



MODERN TIMES GROUP MTG AB

FINANCIAL RESULTS
FOR THE FOURTH QUARTER AND TWELVE MONTHS ENDED 31
DECEMBER 2004

Stockholm, 16 February 2005 - Modern Times Group MTG AB ("MTG") (Stockholmsbörsen: MTGA, MTGB) today announced its preliminary financial results for the fourth quarter and twelve months ended 31 December 2004.

FOURTH QUARTER HIGHLIGHTS

- **Group net sales up 12% to SEK 1,943 (1,731) million**
- **TV3 Scandinavia net sales up 16% to SEK 678 (583) million**
- **Quarterly net intake of 52,000 digital premium subscribers**
- **Group operating income of SEK 246 (249) million including SEK 66 million write down in Modern Entertainment**
- **Net income of SEK 106 (163) million**
- **Earnings per share of SEK 1.60 (2.45)**

FULL YEAR HIGHLIGHTS

- **Group net sales up 8% to SEK 6,836 (6,311) million**
- **TV3 Scandinavia net sales up 14% to SEK 2,293 (2,007) million**
- **Record result in Group history with operating income up 6% to SEK 573 (542) million excluding SEK 381 million net gain from sale of SDI Media**
- **Net income up to SEK 654 (289) million**
- **Earnings per share increase to SEK 9.85 (4.36)**

Hans-Holger Albrecht, President and CEO of MTG, commented: "Despite 2004 being a year of significant investment and increased competition for MTG, we have delivered the Group's highest ever annual operating result. The fourth quarter net premium subscriber intake was also the highest since the digitalisation of the Viasat platform in 2000."

"In line with the clearly articulated business strategy for our Scandinavian and Central and East European broadcasting operations, investments have been made in programming for our free-to-air channels; in new sports, movie and documentary channels to further strengthen our pay-TV offering; in the implementation of a new security system on the Viasat platform to eliminate piracy; and in the cooperation to develop the national

commercial radio market in Sweden. We have also increased our equity holdings in core broadcasting assets in Norway and Russia.”

“These developments have enabled us to win increased market shares and have already begun to pay off in accelerated sales growth, as well as positioning us well to benefit from high incremental operating margins moving forward due to our efficient and flexible operating structure. We continue to roll-out our channels into new territories and onto additional networks, in order to take advantage of increased digitalisation in our home markets and of the rapid development of the broadcasting landscape in Eastern Europe.”

FINANCIAL SUMMARY

<i>(SEK million)</i>	Oct-Dec 2004	<i>Oct-Dec 2003</i>	Jan -Dec 2004	<i>Jan-Dec 2003</i>
Net sales	1,943	<i>1,731</i>	6,836	<i>6,311</i>
Operating income, excluding net gain from the sale of SDI Media	246	<i>249</i>	573	<i>542</i>
Net gain from the sale of SDI Media	-	<i>-</i>	381	<i>-</i>
Operating income	246	<i>249</i>	954	<i>542</i>
Net interest and other financial items	1	<i>-85</i>	-33	<i>-167</i>
Pre-tax profit	247	<i>165</i>	920	<i>375</i>
Net income	106	<i>163</i>	654	<i>289</i>
Basic earnings per share (SEK)	1.60	<i>2.45</i>	9.85	<i>4.36</i>
Fully diluted earnings per share (SEK)	1.60	<i>2.45</i>	9.85	<i>4.36</i>
Total assets	6,336	<i>5,716</i>	6,336	<i>5,716</i>

GROUP REVIEW

Sales growth in all business areas

The Group generated 12% year on year net sales growth to SEK 1,943 (1,731) million in the fourth quarter of 2004 and 8% sales growth for the full year to SEK 6,836 (6,311) million. Excluding businesses that have been discontinued or sold during the year, Group sales growth was 18% year on year in the fourth quarter and 12% for the full year. The Group’s sales growth particularly reflected TV3 Scandinavia’s strong performance during 2004, with sales up 16% year on year in the fourth quarter and up 14% for the full year.

NET SALES BY BUSINESS AREA <i>(SEK million)</i>	Oct-Dec 2004	<i>Oct-Dec 2003</i>	Jan -Dec 2004	<i>Jan-Dec 2003</i>
<i>Free-to-air-TV</i>	951	799	3,225	2,768
<i>Pay-TV</i>	618	544	2,346	2,210
<i>Other & eliminations</i>	-68	-60	-358	-314
Viasat Broadcasting	1,502	1,284	5,212	4,664
Radio	65	48	216	174
Other business areas	523	414	1,658	1,475
Parent company & other companies	25	22	116	103
Eliminations	-169	-125	-553	-469
	1,945	1,643	6,649	5,947
SDI Media & Discontinued businesses	-2	88	187	364
	1,943	1,731	6,836	6,311

40% of group revenues in 2004 were derived from advertising sales, 38% from subscription payments and 22% from other business-to-business and business-to-consumer sales.

Record group operating profit

The continuing impact of investments in content and programming for Viasat's free-to-air and pay-TV channels, as well as higher subscriber acquisition costs arising from aggressive marketing campaigns and the implementation of the new conditional access system, resulted in a 10% year on year increase in Group operating costs in the fourth quarter and a 7% increase for the full year (excluding the write down in Modern Entertainment and net gain from the sale of SDI Media).

Group earnings before interest, tax, depreciation and amortisation increased by 9% year on year to SEK 379 (348) million in the fourth quarter and by 56% to SEK 1,264 (811) million for the full year. Group depreciation and amortisation charges totalled SEK 133 (99) million in the fourth quarter and SEK 310 (269) million for the full year.

Group operating income was stable year on year at SEK 246 (249) million in the fourth quarter and up 76% to SEK 954 (542) million for the full year. The full year result included the SEK 381 million net gain on the sale of SDI Media in the third quarter. Even excluding the gain, Group operating income increased year on year to SEK 573 (542) million for the full year, which was the highest operating result in the Group's history.

The fourth quarter result included a net SEK 98 million of non-recurring charges. TV3 Sweden reached an agreement with The Swedish Performing Rights Society (STIM) in December 2004 with regard to outstanding royalty payments for music rights, which was lower than the provisions already booked by TV3. TV3's result in the fourth quarter therefore included a positive impact of SEK 55 million. A provision of SEK 38 million was booked as an operating expense by TV3 in the fourth quarter of 2003 following the initial court ruling on the outstanding payments. Changes were made in the fourth quarter to the programme inventory accounting and amortization policies in the group's Scandinavian free-to-air and pay-TV broadcasting businesses, which gave rise to a non-cash write down of programme rights, as well as a positive currency translation effect. The policy changes require that a higher proportion of programming costs now be expensed at the time of the first run, which reflects the expected shorter lifetime of such content moving forward. The valuation changes had a negative impact of approximately SEK 75 million in the fourth

quarter. A total of SEK 78 million in non-cash write downs of beneficial rights were also made in the fourth quarter in the Modern Entertainment and Sonet Film businesses.

