which that level of ownership is judged to be long-term are regarded as associated companies. This applies to TV4 AB (20.1%), P4 Radio Hele Norge ASA (33%) and Everyday webguide AB (50%). Surplus values are attributable to assets in each associated company or to goodwill. Goodwill is amortized over five or ten years, while other fixed assets are depreciated or amortized based on each asset's depreciation/amortization schedule. The final accounts of associated companies are adjusted before the share of earnings is calculated so that the accounts comply with MTG's accounting and valuation principles. Adjustments for major internal gains resulting from transactions with associated companies are included in the calculation of shares of profit/loss and equity. Such internal gains are reversed when capital gains are realized through external sales and/or when the MTG Group reduces its stake in the associated company. When the Group's capital participation in an associated company decreases because of an issue of new shares, the profit or loss is reported in the consolidated income statements under profit/loss on shares and participations in associated companies. This is analogous to the rules stated in the Swedish Financial Accounting Standards Council's recommendation on reporting issues of new shares in subsidiaries.

Receivables and liabilities denominated in foreign currencies

The Group's receivables and liabilities that are denominated in foreign currencies are translated into Swedish krona using exchange rates prevailing on the closing date. Realized and unrealized gains/losses on foreign exchange (exchange rate differences) are reported in the income statements. Exchange rate differences attributable to accounts payable or accounts receivable, for example, are reported in operating profit/loss, while differences attributable to loans or investments denominated in foreign currencies are reported under financial items.

Inventories

Inventories are valued at the acquisition cost or actual value, whichever is lower. A significant portion of the amount reported as inventory by the Group refers to the TV channels' catalogue of programme rights. Program 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. At any time, the programme inventories for MTG's TV channels roughly correspond to the future two months programme costs in addition to prepaid programme costs. Future payments in respect of contractual

programme rights that have not yet been reported as inventory are reported as a memorandum item, Note 20. Inventories of programme rights are valued at the acquisition cost or actual value, whichever is lower (already stated above). The same programme right may often be utilized at different broadcast times, sometimes in different channels and countries. These programme rights are then amortized at the same rate as the revenues accrued.

Fixed assets

Fixed assets are reported net of deductions for accumulated depreciation and amortization according to plan. Depreciation and amortization according to plan are calculated on a straightline schedule based on the acquisition value of the asset and its estimated useful life.

For calculating depreciation and amortization, fixed assets are classified in the following categories based on useful life.

Goodwill	5–20 years
Capitalized development expenditure	3–5 years
Machinery and equipment	3–5 years
Beneficial rights – film rights	Estimated revenue period, not always straight-line depreciation

The company applies the standards recommended by the Swedish Accounting Standards Board. Capitalized development expenses refer to software and the like.

Write-downs on fixed assets

The Group continuously appraises the book value of fixed assets. A decline in value warrants a write-down of the book value if the present value of the estimated cash flow is less than the asset's book value.

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 fixed asset and the obligation for future payments as a liability in the lessee's balance sheet. An operating lease is a lease that does not fulfill 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, even if the payments are made according to some other schedule.

For the lease of transponders for TV broadcasts via satellite, the contracts are continuously renegotiated, and current contracts specify a payment schedule expected to correspond to revenues. In this context, MTG expenses transponder costs according to the payment schedule.

Barter transactions

Barter entails the exchange of air time on TV or radio for other goods or services. Barter transactions are reported at the market value of the goods or services involved. Revenues from barter transactions are reported when the commercial is broadcasted. Expenses are reported when the goods or services are consumed.

Revenue recognition

Revenue is recognized at the time that the service is performed. Accordingly, MTG reports revenue from TV, radio, and newspaper advertising at the time of broadcast or publication. Subscription fees for Pay-TV are distributed over the subscription period. Revenues from the sale of goods are reported upon delivery.

Corporation tax

Tax liability reported includes actual Swedish and foreign corporate income taxes paid and deferred tax liabilities arising from temporary differences between accounts for financial reporting and accounts for tax assessment, calculated using the liability method. Such temporary differences are caused chiefly by untaxed reserves in Group companies.

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.

Deferred tax expenses and revenues resulting from temporary differences arising during the period are reported in the consolidated income statements as Changes in deferred tax.

Group contributions

The parent company reports Group contributions in accordance with the statement issued by the Task force of the Swedish Financial Accounting Standards Council.

Group contributions are therefore reported according to their economic reality, namely having the purpose of minimizing the Group's tax burden. Since they do not constitute consideration for fulfillment of services, they are taken directly to equity after deducting the tax component.

New accounting principles from 2001

The Swedish Financial Accounting Standards Council issued a number of new accounting standards in 1999 and 2000, which have been applied by MTG from the beginning of the financial year 2001. In particular, there are new rules about the accounting for Intangible assets, as stated in RR15. As from 2001, start-up costs and major marketing projects will be expensed as they occur instead of being capitalized.

When the new accounting principles were implemented, the comparative figures for previous years were adjusted and the effect on the 2001 opening balance was taken directly to equity after adjustment for the tax effect of this write-off.

NOTE 2 >> Business segments

SEK million	2001	2000
Net sales by business area		
Viasat Broadcasting	4,549.6	3,789.1
MTG New Media	106.6	60.8
MTG Radio	124.0	132.9
MTG Publishing	195.9	233.9
MTG Modern Interactive	755.1	580.5
SDI Media	397.2	330.4
MTG Modern Studios	626.9	551.1
Parent company and other companies	110.2	105.1
Eliminations	-463.4	-352.8

Total **6,402.1** **5,430.9**

Eliminations are eliminations of sales revenues between business areas, primarily sales from the MTG Modern Studios and SDI Media business areas to the Viasat Broadcasting business area. Such sales are made at market prices.

