MODERN TIMES GROUP MTG AB

FINANCIAL RESULTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2005

Stockholm, 21 April 2005 - Modern Times Group MTG AB ("MTG") (Stockholmsbörsen: MTGA, MTGB) today announced its preliminary financial results for the first quarter ended 31 March 2005. The Group's consolidated accounts have been prepared according to International Financial Reporting Standards (IFRS) for the first time.

FIRST QUARTER HIGHLIGHTS

- **Group net sales up 11% to SEK 1,742 (1,571) million**
- **TV3 Scandinavia net sales up 15% to SEK 561 (487) million**
- **Quarterly net intake of 25,000 premium subscribers**
- **Group operating income up 61% to SEK 179 (111) million**
- **Net income of SEK 479 (45) million, including SEK 389 million net gain from sale of TV4 shares**
- **Earnings per share of SEK 7.21 (0.68)**

Hans-Holger Albrecht, President and CEO of MTG, commented: "Although the first quarter is a seasonally weaker sales period, we showed continued strong sales growth in all of our three core businesses – Free-to-air TV Scandinavia, Pay-TV Nordic and the Central & East European operations. Our Scandinavian free-to-air businesses reported a near 9% operating margin and our quarterly sequential pay-TV margin in the Nordic region increased to 20%. The investments that we have made in programming and penetration are clearly paying off in increased advertising market shares and subscriber growth, as well as increased profitability levels."

FINANCIAL SUMMARY

(SEK million)	**2005 Jan - Mar**	2004 Jan - Mar	2004 Jan - Dec
Net sales	**1,742**	1,571	6,836
Operating income, excluding net gain from the sale of SDI Media	**179**	111	677
Net gain from the sale of SDI Media	**-**	-	381
Operating income	**179**	111	1,058
Net gain from the sale of TV4 shares	**389**	-	-
Net interest and other financial items	**-26**	-48	-34
Pre-tax profit	**542**	63	1,024
Net income	**479**	45	746
Basic earnings per share (SEK)	**7.21**	0.68	11.23
Fully diluted earnings per share (SEK)	**7.21**	0.68	11.23
Total assets	**8,940**	5,706	6,398

Comparative figures for all prior reporting periods have been restated according to IFRS, with the exception of IAS 39.

GROUP REVIEW

Continued sales growth in all business areas

The Group reported 11% year on year net sales growth in the first quarter, up from SEK 1,571 million in 2004 to SEK 1,742 million in 2005. A number of businesses were sold or discontinued during 2004. Excluding the revenues for these businesses, sales were up 18% year on year in the first quarter. TV3 Scandinavia continued to out-perform the market in each territory, with sales up 15% year on year in the first quarter.

NET SALES BY BUSINESS AREA *(SEK million)*	**2005 Jan - Mar**	2004 Jan - Mar	2004 Jan - Dec
Free-to-air-TV Scandinavia	***668***	*577*	*2,695*
Pay-TV Nordic	***605***	*571*	*2,321*
Central & Eastern Europe	***122***	*85*	*442*
Other & eliminations	***-34***	*-68*	*-246*
Viasat Broadcasting	**1,361**	1,165	5,212
Radio	**60**	39	216
Other business areas	**423**	371	1,657
Parent company & other companies	**35**	30	116
Eliminations	**-138**	-129	-553
	1,742	1,476	6,649
SDI Media & Discontinued businesses	**-**	95	187
	1,742	1,571	6,836

37% of group revenues in the first quarter were derived from advertising sales, 41% from subscription payments, and 22% from other business-to-business and business-to-consumer sales.

Record first quarter group operating profit

Following a record group operating profit for the twelve months ended 31 December 2004, MTG has now reported a record first quarter profit, with operating income up 61% year on year to SEK 179 (111) million for the first quarter of 2005. This result primarily reflected the high incremental contribution of the strong sales performance by the Group's free-to-air operations in Scandinavia.

The Group's depreciation and amortisation charges in the first quarter totalled SEK 45 (31) million.

Group operating costs were up 8% year on year in the first quarter, and included a SEK 10 million write down of beneficial rights in Sonet Film (Modern Studios business area), which relates to a single production. The Group's operating margin, including MTG's interests in associated companies, increased to 10% (7%) in the first quarter.

OPERATING INCOME BY BUSINESS AREA *(SEK million)*	**2005 Jan - Mar**	2004 Jan - Mar	2004 Jan - Dec
Free-to-air-TV Scandinavia	***58***	*-12*	*179*
Pay-TV Nordic	***123***	*127*	*370*
Central & Eastern Europe	***-12***	*-14*	*-3*
Other & eliminations	***12***	*10*	*44*
Associated companies	***35***	*20*	*146*
Viasat Broadcasting	**216**	132	737
Radio	**-9**	-9	3
Other business areas*	**-1**	16	39
Parent company & other companies	**-27**	-38	-122
Eliminations	**-**	-	-
	179	101	656
SDI Media & Discontinued businesses	**-**	10	21
Net gain from the sale of SDI Media	**-**	-	381
	179	111	1,058

***** Includes a SEK 10 million write down of beneficial rights in Sonet Film in the first quarter of 2005 and SEK 78 million in write downs in Modern Studios businesses in the fourth quarter of 2004.

Net interest and other financial items totalled SEK 363 (-48) million for the first three months of the year, and included the SEK 389 million net gain on the sale of MTG's entire 15.1% shareholding in Swedish commercial TV broadcaster, TV4 AB, in January 2005.

Net interest costs amounted to SEK -10 (-19) million in the quarter, which included the SEK 16 million of interest payable on the five year €120 million convertible debenture loan notes (due June 2006). Other financial items of SEK -15 (-29) million included an unrealised exchange rate loss of SEK 16 million arising from the translation of the Euro-denominated convertible debentures into Swedish Krona.

The Group therefore reported a pre-tax profit of SEK 542 (63) million for the first quarter.

The Group's tax charges for the quarter totalled SEK -63 (-18) million. No tax was payable on the sale of the TV4 shares.

Group net income consequently increased to SEK 479 (45) million, and the Group reported earnings per share of SEK 7.21 (0.68).

GROUP STRUCTURAL CHANGES

After the end of the reporting period, MTG increased its shareholding in the BET24 online betting and gaming businesses from 19.9% to 51.0%. MTG will therefore consolidate the results of Nordic Betting Ltd. (BET24) as an operating subsidiary, with effect from the second quarter of 2005. The Group's share of the operating results of Nordic Betting Ltd. is already reported as an equity participation within "Associated companies" in the Viasat Broadcasting business area.