Excluding the net gain from the sale of SDI Media, the deconsolidation of the operating results of SDI Media with effect from 1 July 2004, other discontinued businesses and the write down of beneficial rights in Modern Entertainment, the group's operating income increased to SEK 312 (237) million in the fourth quarter and to SEK 618 (509) million for the twelve month period.

OPERATING INCOME BY BUSINESS AREA (SEK million)	Oct-Dec 2004	<i>Oct-Dec</i> <i>2003</i>	Jan-Dec 2004	<i>Jan-Dec</i> <i>2003</i>
<i>Free-to-air-TV</i>	183	82	175	32
<i>Pay-TV</i>	63	126	306	505
<i>Other & eliminations</i>	8	10	35	29
<i>Associated companies</i>	64	65	135	87
Viasat Broadcasting	319	282	651	653
Radio	-4	-4	-2	-28
Other business areas*	-42	19	35	66
Parent company & other companies	-24	-57	-123	-173
Eliminations	-2	-2	-10	-10
	246	237	552	509
SDI Media & Discontinued businesses	-1	12	21	33
Net gain from sale of SDI Media	-	-	381	-
	246	249	954	542

* The result includes the SEK 66 million in non-cash write down of beneficial rights made in Modern Entertainment in Q4 2004.

Net interest and other financial items totalled SEK 1 (-85) million in the fourth quarter and SEK -33 (-167) million for the twelve-month period.

Net interest costs amounted to SEK -12 (-18) million in the fourth quarter and SEK -62 (-70) million for the full year, which principally comprised the interest payable on the €120 million convertible debenture loan. The result for the fourth quarter of 2003 also included a SEK 32 million provision for interest payments, which followed an initial court ruling in the case between TV3 Sweden and STIM mentioned above. Other financial items of SEK 13 (-66) million in the quarter and SEK 28 (-97) million for the full year included an unrealised exchange rate gain of SEK 7 million in the quarter and SEK 10 million for the full year, which arose from the translation of the Euro denominated convertible debentures into Swedish Krona; a SEK 15 million capital gain arising from the exchange of Metro International S.A. 'A' shares for shares in P4 Radio Hele Norge ASA in July 2004; and the SEK 15 million dividend payment received from TV4 AB in the second quarter of 2004.

The Group reported a pre-tax profit of SEK 247 (165) million in the fourth quarter and SEK 920 (375) million for the full year.

The Group's tax charges for the quarter and full year totalled SEK -141 (-2) million and SEK -266 (-92) million respectively. The high tax charge in the fourth quarter and full year was mainly due to timing differences and the effect of losses with unrecognized tax benefits. Paid taxes during the year amounted to SEK -57 (-88) million. The significantly reduced tax charge in the fourth quarter of 2003 was due to the valuation of confirmed tax

loss carry forwards. The disposals of SDI Media and of the Metro shares in 2004 was not subject to any tax charges.

Group profit after tax and minority interests consequently declined to SEK 106 (163) million in the fourth quarter but more than doubled to SEK 654 (289) million for the full year. The Group reported earnings per share of SEK 1.60 (2.45) in the fourth quarter and SEK 9.85 (4.36) for the full year.

GROUP STRUCTURAL CHANGES

MTG entered the rapidly expanding Internet betting market in January 2004 with the acquisition of 19.9% of Bet24, together with an option to increase the shareholding in the future. MTG's share of Bet24 earnings is reported under Associated companies in the Viasat Broadcasting business area.

MTG sold the Financial Hearings business in April 2004; closed down the Modern Sports & Events business in June 2004; and sold the SDI Media subtitling and dubbing business in July 2004 for US\$ 60 million. SDI Media's operating results were deconsolidated with effect from 1 July 2004.

MTG acquired a further 9.1% of the shares in StoryFirst Communications Inc. for US\$ 53.4 million in July 2004 and a further 1.9% for US\$ 9.6 million in August 2004. MTG now owns 39.8% of the Company, which has changed its name to CTC Media, Inc. CTC Media is a US company and owns and operates the CTC Television network, as well as 21 network affiliate stations and four other local stations in Russia. CTC is reported as an associated company within the Viasat Broadcasting business area. Companies controlled by MTG also acquired the remaining 25% of Russian TV channel DTV in August 2004.

MTG Radio announced a co-operation with NRJ Group S.A. in July 2004 whereby MTG Radio Sweden would assume the day-to-day operations and management of NRJ's 20 radio stations in Sweden. MTG Radio Sweden's results included the sales and costs of the 20 stations with effect from 1 September 2004 and a percentage of MTG Radio Sweden's revenues is paid to NRJ Group S.A. MTG now operates 49 out of the 90 commercial radio stations in Sweden and RIX FM's national penetration has increased from 69% to 88%.

MTG increased its shareholding in the Norwegian national commercial radio network P4 Radio Hele Norge ASA in July 2004 by acquiring 6.6% of the Company, or 2,124,820 shares, from Investment AB Kinnevik in exchange for 2,220,629 Metro International S.A. series 'A' shares. MTG now owns 39.7% of the capital and votes in P4 Radio Hele Norge ASA; and 28.0% of the equity and 19.0% of the votes in Metro International S.A.

A revised and simplified matrix reporting structure was adopted for the presentation of financial results with effect from the third quarter of 2004. The comparative results for the prior reporting periods have also been presented accordingly. The new structure reflects the increased focus on the core broadcasting and directly related businesses.

After the end of the reporting period, MTG sold its entire holding of 3,020,013 shares in TV4 AB, which was equivalent to a 15.1% interest in the Company. The shares were sold for SEK 170 per share, which represented a premium to the price of the shares on the Stockholm Stock Exchange on the day of the transaction. The sale gave rise to a net gain of

SEK 389 million to the book value at which the shares were held on the Group balance sheet. No tax is payable on the gain.

An explanation of the changes to the Group's accounting policies in order to implement the new International Financial Reporting Standards (IFRS) with effect from 1 January 2005 is included at the end of this report.