SEK million	2001	2000
Operating income/loss by business area		
Viasat Broadcasting	535.4	51.1
MTG New Media	-69.6	-39.3
MTG Radio	12.6	18.2
MTG Publishing	-82.0	-52.8
MTG Modern Interactive	-33.1	-127.0
SDI Media	41.5	17.9
MTG Modern Studios	79.2	2.6
Parent company and other companies	-112.1	-116.9
Metro Sweden's sales company Jan-May 2000	—	32.3
Eliminations	-12.0	-13.2
Total	359.9	-227.0

SEK million	2001	2000
Income/loss after financial items by business area		
Viasat Broadcasting	455.7	24.8
MTG New Media	-69.5	-39.3
MTG Radio	8.3	15.0
MTG Publishing	-90.0	-58.0
MTG Modern Interactive	-43.0	-158.5
SDI Media	33.1	11.9
MTG Modern Studios	73.8	-3.8
Parent company and other companies	-106.3	-84.3
Metro Sweden's sales company Jan-May 2000	0.0	32.3
Eliminations	-12.0	-13.2
Total	250.1	-273.1

Comparative figures per business area for 2000 have been restated to facilitate comparison. The stated figures for 2000 and 2001 are based on the same operational structure.

Geographic distribution of net sales (according to purchaser's market):

SEK million	2001	2000
Sweden	2,504.0	2,383.2
Norway	1,138.2	861.5
Denmark	1,526.1	1,261.3
Rest of Europe	953.6	742.6
North America	202.9	135.0
South America	12.1	1.9
Asia	64.9	45.1
Africa	0.2	0.3
Total	6,402.1	5,430.9

NOTE 3 >> Income from corporate development

SEK million	2001	2000
Group		
Både Og AS	—	2.1
Nordic Satellite Distribution AS	—	0.8
P4 Finland Oy	—	4.5
Vision Recording AB	—	0.4
Total	—	7.8

Income from corporate development includes capital gains on the sale of shares in subsidiaries and associated companies and similar transactions.

Income from sales of securities

SEK million	2001	2000
Group		
Sales of shares in TV4 AB	—	106.0
Total	—	106.0

Costs associated to the conversion of analog to digital pay-TV transmission

During April 2000 MTG started to transmit its Pay-TV digitally. During the year 2000 costs associated with the conversion to digital transmission technique and costs for converting analog Viasat Gold subscribers to digital customers was charged to the income statement with SEK 555.2 million. During 2001 costs of SEK 15.0 million was charged to the income statement in order to finalize this project.

Result in Metro Sweden's sales company January-May 2000

For several reasons, including adverse tax effects, MTG did not include Metro's Swedish Sales company in the spin-off to shareholders, as it was also a holding company for assets such as the Group's shares in Finanstidningen. Instead the sales activities in this company were transferred to a new company in the Metro Group, effective June 1, 2000.

Earnings from this business for the first five months of 2000 have been consolidated in MTG's accounts, and are therefore reported on a separate line.

NOTE 4 >> Depreciation and amortization

SEK million	2001	2000
Group		
Capitalized development expenses	-17.0	-49.1
Beneficial rights	-34.0	-20.8
Goodwill	-108.7	-89.6
Machinery and other technical plant	-14.8	-15.0
Equipment, tools and installations	-61.9	-67.8
Total	-236.4	-242.3

NOTE 5 >> Share of earnings in associated companies

SEK million	%	2001	2000
Group			
Electric Farm ASA	18	0.0	0.0
Everyday Webguide AB	50	-56.9	-47.6
Gamla Stans Millenium Evenemang KB	25	0.0	0.0
Mediainvest Holding AS	49	-0.9	-1.5
Mediamätning i Skandinavien MMS AB	43	0.0	0.0
P 4 Finland Oy	—	—	-4.2
P4 Radio Hele Norge ASA	33	28.0	24.6
Radio National i Luleå AB	49	-0.9	-0.8
Radio National i Skellefteå AB	49	-0.6	-0.7
Radio Rigas Jurmala SIA	50	0.0	-2.9
Radioindustri Xerkses i Borås AB	49	-1.7	-1.4
ScanSat A/S	50	0.0	0.0
Svensk Programagentur AB	50	1.7	1.0
TV 3 Estonia	42	-1.9	-5.6
TV 3 Latvia	49	0.0	-12.0
TV 4 AB	20	59.3	67.4
Vision Recording AB	—	0.0	0.0
Finland Radio Investment AS	50	-1.0	0.0
Gigahertz KB	33	-0.1	0.0
Total		25.0	16.3
Parent Company			
Gamla Stans Millenium Evenemang KB	25	0.0	0.0

Associated companies are reported based on equity accounting. The share of earnings is equal to the MTG Group's share in the profit/loss after financial items in each associated company after conversion into Swedish kronor and after adjustments to MTG's accounting principles (when necessary), less

amortization of goodwill on consolidation generated when MTG acquired that shareholding. For some companies, the calculation of share in profit/loss was based on preliminary accounts that had not yet been audited.

NOTE 6 >> Interest Revenue and similar income

SEK million	2001	2000	2001	2000
Group				
Interest revenue	50.8	37.9		
Total	50.8	37.9		
Parent Company				
Interest revenue from external parties			49.8	15.5
Interest revenue from subsidiaries			333.8	342.7
Total			383.6	358.2

NOTE 7 >> Interest expense and similar costs

SEK million	2001	2000		2001	2000
Group			Parent Company		
Interest expense	-119.0	-65.5	Interest expense to external parties	-63.4	-51.8
Exchange rate differences	47.4	-8.8	Interest expense to subsidiaries	-36.2	-23.8
Other	-22.2	-7.2	Exchange rate differences	54.9	13.4
Total	-93.8	-81.5	Other	-15.5	0.0
			Total	-60.2	-62.2

As a rule, no hedging positions are taken to protect the Group against the effects of fluctuations in exchange rates, neither for transaction exposure nor exposure through equity in foreign subsidiaries.