MTG retains further options to increase its ownership in Nordic Betting Ltd. in the future.

Nordic Betting Ltd.'s sales more than doubled year on year to EUR 5.2 (2.1) million in the first quarter and the business reported a gross profit (before overhead costs) of EUR 1.3 (0.3) million from its betting and gaming activities. The Company's operating income grew to EUR 0.2 (-0.0) million for the first three months of the year.

OPERATING COMPANY REVIEW

Viasat Broadcasting

(SEK million)	**2005 Jan - Mar**	2004 Jan - Mar	2004 Jan - Dec
Net Sales	**1,361**	1,165	5,212
Operating Income	**216**	132	737
Operating Margin (%)	**16**	11	14

Net sales for MTG's free-to-air and pay-TV assets grew by 17% year on year to SEK 1,361 (1,165) million in the first quarter, which reflected the high levels of growth in MTG's operations in both the core Scandinavian territories, as well as the emerging Central and East European markets.

Viasat Broadcasting's operating costs increased by 12% year on year due to investments in programming, the full quarter impact of the seven new channels launched in the past year, continuing net subscriber intake, and the ongoing successful roll-out of the wholesale channel business in Central & Eastern Europe.

Operating profits for Viasat Broadcasting were up 64% to SEK 216 (132) million in the first quarter, and included MTG's SEK 35 (20) million participation in the earnings of associated companies. MTG's principal equity participation is in CTC Media, Inc., the Russian commercial TV operation in which MTG owns a 39.8% shareholding.

Free-to-air TV Scandinavia

Strong sales performance

(SEK million)	**2005 Jan - Mar**	2004 Jan - Mar	2004 Jan - Dec
Net Sales	**668**	577	2,695
Operating Income	**58**	-12	179
Operating Margin (%)	**9**	-	7

Viasat's free-to-air TV channels in Scandinavia generated a combined 16% year on year increase in net sales to SEK 668 (577) million in the first quarter. Despite some commercial share of viewing declines, Viasat increased its advertising market shares in growing markets in each territory. The free-to-air operations were therefore able to report a 77% incremental margin and a SEK 70 million swing in operating profitability from a loss of SEK -12 million for the first quarter of 2004 to a profit of SEK 58 million in the first three months of the current year.

Viasat has now completed its upfront advertising agreements for 2005. The agreements have been closed at higher levels than in 2004.

Commercial Share of Viewing (%)	**Q1 2005**	Q1 2004	FY 2004
TV3 and ZTV in Sweden (15-49)	**31.7**	30.3	31.1
TV3 and ZTV in Norway (15-49)	**16.3**	18.4	18.0
TV3 and TV3+ in Denmark (15-49)	**20.8**	21.9	22.4

Viasat's free-to-air operations in Sweden continued to benefit from the increased penetration for its channels, following the inclusion of TV3, ZTV and TV8 in the fast growing Swedish digital terrestrial broadcasting network. MTG now also receives wholesale revenues from the DTT network operator.

The Swedish channels reported combined year on year and sequential increases in commercial share of viewing. Established hit series such as 'Efterlyst' and 'Insider' performed well, and new format 'From a Dumpster to a Castle' was one of the top rating shows on TV3. The Spring season access prime time own production, 'Club Goa', did not perform as well as anticipated and negatively affected TV3's share of viewing in the quarter. ZTV's commercial share of viewing in the 15-49 year old age group was up 30% year on year for the first three months of the year, partly due to a number of UEFA Champions League matches being aired on ZTV rather than TV3. The move proved highly successful, with the channel attracting record audiences and culminating in a peak audience of 454,000 viewers tuning in to watch the game between Juventus and Real Madrid. The 'Summer' schedule has been announced and includes successful new acquired series such as 'The 4400', 'Australia's Next Top Model' and 'The Simple Life 3'.

Viasat's free-to-air operations in Norway continued to take market shares and reported their highest ever first quarter sales. TV3's commercial share of viewing started the year weakly, but improved towards the end of the quarter. Ratings have continued to increase during the first few weeks of April with the launch of the last formats for the Spring schedule. The debut of the localized version of international hit format, 'Extreme Home Makeover', attracted an average audience of 300,000 viewers and a peak audience of 488,000 viewers, which was equivalent to a 52.2% commercial share of viewing.

Viasat's Danish free-to-air channels, TV3 and TV3+, reported another record advertising sales quarter. MTG Denmark also reported a new record with over 1.6 million Danish households now able to watch each channel via satellite, cable or SMATV subscriptions, and over 1.1 million households now able to watch Viasat Sport 1. The ratings performance in the quarter was disappointing but the channels continued to take advertising market share and highlights included the 59% commercial share of viewing for the Football World Cup qualifier between Denmark and Ukraine, as well as the consistently high rating Sunday night movie slot.

TV3's operations in Sweden, Norway and Denmark reported 15% combined year on year net sales growth to SEK 561 (487) million in the first quarter, following year on year sales growth of 14% in 2004. Operating costs grew by 5% year on year in the quarter, as year-on-year increases in programming investment fell from the levels seen in 2004. TV3 Scandinavia was therefore able to generate an 8% operating margin in the seasonally weak first quarter and reported an operating profit of SEK 46 million, which compared to a loss of SEK -6 million for the same three-month period of 2004.

The Group's secondary free-to-air channels in Scandinavia (ZTV and TV3+) reported 19% combined year on year net sales growth to SEK 107 (90) million in the first quarter, and a combined operating profit of SEK 13 (-6) million.

Pay-TV Nordic

Sequential margin improvement

(SEK million)	**2005 Jan - Mar**	2004 Jan - Mar	2004 Jan - Dec
Net Sales	**605**	571	2,321
Operating Income	**123**	127	370
Operating Margin (%)	**20**	22	16

Viasat Broadcasting's DTH pay-TV platform and pay-TV channels in the Nordic territories reported a combined 6% year on year increase in revenues to SEK 605 (571) million for the first three months of the year. The increase reflected the accelerated subscriber growth in the last two quarters, as well as the launch of seven new channels since the beginning of 2004.

The operating margin for the Nordic pay-TV business increased to 20% in the first quarter from 14% in the fourth quarter of 2004, and almost reached the first quarter 2004 level of 22%. The operating cost base declined when compared with the fourth quarter, which was primarily due to the reduced fees payable for inclusion of the Disney channel in Viasat's premium packages, as a result of the agreement becoming non-exclusive.

