

TVN S.A.

INTERIM REPORT
FOR THE THREE MONTHS
ENDED MARCH 31, 2009



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Introduction and Definitions

We have prepared this interim report as required by Section 4.16 of the Indenture for our Senior Notes, dated December 2, 2003, as amended. We have also included information we are required to disclose to our shareholders as a public company in Poland in order to ensure consistent disclosure to both bondholders and shareholders.

Our registered office is located at 166 Wiertnicza Street, 02-952 Warsaw, Poland.

In this interim report “we”, “us”, “our”, the “TVN Group” and the “Group” refer, as the context requires, to TVN S.A. and its consolidated subsidiaries; the “Company” refers to TVN S.A.; “Grupa Onet” refers to Grupa Onet.pl S.A., owner of the leading Polish Internet portal Onet.pl, which we acquired in July 2006; “Mango Media” refers to Mango Media Sp. z o.o., a teleshopping company, which we acquired in May 2007; “ITI Neovision” refers to ITI Neovision Sp. z o.o. owner and operator of the ‘n’ DTH platform, which we control since March 11, 2009, “guarantors” refers collectively to the Company and Grupa Onet and “guarantor” refers to each of them individually, “TVN” refers to our free-to-air broadcast channel; “TVN 7” refers to our free satellite and cable channel; “TVN 24” refers to our TVN 24 news channel; “TVN Turbo” refers to our automotive channel; “TVN Meteo” refers to our weather channel; “TVN Style” refers to our health and beauty channel; “ITVN” refers to our Polish language channel that broadcasts to viewers of Polish origin residing abroad; “TVN Lingua” refers to our language teaching channel; “Discovery Historia” refers to the history channel which we operate in cooperation with Discovery Networks Poland; “Telezakupy Mango 24” refers to our teleshopping channel and “NTL Radomsko” refers to the regional channel that we purchased in 2007 and 2005, respectively; “TVN CNBC Biznes” refers to our business channel which we operate in cooperation with CNBC; “TVN Warszawa” refers to our television channel targeted at Warsaw inhabitants, which we launched in December 2008; “Onet.pl” refers to the Internet portal Onet.pl purchased in 2006; “TVN24.pl” refers to our Internet news vortal launched in March 2007; “Zumi.pl” refers to our interactive yellow pages portal, launched in April 2007; “Plejada.pl” refers to our multimedia Internet vortal, launched in March 2008; “tvnmed.pl” refers to an educational Internet platform directed to Polish physicians; “‘n’ DTH platform” or “‘n’” refers to a new generation digital satellite platform, launched in October 2006; “Neovision Holding” refers to Neovision Holding B.V., a company registered in Amsterdam, the Netherlands, the sole shareholder of ITI Neovision, which owns and operates the ‘n’ DTH platform in Poland; “TNK” refers to a new pre-paid digital television service, “Telewizja na kartę”, owned and operated by ITI Neovision, launched in October 2008; “Senior Notes” and “notes” refer to the 9.5% senior notes that TVN Finance issued on December 2, 2003; “TVN Finance” refers to our subsidiary, TVN Finance Corporation plc.; “PLN bonds” refers to a PLN 500,000 bond issued by TVN S.A. on June 23, 2008; “Loan Facility” refers to a loan facility of PLN 200,000 with Bank Pekao S.A.; “Shares” refers to our existing ordinary shares traded on the Warsaw Stock Exchange.

Forward-Looking Statements

This interim report contains “forward-looking statements,” as such term is defined under the U.S. federal securities laws, relating to our business, financial condition and results of operations. You can find many of these statements by looking for words such as “may,” “will,” “expect,” “anticipate,” “believe,” “estimate” and similar words used in this interim report. By their nature, forward-looking statements are subject to numerous assumptions, risks and uncertainties. Accordingly, actual results may differ materially from those expressed or implied by the forward-looking statements. We caution readers not to place undue reliance on such statements, which apply only as of the date of this interim report.

You should consider the cautionary statements set out above in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue. We do not undertake any obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this quarterly report.

All references to Euro or €, U.S. Dollar or \$ and Złoty or PLN are in thousands, except share and per share data, or unless otherwise stated.

PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis provides information concerning our results of operations and financial condition. You should read such discussion and analysis of financial condition and results of operations in conjunction with our accompanying interim condensed consolidated financial statements, including the notes thereto. The following discussion focuses on material trends, risks and uncertainties affecting our results of operations and financial condition.

Executive Summary

Impact of Changes in Our Structure on the Reported Results

On March 11, 2009, as a result of an agreement with our controlling shareholder ITI Media Group N.V. ("ITI Media Group"), which is a wholly owned subsidiary of our ultimate controlling company, ITI Holdings S.A. ("ITI Holdings"), and Neovision Holding B.V. we took control over ITI Neovision Sp. z o.o., owner and operator of the 'n' DTH platform. Our financial results for the three months ended March 31, 2009 are not fully comparable to the financial results for the corresponding period of 2008. Our results for the three months ended March 31, 2009 include our share of the net loss of ITI Neovision, the operator of the 'n' DTH platform, for the period between January 1 and March 11, 2009, and full financial results of ITI Neovision, the operator of the 'n' DTH platform, for the period between March 11 and March 31, 2009. The results for the corresponding period of 2008 do not include any financial results of ITI Neovision, 'n' DTH platform. To make the comparison between periods more meaningful, we have specifically identified the impact of this change, where material, in the period to period comparison.