NOTE 8 >> Taxes**Distribution of profit/loss before tax and minority interest**

SEK million	2001	2000
Sweden	-207.0	-539.3
Norway	177.7	72.4
Denmark	103.5	83.0
United Kingdom	216.8	211.5
Other countries	-41.0	-100.7
Total	250.0	-273.1

Distribution of tax expense

SEK million	2001	2000
Current tax		
Sweden	-0.9	-28.9
Norway	-0.9	-6.9
Denmark	-30.8	-24.5
United Kingdom	-69.2	-83.3
Other countries	-55.1	-11.4
Total	-156.9	-155.0

Deferred tax

SEK million	2001	2000
Sweden	65.2	139.1
Norway	-40.9	-14.2
Denmark	0.0	0.0
United Kingdom	0.0	1.5
Other countries	0.7	4.9
Total	25.0	131.3

Associated companies' taxes account for MSEK 27.5 of the total tax expense.

Deferred tax receivable

SEK million	011231	001231
Sweden	283.3	218.0
Norway	19.6	56.9
Denmark	0.0	0.0
United Kingdom	20.3	20.3
Other countries	0.5	4.7
Total	323.7	299.9

Deferred tax liabilities

SEK million	011231	001231
Sweden	0.0	0.0
Norway	0.0	0.0
Denmark	0.0	0.0
United Kingdom	0.0	0.0
Other countries	0.0	5.0
Total	0.0	5.0

The Group had loss carry-forwards without expiration date of SEK 1,241 million in Sweden and SEK 70 million in Norway, on December 31, 2001. The accounts for 2001 include deferred tax receivable corresponding to 28% of the loss carry-forwards in Sweden and Norway, because it is judged likely that the Group will be able to apply its loss carry-forwards to taxable surplus. In accordance with the prudence concept, no deferred tax receivable is reported for the value of loss carry-forwards outside Sweden and Norway.

Unrecognized net operating loss carry forwards outside of Sweden and Norway by expiry date:

SEK million	
2002	47.5
2003	47.7
2004	40.0
2005	85.8
2006	93.1
2007 and thereafter	0.4
No expiry date	—
Total	314.5

Note 8 cont.

Reconciliation of tax expense

SEK million	2001	(%)	2000	(%)
Tax/Tax rate in Sweden	-70.0	-28.0	76.5	28.0
Non-deductible expenses	-19.8	-7.9	-45.8	-16.7
Foreign tax rate differential	-14.2	-5.7	-7.6	-2.8
Effect of loss carry-forwards	8.7	3.5	-5.8	-2.1
Losses of which no tax benefit was recognized	-36.6	-14.6	-41.0	-15.0
Effective tax/tax rate	-131.9	-52.8	-23.7	N/A

Non-deductible expenses refer mainly to goodwill depreciation in the consolidated accounts and certain interest expenses in the United Kingdom.

NOTE 9 >> Intangible assets

Group SEK million	Capitalized development expenses	Beneficial rights	Goodwill	Parent Company Capitalized development expenses
Acquisition values brought forward	421.5	388.6	1,339.8	18.9
Change in Group structure, reclassifications etc	-273.7	8.8		
Investments during the year	17.8	20.0	97.2	2.4
Divestment/retirement during the year	-8.6	-2.8	-1.3	-1.7
Translation differences	-2.6	26.0	0.0	
Acquisition values carried forward	154.4	440.6	1,435.7	19.6
Accumulated depreciation brought forward	-154.0	-90.5	-294.4	-2.6
Changes in Group structure, reclassifications etc	78.6	4.2		
Divestment/retirement during the year	6.3	0.0		
Depreciation during the year	-17.0	-34.0	-108.7	-4.0
Translation differences	-6.3	-10.3		
Accumulated depreciation carried forward	-92.4	-130.6	-403.1	-6.6
Residual value carried forward	62.0	310.0	1,032.6	13.0

NOTE 10 >> Tangible assets

Group SEK million	Machinery, technical plant	Equipment, tools	Parent Company Equipment, tools
Acquisition values brought forward	109.8	636.6	2.9
Change in Group structure, reclassifications etc	-59.5	32.4	
Investments during the year	10.7	58.3	0.1
Divestment/retirement during the year	-8.3	-20.1	
Translation differences	5.7	11.3	
Acquisition values carried forward	58.4	718.5	3.0

Note 10 cont.

Group SEK million	Machinery, technical plant	Equipment, tools	Parent Company Equipment, tools
Accumulated depreciation brought forward	-82.2	-412.3	-2.2
Changes in Group structure, reclassifications etc	58.0	-11.2	
Divestment/retirement during the year	1.5	11.2	
Depreciation during the year	-14.8	-61.9	-0.4
Translation differences	-4.5	-7.3	
Accumulated depreciation carried forward	-42.0	-481.5	-2.6
Residual value carried forward	16.4	237.0	0.4

NOTE 11 >> Long-term financial assets

SEK thousand Shares in subsidiaries (held by Parent Company)	Co.Reg.no.	Registered office	Number of shares	Share capital (%)	Voting rights (%)	Book value
MTG Broadcasting SA		Luxembourg	1,000	100	100	300
MTG Radio SA		Luxembourg	1,000	100	100	300
MTG Publishing SA		Luxembourg	1,000	100	100	300
MTG Electronic Retailing SA		Luxembourg	1,000	100	100	300
MTG Media Services SA		Luxembourg	1,000	100	100	300
Subtitling & Dubb Intl SA		Luxembourg	1,000	100	100	300
MTG Holding AB	556057-9558	Stockholm	5,000	100	100	101,886
MTG AS Norge		Norway	82,300	100	100	32,689
MTG New Media AB	556461-1662	Stockholm	1,000	100	100	50
						136,425

The tax-effective acquisition value of shares in subsidiaries substantially exceeds their book value in the parent company accounts.