OPERATING COMPANY REVIEW

Viasat Broadcasting

<i>(SEK million)</i>	Oct-Dec 2004	<i>Oct-Dec 2003</i>	Jan-Dec 2004	<i>Jan-Dec 2003</i>
Net Sales	1,502	1,284	5,212	4,664
Operating Income	319	282	651	653

Viasat Broadcasting's free-to-air and pay-TV assets generated a combined 17% year on year increase in net sales to SEK 1,502 (1,284) million in the fourth quarter and 12% growth to SEK 5,212 (4,664) million for the full year. The result reflected the high levels of growth in the free-to-air TV operations in Scandinavia, as well as the fast growing businesses across Central and Eastern Europe.

Viasat's operating costs increased year on year due to investments in programming, new channel launches, aggressive subscriber acquisition campaigns, the successfully completed migration of the Viasat DTH platform to a new secure conditional access technology, as well as the non-recurring write-down of programme rights and despite the positive impact of the settlement with STIM. Costs were consequently up 18% year on year in the fourth quarter and by 14% for the full year.

Viasat Broadcasting's operating profit of SEK 319 (282) million in the fourth quarter and SEK 651 (653) million for the full year included MTG's share in the earnings of associated companies, which amounted to SEK 64 (65) million in the fourth quarter and SEK 135 (87) million for the full year. This income was principally derived from MTG's participation in CTC Media, Inc. (previously StoryFirst Communications, Inc.), in which MTG has a 39.8% shareholding.

Free-to-air TV

<i>(SEK million)</i>	Oct-Dec 2004	<i>Oct-Dec 2003</i>	Jan-Dec 2004	<i>Jan-Dec 2003</i>
Net Sales	951	799	3,225	2,768
Operating Income	183	82	175	32

Viasat's free-to-air TV channels generated a combined 19% year on year increase in net sales to SEK 951 (799) million in the fourth quarter and a 17% increase to SEK 3,225 (2,768) million for the full year, which reflected both market growth in each territory as well as increased market shares. The combined operating income for the channels more than doubled year on year to SEK 183 (82) million in the fourth quarter and increased more

than five-fold to SEK 175 (32) million for the full year, excluding the income from associated companies.

Scandinavia

TV3's operations in Sweden, Norway and Denmark reported a combined 16% year on year net sales growth to SEK 678 (583) million in the fourth quarter and 14% sales growth to SEK 2,293 (2,007) million for the full year.

Commercial Share of Viewing (%)	Q4 2004	Q4 2003	FY 2004	FY 2003
TV3 and ZTV in Sweden (15-49)	31.6	28.6	31.1	30.4
TV3 and ZTV in Norway (15-49)	18.2	17.9	18.0	17.0
TV3 and TV3+ in Denmark (15-49)	22.6	24.5	22.4	23.0

The Fall Schedules for TV3 and the niche channels enabled the channels to increase their advertising market shares in each territory, despite the fall in the share of viewing in Denmark. The schedules comprised a mix of blockbuster movies, sports coverage of the matches from the UEFA Champions' League and national team away fixtures, as well as new seasons of the established 'Expedition Robinson' format and new international reality-TV formats including 'Queer Eye for the Straight Guy' and 'Wife Swap'.

The inclusion of TV3, ZTV and TV8 in the Swedish digital terrestrial broadcasting network also significantly increased each channel's penetration during 2004 and narrowed the gap to the incumbent commercial channel in Sweden. After the end of the year, a three-year agreement was signed with Swedish digital terrestrial pay-TV operator Boxer whereby Boxer will pay Viasat a fee per subscriber per month for the inclusion of the three channels in Boxer's digital terrestrial pay-TV package in Sweden.

TV3 Norway was the clear number two commercial network in Norway during 2004 amongst the key 15-49 year old audience in the competitive universe where the three largest commercial channels are all fully represented.

TV3 Denmark achieved its highest ever annual advertising sales result in 2004 and also reported the highest ever number of subscribers to TV3 and TV3+ through third party cable and SMATV networks.

TV3 Scandinavia's operating costs increased by 3% year on year in the fourth quarter and by 10% for the full year, which reflected the investments in sports programming and own-productions. Viasat also signed new content acquisition agreements with the Fox, Sony and Warner studios during 2004 to provide for future programming requirements. TV3 Scandinavia's operating costs for the fourth quarter of 2003 included a provision of SEK 38 million for music right fees payable by TV3 following a ruling by the Stockholm City Court in December 2003. The dispute was resolved at the end of 2004 and TV3's result in the fourth quarter consequently includes a positive impact of SEK 55 million. Changes were also made in the fourth quarter to the programme inventory accounting and amortization policies, which resulted in a negative non-cash impact of approximately SEK 75 million in the fourth quarter.

TV3 Scandinavia consequently reported a more than doubling year on year of operating income to SEK 155 (73) million in the fourth quarter and an almost doubling of operating income to SEK 173 (87) million for the full year.

The Baltics

Viasat's free-to-air television operations in Estonia (TV3), Latvia (TV3 and 3+) and Lithuania (TV3 and Tango TV) reported a combined 18% year on year increase in net sales in the fourth quarter to SEK 99 (84) million and a 19% increase to SEK 302 (254) million for the full year, which reflected both market growth and advertising market share gains during the year.

Commercial Share of Viewing (%)	Q4 2004	Q4 2003	FY 2004	FY 2003
TV3 in Estonia (15-49)	44.5	49.1	46.0	50.0
TV3 and 3+ in Latvia (15-49)	34.2	28.4	31.9	26.8
TV3 and Tango TV in Lithuania (15-49)	39.2	40.9	39.3	36.3

Viasat's pan-Baltic commercial share of viewing (15-49 year olds) increased to 38.7% (35.4%) in 2004 on the back of a particularly strong ratings performance in Latvia. TV3 maintained its position as the largest channel in both Estonia and Lithuania and established itself for the first time as the number one channel in Latvia for each of the last four months of 2004.

The operating margin for the Baltic operations increased year on year to 41% (34%) in the fourth quarter and 26% (19%) for the full year. Operating profits for the Baltic operations increased by 40% year on year in the fourth quarter to SEK 41 (29) million and by 63% for the full year to SEK 79 (49) million.

The 3+ channel was launched in Estonia after the end of the quarter, following the channel's success in Latvia where it has already attracted a 5% share of viewing only one year after launch. As in Latvia, 3+ is an advertising supported channel, which is being distributed via Viasat's satellite DTH platform and third party cable networks and targets the Russian speaking audience that represents 35% of Estonia's population.