The Nordic pay-TV business reported a marginal year on year decline in operating income to SEK 123 (127) million in the first quarter, but a 49% increase in operating income when compared to the fourth quarter of 2004.

Continued Subscriber Growth

(000's)	**Mar 2005**	Dec 2004	Mar 2004
Digital subscribers*	**693**	680	639
- of which, Premium Nordic*	**494**	475	438
- of which, Premium Baltics	**21**	15	2
- of which, Basic Nordic	**178**	190	199

***** As at 31 March 2005, 5,000 premium subscribers had not yet migrated to the VideoGuard encrypted broadcast signal, but remain under contract and continue to pay for their subscriptions. As of 31 December, the corresponding figure was 9,000. These 5,000 and 9,000 subscribers are not included in the table above.

The premium ('Gold' and 'Silver' packages) subscriber base in the Nordic region grew by 4% or 19,000 subscribers in the first quarter to 494,000, when compared with the position at the end of 2004. This result followed the net addition of 41,000 premium subscribers in the fourth quarter of 2004, and reflects successful ongoing high impact marketing campaigns to promote Viasat's leading premium content and price offering. Subscriber churn levels continued to decline gradually in the quarter, and the quarterly annualised average revenue per premium subscriber (ARPU) increased year on year to SEK 3,175 (3,115), and from SEK 3,100 in the fourth quarter of 2004.

The number of 'basic' entry-level subscribers fell to 178,000 (199,000) at the end of the quarter from the 190,000 total at the end of 2004, as a result of both successful up-selling of customers into Viasat premium tier packages, as well as lower new sales due to competition in the basic tier segment of the market.

Following the switch-off of the legacy encryption signal for Viasat's Premium channels in September 2004, Viasat has now switched off the old Viaccess encryption signal for its Basic Digital channels in Sweden and Finland, and will have done the same for its Basic Digital channels in Norway by the end of this month. The Basic package principally consists of Viasat's free-to-air channels. Viasat expects to finalize the switch-off of the pirated legacy signal with the close down in Denmark later this year. The total number of Basic Digital subscribers with the old encryption technology, and yet to be migrated to the VideoGuard encrypted broadcast signal at the end of the first quarter was 37,000. Viasat continues to target these subscribers to migrate and up-sell them into Viasat's premium package tiers.

Viasat also closed down the analogue transmission of its free-to-air channels in Sweden at the beginning of April. The Norwegian analogue broadcast signal was shut down during 2004. The closing down of the analogue signals will result in transponder distribution cost savings moving forward. There are 75,000 remaining analogue subscribers in Denmark, and this base continues to provide penetration advantage for Viasat's Danish free-to-air channels (TV3 and TV3+).

Viasat reached an agreement with TV4 AB for the inclusion of its four TV channels in Viasat's pay-TV packages during the first quarter of 2005. TV4 Film, TV4+ and

TV400 are now available on the platform and TV4 will be added by 1 January 2006 at the latest. The TV4 channel is currently available to all Swedish households through the analogue terrestrial network.

Viasat's Nordic DTH business revenues grew to SEK 571 (553) million in the first quarter, and compared with SEK 558 million in the fourth quarter of 2004. Operating profits were stable year on year at SEK 76 (75) million, but up from SEK 45 million for the fourth quarter of 2004.

TV1000 had 502,000 subscribers in the Nordic region at the end of the first quarter, compared to 484,000 subscribers at the end of 2004. This figure excludes the 5,000 Viasat DTH premium subscribers yet to be migrated to the new conditional access system by the end of March 2005. The growth reflected the increase in the number of net subscribers to the Viasat platform during the first quarter. TV1000's sales consequently increased by 10% year on year to SEK 189 (173) million, and also when compared with SEK 181 million in the fourth quarter of 2004. The channel's operating profit increased to SEK 63 (59) million in the first quarter, which compared with a profit of SEK 36 million in the fourth quarter of 2004.

Other Nordic Pay-TV channels include the three Viasat Sport channels, Viasat Explorer, Viasat History, Viasat Action, Viasat Nature and TV8. Combined revenues for the channels increased by 51% year on year to SEK 51 (34) million in the first quarter, and up from SEK 41 million in the fourth quarter of 2004. This growth reflected the launch of the two new Viasat Sport channels and of the Viasat History documentary channel during 2004. These channels are now also being sold within third party cable packages across the region. The year on year increase in operating costs reflected the increased investments in sports content for the new sports channels. The channels therefore reported a combined operating loss of SEK -16 (-5) million in the first quarter.

Viasat Broadcasting became one of the first broadcasters in Europe to launch Broadband TV in December 2004. The offering now comprises a Viasat premium package of 37 channels, which is available to Swedish broadband network operator Bredbandsbolaget's (B2) 300,000 households with fibre connections for SEK 299 per month. The package is the first non-cable and non-terrestrial pay-TV offering in Sweden to include the "Big 6" channels (SVT1, SVT2, TV3, TV4, Kanal5 and ZTV). The service will be extended to B2's DSL customers during 2005, as well as to broadband City Networks in Sweden with whom Viasat has signed agreements. By the end of the first quarter, over 2,300 fibre-connected homes had subscribed to the platform. These subscribers are not included in the table above.

The results for the broadband-TV business are reported within the 'Viasat Nordic DTH-platform' reporting line of the segmental analysis of the income statement. The financial impact has been marginal to date.

Central & East European Free-to-air and Pay-TV

Continued rapid expansion

The Group's free-to-air and pay-TV operations in Central and Eastern Europe reported a 44% year on year increase in revenues to SEK 122 (85) million and operating losses improved to SEK -12 (-14) million for the first quarter, despite the cost of launching new channels and increased programming investments.

(SEK million)	**2005 Jan - Mar**	2004 Jan - Mar	2004 Jan - Dec
Net Sales	**122**	85	442
Operating Income	**-12**	-14	-3

Free-to-air TV Baltics

Viasat's free-to-air television operations in Estonia (TV3 and 3+), Latvia (TV3 and 3+) and Lithuania (TV3 and Tango TV) reported a combined 16% year on year increase in net sales in the quarter to SEK 71 (61) million, which reflected continued market growth and advertising market share gains in each territory.