SEK thousand Shares in subsidiaries (within the Group)	Co.Reg.no.	Registered office	Number of shares	Share capital (%)	Voting rights (%)	Book value
MTG Broadcasting SA		Luxembourg	—	100	100	
MTG Broadcasting Holding AB	556580-7806	Stockholm	—	100	100	
MTG Broadcasting AB	556353-2687	Stockholm	—	100	100	
TV6 Sverige AB	556098-4709	Stockholm	—	100	100	
ZTV	556022-0831	Stockholm	—	100	100	
Viasat AB	556304-7041	Stockholm	—	100	100	
TV1000 AB	556133-5521	Stockholm	—	100	100	
TV1000 Norge AS		Norway	—	100	100	
TV1000 Finland Oy		Finland	—	100	100	
TV1000 London Ltd		United Kingdom	—	100	100	
Viasat Satellite Service AB	556278-7910	Stockholm	—	100	100	
MTG Broadcast Centre Stockholm AB	556493-2340	Stockholm	—	100	100	
Strix Nyheter AB	556513-5554	Stockholm	—	100	100	
Viasat AS Estonia		Estonia	—	100	100	
Eesti Vaba Television ETV		Estonia	—	100	100	
Televisionsaktiebolaget TV8	556507-2401	Stockholm	—	100	100	
UAB TV3 Lithuania		Lithuania	—	84	84	
Viasat Hungária Rt		Hungary	—	95	95	
Viasat Broadcasting UK Ltd		United Kingdom	—	100	100	
UK Teleauction Ltd		United Kingdom	—	100	100	
TV6 Broadcasting 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	
Darial TV ZAO		Russia	—	75	75	
TV3 Latvia SIA		Latvia	—	100	100	

Note 11 cont.

SEK thousand Shares in subsidiaries (within the Group)	Co.Reg.no.	Registered office	Number of shares	Share capital (%)	Voting rights (%)	Book value
MTG Radio SA		Luxembourg	—	100	100	
MTG Radio Holding AB	556580-7814	Stockholm	—	100	100	
MTG Radio AB	556365-3335	Stockholm	—	100	100	
KiloHertz AB	556444-7158	Göteborg	—	100	100	
Production of World Entertainment						
Radio in Sweden AB	556307-3476	Stockholm	—	100	100	
MTG XLformat AB	556469-8263	Stockholm	—	100	100	
Star FM SIA		Latvia	—	100	100	
MTG Publishing SA		Luxembourg	—	100	100	
MTG Publishing Holding AB	556580-7798	Stockholm	—	100	100	
MTG Publishing AB	556457-2229	Stockholm	—	100	100	
Finanstidningen AB	556301-5014	Stockholm	—	100	100	
Redaktörerna i Stockholm AB	556472-8425	Stockholm	—	100	100	
Moderna Tider Förlags AB	556401-4941	Stockholm	—	99	99	
Brombergs Bokförlag AB	556204-4627	Solna	—	98	98	
Silikon AB	556361-7405	Stockholm	—	100	100	
OY MTG Publishing Åland AB		Åland		100	100	
MTG Publishing Media AB	556426-8745	Stockholm	—	100	100	
MTG Electronic Retailing SA		Luxembourg	—	100	100	
MTG Electronic Retailing Holding AB	556580-7749	Stockholm	—	100	100	
MTG Electronic Retailing AB	556035-6940	Fagersta	—	100	100	
e-Commerce Logistics i Malmö AB	556465-9950	Stockholm	—	100	100	
MTG Internet Retailing AB	556406-1702	Karlstad	—	100	100	
MTG Internet Retailing bv		The Netherlands	—	100	100	
Cdon AB	556308-2105	Stockholm	—	100	100	
TV-Shop Europe AB	556497-0019	Malmö	—	100	100	
TV-Shop i Sverige AB	556374-8176	Malmö	—	100	100	
Musik-Industri i Sverige AB	556490-7979	Stockholm	—	100	100	
TV-Shop Homeshopping Oy		Finland	—	100	100	
TV-Shop USA Inc		United States	—	100	100	
TV-Shop SIA		Latvia	—	100	100	
TV-Shop Lithuania SA		Lithuania	—	100	100	
Mediashop SA		Luxembourg	—	100	100	
TV-Shop SA		Luxembourg	—	100	100	
TV-Shop Nederland bv		The Netherlands	—	100	100	
TV-Shop AS Norge		Norway	—	100	100	
TV-Shop Polska Sp Zoo		Poland	—	100	100	
TV-Shop Slovakia as		Slovakia	—	100	100	
TV-Shop Spain SL		Spain	—	96	96	
TV-Shop Ceska Republika as		Czech Republic	—	100	100	
TV-Shop Versandhandels GmbH		Germany	—	100	100	
Unimedia GmbH		Germany	—	100	100	
TV-Shop Hungary Trading Ltd		Hungary	—	100	100	
TV-Shop Fullfillment House Kft		Hungary	—	100	100	
NoName4Us AB	556558-5147	Malmö	—	90	90	
TV Shop Broadcasting Ltd		United Kingdom	—	100	100	
MTG Media Services SA		Luxembourg	—	100	100	
MTG Media Services Holding AB	556580-7848	Stockholm	—	100	100	
MTG Modern Studios AB	556264-3261	Stockholm	—	100	100	
Modern Entertainment		United States	—	100	100	
Nordic Artist AB	556422-1447	Stockholm	—	100	100	
Nordic Artist Oy		Finland	—	100	100	

Note 11 cont.