Three Months Ended March 31, 2009

We estimate that the television advertising market in Poland in the three months ended March 31, 2009 decreased by 5.9% compared to the corresponding period of 2008.

The principal events of the three months ended March 31, 2009, were as follows:

- On March 11, 2009, we took control over Neovision Holding, the sole shareholder of ITI Neovision, which owns and operates the 'n' DTH platform including a new pre-paid digital television service, "Telewizja na kartę". We increased our direct ownership interest in Neovision Holding to 51%.
- The 'n' DTH platform increased its postpaid subscriber base by over 49,000 (not in thousands) in the three months ended March 31, 2009. As of March 31, 2009, 'n' DTH platform had signed up over 549,000 (not in thousands) postpaid subscribers of which over 544,000 (not in thousands) had been activated. In March 2009, the 'n' DTH platform recorded a monthly average revenue per subscriber (ARPU) of PLN 56 (not in thousands), compared to PLN 56 (not in thousands) in December 2008.
- "Telewizja na kartę" ("TNK") had sold over 175,000 (not in thousands) access cards and increased its prepaid subscribers base by over 88,000 (not in thousands) in the three months ended March 31, 2009. As of March 31, 2009, TNK had 180,000 (not in thousands) prepaid subscribers. The 'n' DTH platform including TNK, had reached a total subscriber number of 724,000 (not in thousands) as of March 31, 2009.

- Our share in the net television advertising market increased to 35.2%, from 33.8% in the corresponding period of 2008.
- Our TVN channel's all day key target group audience share increased to 21.9%, from 21.7% in the corresponding period of 2008. TVN channel was the only nationwide channel to grow its audience share.
- Our TVN channel maintained its leadership in the basic commercial target group, being the most widely watched television channel in Poland in peak time with audience share of 19.7%.
- TVN 24 increased its audience share in its key target group in all categories. All day audience share increased to 4.8%, from 4.7%, *prime time* audience share increased to 3.9%, from 3.6%, and *peak time* audience share to 3.7%, from 3.6%, in the corresponding period of 2008.
- Our internet portal, Onet.pl, increased its average monthly number of real users for the two month period ended February 28, 2009 to 9.8 million, from 9.7 million in the corresponding period of 2008. Average monthly time spent in our portal was 69 million hours in 2009 and 2008 (all data not in thousands).
- Our net revenue increased by 8.4% to PLN 435,122, from PLN 401,561 in the corresponding period of 2008. Excluding the revenue of ITI Neovision, our revenue increased by 3.0% to PLN 413,701.
- Mango Media, our teleshopping business, increased revenue by 29.1% to PLN 16,040 in the three months ended March 31, 2009.
- Our operating profit increased by 61.2% to PLN 174,406. Our operating margin was 40.1%. Excluding gains arising on the acquisition of control in ITI Neovision our operating profit decreased by PLN 44,485 or 41.1% to PLN 63,716 and our operating margin was 14.6%.
- Our EBITDA increased by 58.9% to PLN 201,507, from PLN 126,791 in the corresponding period of 2008. Our EBITDA margin was 46.3%, as compared to 31.6% in the corresponding period of 2008. Excluding gains arising on the acquisition of control in ITI Neovision our EBITDA decreased by PLN 35,974 or 28.4% to PLN 90,817 and our EBITDA margin was 20.9%.
- We recorded a loss attributable to the owners of TVN S.A., of PLN 29,071, compared to a profit attributable to the owners of TVN S.A. of PLN 63,440 in the corresponding period of 2008.
- Our Net debt to EBITDA ratio as of March 31, 2009 was 1.6. We held PLN 481,475 of cash and cash equivalents, including cash at bank, cash in hand, short-term treasury notes and bank deposits as of March 31, 2009. We paid PLN 88,441 to ITI Neovision and PLN 42,110 to Neovision Holding on April 1, 2009, as a result of increasing our share in the 'n' DTH platform. If this payment had taken place on March 31, 2009, our Net debt to EBITDA ratio at that date would have been 1.7.
- In March 2009, we decided to apply to the National Broadcasting Council for consent to cease broadcast of the TVN Lingua channel beginning on July 15, 2009 due to its failure to achieve profitability targets.

- In March 2009, our movie, “Kochaj i Tańcz”, attracted a record breaking number of cinema goers during its opening weekend, when 393,803 (not in thousands) people watched the movie at cinemas which was the best result for a Polish movie since 1999. Over 1.3 million people had seen our movie as of May 10, 2009.

Summary Historical Financial Data

The following table sets out our consolidated financial information for the three months ended March 31, 2009 and 2008. You should read the information in conjunction with the interim condensed consolidated financial statements and Operating and Financial Review presented in this interim report. We changed the classification of certain items in our income statement and cash flow statement for the three months ended March 31, 2008 to ensure comparability of information.