Hungary

Viasat3 Hungary's commercial share of viewing amongst the key audience of 15-49 year olds increased to 4.8% (3.0%) in the fourth quarter and was reflected in a 35% year on year increase in net sales for the channel to SEK 16 (12) million in the fourth quarter and a 42% increase to SEK 47 (33) million for the full year. Operating costs for the channel increased year on year in both the fourth quarter and the full year due to the programming investments made during the year to drive ratings growth. The channel therefore reported a reduced operating loss of SEK -8 (-10) million in the fourth quarter and a loss of SEK -44 (-40) million for the full year.

Russia

Commercial Share of Viewing (%)	Q4 2004	Q4 2003	FY 2004	FY 2003
DTV (6-54)	1.5	1.6	1.6	1.2
CTC (6-54)	14.7	14.3	14.3	13.4

DTV continued to invest in programming during 2004 and the channel's sales more than doubled year on year in the fourth quarter to SEK 19 (9) million and were up 79% to SEK 61 (34) million for the full year. The channel's operating losses increased to SEK -6 (-4) million in the fourth quarter but were reduced to SEK -20 (-24) million for the full year.

CTC Media, Inc. (formerly StoryFirst Communications, Inc.), in which MTG owns a 39.8% equity stake, reported a 14.7% (14.3%) share of viewing amongst the key 6-54 year old audience group during the fourth quarter. CTC is Russia's largest private commercial television network and remains the third largest TV-channel in Russia in this key demographic group. CTC Media also announced the acquisition of four regional television stations during the quarter, which will form the basis of a second network to be launched during 2005. CTC Media reported a 62% year on year increase in net sales in 2004 to approximately US\$ 154 million and an operating margin for the full year of approximately 40%.

Pay-TV

Sales Growth

<i>(SEK million)</i>	Oct-Dec 2004	<i>Oct-Dec 2003</i>	Jan-Dec 2004	<i>Jan-Dec 2003</i>
Net Sales	618	544	2,346	2,210
Operating Income	63	126	306	505

Viasat Broadcasting's DTH Pay-TV platform and pay-TV channels reported a combined 14% year on year increase in revenues to SEK 618 (544) million in the fourth quarter and an 8% increase on third quarter 2004 sales of SEK 574 million, as the platform reported a quarter of strong net subscriber intake. Revenues were up 6% year on year to SEK 2,346 (2,210) million for the full year.

The operating margin for the Pay-TV business increased to 10% in the fourth quarter from 9% in the third quarter of 2004, despite the fact that operating costs also increased when compared with the third quarter. The margin fell from 23% in the fourth quarter of 2003 due to the increased subscriber marketing, subsidy, programming and encryption costs in 2004, which supported the significantly increased subscriber intake in the quarter, as well as the changes to the programme inventory accounting and amortization policies in TV1000 mentioned above. The pay-TV business reported a year on year decline in operating income to SEK 63 (126) million in the fourth quarter, but an increase when compared with the third quarter 2004 result of SEK 54 million.

Operating income for the full year fell year on year to SEK 306 (505) million and reflected the investments made during the year in the addition of seven new Viasat channels to the platform and the costs of the successful migration of the platform to a new conditional access technology.

Subscriber Growth

<i>(000's)</i>	Dec 2004	Sep 2004	Dec 2003
Digital subscribers*	680	638	629
- of which, Premium Scandinavia*	475	434	438
- of which, Premium Baltics	15	4	1
- of which, Basic Scandinavia	190	201	190
Total cardholders	854	841	911

* As of 31 December 2004, 9,000 premium subscribers had not yet migrated to the NDS encrypted broadcast signal but remain under contract and continue to pay for their subscriptions. As of 11 February, the number of premium subscribers yet to migrate had been reduced to 7,000. As of 30 September 2004, the non-migrated premium subscribers amounted to 17,000. These 9,000 and 17,000 subscribers are not included in the table above.

The number of premium ('Gold' and 'Silver' package) subscribers in Scandinavia and the Baltics increased by 12% or 52,000 subscribers in the fourth quarter to 490,000, when compared with the third quarter. This net addition to the premium subscriber base was the highest quarterly growth since the digitalisation of the Viasat platform in 2000. This follows the high impact marketing campaigns that have been running across the Viasat territories since the end of the Summer in order to promote the strengthened premium channel package offerings, which include free installation in Sweden and special price offers in Norway and Denmark.

The number of subscribers to Viasat's DTH satellite pay-TV business in the Baltics increased from 4,000 subscribers at the end of the third quarter to 15,000 by the end of the year, following the introduction of aggressive new subscriber offers and marketing campaigns and the shut down of the legacy conditional access system in the Fall.

The number of 'basic' entry-level subscribers fell to 190,000 at the end of the fourth quarter from 201,000 subscribers at the end of the third quarter, in part due to subscribers choosing to switch into Viasat premium packages.

Annualised average revenue per premium subscriber (ARPU) increased year on year to SEK 3,100 (3,012) in the fourth quarter and from SEK 3,063 in the third quarter of 2004. The increase reflected the net effect of the price rises implemented in 2003 and 2004 and the now higher proportion of lower ARPU subscribers from the Baltics.

Viasat remains the price leader in the market and further strengthened its premium package offering in the Nordic region with the launch of four new 'TV1000' branded thematic movie channels in September 2004 and of the new own-produced documentary channel 'Viasat History' in October 2004.

Viasat Broadcasting became one of the first broadcasters in Europe to launch broadband TV in December 2004. A premium Viasat package of 29 channels with the Viasat Electronic Programme Guide has therefore now been made available to Swedish broadband network operator Bredbandsbolaget's 300,000 customers with fibre connections at SEK 299 per month. The service will be extended to Bredbandsbolaget's DSL customers during

2005, as well as to five broadband City Networks with whom Viasat signed agreements in November.

TV1000 Scandinavia & Other Scandinavian pay-TV channels

TV1000 had 484,000 subscribers in Scandinavia at the end of the fourth quarter, compared to 441,000 subscribers at the end of the third quarter and excluding 8,000 Viasat DTH premium subscribers yet to be migrated to the new conditional access system. The growth reflected the significant increase in the number of net subscribers to Viasat Gold packages in the fourth quarter. TV1000's sales in the fourth quarter consequently increased year on year to SEK 181 (168) million, and also when compared with sales of SEK 173 million in the third quarter, and were stable at SEK 700 (700) million for the full year.