SEK thousand Shares in subsidiaries (within the Group)	Co.Reg.no.	Registered office	Number of shares	Share capital (%)	Voting rights (%)	Book value
Sonet Film AB	556103-7283	Stockholm	—	100	100	
MTG Filmproduktion AB	556323-0670	Stockholm	—	100	100	
MTG Modern TV AB	556419-9544	Lund	—	100	100	
Strix Television AB	556345-5624	Stockholm	—	100	100	
Strix Televisjon AS		Norway	—	100	100	
MTG Modern Games AB	556146-9700	Malmö	—	100	100	
Subtitling & Dubb Intl SA		Luxembourg	—	100	100	
Subtitling Holding AB	556580-7509	Stockholm	—	100	100	
SDI Media AB	556170-2217	Stockholm	—	100	100	
MediaDubb International AB	556442-2706	Stockholm	—	100	100	
SDI Media Scandinavia AB	556538-9375	Stockholm	—	100	100	
SDI Media Finland Oy		Finland	—	100	100	
SDI Media Eesti Ou		Estonia	—	100	100	
UAB SDI Media International		Lithuania	—	100	100	
SDI Media Latvia SIA		Latvia	—	100	100	
SDI Media Netherlands bv		The Netherlands	—	90	90	
Subtitling International SA		Luxembourg	—	100	100	
SDI Media Hong Kong Ltd		Hong Kong	—	60	60	
SDI Media Japan Ltd		Japan	—	70	70	
SDI Media Thailand Ltd		Thailand	—	49	91	
SDI Media Group UK Ltd		United Kingdom	—	100	100	
Screen Subtitling Systems Ltd		United Kingdom	—	100	100	
SDI Media UK Ltd		United Kingdom	—	100	100	
SDI Media Middle East sarl		Lebanon	—	100	100	
SDI Media France SARL		France	—	100	100	
SDI Media Asia Pacific Pte Ltd		Singapore	—	100	100	
SDI Media Israel		Israel	—	100	100	
SDI Media USA Inc		United States	—	100	100	
MTG Holding AB	556057-9558	Stockholm	—	100	100	
Bäckegrube AB	556170-7752	Stockholm	—	100	100	
Scansat Intressenter AB	556353-2679	Stockholm	—	100	100	
Modern Services MTG AB	556298-5597	Stockholm	—	100	100	
Applied Sales Management ASM AB	556513-5547	Stockholm	—	100	100	
Svithjod News AB	556504-7551	Stockholm	—	100	100	
Kinnevik Media International AB	556339-8014	Stockholm	—	100	100	
DVDON AB	556237-4628	Stockholm	—	100	100	
Gamerson AB	556052-4174	Stockholm	—	100	100	
MTG Modern Merchandising AB	556400-1476	Stockholm	—	100	100	
Senaste Nytt på Nätet SNN AB	556448-0076	Stockholm	—	100	100	
Everymobile AB	556529-7917	Stockholm	—	100	100	
Skybus AB	556098-4691	Stockholm	—	100	100	
SatTrans KB	916624-2512	Stockholm	—	100	100	
Staden Staden AB	556205-6449	Stockholm	—	100	100	
MTG Moneyppenny Productions AB	556491-9685	Stockholm	—	100	100	
Webad Sverige AB	556484-0154	Stockholm	—	100	100	
MTG Invest AB	556353-3065	Stockholm	—	100	100	
Interactive Italia SRL		Italy	—	90	90	
MTG A/S Danmark		Denmark	—	100	100	
TV Shop A/S Danmark		Denmark	—	100	100	

Note 11 cont.

SEK thousand		Registered office	Number of shares	Share capital (%)	Voting rights (%)	Book value	Market value
Shares in associated companies (within the Group)							
	Co.Reg.no.						
Strix Television A/S Danmark		Denmark	—	100	100		
ViaSat A/S Danmark		Denmark	—	100	100		
Scannews A/S Danmark		Denmark	—	100	100		
Viasat Sport A/S		Denmark	—	100	100		
Freeport Film A/S		Denmark	—	100	100		
SDI Media Danmark A/S		Denmark	—	100	100		
MTG New Media A/S Danmark		Denmark	—	100	100		
TV1000 Danmark A/S		Denmark	—	100	100		
TV Holding International SA		Luxembourg	—	100	100		
MTG AS Norge		Norway	—	100	100		
Viasat AS Norge		Norway	—	100	100		
Metro Norge AS		Norway	—	100	100		
MTG New Media AB	556558-5147	Stockholm	—	100	100		
MTG New Media A/S		Norway	—	100	100		
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		
MTG Telesubasta SL		Spain	—	100	100		
Everymobile SL		Spain	—	100	100		
Shares in associated companies (within the Group)							
Gamla Stans Millennium Evenemang KB	969653-5997	Stockholm	—	25	25	0	
Shares in associated companies (within the Group)							
Everyday Webguide AB	556182-6016	Stockholm	1,750	50	50	0	
Forum och Marknad 107,7 i Nyköping HB	969651-4125	Nyköping	—	33	33	0	
Gamla Stans Millennium Evenemang KB	969653-5997	Stockholm	—	25	25	0	
GigaHertz 106,7 i Malmö HB	969651-2970	Malmö	—	33	33	0	
GH GigaHertz KB	969616-7551	Göteborg	—	33	33	2,534	
Göteborg Air 105,9 HB	969661-0600	Göteborg	—	33	33	0	
Jönköpings Reklamradio 106,0 HB	969651-3739	Jönköping	—	33	33	0	
Mediainvest Holding AS		Estonia	245	49	49	0	
Mediamätning i Skandinavien MMS AB	556353-3032	Stockholm	2,150	43	43	3,232	
P4 Radio Hele Norge ASA		Norway	10,673,508	33	33	57,731	252,642
Power i Stockholm HB	969651-2236	Stockholm	—	33	33	0	
Radio 2000 107,6 Helsingborg HB	969651-5015	Helsingborg	—	33	33	0	
Radio Air 104,5 i Hällby och Eskilstuna HB	969651-1980	Eskilstuna	—	33	33	0	
Radio National i Luleå AB	556475-0411	Stockholm	490	49	49	1,863	
Radio National i Skellefteå AB	556475-0346	Stockholm	490	49	49	1,418	
Radio Storpannan 104,8 i Göteborg HB	969651-2228	Göteborg	—	33	33	0	
Reklammedia 104,4 i Kil och Karlstad HB	969651-4109	Karlstad	—	33	33	0	
Reklammedia 107,3 i Kristianstad HB	969651-3697	Kristianstad	—	33	33	0	
Rix i Borås AB	556034-4391	Borås	490	49	49	0	
Rix i Skandinavien AB	556475-3670	Stockholm	500	50	50	46	
ScanSat A/S		Denmark	901,500	50	50	1,956	
Stop AB	556249-0424	Uppsala	500	50	50	46	
Svensk Programagentur AB	556453-6281	Göteborg	4,270	50	50	214	
Trestad Air 105,0 HB	969651-2715	Vänersborg	—	33	33	0	
TV3 Broadcasting SIA		Latvia	49	49	49	0	
TV3 Estonia AS		Estonia	2,100	42	42	11,477	

Note 11 cont.