For your convenience, Złoty amounts as of March 31, 2009 and 2008 have been converted into Euro at a rate of PLN 4.7013 per €1.00 (the effective National Bank of Poland, or “NBP”, exchange rate on March 31, 2009). Złoty amounts for the three months ended March 31, 2009 and 2008 have been converted into Euro at a rate of PLN 4.5994 per €1.00 (arithmetic average of the effective NBP exchange rates on January 31, 2009, February 28, 2009 and March 31, 2009, subsequently). You should not view such conversions as a representation that such Złoty amounts actually represent such Euro amounts, or could be or could have been converted into Euro at the rates indicated or at any other rate. All amounts, unless otherwise indicated, in this table and the related footnotes are shown in thousands.

	<u>Three months ended March 31,</u>			
	<u>2008</u> PLN	<u>2008</u> Euro	<u>2009</u> PLN	<u>2009</u> Euro
Income Statement data				
Revenue	401,561	87,307	435,122	94,604
Operating profit	108,201	23,525	174,406	37,919
Profit/(loss) before income tax	81,379	17,693	(43,315)	(9,418)
Adjusted profit/(loss) attributable to the owners of TVN S.A.	74,147	16,121	(29,071)	(6,321)
Profit/(loss) attributable to the owners of TVN S.A.	63,440	13,793	(29,071)	(6,321)
Cash Flow Data				
Net cash generated from operating activities	129,194	28,089	28,885	6,280
Net cash (used in)/ generated from investing activities	(24,163)	(5,254)	68,065	14,799
Net cash (used in)/ generated from financing activities	(27,854)	(6,056)	48,075	10,452
Increase in cash and cash equivalents	77,177	16,780	145,025	31,531
Weighted average number of ordinary shares in issue (not in thousands)	347,400,530	347,400,530	343,941,052	343,941,052
Weighted average number of potential ordinary shares in issue (not in thousands)	353,211,070	353,211,070	343,941,052	343,941,052
Earnings/ (losses) per share attributable to the owners of TVN S.A. (not in thousands)	0.18	0.04	(0.08)	(0.02)
Earnings/ (losses) per share attributable to the owners of TVN S.A. excluding revaluation of embedded option (not in thousands)	0.21	0.05	(0.08)	(0.02)
Diluted earnings/ (losses) per share attributable to the owners of TVN S.A. (not in thousands)	0.18	0.04	(0.08)	(0.02)
Dividend paid or declared per share (not in thousands)	0.37	0.08	0.49	0.11
Other Data				
EBITDA*	126,791	27,567	201,507	43,812
EBITDA margin	31.6%	31.6%	46.3%	46.3%
Operating margin	26.9%	26.9%	40.1%	40.1%
Balance Sheet Data				
	As of December 31, 2008	As of December 31, 2008	As of March 31, 2009	As of March 31, 2009
Total assets	3,753,174	798,327	4,618,881	982,469
Current assets	1,201,394	255,545	1,186,112	252,294
Non-current liabilities	1,637,872	348,387	2,520,615	536,153
Current liabilities	468,348	99,621	867,323	184,486
Shareholders equity	1,646,954	350,319	1,562,235	332,298
Share capital	69,903	14,869	69,903	14,869
Non-controlling interest	-	-	(331,292)	(70,468)

* We define EBITDA as net profit/(loss), as determined in accordance with IFRS, before depreciation and amortization (other than for programming rights), impairment charges and reversal on property, plant and equipment and intangible assets, finance expenses or investment income, net (including interest income and expense and foreign exchange gains and losses), income taxes and share of net results of associates. The reconciling item between EBITDA and reported operating profit is depreciation and amortization expense and impairment charges and reversal on property, plant and equipment and intangible assets, included in the table above. We believe EBITDA serves as a useful supplementary financial indicator in measuring the liquidity of media companies. EBITDA is not an IFRS measure and should not be considered as an alternative to IFRS measures of net profit/(loss), as an indicator of operating performance, as a measure of cash flow from operations under IFRS, or as an indicator of liquidity. You should note that EBITDA is not a uniform or standardized measure and the calculation of EBITDA, accordingly, may vary significantly from company to company, and by itself our presentation and calculation of EBITDA may not be comparable to that of other companies.

Financial Reporting and Accounting

Commencing January 1, 2005, public companies in Poland are required to prepare consolidated financial statements in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union. As of March 31, 2009, there were no differences between IFRS as adopted by the European Union and IFRS as promulgated by the International Accounting Standards Board as applied to the TVN Group’s consolidated financial statements, other than with respect to the revision to IFRS 3 “Business combinations” and amendment to IFRS 7 “Improving Disclosures”. However, certain standards and the International Financial Reporting Interpretations Committee (“IFRIC”) interpretations not effective as at March 31, 2009 had not been endorsed by the European Union at that date.

Our financial statements are prepared in Złoty, or “PLN”.