Commercial Share of Viewing (%)	**Q1 2005**	Q1 2004	FY 2004
TV3 and 3+ in Estonia (15-49)	**46.1**	48.4	46.0
TV3 and 3+ in Latvia (15-49)	**31.7**	31.3	31.9
TV3 and Tango TV in Lithuania (15-49)	**36.6**	40.5	39.3

Viasat's pan-Baltic commercial share of viewing (15-49 year olds) for the first quarter was 37.6%, and TV3 maintained its position as the largest commercial channel by share of viewing in Estonia and Lithuania.

Operating costs increased year on year in the quarter due to the launch of the 3+ channel in Estonia and additional investments in programming. Operating profits for the Baltic free-to-air channels grew by 21% year on year to SEK 9 (7) million.

Free-to-air TV Hungary and Russia

Commercial Share of Viewing (%)	**Q1 2005**	Q1 2004	FY 2004
Viasat3 (18-49)	**4.9**	3.7	4.6
DTV (6-54)	**1.7**	1.7	1.6
CTC and The Home Channel (6-54)	**14.0**	14.4	14.3

Viasat3 Hungary's commercial share of viewing amongst the key audience of 18-49 year olds increased to 4.9% in the first quarter, and was reflected in an almost doubling of net sales to SEK 15 (8) million. Operating costs increased year on year due to the programming investments made to drive ratings growth, but the channel

reported a year on year reduction in operating losses to SEK -10 (-14) million for the quarter.

Viasat3 Hungary is now distributed solely via cable and satellite networks and is available in 1.7 million homes. Viasat3, which has been free-to-air to date, has now also started charging third party networks for the inclusion of the channel and, therefore, now generates additional wholesale revenues.

DTV's investments in programming continued to pay off with a more than 50% year on year growth in net sales to SEK 18 (12) million in the first quarter. Operating losses were stable at SEK -6 million due to the increased programming costs.

MTG owns a 39.8% equity stake in CTC Media, Inc., which is Russia's largest private commercial television network and the third largest TV channel in Russia in the key demographic group of 6-54 year olds. MTG's share in the earnings of CTC Media is reported as an equity participation in Associated Companies in the Viasat Broadcasting business area.

CTC Media reported a 31% year on year increase in net sales in the quarter to approximately US$ 42 (32) million, and an operating margin of approximately 28% (41%). CTC Media's earnings before interest, taxes, depreciation and amortization amounted to approximately US$ 15 (14) million and the Company's earnings before interest and taxes amounted to approximately US$ 12 (13) million. The operating margin was affected by the launch of a second network – The Home Channel – during the quarter. The network is based on the four regional television stations acquired in 2004, and is intended to boost CTC's overall market share by focusing on a predominantly female audience with family oriented programming, including talk shows as well as Russian and Western drama series. More than fifty affiliate stations have already been signed up to the new network.

Pay-TV Central & Eastern Europe
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 the Nordic region. These four channels are included in Viasat's premium pay-TV packages in the Baltics and in approximately 1,300 third party cable network operator's pay-TV packages across eleven countries in Central and Eastern Europe.

The wholesale channel business was launched in 2003 and added over 1.5 million new subscribers in the first quarter alone. Viasat's four channels now attract 7.9 million cable subscribers, which compares with 2.2 million subscribers at the end of the first quarter of 2004.

As indicated above, the number of premium ('Gold' package) subscribers to the Viasat DTH satellite platform in the Baltics increased from 15,000 at the end of 2004 to 21,000 by the end of the first quarter. This followed continued aggressive marketing campaigns, as well as the shut down of the legacy conditional access system in the second half of 2004.

Net sales for the Central & East European pay-TV businesses more than doubled year on year to SEK 19 (7) million. The rapid expansion was reflected in an increased cost base and the business therefore reported an operating loss of SEK -5 (-1) million for the first quarter.

Radio

(SEK million)	**2005 Jan - Mar**	2004 Jan - Mar	2004 Jan - Dec
Net Sales	**60**	39	216
Operating Income	**-9**	-9	3

MTG Radio's businesses in Sweden and the Baltics reported a 54% year on year growth in net sales in the first quarter to SEK 60 (39) million. The sales growth primarily reflected the increased penetration, listener and market shares in Sweden, following the operational integration of the 20 NRJ stations. Swedish national network RIX FM's penetration consequently increased from 69% to 83% and MTG Radio now operates 50 out of the 86 commercial stations in Sweden.

The latest RUAB independent listener survey, which was published in April, reported that RIX FM now attracts more than 1.2 million daily listeners, and that the network has strengthened its position as the most listened to radio network in Sweden among people under the age of 50. The survey also reported that MTG Radio's stations in Sweden now reach a combined daily audience of more than 1.7 million listeners, which is equivalent to a 61% commercial share of listening and compares with 41% for the same period of 2004. The integration of the additional stations also impacted MTG Radio's cost base, which increased by 52% year on year.

Despite the strong sales growth in the quarter, the increased costs resulted in a combined operating loss of -9 (-9) million. The consolidated result included the Group's share in the earnings of associated companies, which principally comprised MTG's 39.7% share in the earnings of P4 Radio Hele Norge ASA's results and amounted to SEK 6 (1) million in the first quarter. The Group reports its share of P4's earnings with one quarter lag as P4 publishes its results after MTG. P4 reported a pre-tax profit of NOK 14.5 million in the fourth quarter of 2004. P4 is Norway's largest radio station in the commercially important target group of 20-50 year olds, and had a 34% market share of weekday listener minutes in the fourth quarter of 2004.

Other Businesses

(SEK million)	**2005 Jan - Mar**	2004 Jan – Mar	2004 Jan – Dec
Modern Studios			
Net Sales	**178**	166	829
Write-down of beneficial rights	**-10**	-	-66
Operating Income	**-18**	7	22
Operating Margin (%)	**-**	4	3
Home Shopping			
Net Sales	**245**	205	829
Operating Income	**17**	9	17
Operating Margin (%)	**7**	4	2

The Modern Studios content production, distribution and sales companies reported a 7% year on year growth in net sales to SEK 178 (166) million. The business area's operating losses totalled SEK -18 (7) million and included a SEK 10 million write-down of beneficial rights in Sonet Film, following the weak domestic movie theatre performance of the 'Rancid' production.

Strix Television's net sales were up 10% year on year in the first quarter, as the company sold 7 licenses and 2 options to 5 of its reality TV-formats to broadcasters and production companies in 9 countries. 'The Farm' continued to be the market-leading production house's runaway hit, and Strix has now established a new production office in Holland.