SEK thousand		Registered	Number	Share capital	Voting rights	Book	Market
Shares in associated companies (within the Group)	Co.Reg.no.	office	of shares	(%)	(%)	value	value
TV4 AB	556242-7152	Stockholm	4,020,013	20	20	201,113	771,842
Växjö Reklamradio 104,3 HB	969651-1972	Växjö	—	33	33	0	
Z-Radio 101,9 HB	969651-2269	Stockholm	—	33	33	0	
Östersund Air 104,0 HB	969651-2681	Östersund	—	33	33	0	
FRI Finland Radio Investment AS		Norway	—	50	50	26,102	
KB Stengrunden namnändr till Kimtevill HB	969680-2272	Stockholm	—	33	33	0	
						307,732	

SEK Million

Reconciliation of the book value of shares in associated companies (within the Group)

Balance brought forward January 1, 2001	268.6
Investment in associated companies	33.2
Share of earnings in associated companies as per note 5	25
Share of tax expense in associated companies	-27.5
Dividend received	-49
Reclassified	96.5
Changed accounting principles	-42.8
Translation differences	3.7
Balance carried forward December 31, 2001	307.7

SEK thousandShares and participations in other
companies (held by Parent Company)

	Co.Reg.no.	Registered office	Number of shares	Share capital (%)	Voting rights (%)	Book value	Market value
Metro International S.A.		Luxembourg	4,410,304	4	2.3	97,861	180,796
Other						187	
						98,048	

Shares and participations in other
companies (within the Group)

Metro International S.A.	Luxembourg	4,410,304	4	2.3	97,861	180,796
Other					348	
					98,209	

On August 15, 2000, all shares in Metro International S.A. were distributed to the shareholders of MTG. MTG's remaining interest in Metro consists of a convertible debenture loan totalling USD 22.1 million and a commercial loan of USD 23.5 million.

NOTE 12 >> Accounts receivable

SEK million	2001	2000
Group		
Gross accounts receivable	1,131.2	1,027.5
Less allowances for doubtful accounts	-50.0	-46.5
Total	1,081.2	981.0
Parent Company		
Gross accounts receivable	15.6	17.3
Less allowances for doubtful accounts	0.0	0.0
Total	15.6	17.3

NOTE 13 >> Prepaid expense and accrued income

SEK million	2001	2000		2001	2000
Group			Parent Company		
Prepaid rent expenses	3.1	6.7	Prepaid financing costs	53.5	0.0
Prepaid government fees	5.8	6.7	Accrued interest income	8.4	0.0
Prepaid transponder costs	18.0	29.4	Other	12.4	3.3
Prepaid financing costs	56.4	0.0	Total	74.3	3.3
Prepaid media costs	4.1	17.2			
Prepaid insurance premiums	0.9	0.6			
Prepaid print costs	2.9	0.0			
Prepaid sales commission	197.0	85.5			
Accrued sales revenue	113.0	117.9			
Accrued interest revenue	8.6	2.3			
Prepaid distribution costs	11.7	0.0			
Other	140.5	34.4			
Total	562.0	300.7			

Prepaid financing costs refer to a convertible debenture issued by the Group in June 2001. The costs are distributed over 60 months.

NOTE 14 >> Short-term Investments

SEK million	011231	001231
Group		
Spanish treasury bills	—	16.7
Deposit	0.8	—
Total	0.8	16.7

NOTE 15 >> Shareholders' equity

	Number of shares	Par value
MTG class A	15,545,621	77.7
MTG class B	50,829,535	254.2
	66,375,156	331.9

The holder of an MTG A share is entitled to 10 votes, the holder of an MTG B share one vote. On April 9, 2001 4,988,652 Class A Shares were converted into 4,988,652 Class B shares.

SEK million	Share capital	Restricted reserves	Non-restricted reserves	Total
Group				
Closing balance December 31, 2000	331.9	1,392.6	729.4	2,453.9
Change of accounting principle			-664.0	-664.0
Opening balance January 1, 2001 with new accounting principle	331.9	1,392.6	65.4	1,789.9
Translation differences			37.7	37.7
Transfer between restricted and non-restricted equity		8.3	-8.3	—
Net income for the year 2001			120.7	120.7
Balance as of December 31, 2001	331.9	1,400.9	215.5	1,948.3

According to The Swedish Financial Accounting Standards Council new accounting standards, RR15, previously reported intangible assets of SEK 850 million were charged directly to non-restricted equity, after correction of SEK 238 million due to the tax effect caused by the write-off. The digital conversion project accounted for SEK 555 million of the total gross write-off. In addition to this the change of accounting principle has caused adjustments to the proportion of equity in associated companies by SEK 52 million, reducing non-

restricted equity without tax implications. In addition to this SEK 85 million has been reclassified from intangible assets to prepaid expenses.

Restricted reserves in the Group include SEK 86.2 million in a capital interest reserve, representing the positive difference between the consolidated value and book value of each company's holding of shares in associated companies in sub-groups.

Note 15 cont.

Accumulated translation differences since January 1, 1996 amounted to SEK 20.2 (–17.5) million at year end.

SEK million	Share capital	Premium reserve	Legal reserve	Retained earnings	Total
Parent Company					
Balance as of January 1, 2001	331.9	1,332.5	7.7	1,783.9	3,456.0
Net income for the year 2001				47.3	47.3
Group/Shareholders' contributions				–310.9	–310.9
Balance as of December 31, 2001	331.9	1,332.5	7.7	1,520.3	3,192.4

NOTE 16 >> Other provisions

SEK million	011231	001231
Group		
Provision for music royalties	126.3	117.5
Restructuring costs	5.6	—
	131.9	117.5

MTG's TV channels have differences of opinion with the Swedish Performing Rights Society STIM, its Norwegian counterpart TONO, and its Danish counterpart KODA on the matter of compensation for music played on the TV channels. Provisions have been made in the accounts corresponding to the estimated outcome of ongoing litigation and negotiations.