Our interests in TVN Finance, Grupa Onet Grupa Onet Poland Holding BV, Dream Lab Onet.pl Sp. z o.o., SunWeb Sp. z o.o., Media Entertainment Ventures International Limited, NTL Radomsko, Tivien Sp. z o.o., El-Trade Sp. z o.o., Mango Media and Thema Film Sp. z o.o., and, since March 11, 2009, ITI Neovision, Cyfrowy Dom Sp. z o.o., Neovision UK Ltd. and Neovision Holding are fully consolidated in accordance with IFRS. Our interest in Polski Operator Telewizyjny Sp. z o.o., Discovery TVN Ltd and MGM Channel Poland Ltd. are consolidated based on the proportionate consolidation method. Our interest in Polskie Badania Internetu Sp. z o.o. and for the period between January 1 and March 11, 2009, Neovision Holding are consolidated using the equity consolidation method. Our fiscal year ends on December 31.

Introduction

TVN was incorporated in Poland in 1995 as a limited liability company, TVN Sp. z o.o., and launched its television broadcasting activities in October 1997. In 2004, TVN Sp. z o.o. was transformed into a Polish joint-stock company (Spółka Akcyjna), TVN S.A. We are governed by the provisions of the Polish Commercial Law, and are registered in the National Court Register maintained by the District Court in Warsaw, XIII Economic Department of National Court Register, under entry no. KRS 0000213007. Our business purpose is to conduct all activities related to the television industry as set out in § 5 of our Articles of Association.

Our registered and principal administrative office is located at ul. Wiertnicza 166, 02-952 Warsaw, Poland. Our telephone number is +48 22 856 60 60.

We are the leading privately owned media group in Poland active in television, broadcasting and production, including operation of a digital satellite platform, Internet and teleshopping. We currently own and operate thirteen television channels: TVN, TVN 7, TVN24, TVN Meteo, TVN Turbo, ITVN, TVN Style, TVN Lingua, Discovery Historia, Telezakupy Mango 24, NTL Radomsko, TVN CNBC Biznes and TVN Warszawa. TVN, our principal free-to-air channel, is recognized in the Polish market as a leading television broadcaster of high quality entertainment and comprehensive independent news and current affairs programs. TVN7 is an entertainment channel that complements TVN’s offer by broadcasting feature films, television series and game shows. TVN24 channel is the first 24-hour news and current affairs television channel in Poland. TVN CNBC Biznes is our business news channel, launched in cooperation with CNBC Europe. TVN Meteo is Poland’s first dedicated weather channel. TVN Turbo is a genre thematic channel aimed at male viewers. TVN Style is a thematic channel focused on life styles, health and beauty, aimed at female viewers. Discovery Historia is our historical channel, launched in cooperation with

Discovery Networks. TVN Lingua is our educational, language teaching channel. Telezakupy Mango is the only, all day, teleshopping channel in Poland. ITVN is a television channel that targets viewers of Polish origin living abroad. This channel is available in Europe, Northern America and Australia. NTL is a local television channel addressed to residents of Radomsko and the surrounding areas. TVN Warszawa is a local television channel focused on Warsaw and its inhabitants. Our channels maximize their operational efficiencies by sharing programming content, infrastructure and know-how.

We own Group Onet, which operates Onet.pl, the largest and the most popular internet portal in Poland, together with its thematic services: news, sport, music and others. In March 2007, we launched tvn24.pl, the first news vortal in Poland, which combines text, voice and video services. During 2007, we launched a yellow pages service – at Zumi.pl. Grupa Onet also operates Sympatia.pl, the largest dating portal in Poland as well as the largest blogging service, blog.onet.pl. In March 2008, we launched plejada.pl, an interactive multimedia site dedicated to show-business, and tvnmed.pl an educational Internet platform directed to Polish physicians.

We control the 'n' DTH platform, a new generation digital satellite platform launched in October 2006, offering pay television services in Poland. As of March 31, 2009, the 'n' DTH platform had signed up over 549,000 (not in thousands) postpaid subscribers of which over 544,000 had been activated. Since October 2008, the 'n' DTH platform has operated TNK, a prepaid service received by 180,000 customers (not in thousands) as of March 31, 2009.

Revenue

Advertising Revenue

We derive a substantial portion of our revenue from television and online advertising. During the three months ended March 31, 2009, we derived approximately 66.9% of our total net revenue from commercial television and online advertising, compared with 76.1% in the corresponding period of 2008.

Commercial Television Advertising Revenue

We sell most of our commercial television advertising through media houses and independent agencies. In the current Polish advertising market, advertisers tend to allocate their television advertising budgets between channels based on each channel's audience share, audience demographic profile and pricing policy.

In order to provide flexibility to our customers, we offer advertising priced on two different bases. The first basis is rate-card, which reflects the timing and duration of an advertisement. The second basis is cost per "gross rating point", which we refer to in this report as a "GRP". As applied to Poland, one GRP is equal to 186,570 (not in thousands) inhabitants in the basic commercial target group (16-49). Currently, the majority of our advertising is sold based on a rate card basis.