The channel's operating profit declined to SEK 25 (43) million in the fourth quarter, when compared with the result of SEK 47 million in the third quarter, due to the costs associated with the new marketing campaigns launched during the Fall to promote the four new TV1000 channels and acquire new Viasat Gold package subscribers as well as changes in program inventory valuation. TV1000 Scandinavia's operating income for the full year fell to SEK 159 (212) million due to the increased marketing, subscriber acquisition and programming costs.

Revenues for the other Scandinavian pay-TV channels increased by 24% year on year to SEK 41 (33) million in the fourth quarter and up from SEK 37 million in the third quarter. Revenues grew by 14% to SEK 152 (133) million for the full year, following the launch of the two Viasat Sport channels in the first quarter of 2004 and of the Viasat History documentary channel in the fourth quarter. The seven channels that make up the reporting entity reported a profit of SEK 1 (3) million in the fourth quarter, which was the first profitable quarter since the launch of the new channels. The channels reported a loss of SEK -26 million for the full year, compared to a profit of SEK 12 million in 2003.

Central & East European pay-TV

Viasat's Central and East European pay-TV business comprises the DTH satellite platform in the Baltics, as well as the TV1000 East, Viasat Explorer, Viasat History and Viasat Sport channels outside Scandinavia, which are included in Viasat's premium pay-TV packages in the Baltics and in approximately 1,200 third party cable network operator's pay-TV packages across eleven countries in Central and East Europe. This latter mini-pay business was launched in 2003 and now has nearly 6.4 million subscribers, more than a third more than the 4.7 million subscribers reported at the end of September 2004. Viasat Sport was launched into the Baltic territories in July 2004. Viasat History was launched into eight Central and Eastern European territories in May and into the three Baltic states in November.

Net sales for the business more than doubled year on year to SEK 15 (6) million in the fourth quarter and were up 36% on the SEK 11 million result in the third quarter. Sales grew more than fourfold to SEK 43 (10) million for the full year. The increased cost base reflected the rapid roll-out and the business therefore reported an operating loss of SEK -9 (-2) million in the fourth quarter, compared to SEK -7 million in the third quarter and SEK -23 (-7) million for the full year.

Radio

<i>(SEK million)</i>	Oct-Dec 2004	<i>Oct-Dec 2003</i>	Jan-Dec 2004	<i>Jan-Dec 2003</i>
Net Sales	65	48	216	174
Operating Income	-4	-4	-2	-28

MTG's commercial radio stations and networks in Sweden, Estonia, Latvia and Lithuania reported 35% year on year sales growth in the fourth quarter to SEK 65 (48) million and 24% growth for the full year to SEK 216 (174) million. The accelerated growth reflected the benefit of the increased penetration for MTG's RIX FM national network and the Lugna Favoriter station in Sweden. RIX FM's national penetration has increased from 69% to 88% penetration following the cooperation with NRJ Group S.A. announced in the summer.

MTG has assumed the day-to-day operations and management of NRJ's 20 radio stations in Sweden and has consolidated the sales and costs for the operations since 1 September 2004. This led to a year on year increase in costs but RIX FM has now become the only Swedish commercial network with a penetration of above 75%. The latest independent market research survey in Sweden reported that the combined commercial share of listening for MTG's 49 channels had increased year on year from 41% to 59%.

As a result of the consolidation of the costs for the additional stations, MTG's radio operations reported an operating loss of SEK -7 (-0) million in the fourth quarter and an operating loss of SEK -14 (-16) million for the year to date. MTG Radio's consolidated result also includes the group's share in the earnings of associated companies, which amounted to SEK 3 (-3) million in the fourth quarter and SEK 12 (-12) million for the full year and principally comprised MTG's 39.7% share in the earnings of P4 Radio Hele Norge ASA.

As P4 reports its results after MTG, MTG now reports its share of P4's result for the prior quarter and the result included for the fourth quarter is therefore P4's result for the third quarter of 2004. The result for associated companies reflects P4's year on year tripling of pre-tax profitability for the three months ended 30 September 2004.

Other Businesses

<i>(SEK million)</i>	Oct-Dec 2004	<i>Oct-Dec 2003</i>	Jan-Dec 2004	<i>Jan-Dec 2003</i>
<i>Modern Studios</i>				
Net Sales	276	216	829	737
Non recurring write down in Modern Entertainment	-66	-	-66	-
Operating Income	-46	23	20	57
<i>Home Shopping</i>				
Net Sales	247	198	829	738
Operating Income	4	-4	15	9

The Modern Studios content production, distribution and sales companies generated 28% year on year sales growth in the fourth quarter to SEK 276 (216) million and 12% growth to SEK 829 (737) million for the full year.

Strix Television reported another record quarterly result. The market-leading production company's sales were up 33% year-on-year in 2004 and Strix doubled its operating profit following the sale of 28 licences and 19 options to eight of its reality-TV formats to broadcasters in 28 countries around the world. Sonet Film produced and distributed the Swedish language blockbuster movie 'As it is in Heaven' in the Fall, which is one of Sweden's most successful films ever and has been nominated in the 'Best Foreign Language Film' category for the 77th Academy Awards (the 'Oscars').

The operating result for the Modern Studios business area includes two non-recurring items in the fourth quarter, both relating to non-cash write downs of beneficial rights. SEK 66 million of beneficial rights in Modern Entertainment, which relates to the excess value attributed to the beneficial rights arising from the original acquisition of the minorities in Modern Entertainment in 2000, were written down in the fourth quarter as part of an ongoing restructuring of the business, which may lead to the sale of parts or all of the Company. Sonet Film also wrote down SEK 12 million of beneficial rights following a revaluation of the Company's film rights. Operating income for the business area therefore declined year on year to SEK -46 (23) million in the fourth quarter and to SEK 20 (57) million for the full year.

MTG's Home Shopping businesses reported a combined 25% year on year increase in sales to SEK 247 (198) million in the fourth quarter and a 12% increase to SEK 829 (738) million for the full year, despite the fact that 2003 sales include the revenues from the ECL business that was sold in the fourth quarter of 2003. The operations reported a combined operating profit of SEK 4 million in the fourth quarter compared to a loss of SEK -4 million for the same period of 2003, and an increase in operating profit for the full year to SEK 15 (9) million. CDON reported another record quarterly sales figure following a very strong run-in to Christmas. CDON's sales increased by nearly 50% year on year in 2004 as the company further established itself as the most visited Internet retailing site in Sweden and took market shares in all product categories. The CD, DVD and book 'e-tailer' was also the first to launch a music downloads service across Scandinavia during 2004.