NOTE 17 >> Long-term liabilities

SEK million Maturity of long-term loans	011231	001231
2002		373.7
2003	202.4	410.0
2004	185.1	537.0
2005	0.0	0.0
2006	1,130.3	0.0
	1,517.8	1,320.7

The Group was refinanced in 2000 through an amendment of the loan agreement with a syndicate of banks led by Deutsche Bank AG whereby the loan amount increased by SEK 900 million. The loan amount is thereby SEK 950 million, of which SEK 387 million has been used.

Securities have not been provided for the Group's loan.

The Group issued convertible debentures on June 15, 2001 with a nominal value of EUR 120 million and with an annual interest of 5.50%. The loans can be converted into 2,790,994 new MTG Class B shares and will expire 2006.

The Group may decide to convert the debenture loans in 2004 at the earliest should the quoted share price be above 130% of the conversion price.

NOTE 18 >> Overdraft facilities

The amount granted for bank overdraft facilities at December 31, 2001, equaled SEK 100.0 (100.0) million, of which SEK 62.9 (82.5) million was unutilized.

NOTE 19 >> Accrued expense and prepaid income

SEK million	2001	2000		2001	2000
Group			Parent Company		
Accrued programming costs	28.3	23.2	Accrued personnel costs	4.3	2.8
Accrued transponder costs	47.5	3.9	Accrued interest costs	37.4	9.1
Accrued personnel costs	58.8	37.8	Other	5.3	3.4
Accrued rent costs	0.8	1.3	Total	47.0	15.3
Accrued interest costs	40.2	10.8			
Accrued commission to sales agents	34.7	15.2			
Accrued audit costs	4.5	4.7			
Accrued insurance premiums	0.0	0.2			
Accrued guarantee costs	4.2	1.2			
Accrued freight costs	0.8	19.1			
Accrued royalties	52.3	60.5			
Accrued government fees	9.1	10.7			
Prepaid revenue	557.1	379.1			
Other	153.2	194.0			
Total	991.5	761.7			

NOTE 20 >> Contingent liabilities

SEK million	011231	001231
Group		
Surety bonds and guarantees	135.3	165.9
Parent Company		
Surety bonds and guarantees	135.3	165.9
Surety bonds and guarantees for subsidiaries	571.3	327.7
Total	706.6	493.6

Guarantees for Metro International S.A. And its subsidiaries accounted for SEK 5.8 million. These guarantees will be phased out gradually.

SEK million	Future rent on non-cancelable leases	Future payments for program rights	Transponder commitments	Total commitments
Commitments for future payments at December 31, 2001				
Group				
2002	41.8	1,200.5	232.8	1,475.1
2003	32.3	476.5	207.1	715.9
2004	28.7	284.7	169.3	482.7
2005	13.1	170.0	72.0	255.1
2006	14.3	122.4	13.5	150.2
2007 and thereafter	43.3	302.8	—	346.1
	173.5	2,556.9	694.7	3,425.1

NOTE 21 >> Average number of employees

	2001 men	2001 women	2000 men	2000 women
Group				
Sweden	340	225	355	254
United Kingdom	107	90	97	81
Denmark	71	58	85	82
United States	60	65	49	50
Norway	40	40	51	46
Hong Kong	31	38	30	39
Lithuania	42	27	53	26
Latvia	27	26	1	2
Spain	19	17	18	17
Hungary	5	12	2	3
Germany	5	11	6	10
South Korea	2	11	0	2
Estonia	7	5	4	3
Netherlands	5	6	8	7
Russia	5	6	0	0
Thailand	5	6	4	7
Taiwan	5	5	4	4
Finland	6	3	15	4
Czech Republic	3	4	1	5
Portugal	2	2	2	3
Israel	1	1	1	1
Poland	1	1	1	5
Lebanon	1	1	1	1
Japan	0	1	0	2
France	1	0	1	1
Singapore	1	0	1	0
Total	790	662	790	655
Total number of employees		1,451		1,445

NOTE 22 >> Salaries, other remuneration, and social security expenses

SEK million	2001	2000
Group		
Board of Directors, presidents and vice presidents		
Companies in Sweden	23.8	23.1
Companies outside Sweden	42.3	37.1
Total	66.1	60.2
Other employees		
Companies in Sweden	195.3	238.7
Companies outside Sweden	310.6	270.2
Total	505.9	508.9
Total salaries and other remuneration	572.0	569.1
Social security expenses	133.0	140.0
there of pension expense	24.9	41.3

In accordance with the ruling of the Annual General Meeting concerning remuneration to the Board of Directors in 2001, SEK 1,675 thousand was disbursed, of which SEK 300 thousand to the Chairman of the Board based on a decision by the Board. No remuneration has been paid to the Boards of Directors of subsidiaries. During the year, the Chairman of the Board and companies owned by him have received consultancy fees of USD 200,000 based on a decision by the Board.

The President was paid a total of SEK 8,755 thousand in salary and benefits. The vice Presidents were paid a total of SEK 2,040 thousand in salaries and benefits. The President and other members of the Company's executive management are entitled to customary pension commitments based on the

Note 22 cont.

national pension plan, entailing retirement at the age of 65. Pension commitments are secured through premiums paid to insurance companies.

Of the Group's total pension expense, SEK 0.5 million pertains to the president's entitlement.

Senior executives in the MTG Group are entitled to participate in a programme approved by the Annual General Meeting of Industriförvaltnings AB Kinnevik on May 3, 1996, by which they have acquired an option on 5 per cent of the share capital in MTG, executed through a separate company. In 2000 and 2001, additional options were executed. Furthermore, the number of shares outstanding has increased through the issue of new MTG shares. As a consequence, the company owned by the senior executives held an option as per December 31, 2001, to acquire 1,8 per cent of the share capital.