Rate-card pricing. During the three months ended March 31, 2009, we derived 57.7% of our advertising revenue from sales based on rate card pricing, compared with 80.9% in the corresponding period of 2008. Advertising priced on a rate-card basis is applied to advertisements scheduled at a specific time. The cost of such advertising is based on the length of the advertisement, the time of day and the season during which the advertisement is shown. Consistent with industry practice, we provide an incentive rebate on rate-card prices to a number of advertising agencies and their clients.

Cost per GRP pricing. During the three months ended March 31, 2009, we derived 42.3% of our advertising revenue from sales of GRP packages, compared with 19.1% in the corresponding period of 2008. Advertising priced on a cost per GRP basis allows an advertiser to specify the number of gross ratings points that it wants to achieve with its advertisement within a defined period of time. We schedule the timing of the airing of the

advertisements during such defined period of time, usually one month in advance of broadcast, in a manner that enables us both to meet the advertiser's GRP target and to maximize the use and profitability of our available advertising programming time. The price per GRP package varies depending on the demographic group that the advertisement is targeting, the flexibility given to us by advertisers in scheduling their advertisements and the rebates we offer to advertising agencies and their clients. GRP package sales generally allow for better inventory management than rate-card pricing and optimize the net price per GRP achieved. Generally, we structure GRP packages to ensure higher sales of advertising spots during the daily off-peak period (for example, for each GRP purchased during peak time, the client must purchase at least one GRP during off-peak time).

We usually schedule specific advertisements one month in advance of broadcast. Prices that advertisers pay, whether they purchase advertising time on a GRP package or rate-card basis, tend to be higher during peak viewing months such as October and November than during off-peak months such as July and August. Consistent with television broadcasting industry practice, and in order to optimize ratings and revenue, we do not sell all of our legally available advertising time. During the period ended March 31, 2009, we tended to sell over 93.6% of peak-time advertising spots on our TVN channel and over 62.2% of non-peak-time advertising spots. We record our advertising revenue at the time the relevant advertisement is broadcast. As is common in the television broadcasting industry, we provide advertising agencies and advertisers with an incentive rebate. We recognize advertising revenue net of rebates.

Online Advertising Services

We sell the majority of our online advertising services through media houses.

We derive most of our online advertising revenue from the sale of online display advertising through products which include, among others, the display of rich media advertisements, display of text-based links to advertisers' websites (search engine marketing), and e-commerce based transactions.

Display of advertisements. We generate revenue related to the display of advertisements on the Onet.pl websites, Zumi.pl, Plejada.pl and TVN24.pl portals and also on the websites of our business partners, who integrate our contextual offering of OnetKontekst into their websites as "impressions" are delivered. An "impression" is delivered when an advertisement appears in pages actually viewed by users.

Display of text based links to advertisers' websites. We generate revenue from the display of text-based links to the websites of our advertisers, which are placed on the Onet websites, and OnetKontekst websites. We recognize revenue from these arrangements as "click-through" occurs. A "click-through" occurs when a user clicks on an advertiser's listing.

E-commerce based transactions. Advertising revenue also includes transaction revenue, which is generated from facilitating e-commerce transactions through the Onet websites. We recognize transaction revenue when there is evidence that qualifying transactions have occurred, for example, when an order is placed through Onet.pl's Shopping Mall.

Online directory services. Advertising revenue also includes revenue from the sale of online directory services on Zumi.pl, including text-based links, banners, rich media and other forms of Internet advertising. Payments for services are collected upfront. We recognize revenue over the period when the services are provided.

In order to provide flexibility to our customers, we offer our online advertising services priced on several models, including cost per mille, or "CPM", flat (paid per period of exposure), cost per click, or "CPC", cost per action, or "CPA"-like, and their hybrids. The majority of our online advertising services sales are done on a "CPM" basis.

Cost per mille (CPM). Advertisements purchased on a CPM basis are priced on an impressions basis, where the advertiser pays for the number of ad impressions ordered and delivered on specific Onet.pl websites. An “impression” is delivered when an advertisement appears in pages actually viewed by users. The minimum amount of impressions an advertiser can buy is 1,000 (mille).

Flat fee pricing. Advertisements priced on a flat fee basis are displayed for a period of time, specified by the advertiser.

Cost per click (CPC). In the CPC model, advertisers pay based on the number of times users click on the advertisement.

Cost per action (CPA). In the CPA model, advertisers pay based on the nature of the action the user takes. For example such payments could be based on whether a user orders a product or registers in a database.

Occasionally, we enter into transactions pursuant to which we exchange advertising time for goods and services, such as advertising in other media, Internet and television content. We record such barter transactions at fair market value of the goods or services received. Barter transactions represented approximately 1.3% of our revenue in the three months ended March 31, 2009 and 1.2% in the corresponding period of 2008.

Subscription Fees from Satellite and Cable Operators

We also generate revenue from the sale of licenses granting digital satellite platform and cable operators the right to distribute our channels’ programming content to subscribers to their respective services. During the three months ended March 31, 2009, approximately 10.6%, of our total net revenue came from such fees compared with 7.6% in the corresponding period of 2008.