The Home Shopping business area reported continued high growth during the quarter, with sales up 20% year on year to SEK 245 (205) million. Operating income almost doubled to SEK 17 (9) million following strong performances by both CDON and TV-Shop. CDON generated growth and market share gains in all product categories. Net sales were up 30% year on year and the operating margin was stable, despite the expansion of the wholesale business and Internet music downloads service. TV-Shop's return to profitability reflected the ongoing focus on Internet sales and higher margin product sales, as well as to further reduce the sales return levels.

GROUP FINANCIAL REVIEW

Cash Flow

The Group generated SEK 131 (106) million of cash flow from operations in the quarter. Net cash flow from operations totalled SEK 197 (84) million, following a SEK 66 (-22) million change in working capital. Capital expenditure of SEK -17 (-24) million was equivalent to less than 1% of group sales. The Group sold its shares in TV4 AB in January for a cash consideration of SEK 513 million, and also made the outstanding SEK 17 million payment for shares already received in CTC Media, Inc.

Liquid funds

The Group’s available liquid funds, including the SEK 800 million unutilised credit facility, amounted to SEK 2,055 (1,542) million at 31 March 2005. Cash and cash equivalents increased to SEK 1,280 (367) million at the end of the quarter, which was due to the sale of the TV4 AB shares and strong first quarter operating cash flow.

Net debt

The Group’s cash and cash equivalents and interest-bearing assets exceeded interest-bearing liabilities, including the convertible debenture loan notes, by SEK 248 million at the end of the reporting period. This compares to a net debt position of SEK 811 million as at 31 March 2004.

Holdings in other companies

The book value of the Group’s minority interests in listed companies (P4 Radio Hele Norge ASA and Metro International S.A.) totalled SEK 2,505 million as at 31 March 2005. The aggregate market value of these securities at the close of the last day of trading of the quarter was SEK 2,726 million. In addition, MTG owns equity stakes in unlisted assets including 39.8% of CTC Media, Inc.; 51.0% of Nordic Betting Ltd; and an indirect ownership of 15.3% of Radio Nova (Finland).

Equity to assets ratio

The Group's equity to assets ratio was 57% at 31 March 2005. The ratio is defined as the sum of consolidated equity and minority interests as a percentage of total assets.

Parent company

The parent company reported net sales of SEK 30 (24) million in the first quarter. Net interest and other financial items totalled SEK 10 (-3) million and the parent company’s pre-tax profit amounted to SEK -11 (-26) million. MTG’s financial policy includes the provision of a central cash pool to support operating companies.

OTHER INFORMATION

The Group's consolidated accounts have been prepared according to International Financial Reporting Standards (IFRS). The standards are mandatory for listed companies within the European Union. The prior reporting periods have been restated according to IFRS. A description of the significant changes affecting the Group, as well as reconciliations between the previously reported accounts and current IFRS accounts, are included at the end this report. In accordance with the recommendation issued by the Stockholm Stock Exchange, information about the most important effects of the adoption of IFRS was included in the 2004 year-end report. This interim report has been prepared in accordance with IAS 34 and has not been subject to review by the Company's auditors.

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

MTG's financial results for the second quarter and six months ended 30 June 2005 will be released on 25 July 2005.

Stockholm, 21 April 2005.

Hans-Holger Albrecht
President & Chief Executive Officer

Modern Times Group MTG AB
Skeppsbron 18
Box 2094
103 13 Stockholm
Registration number: 556309-9158

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

Hans-Holger Albrecht, President & CEO	tel: +46 (0) 8 562 000 50
Mia Brunell, Chief Financial Officer	tel: +46 (0) 8 562 000 50
Matthew Hooper, Corporate Communications	tel: +44 (0) 7768 440 414

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 60 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)	2005 Jan-Mar	2004 Jan-Mar	2004 Jan-Dec
Net sales	1,742	1,571	6,836
Cost of goods and services	-1,113	-1,022	-4,481
Gross income	629	549	2,355
Selling and administrative expenses	-475	-424	-1,687
Other operating revenues	1	1	6
Other operating expenses	-17	-37	-97
Share of earnings in associated companies	41	22	167
Write-down of beneficial rights in Modern Entertainment	-	-	-66
Net gain from the sale of SDI Media	-	-	381
Operating income (EBIT)	179	111	1,058
Gain from sales of securities	389	-	15
Dividends from shares	-	-	15
Net other financial revenue and expense	6	-12	-14
Income after financial revenue and expense excluding items relating to the convertible debentures	573	99	1,075
Unrealized exchange rate difference on convertible debentures	-16	-20	10
Interest on convertible debentures	-16	-16	-61
Income before tax	542	63	1,024
Taxes	-63	-18	-278
Net income for the period	479	45	746
Attributable to:			
Equity holders of the parent company	479	45	746
Minority interests	0	0	0
Net income for the period	479	45	746
Shares outstanding at quarter-end, excl convertible and options	66,375,156	66,375,156	66,375,156
Shares outstanding at quarter-end, incl convertible and options	66,375,156	66,375,156	66,375,156
Basic average number of shares outstanding	66,375,156	66,375,156	66,375,156
Fully diluted average number of shares outstanding	66,375,156	66,400,529	66,404,909
Basic earnings per share (SEK)	7.21	0.68	11.23
Fully diluted earnings per share (SEK)	7.21	0.68	11.23

CONSOLIDATED BALANCE SHEET (MSEK)

	2005 31 Mar	**2004 31 Mar**	**2004 31 Dec**
Non-current assets			
Capitalised development expenses	34	35	36
Beneficial rights	143	265	157
Goodwill	855	845	855
Machinery and equipment	109	131	116
Shares and participations	3,386	1,128	1,665
Long-term receivables	287	453	296
	4,815	2,857	3,126
Current assets			
Inventory	1,195	1,156	1,231
Current receivables	1,650	1,326	1,467
Cash, cash equivalents and short-term investments	1,280	367	574
	4,125	2,849	3,273
Total assets	8,940	5,706	6,398
Shareholders' equity			
Restricted equity	3,759	1,885	1,946
Non-restricted equity	1,327	294	838
Minority interests in equity	2	2	1
	5,088	2,182	2,785
Long-term liabilities			
Convertible debenture loan notes 2001/2006	1,079	1,081	1,060
Other interest-bearing liabilities	5	5	5
Long-term provisions	106	248	100
Non-interest-bearing liabilites	8	10	7
	1,198	1,343	1,172
Current liabilities			
Other interest-bearing liabilities	0	150	0
Non-interest-bearing liabilites	2,654	2,030	2,441
	2,654	2,180	2,441
Total shareholders' equity and liabilities	8,940	5,706	6,398