FINANCIAL REVIEW

Cash Flow

The Group generated SEK 216 (315) million of cash flow from operations in the fourth quarter and SEK 558 (586) million for the full year. Net cash flow from operations totalled SEK 201 (205) million in the quarter and SEK 578 (624) million for the full year, following a SEK 87 (-110) million change in working capital in the quarter and SEK 123 (38) million for the full year. Capital expenditure of SEK 14 (45) million in the fourth quarter and SEK 107 (135) million for the full year is equivalent to 2% of group sales. The Group sold its SDI Media business during the year for US\$ 60 million and acquired shares in CTC Media for US\$ 61 million, as well as exchanging its shares in Metro International S.A. for shares in P4 Radio Hele Norge ASA.

MTG announced in November that the group now hedges its US dollar and Swiss Franc denominated contracted outflow on a rolling twelve-month basis, which relates to

programming content acquired in foreign currencies. The hedging programme reduces short-term currency translation effects on the group's cost base.

Liquid funds

The Group's available liquid funds, including the unutilised credit facility, amounted to SEK 1,349 (1,477) million at 31 December 2004. Cash and cash equivalents totalled SEK 574 (402) million at the end of the quarter.

Net debt

Group net debt of SEK 458 (886) million at the end of the reporting period comprised interest-bearing liabilities, including the convertible debentures, less interest-bearing assets. The Group's net debt to equity ratio was 17% (41%) at 31 December 2004 and is defined as the Group's net debt as a percentage of consolidated equity and minority interests.

Holdings in other companies

The Group held minority interests in a number of listed companies at 31 December 2004 - TV4 AB, P4 Radio Hele Norge ASA and Metro International S.A. These holdings had a combined book value of SEK 825 (801) million at the end of the year. The aggregate market value of these securities at the close of the last day of trading of 2004 was SEK 2,886 (2,514) million, which gave rise to a surplus to book value of SEK 2,008 (1,716) million or SEK 31 (26) per share at the end of the reporting period. In addition, MTG owns equity stakes in unlisted assets including 39.8% of CTC Media, Inc. and 19.9% of Bet24.

Equity to assets ratio

The Group's equity to assets ratio was 43% (38%) at 31 December 2004. The ratio is defined as the sum of the consolidated equity and minority interests as a percentage of total assets. When adjusted for the Group's surplus value in the listed securities described above the equity to assets ratio at the close of the quarter was 57% (49%).

Parent company

The parent company reported net sales of SEK 18 (15) million in the fourth quarter and SEK 89 (76) million for the full year. Net interest and other financial items amounted to SEK 19 (11) million in the quarter and SEK 113 (233) million for the twelve-month period to 31 December. The parent company's pre-tax profit therefore amounted to SEK -17 (-16) million in the fourth quarter and SEK -3 (126) million for the full year. MTG's financial policy includes the provision of a central cash pool to support operating companies.

DIVIDEND

The Board of Directors will propose to the Annual General Meeting of shareholders in 2005 that no dividend is paid out to the shareholders for the financial year ended 31 December 2004.

OTHER INFORMATION

The Group's consolidated accounts have been prepared according to the same accounting principles that were applied in the preparation of the 2003 accounts, and are compiled according to the Swedish Annual Report & Accounts Act and the recommendations issued by the Swedish Financial Accounting Standards Council. This interim report has been prepared in accordance with Recommendation 20 of the Swedish Financial Accounting Standards Council and has not been subject to review by the Company's auditors.

Nomination Group for the 2005 Annual General Meeting

Pursuant to the resolutions of the Annual General Meeting of Modern Times Group MTG AB in May 2004, a Nomination Group consisting of major shareholders in Modern Times Group MTG AB has been created and Cristina Stenbeck is Chairman of the Group. The Nomination Group consists of Cristina Stenbeck; Thomas Halvorsen of the Fourth Swedish National Pension Fund; and Björn Lind of SEB Asset Management and SEB Trygg Liv. The Nomination Group will submit a proposal for the composition of the Board of Directors that will be presented to the 2005 Annual General Meeting for approval.

The Annual General Meeting of Modern Times Group MTG AB will be held on Wednesday 11 May 2005.

Shareholders who would like to propose representatives for the Modern Times Group MTG AB Board of Directors should submit their proposals to agm@mtg.se or AGM, Modern Times Group MTG AB, Box 2094, SE-103 13 Stockholm, Sweden.

MTG's financial results for the first quarter and three months ended 31 March 2005 will be released on 21 April 2005.

Stockholm, 16 February 2005.

The Board of Directors
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Registration number: 556309-9158

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Modern Times Group is an international entertainment broadcasting group with operations in more than 30 countries around the world. MTG is the largest Free-to-air and Pay-TV operator in Scandinavia and the Baltics, the largest shareholder in Russia's fourth largest television network, and the number one commercial radio operator in the Nordic region. The Viasat DTH satellite TV platform offers digital multi-channel TV packages of 50 own-produced and third party entertainment channels to viewers in 15 countries across Europe and Viasat TV channels now reach over 50 million people every day.

Modern Times Group MTG AB class A and B shares are listed on the Stockholmsbörsen O-list under the symbols 'MTGA' and 'MTGB'.

CONSOLIDATED INCOME STATEMENT (MSEK)	2004	2003	2004	2003
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net sales	1,943	1,731	6,836	6,311
Cost of goods and services	-1,219	-1,056	-4,481	-3,942
Gross income	723	675	2,355	2,369
Selling and administrative expenses	-458	-442	-1,687	-1,721
Other operating revenues	2	5	6	10
Other operating expenses	-25	-43	-188	-184
Share of earnings in associated companies	70	55	154	69
Write-down of beneficial rights in Modern Entertainment	-66	-	-66	-
Net gain from the sale of SDI Media	0	-	381	0
Operating income (EBIT)	246	249	954	542
Gain from sales of securities	0	-	15	-
Dividends from shares	-	-	15	15
Net other financial revenue and expense	9	-48	-14	-134
Income after financial revenue and expense excluding interest on convertible debentures	254	202	971	423
Unrealised exchange rate gains/losses relating to convertible debentures	7	-22	10	12
Interest on convertible debentures	-15	-15	-61	-60
Income before tax	247	165	920	375
Taxes	-141	-2	-266	-92
Minority interests	0	0	0	6
Net income for the period	106	163	654	289
Shares outstanding at quarter-end excl. convertible debentures and options	66,375,156	66,375,156	66,375,156	66,375,156
Shares outstanding at quarter-end incl. convertible debentures and options	66,375,156	66,375,156	66,375,156	66,375,156
Basic average number of shares outstanding	66,375,156	66,375,156	66,375,156	66,375,156
Fully diluted number of shares outstanding*	66,404,909	66,399,329	66,407,538	66,382,520
Basic earnings per share (SEK)	1.60	2.45	9.85	4.36
Fully diluted earnings per share (SEK)*	1.60	2.45	9.85	4.36

* The Group has issued convertible debenture loans that may be converted into 2 790 994 new class B-shares, and a share option programme that may be converted into 2 052 840 new class B-shares. Only a limited part of these programmes is included in the dilution, as the conversion prices are, except for a smaller number of the options, significantly higher than the market price as at the close of the last day of trading of 2004.