Generally, our agreements with digital platform and cable television operators specify the rates at which we charge the operators for each subscriber to a given digital platform or cable television service who paid for one of our channels during the relevant reporting period, which we refer to as per-subscriber-rate. We calculate the monthly license fee that a digital platform or cable operator pays us by multiplying the applicable per-subscriber-rate by the average number of digital platform or cable subscribers who paid for one of our channels during the relevant reporting period.

Subscription Fees from Subscribers to Our Digital Satellite Platform Services

Revenue from subscription fees are monthly fees paid by customers of the ‘n’ DTH platform to access programming packages and video on demand (“VOD”) services. Subscription revenue depends on the number of subscribers and the type of services they subscribe to, as well as on the current prices. An individual customer’s fee depends on the number of packages selected and can be increased if the customer opts for VOD services or an optional premium package. During the three months ended March 31, 2009, approximately 4.6% of our total net revenue came from subscription fees from subscribers to our digital satellite platform.

Occasionally the ‘n’ DTH platform runs promotions during which it offers to its subscribers services at discounted prices in order to increase penetration of its services. In case of discounts granted in a given period, but related to the entire customer contract, ITI Neovision, which operates the ‘n’ DTH platform, recognizes them proportionately over the contract term.

Activation Fees

Activation fees are the one-time fees paid by 'n' DTH platform subscribers upon signing a contract. Activation revenue depends on the number of new customer contracts signed during the applicable period, and the rate of activation fee, which differs depending on the type of set-top box and satellite dish provided to the customer. During the three months ended March 31, 2009, approximately 0.3% of our total net revenue came from activation fees from subscribers to our digital satellite platform.

Other Revenue

Other sources of revenue accounted for approximately 17.7% of our revenue in the three months ended March 31, 2009, compared with 16.3% in the corresponding period of 2008. These sources include revenue generated from sponsorship, call television, online fee revenue, teleshopping and cinema distribution of films we produce.

- Sponsorship accounted for 6.6% of our revenue in the three months ended March 31, 2009, compared with 6.2% in the corresponding period of 2008. We generate revenue from sponsors by displaying their logos either immediately before or immediately after the show they have selected. We typically have no more than three sponsors per show.
- Sales of goods/teleshopping accounted for approximately 3.1% of our revenue in the three months ended March 31, 2009, compared with 2.6% in the corresponding period of 2008. We generate revenue from sales of products offered in a particular show on our channels, primarily TVN and TVN 7, and on Mango Media, our dedicated teleshopping channel and on Mango Media Internet site.
- Call television accounted for 3.1% of our revenue in the three months ended March 31, 2009 and 2008. Viewers can call in or send a text message to a live show and win prizes. We charge the callers per call or per text message at a premium rate.
- Online fee revenue accounted for 1.3%, of our revenue in the three months ended March 31, 2009, compared with 1.4% in the corresponding period of 2008. We generate fee revenue from our online business, which comprises revenue generated from a variety of consumer and business fee-based services. These sources include, among others, revenue from paid thematic services (access to premium content), sale of premium e-mail accounts, hosting services, registration and sale of Internet domains, fees from auction services, classifieds and dating services and sale of Internet access. Fee revenue also includes sales of telecommunications services under such brands as OnetSkype, and OnetTelefon. We recognize online fee revenue upon performance of the applicable service.
- We also generate revenue from sales of rights to programming content, including cinema distribution of films we produce.
- Sales of up-link and play-out services and other technical services to the 'n' DTH platform contributed to other revenue for the period between January 1, 2009 and March 11, 2009.

We share revenue that we generate from text messages, call television and teleshopping with the corresponding service provider, such as the telecommunications company or the supplier of merchandise.

Expenses

The majority of our operating expenses, 43.3% in the three months ended March 31, 2009 and 48.1% in the corresponding period of 2008, were related to acquisition and production of television programming and Internet content. During the three months ended March 31, 2009, we produced locally approximately 57.9% of our programming content on our TVN channel. We commissioned and produced locally through third parties 21.0% of our programming content, and we acquired 21.1% of our programming content from third parties.

Our operating expenses consist primarily of the following:

- amortization of television programming costs, which accounted for 61.0% of our cost of revenue in the three months ended March 31, 2009, compared with 63.7% in the corresponding period of 2008, and which comprises amortization of production costs for television programs specifically produced by or for us, either under licenses from third parties or under our own licenses, amortization of rights to television programming content produced by third parties and licensed to us, the cost of production of Internet content, and the cost of licenses to broadcast television channels on the 'n' DTH platform.

Amortization is based on the estimated number of showings and the type of programming content. For example, we use different bases of amortization for films, series, animated films and current events. Consequently, we expense programming costs either at the time of the initial broadcast in the case of news and current events programs or, in the case of films, documentaries and other programs, which are typically shown up to four times, by the earlier of the end of the third run or the end of the license. Costs related to Internet content are amortized 100% once the related services or information goes live. Costs of licenses to broadcast television channels, usually with respect to channels offered to the 'n' DTH platform on a non-exclusive basis, depend on the number of active subscribers during the applicable period, multiplied by a fee per subscriber. Such fees are expensed in the period in which they arise. For further details on our amortization policy see Note 2.12 to our consolidated financial statements for the year ended December 31, 2008.