CONSOLIDATED STATEMENT OF CASH FLOWS (MSEK)	2005 Jan-Mar	2004 Jan-Mar	2004 Jan-Dec
Net income for the period	479	45	746
Adjustments to reconcile net income to net cash provided by operations	-347	61	-188
Payment to STIM for years prior to current year	-	-	-103
Changes in working capital	66	-22	123
Net cash flow from operations	197	84	578
Proceeds from sale of shares	513	-	24
Proceeds from sale of shares in subsidiaries	-	-	425
Investments in shares in subsidiaries and associates	-17	-	-496
Investments in other fixed assets	-17	-24	-107
Other cash flow from investing activities	-	-	3
Cash flow to investing activities	480	-24	-150
Net change in loans from banks		-100	-250
Other cash flow from/to financing activities	25	-4	-1
Net change in cash and cash equivalents for the period	701	-44	177
Cash and cash equivalents at the beginning of the year	574	402	402
Translation differencies in cash and cash equivalents	5	8	-4
Cash and cash equivalents at end of the period	1,280	367	574

RECONCILIATION OF SHAREHOLDERS EQUITY (MSEK)	Share capital	Restricted reserves	Non-restricted reserves	Minority interest	Total
Opening balance at 1 January, 2004	332	1,547	267		2,145
Change in accounting principles			-21		-21
Opening balance adjusted for change in accounting principles	332	1,547	245		2,124
Net result for January-December 2004			746		746
Minority interests				1	1
Currency translation differences		-33	-53		-85
Transfer between restricted and non-restricted reserves		100	-100		-
Closing balance 31 December, 2004	332	1,614	838	1	2,785
Change in accounting principles		1,872			1,872
Opening balance adjusted for change in accounting principles	332	3,486	838	1	4,657
Net result for January-March 2005			479		479
Minority interests				0	0
Revaluation of shares at market value		250			250
Sale of shares		-322			-322
Currency translation differences			24		24
Transfer between restricted and non-restricted reserves		13	-13		-
Closing balance 31 March, 2005	332	3,427	1,328	2	5,088

Net sales (SEK million)	Q1 2004	Q2 2004	Q3 2004	Q4 2004	Full Year 2004	Q1 2005	Q2 2005	Q3 2005	Q4 2005	YTD 2005
Viasat Broadcasting										
TV3 Scandinavia	486.7	635.5	493.0	678.0	2,293.2	560.9				560.9
ZTV/3+ Scandinavia	90.1	105.5	90.3	116.2	402.1	107.2				107.2
TV3 Baltics /3+/ Tango TV	60.7	91.6	50.6	99.4	302.2	70.5				70.5
Viasat3 Hungary	7.9	13.4	10.6	15.5	47.4	14.6				14.6
DTV	11.8	15.5	14.7	18.7	60.6	18.1				18.1
Viasat Nordic DTH platform	553.1	551.8	549.8	558.0	2,212.7	570.8				570.8
TV1000 Nordic	172.5	174.0	172.5	181.0	700.0	189.3				189.3
Other Nordic pay-TV channels	33.8	39.7	37.4	41.3	152.2	51.0				51.0
C & E European pay-TV	7.4	8.7	11.0	15.4	42.5	18.6				18.6
Text TV	20.7	20.9	20.7	21.2	83.6	22.5				22.5
Other and eliminations	-279.4	-285.3	-276.4	-243.1	-1,084.2	-262.2				-262.2
	1,165.2	1,371.2	1,174.4	1,501.5	5,212.3	1,361.2				1,361.2
Radio	39.1	60.0	52.1	65.1	216.3	60.3				60.3
Home Shopping	204.7	188.0	188.7	247.3	828.6	245.2				245.2
Modern Studios	165.9	164.0	223.2	275.6	828.7	178.5				178.5
Parent company and other companies	30.3	37.1	23.6	24.7	115.7	34.9				34.9
Eliminations	-129.4	-142.1	-112.2	-169.2	-553.0	-138.0				-138.0
SDI Media and other discontinued businesses	95.1	94.3	0.1	-2.3	187.2	-				-
Group total	1,570.7	1,772.4	1,549.9	1,942.6	6,835.7	1,742.0				1,742.0

Operating income (EBIT) (SEK million)	Q1 2004	Q2 2004	Q3 2004	Q4 2004	Full Year 2004	Q1 2005	Q2 2005	Q3 2005	Q4 2005	YTD 2005
Viasat Broadcasting										
TV3 Scandinavia	-6.0	69.4	-45.8	155.3	172.9	45.5				45.5
ZTV/3+ Scandinavia	-5.9	6.3	-0.1	5.6	5.9	12.6				12.6
TV3 Baltics /3+/ Tango TV	7.0	34.8	0.3	41.9	84.0	8.5				8.5
Viasat3 Hungary	-13.7	-10.3	-11.9	-7.6	-43.6	-9.8				-9.8
DTV	-6.0	-5.9	-2.7	-5.7	-20.3	-5.9				-5.9
Viasat Nordic DTH platform	74.8	48.9	26.6	45.3	195.7	76.0				76.0
TV1000 Nordic	58.7	48.4	57.5	35.6	200.2	63.0				63.0
Other Nordic pay-TV channels	-5.1	-9.5	-12.7	1.3	-26.0	-16.3				-16.3
C & E European pay-TV	-1.4	-5.7	-6.9	-8.8	-22.8	-5.2				-5.2
Text TV	9.1	8.7	9.1	9.6	36.4	9.9				9.9
Other and eliminations	1.2	3.2	2.3	1.6	8.3	1.9				1.9
Associated companies	19.6	24.1	35.6	66.8	146.1	35.3				35.3
	132.3	212.2	51.4	340.9	736.9	215.8				215.8
Radio	-10.4	5.3	0.3	-6.4	-11.3	-15.0				-15.0
Associated companies	0.9	2.7	6.6	3.6	13.8	5.8				5.8
	-9.4	8.0	6.9	-2.9	2.6	-9.1				-9.1
Home Shopping	8.6	5.9	-1.5	4.2	17.2	16.9				16.9
Modern Studios	7.3	15.3	45.1	-45.9	21.8	-18.2				-18.2
Parent company and other companies	-38.0	-44.7	-15.6	-25.7	-124.0	-26.8				-26.8
Associated companies	-	-	-	1.7	1.7	-				-
	-38.0	-44.7	-15.6	-24.0	-122.3	-26.8				-26.8
Eliminations	-	-	-	-	-	-				-
SDI Media and other discontinued operations	10.0	13.4	-2.2	-0.5	20.6	-				-
Net gain from the sale of SDI Media	-	-	380.7	-	380.7	-				-
Group total	110.6	210.2	464.9	271.8	1,057.5	178.5				178.5