CONSOLIDATED BALANCE SHEET (MSEK)	2004 31 Dec	2003 31 Dec
Non-current Assets		
Capitalised development expenses	36	33
Beneficial rights	187	296
Goodwill	764	845
Machinery and equipment	116	138
Shares and participations	1,654	1,115
Long-term receivables	287	451
	3,045	2,879
Current assets		
Inventory	1,231	1,136
Current receivables	1,486	1,300
Cash, cash equivalents and short term investments	574	402
	3,291	2,837
Total assets	6,336	5,716
Shareholders' equity		
Restricted equity	1,946	1,878
Non-restricted equity	768	267
	2,714	2,145
Minority equity interests	1	2
Provisions	87	234
Long term liabilities		
Convertible debenture loan 2001/2006	1,081	1,091
Other interest bearing liabilities	5	5
Non-interest bearing liabilities	7	12
	1,093	1,108
Current liabilities		
Other interest bearing liabilities	-	250
Non-interest bearing liabilities	2,441	1,978
	2,441	2,228
Total shareholders' equity and liabilities	6,336	5,716

CONSOLIDATED STATEMENT OF CASH FLOWS (MSEK)

	2004	2003	2004	2003
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net income for the period	106	163	654	289
Adjustments to reconcile net income to net cash provided by operations	110	152	-96	297
Payment to STIM for years prior to current year	-103	-	-103	-
Changes in working capital	87	-110	123	38
Net cash flow from operations	201	205	578	624
Proceeds from sales of shares & subscription right certificates Metro Intl	0	0	24	19
Proceeds from sales of shares in subsidiaries	0	0	425	1
Investments in shares in subsidiaries and associates	0	0	-496	-19
Investments in other fixed assets	-14	-45	-107	-135
Other cash flow from investing activities	0	0	3	10
Cash flow to investing activities	-14	-45	-150	-124
Net change in loans from banks	0	-200	-250	-400
Other cash flow from/to financing activities	-18	-52	-1	34
Net change in cash and cash equivalents for the period	168	-91	177	133
Cash and cash equivalents at the beginning of the period	412	529	402	301
Translation differences in cash and cash equivalents	-6	-36	-4	-32
Cash and cash equivalents at end of the period	574	402	574	402

RECONCILIATION OF SHAREHOLDERS EQUITY (MSEK)	Share capital	Restricted reserves	Non- restricted reserves	Total
Incoming balance at January 1, 2003	332	1,502	51	1,885
Net result January-December 2003			289	289
Currency translation differences		-17	-13	-30
Transfer between restricted and non-restricted reserves		61	-61	-
Closing balance December 31, 2003	332	1,547	267	2,145
Net result January-December 2004	-	-	654	654
Currency translation differences	-	-33	-53	-85
Transfer between restricted and non-restricted reserves	-	100	-100	-
Closing balance December 31, 2004	332	1,614	768	2,714

**Modern Times Group
MTG AB**

Net sales (SEK million)	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Total 2003	Q1 2004	Q2 2004	Q3 2004	Q4 2004	Total 2004
Viasat Broadcasting*										
TV3 Scandinavia	441.6	561.6	420.5	583.0	2 006.5	486.7	635.5	493.0	678.0	2 293.2
ZTV / TV3+ Scandinavia	87.4	99.3	85.3	101.1	373.1	90.1	105.5	90.3	116.2	402.1
TV3 Baltics / 3+ Latvia / Tango TV	55.5	72.0	42.5	84.1	254.0	60.7	91.6	50.6	99.4	302.2
Viasat3 Hungary	5.5	10.2	6.0	11.5	33.2	7.9	13.4	10.6	15.5	47.4
DTV	6.9	8.2	10.3	8.8	34.2	11.8	15.5	14.7	18.7	60.6
Viasat DTH platform	523.6	525.7	521.1	506.8	2 077.3	553.1	551.8	549.8	558.0	2 212.7
TV1000 Scandinavia	186.5	179.3	167.0	167.5	700.3	172.5	174.0	172.5	181.0	700.0
Other Scandinavian Pay-TV channels	33.8	32.3	33.5	33.2	132.8	33.8	39.7	37.4	41.3	152.2
C & E European Pay-TV	0.7	1.6	2.4	5.6	10.4	7.4	8.7	11.0	15.4	42.5
Text TV	22.8	19.5	18.3	19.6	80.2	20.7	20.9	20.7	21.2	83.6
Other & eliminations	-271.9	-275.8	-253.6	-237.0	-1 038.2	-279.4	-285.3	-276.4	-243.1	-1 084.2
	1 092.4	1 234.0	1 053.3	1 284.1	4 663.8	1 165.2	1 371.2	1 174.4	1 501.5	5 212.3
Radio	35.2	49.9	41.0	48.1	174.1	39.1	60.0	52.1	65.1	216.3
Home shopping	201.0	166.3	172.6	198.0	738.0	204.7	188.0	188.7	247.3	828.6
Modern Studios	190.1	174.9	156.4	216.1	737.4	165.9	164.0	223.2	275.6	828.7
Parent company & other companies	21.6	27.1	32.2	21.8	102.6	30.3	37.1	23.6	24.7	115.7
Eliminations	-125.5	-106.1	-112.0	-125.0	-468.6	-129.4	-142.1	-112.2	-169.2	-553.0
SDI Media and other discontinued businesses	98.2	85.0	92.7	88.2	364.0	95.1	94.3	0.1	-2.3	187.2
Group total	1 512.9	1 630.9	1 436.2	1 731.2	6 311.3	1 570.7	1 772.4	1 549.9	1 942.6	6 835.7