An Extraordinary General Meeting on February 16, 2001, decided that the company should issue a maximum of 2,052,840 options to acquire shares in MTG to the senior executives and key employees. The options can be called upon in three years time at the earliest and no later than eight years from the time of issue and under the condition that the executive is still employed by the Group. Should all of the options be executed, the employees will acquire shares in the company of an equivalent of approximately 0.6% of the voting capital and approximately 2.4% of the share capital. As per December 31, 2001, 1,414,530 options had been issued, of which 108,810 options were for the Company's president.

If the Company terminates the employment of the President or other senior executives, salary will be paid during the period of notice of 12 months. The President also has a 12-month period of notice when resigning.

NOTE 23 >> Audit Fees

SEK million	2001	2000		2001	2000
Group			Parent Company		
KPMG, audit services	5.3	4.2	KPMG, audit services	0.5	0.5
KPMG, other services	5.6	4.4	KPMG, other services	5.0	1.0
Ernst & Young, audit services	0.3	0.2	Ernst & Young, audit services	0.2	0.1
Ernst & Young, other services	0.0	0.7	Ernst & Young, other services	0.0	0.0
Other auditors (audit services)	0.2	0.5	Total	5.7	1.6
Total	11.4	10.0			

NOTE 24 >> Supplemental cash-flow information

	2001	2000		2001	2000
Adjustments to reconcile net income/loss to net cash provided by operations			Cash paid for interest and corporate tax		
Income/loss from corporate development and sales of securities	—	-113.8	Group		
Depreciation and amortization	236.4	242.3	Interest	84.9	87.7
Divestment of fixed assets	20.8	26.1	Corporate income tax	129.9	118.8
Minority share in earnings	-2.6	-1.2	Total	214.8	206.5
Share in the earnings of associated companies	-25.0	-16.3	Parent company		
Share in tax expense of associated companies	28.0	31.9	Interest	67.0	57.0
Change in deferred tax	-25.0	-131.3	Corporate income tax	2.0	0.0
Change in provisions	8.0	-0.9	Total	69.0	57.0
Unrealised exchange differences	-19.6	—			
Total	221.0	36.8			

NOTE 25 >> Generally accepted accounting principles in the United States

The consolidated accounts have been prepared based on Swedish accounting principles, which differ from U.S. generally accepted accounting principles (GAAP) in some respects.

Because the company's shares are quoted on the Nasdaq National Market in the United States, each year the Company prepares a reconciliation of differences in items based on Swedish accounting principles and U.S. GAAP.

	2001	2000
Group		
Reconciliation of net income		
Net income reported under Swedish GAAP	120.7	-295.6
Adjustments to reconcile to corresponding amounts under U.S. GAAP:		
Capitalized development expenses/prepaid expenses	48.6	-71.5
Program right amortization	-11.3	-21.4
Transactions between entities under common control	0.0	-3.0
U.S. GAAP differences in the accounts of associated companies	7.6	-12.2
Stock compensation expense	1.6	180.0
Tax basis difference associated companies	4.8	4.9
Consolidation of Metro International S.A.	—	-384.7
Deferred tax adjustment	10.0	9.9
Net income/loss under US GAAP	162.0	-593.6

	011231	001231
Reconciliation of shareholders' equity		
Shareholders' equity under Swedish GAAP	1,948.8	1,789.9
Adjustments to reconcile to corresponding amounts under U.S. GAAP:		
Capitalized development expenses	-147.5	-196.1
Program right amortization	-127.8	-116.6
Transactions between entities under common control	26.0	26.0
U.S. GAAP differences in the accounts of associated companies	-19.8	-27.5
Tax basis difference associated companies	-4.3	-9.1
Unrealised gain Metro Shares	82.9	
Deferred tax adjustment	77.3	87.4
Shareholders' equity under U.S. GAAP	1,835.7	1,554.2

Differences exist between Swedish accounting regulations and U.S. GAAP regarding capitalized development costs and the distribution over time of sales commissions.

In accordance with Swedish accounting regulations, purchased program rights for TV are amortized in pace with the advertising revenue at each broadcast. U.S. GAAP requires that the amortization at the first broadcast be higher than at later broadcasts if the first broadcast is more valuable than the reruns.

Also, adjustments have been made for transactions between companies under common control, in that U.S. GAAP requires that such transactions be reported using a method that closely corresponds to the pooling method.

Some of the associated companies have U.S. GAAP differences in their accounts, primarily referring to capitalized development expenses, which are adjusted for as from 2000.

Under Swedish GAAP. The option program described in Note 22 is not accounted for by MTG, since it was established and financed by Kinnevik. Under U.S. GAAP, however, this program is accounted for by MTG as from 2000, since MTG benefits from the services of the employees.

Under U.S. GAAP, a deferred tax payable is recorded relating to the difference between the book value and the tax value in associated companies.

Under Swedish GAAP, Metro International S.A., which was demerged on August 15, 2000, may be deconsolidated for the entire financial year. Under U.S. GAAP, the net result of Metro is consolidated for the period to and including the date of the dividend.

Signatures

Stockholm, April 16 2002

Jan Hugo Stenbeck

David Chance

Lars-Johan Jarnheimer

Stig Nordin

Asger Aamund

Pelle Törnberg

Hans-Holger Albrecht
President and CEO

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Our audit report was submitted on April 18 2002

Hans Karlsson
Authorised Public Accountant

Lars Träff
Authorised Public Accountant

Audit Report

**To the annual general meeting of shareholders in Modern Times Group MTG AB
(company registration 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 President of Modern Times Group MTG AB for the year 2001. These accounts and the administration of the company are the responsibility of the Board of Directors and the President. 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 the Board of Directors and the President, 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 President. We also examined whether any Board member or the President 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 and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and, thereby, give a true and fair view of the company's and the group's financial position and results of operations in accordance with generally accepted accounting principles in Sweden.

We recommend to the general meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the section Management's Discussion and Analysis, and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Stockholm, 18.02.2002

Hans Karlsson
Authorised Public Accountant

Lars Träff
Authorised Public Accountant

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