<u>DESCRIPTION OF CHANGES IN THE GROUP´S ACCOUNTING PRINCIPLES DUE TO IMPLEMENTATION OF IFRS, AND RECONCILIATION TO IFRS</u>

Accounting principles – significant changes

The most important changes to the Group's accounting principles are described below:

IFRS 3/IAS 36 Goodwill

After adopting IFRS, goodwill is 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 2004 acquired goodwill in associated companies has been allocated to other identifiable intangible assets.

IAS 39 Financial instruments

The Group's shareholdings in listed companies, i.e. TV4 AB and Metro International S.A., were valued at market price with effect from 1 January 2005. Subsequent changes in the market values impact directly on Equity and are not shown in the profit and loss account.

IAS 23 Borrowing costs

Prepaid borrowing costs for the convertible debenture loan notes are 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.

IAS 36/38 Impairment of Assets/Intangible assets

The methodology of valuing certain assets has been changed, and primarily impacts the valuation of beneficial film rights. Impairment tests on Sonet's film rights are now made on an individual basis, compared to impairment tests of the total library under the previous accounting principles.

TRANSITION TO IFRS - RECONCILIATION

CONSOLIDATED INCOME STATEMENT (MSEK)	**Note**	**2004 Jan-Mar**	**Adjustment for IFRS**	**IFRS 2004 Jan-Mar**
Net sales		1,571		1,571
Cost of goods and services		-1,022		-1,022
Gross income		549		549
Selling and administrative expenses		-424		-424
Other operating revenues		1		1
Other operating expenses	1	-61	24	-37
Share of earnings in associated companies	2	20	2	22
Write-down of beneficial rights in Modern Entertainment		-		-
Net gain from the sale of SDI Media		-		-
Operating income (EBIT)		85	26	111
Gain from sale of securities		-		-
Dividends from shares		-		-
Interest on STIM fee 1993-1998 according to ruling		-		-
Net other financial revenue and expense		-12		-12
Income after financial revenue and expense excluding items relating to the convertible debentures		73	26	99
Unrealized exchange rate difference on convertible debentures		-20		-20
Interest on convertible debentures		-16		-16
Income before tax		37	26	63
Taxes	3	-14	-3	-18
Minority interest	4	0	0	-
Net income for the period		22	23	45
Basic and fully diluted earnings per share (SEK)		0.33	0.34	0.68
Attributable to:				
Equity holders of the parent company		22	23	45
Minority interests	4	0	0	0
Net income for the period		22	23	45

CONSOLIDATED BALANCE SHEET (MSEK)	Note	2004 31 Mar	Adjustment for IFRS	IFRS 2004 31 Mar
Non-current assets				
Capitalised development expenses		35		35
Beneficial rights	5	295	-30	265
Goodwill	6	822	24	845
Machinery and equipment		131		131
Shares and participations	7	1,127	1	1,128
Long-term receivables	8	445	8	453
		2,854	3	2,857
Current assets				
Inventory		1,156		1,156
Current receivables	9	1,354	-28	1,326
Cash, cash equivalents and short-term investments		367		367
		2,877	-28	2,849
Total assets		5,731	-25	5,706
Shareholders' equity				
Restricted equity		1,885		1,885
Non-restricted equity	10	292	3	294
Minority interests in equity	11	-	2	2
		2,177	5	2,182
Minority interests	11	2	-2	-
Provisions	12	245	-245	-
Long-term liabilities				
Convertible debenture loan notes 2001/2006	9	1,112	-31	1,081
Other interest-bearing liabilities		5		5
Long-term provisions	12	-	248	248
Non-interest-bearing liabilites		10		10
		1,127	-28	1,343
Current liabilities				
Other interest-bearing liabilities		150		150
Non-interest-bearing liabilites		2,030		2,030
		2,180		2,180
Total shareholders' equity and liabilities		5,731	-25	5,706

Notes to the adjustments

Note 1
Goodwill will be subject to impairment tests and goodwill amortization has been discontinued. The amount of SEK 24 million comprises amortization of goodwill arising from the acquisitions of subsidiaries.

Note 2
Indirect goodwill amortization arising from shares in associated companies has been discontinued and is subject to impairment tests. Analysis of the acquisitions made during 2004 have been carried out, and the Group has identified a smaller part of the acquired goodwill as identifiable intangible assets, which will be amortized according to plan.
The share of equity participation in associates are reported in accordance with the IFRS accounting principles.

Note 3
Deferred tax refers to amortization of goodwill in legal entities.

Note 4
In accordance with IFRS, deductions are not made for the minority interests in the Income Statement. Instead, a distribution is made between the parent company's shareholders and the minority interests , which is reported adjacent to the Income Statement.

Note 5
The methodology for valuing certain assets has been changed and primarily impacts the valuation of Beneficial film rights. Impairment tests on 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. The Balance sheet is affected as follows:

Beneficial film rights	-30
Deferred tax receivables	8
Net effect on equity	-22

Note 6
Goodwill has not been recalculated for acquisitions made before 1 January, 2004. Impairment tests on this goodwill have been made during 2004.

Note 7
Indirect goodwill arising from the acquisition of shares in associated companies has not been recalculated for acquisitions made before 1 January, 2004. A smaller part of the acquired goodwill in associated companies has been allocated to other identifiable intangible assets in 2004. The associated companies' accounting principles have been changed according to IFRS and certain changes has been reported directly to equity. The latter primarily refers to pension costs. The Balance sheet is affected as follows:

Shares and participations	1
Net effect on equity	1

Note 8
Deferred tax receivable refers to the effect of the valuation of beneficial rights.