- costs of services and goods sold;
- broadcasting costs, which mainly comprise rental costs for satellite and terrestrial transmission capacity;
- staff expenses and share options granted to board members and employees;
- royalties payable to unions of artists and professionals in the entertainment industry such as ZAiKS, a union of writers, composers and performers in Poland and PISF, the Polish Film Institute;
- depreciation of television, broadcasting and Internet equipment
- depreciation of set-top decoders. Set-top decoders are provided by the 'n' DTH platform to its customers for the contract period, they remain the 'n' DTH platform's property and are returned after a given contract is terminated;
- marketing and research costs;
- sales commissions paid by the 'n' DTH platform to its distributors and call center for acquiring new subscribers and for meeting certain periodic sales targets.

- rent and maintenance costs for our premises;
- consulting fees for technical, financial and legal services; and
- a service fee payable pursuant to the Services Agreement, dated July 22, 2004, between us and ITI Group that was extended for 2008 by our supervisory board by resolution passed on December 17, 2007. Our supervisory board, in a resolution passed on December 11, 2008, approved continuance of the of Services Agreement in 2009.

Cost of revenue comprises primarily television programming and broadcasting expenses, royalties and Internet content related expenses.

Factors Affecting Our Revenue and Costs

Characteristics of television advertising in Poland. The price at which we sell television advertising generally depends on factors such as demand, audience share and any commercial discounts, volume rebates and agency commissions that the buyer negotiates. Audience share represents the proportion of television viewers watching a television channel's program at a specific time. Demand for television advertising in Poland depends on general business and economic conditions. As advertising in Poland is sold through centralized media buyers who receive volume rebates and agency commissions on sales made through them, most advertising in Poland is sold at a considerable reduction to published rates. Commercial discounts represent the difference between rate card prices for advertising minutes and the gross prices at which those minutes or rating points are actually sold before the deduction, if applicable, of agency commissions and volume rebates. Although the aggregate total of these discounts and rebates is not publicly available, we estimate that net television advertising expenditure was close to 33% of the reported gross television advertising expenditure in the three months ended March 31, 2009 in Poland. The Polish television advertising market is very competitive. The policies and behavior of our competitors relating to pricing and scheduling may result in changes in our own pricing and scheduling practices, and thus may affect our revenue.

Characteristics of online advertising in Poland. The price at which we sell online advertising generally depends on factors such as demand, specific advertising format, reach, page views, time spent on the webpage and demographics of users of respective websites, and any commercial discounts, volume rebates and agency commissions that the buyer negotiates. Advertising formats range from simple banners displayed on the top of the web pages, through animated rich-media advertisements displayed on top of the page, to video-based advertisements. Reach represents the proportion of Internet users who visited a particular website at least once during a specific time period. Page views represent the number of page impressions created by users on a particular website. Time spent represents the average time that a user spends on a website or the total time spent by all users visiting this website during a specific period of time. Demographics of users represent their characteristics, including their specific interests. As in the case of television advertising, we sell a significant portion of online advertising through centralized media buyers at a reduction to published rates. Commercial discounts represent the difference between the published rates for respective online advertising services and the gross prices at which those services are actually sold before the deduction, if applicable, of agency commissions and volume rebates. The Polish online advertising services market is very competitive. The policies and behavior of our competitors relating to pricing and introduction of new offerings in online advertising services may result in changes in our own pricing and offered services, and this may affect our revenue.

Characteristics of pay television market in Poland. Demand for pay television services generally depends on the attractiveness of programming content and the extent to which it is offered on an exclusive basis, the prices charged for subscription to the services, the promotions and discounts offered and the ability to use services such as video on demand (VoD) and view content in high definition (HD). Digital satellite television services are sold in co-operation with retail networks and tied agency networks, through call centers and the Internet. The subscription fees we charge our customers for pay television services depend on the number of channel packages and other services such as video on demand which our subscribers subscribe for. We offer our customers discounts or promotional periods, during which we make available to them certain channel packages for free. The Polish pay television market is very competitive and some customers switch from one operator to another, depending on promotions offered, exclusive content available or to obtain services such as the recorder function or video on demand. We may be forced to change our pricing strategy as well as the services we offer, subject to the policies and behavior of our competitors. This may affect our revenue and profit.

Seasonality of television advertising. Television viewing in Poland tends to be seasonal, with autumn and spring attracting a greater number of viewers than summer months, when television competes with a large number of other leisure activities. During the summer months, when audiences tend to decline, advertisers significantly reduce expenditure on television advertising. Consequently, television advertising sales in Poland tend to be at their lowest during the third quarter of each calendar year. Conversely, advertising sales are typically at their highest during the fourth quarter of each calendar year. During the year ended December 31, 2008, we generated approximately 20.7% of our television segment advertising revenue in the first quarter, 30.0% in the second quarter, 17.6% in the third quarter and 31.7% in the fourth quarter. In addition, television viewing in Poland fluctuates from month to month and from year to year. The number of GRPs we have available for sale is partly determined by the average number of minutes watched by the average Polish viewer, which we refer to as the ATV level. Consequently, if the ATV level increases our GRP inventory increases, and if the ATV level falls our GRP inventory decreases. During the three months ended March 31, 2009, the ATV level for all day audience aged 16 to 49 was 225, compared to 207 in the corresponding period of 2008.