Operating income. EBIT (SEK million)	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Total 2003	Q1 2004	Q2 2004	Q3 2004	Q4 2004	Total 2004
Viasat Broadcasting										
TV3 Scandinavia	6.0	44.3	-36.8	73.1	86.6	-6.0	69.4	-45.8	155.3	172.9
ZTV / TV3+ Scandinavia	-5.7	-1.1	-11.9	6.2	-12.5	-5.9	6.3	-0.1	5.6	5.9
TV3 Baltics / 3+ Latvia / Tango TV	4.7	20.9	-5.9	28.9	48.5	5.7	33.5	-1.0	40.6	78.9
Viasat3 Hungary	-9.9	-6.5	-13.5	-9.5	-39.5	-13.7	-10.3	-11.9	-7.6	-43.6
DTV	-8.9	-6.6	-5.3	-3.5	-24.3	-6.0	-5.9	-2.7	-5.7	-20.3
Viasat DTH platform	80.5	59.8	66.1	81.6	288.0	74.8	48.9	26.6	45.3	195.6
TV1000 Scandinavia	56.7	67.3	44.4	43.1	211.6	48.4	38.1	47.2	25.3	159.0
Other Scandinavian Pay-TV channels	3.7	1.8	3.7	3.2	12.3	-5.1	-9.5	-12.7	1.3	-26.0
C & E European Pay-TV	-2.0	-2.0	-1.2	-1.6	-6.8	-1.4	-5.7	-6.9	-8.8	-22.8
Text TV	7.3	6.5	7.5	8.7	30.1	9.1	8.7	9.1	9.6	36.4
Other & eliminations	-6.9	-7.3	-1.2	-12.8	-28.3	-5.6	-3.7	-5.0	-5.9	-20.2
Associated companies	-0.6	11.1	11.8	65.0	87.2	17.7	21.9	31.7	64.1	135.5
	125.0	188.0	57.7	282.2	652.9	112.0	191.6	28.6	319.1	651.4
Radio										
Associated companies	-11.4	-0.1	-4.6	-0.3	-16.4	-10.9	4.7	-0.3	-7.0	-13.6
	-9.7	5.1	-3.8	-3.4	-11.8	0.6	2.4	6.0	2.8	11.8
	-21.1	5.0	-8.4	-3.7	-28.2	-10.3	7.1	5.7	-4.2	-1.8
Home shopping	7.6	1.7	3.8	-3.8	9.2	7.9	5.4	-2.0	4.0	15.4
Modern Studios	13.0	5.0	16.5	22.8	57.3	6.6	14.6	44.7	-46.2	19.8
Parent company & other companies										
Associated companies	-43.3	-41.6	-27.3	-48.5	-160.8	-38.2	-44.8	-15.7	-25.8	-124.6
	-5.2	0.6	1.5	-8.9	-12.0	0.0	0.0	0.0	1.7	1.7
	-48.6	-41.1	-25.8	-57.4	-172.8	-38.2	-44.8	-15.7	-24.2	-122.9
Eliminations	-2.4	-2.4	-2.4	-2.4	-9.6	-2.4	-2.4	-2.4	-2.4	-9.6
SDI Media and other discontinued operations	6.7	2.6	12.2	11.6	33.1	9.2	12.6	-0.6	-0.5	20.6
Net gain from sale of SDI Media	-	-	-	-	-	-	-	380.7	-	380.7
Group total	80.2	158.8	53.7	249.2	542.0	84.9	184.2	439.0	245.6	953.7

APPENDIX – PRELIMINARY EFFECTS OF ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

With effect from 1 January 2005, Modern Times Group MTG AB will report in accordance with International Financial Reporting Standards (IFRS). The annual report for 2004 will therefore be the last financial statement prepared in accordance with the present recommendations of the Swedish Financial Accounting Standards Council.

The Group has reviewed its reporting routines in order to collect the data required for reporting in accordance with IFRS and is in the process of gathering the information to be used for comparative figures in its interim reports and the annual report for 2005. This work has been reported to the Board of Director's Audit Committee on a regular basis. The IFRS rules may still change, and such changes may lead to differences to the effects described below.

When applying IFRS 1- First time adoption and, where there is a choice, the Group has made the following decisions:

- The Group has elected not to recalculate goodwill on acquisitions before 1 January 2004
- Accumulated differences in the translation of the financial statements of foreign subsidiaries have been set to zero with effect from the transition date
- The Group has elected not to provide comparable figures in regards to IAS 39 - Financial instruments

The following items have been identified to have material impact on the Group's opening Balance sheet for 2004 and Income statement for 2004.

- The discontinuation of the amortization of Goodwill (IFRS 3/IAS 36)
Goodwill will be subject to impairment tests and has not been amortized. This treatment has also been adopted for indirect goodwill arising from MTG's acquisitions of shares in associated companies. A smaller part of the acquired goodwill in associated companies has been allocated to other identifiable intangible assets in 2004.
- Financial instruments (IAS 39)
The Group's holdings in TV4 AB and Metro International S.A. will be valued at market price and changes in the market values of each company will impact directly on Equity and not the profit and loss account. This will only apply from 1 January 2005 and the Group has chosen to illustrate the effects of this in the table below.*
- Borrowing costs (IAS 23)
Prepaid borrowing costs for the convertible debenture notes have been re-calculated at the effective interest rate. The prepaid borrowing costs have also been reclassified in the balance sheet and netted off against the convertible loan liability in the Balance sheet.

- Impairment of Assets/Intangible assets (IAS 36/38)
The methodology of valuing certain assets has been changed and primarily impacts the valuation of Beneficial film rights. Impairment tests of Sonet's film rights are now made on an individual basis, compared to the impairment test of the total library made under the previous principle.

Summary of financial impact

SEK million	Income statement Jan-Dec, 2004		
	Swedish GAAP	Transition effect	IFRS
Net Sales	6 836		6 836
Adjusted Operating Income	639	104	743
Operating Income	954	104	1 058
Net Income	654	91	745
Earnings per share (SEK)	9,85	1,36	11,21

SEK million	Balance sheet 31 Dec 2004				
	Swedish GAAP	Transition effect	IFRS	Effect of IAS 39 *	IFRS 1 Jan 2005 *
Goodwill	764	91	855		855
Shares and participations	1 654	3	1 657	1 872	3 529
Other Assets	3 918	-40	3 878		3 878
Assets	6 336	54	6 390	1 872	8 262
Equity	2 714	62	2 776	1 872	4 648
Liabilities	3 623	-8	3 615		3 615
Equity and Liabilities	6 336	54	6 390	1 872	8 262

The Group will publish a re-statement of the quarterly financial results for each quarter of 2004 before the announcement of the Group's first quarter financial results.