Note 9
Prepaid borrowing costs for the convertible debenture loan notes have been recalculated at the effective interest rate.
A reclassification of the prepaid borrowing costs has been made and netted off against the convertible loan notes liability in the Balance sheet. The Balance sheet is affected as follows:

Prepaid borrowing costs	-28
Convertible debenture loan	31
Net effect on equity	3

Note 10
Unrestricted equity has been adjusted as a result of the adoption of IFRS. The adjustment can be divided into the following:

Adjustment of beneficial rights, note 5	-30
Adjustment of goodwill amortization for subsidiaries, note 1 and 6	24
Adjustment of equity participation in associated companies, note 2 and 7	1
Deferred tax receivables, note 8	8
Recalculation of borrowing costs, note 9	3
Deferred tax liability, note 3 and 12	-3
Net effect on equity	3

Note 11
Due to the adoption of IFRS, minority interests are classified within Equity.

Note 12
The 'Provisions' reporting line has been discontinued and the items have been transferred to long-term liabilities.
Deferred tax liabilities arising from acquired goodwill reported in legal entities have been identified.

CONSOLIDATED INCOME STATEMENT (MSEK)	Note	2004 Jan-Dec	Adjustment to IFRS	IFRS 2004 Jan-Dec
Net sales		6,836		6,836
Cost of goods and services		-4,481		-4,481
Gross income		2,355		2,355
Selling and administrative expenses		-1,687		-1,687
Other operating revenues		6		6
Other operating expenses	1	-188	91	-97
Share of earnings in associated companies	2	154	13	167
Write-down of beneficial rights in Modern Entertainment		-66		-66
Net gain from the sale of SDI Media		381		381
Operating income (EBIT)		954	104	1,058
Gain from sale of securities		15		15
Dividends from shares		15		15
Net other financial revenue and expense		-14		-14
Income after financial revenue and expense excluding items relating to the convertible debentures		971	104	1,075
Unrealized exchange rate difference on convertible debentures		10		10
Interest on convertible debentures		-61		-61
Income before tax		920	104	1,024
Taxes	3	-266	-12	-278
Minority interest	4	0	0	-
Net income for the period		654	92	746
Basic and fully diluted earnings per share (SEK)		9.85	1.38	11.23
Attributable to:				
Equity holders of the parent company		654	92	746
Minority interests	4	-	0	0
Net income for the period		654	92	746

CONSOLIDATED BALANCE SHEET (MSEK)	Note	2004 31Dec	Adjustment to IFRS	IFRS 2004 31Dec
Non-current assets				
Capitalised development expenses		36		36
Beneficial rights	5	187	-30	157
Goodwill	6	764	91	855
Machinery and equipment		116		116
Shares and participations	7	1,654	11	1,665
Long-term receivables	8	287	8	296
		3,045	81	3,126
Current assets				
Inventory		1,231		1,231
Current receivables	9	1,486	-19	1,467
Cash, cash equivalents and short-term investments		574		574
		3,291	-19	3,273
Total assets		6,336	62	6,398
Shareholders' equity				
Restricted equity		1,946		1,946
Non-restricted equity	10	768	70	838
Minority interests in equity	11	-	1	1
		2,714	72	2,785
Minority interests	11	1	-1	-
Provisions	12	87	-87	-
Long-term liabilities				
Convertible debenture loan notes 2001/2006	9	1,081	-20	1,060
Other interest-bearing liabilities		5		5
Long-term provisions	12	-	100	100
Non-interest-bearing liabilites		7		7
		1,093	79	1,172
Current liabilities				
Other interest-bearing liabilities		-		-
Non-interest-bearing liabilites		2,441		2,441
		2,441		2,441
Total shareholders' equity and liabilities		6,336	62	6,398

Notes to the adjustments

Note 1
Goodwill will be subject to impairment tests and the goodwill amortization has been discontinued. The amount of SEK 91 million comprises amortization of goodwill arising from the acquisitions of subsidiaries.

Note 2
Indirect goodwill amortization arising from shares in participations has been discontinued and is subject to impairment tests. Analysis of the acquisitions made during 2004 have been carried out, and the Group has identified a smaller part of the acquired goodwill as identifiable intangible assets, which will be amortized according to plan.
The share of equity participation in associates are reported in accordance with the IFRS accounting principles.

Note 3
Deferred tax refers to amortization of goodwill in legal entities.

Note 4
In accordance with IFRS, deductions are not made for the minority interests in the Income Statement. Instead, a distribution is made between the parent company's shareholders and the minority interests, which is reported adjacent to the Income Statement.

Note 5
The methodology for valuing certain assets has been changed and primarily impacts the valuation of Beneficial film rights. Impairment tests on 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. The Balance sheet is affected as follows:

Beneficial film rights	-30
Deferred tax receivables	8
Net effect on equity	-22

Note 6
Goodwill has not been recalculated for acquisitions made before 1 January, 2004. Impairment tests on this goodwill have been made during 2004.

Note 7
Indirect goodwill arising from the acquisition of shares in associated companies has not been recalculated for acquisitions made before 1 January, 2004. A smaller part of the acquired goodwill in associated companies has been allocated to other identifiable intangible assets in 2004. The associated companies' accounting principles have been changed according to IFRS and certain changes has been reported directly to equity. The latter primarily refers to pension costs. The Balance sheet is affected as follows:

Shares and participations	11
Net effect on equity	11

Note 8
Deferred tax receivable refers to the effect of the valuation of beneficial rights.

Note 9
Prepaid borrowing costs for the convertible debenture loan notes have been recalculated at the effective interest rate. A reclassification of the prepaid borrowing costs has been made and netted off against the convertible loan notes liability in the Balance sheet. The Balance sheet is affected as follows:

Prepaid borrowing costs	-19
Convertible debenture loan	20
Net effect on equity	2

Note 10
Unrestricted equity has been adjusted as a result of the adoption of IFRS. The adjustment can be divided into the following:

Adjustment of beneficial rights, note 5	-30
Adjustment of goodwill amortization for subsidiaries, note 1 and 6	91
Adjustment of equity participation in associated companies, note 2 and 7	11
Deferred tax receivables, note 8	8
Recalculation of borrowing costs, note 9	2
Deferred tax liability, note 3 and 12	-12
Net effect on equity	70

Note 11
Due to the adoption of IFRS, minority interests are classified within Equity.

Note 12
The 'Provisions' reporting line has been discontinued and the items have been transferred to long-term liabilities.
Deferred tax liabilities arising from acquired goodwill reported in legal entities have been identified.