Seasonality of Internet advertising. Internet usage in Poland is constantly growing, but, similar to television, tends to be seasonal, with autumn and spring attracting a greater number of users than summer months, when the Internet competes with a large number of other leisure activities. During the summer months, when there is a relative decline in usage, advertisers reduce expenditure on media advertising, including spending on online advertising services. Consequently, online advertising sales in Poland tend to be at their lowest level during the third quarter of each calendar year. Conversely, online advertising and other online marketing services sales are typically at their highest during the fourth quarter of each calendar year. During the year ended December 31, 2008 Onet generated approximately 19.8% of its total online revenue in the first quarter of 2008, 24.9% in the second quarter, 22.3% in the third quarter and 33.0% in the fourth quarter.

Seasonality of pay digital satellite market in Poland. Demand for pay digital satellite services is constantly growing, but, similar to television and the Internet, tends to be seasonal. The highest number of new subscribers are typically acquired in the fourth quarter. Seasonal increases in the subscriber base also occur prior to major sport events that are not covered by free-to-air channels. These increases are usually followed by higher subscription revenue. Revenue is first recognized immediately after a customer is activated and continues throughout the subscription period. During the year ended December 31, 2008, we acquired approximately 44,399 subscribers in the first quarter, 24,884 in the second quarter, 37,475 in the third quarter and 151,791 in the fourth quarter (all figures not in thousands).

Cyclicality of Polish advertising market. Advertising sales in Poland historically have responded to changes in general business and economic conditions, generally growing at a faster rate in times of economic expansion and at a slower rate in times of recession. We cannot predict the likelihood that these trends will continue, in particular we cannot predict what effect the current global economic crisis may have on the growth rate of the Polish economy or on us. Apart from seasonality as discussed above, since future levels of advertising spending are not predictable with any certainty more than one month in advance, we cannot predict with certainty our future levels of advertising sales.

Availability and cost of attractive programming content. The continued success of our advertising sales and the licensing of our channels to digital platform and cable television operators and our success in generating other revenue depend on our ability to attract a large share of our target audience, preferably during prime-time. Our ability to attract a large share of the target audience in turn depends in large part on our ability to broadcast quality programming which appeals to our target audience. According to AGB, together our channels captured an average of 20.8% of Poland's nationwide all-day audience in the three months ended March 31, 2009, and our TVN channel achieved 25.3% of our key target group peak time audience in the three months ended March 31, 2009. We believe our substantial market share of Poland's television viewing audience results from offering attractive programming offer, which enables us to obtain a higher number of GRPs in a more efficient manner, which in turn maximizes the use of advertising airtime. While we believe we have been successful in producing and acquiring programming content that appeals to our target audience, we continue to compete with other television broadcasters for programming content and to seek to air programming that addresses evolving audience tastes and trends in television broadcasting. While we believe that we are able to produce and source programming content at attractive cost levels, increased competition may require higher levels of expenditure in order to maintain or grow our audience share.

Our ability to increase our digital satellite platform subscriber base depends largely on our ability to acquire and broadcast high quality programming that appeals to existing and potential new subscribers. Apart from popular channels, that are also available on other digital satellite platforms and cable networks, we also offer channels that are exclusively available to our subscribers. We also broadcast high-definition content. While we believe that we are able to successfully acquire competitive, high quality content, we continue to compete with other operators for programming that addresses evolving tastes among our current and potential new subscribers. This may affect our revenue and profitability.

Functionality and cost of decoders. Our ability to continue to attract new subscribers and retain existing subscribers depends in part on the superior functionality of the decoders we offer our customers. Such functionality includes the ability to view high definition content, record programs for viewing at a later date and the ability to access VOD services. We believe we are able to acquire and offer these decoders at attractive prices. However, increasing competition on the pay digital satellite market in Poland may require us to increase expenditures in this area.

Other Factors Affecting Our Results

Foreign exchange rate exposure. We generate revenue primarily in Złoty, while a substantial portion of our operating expenses, borrowings and capital expenditures are denominated in foreign currencies, mainly in Euro and, to a lesser extent U.S. Dollars. The estimated net profit (post-tax) impact on the major Euro and U.S. Dollar denominated balance sheet items of a Euro and U.S. Dollar appreciation of 15% against the Złoty, with all other variables held constant and without taking into account derivative financial instruments entered into for hedging purposes, is PLN 230,661. On October 13, 2008, we entered into

currency option transactions with a nominal value of EUR 225,000. Our Senior Notes were fully hedged with a PLN/EURO collar 3.3 – 3.6. until January 15, 2009, when we settled our currency options, which resulted in a cash receipt of PLN 101,014. In September 2008, we entered into U.S. Dollar put and call options to limit the impact on our net results of PLN/USD exchange rate movements in relation to payments for programming rights up until the end of 2009. The hedging strategy based on U.S. Dollar put and call options as of March 31, 2009 has notional value of USD 29,820, maturity dates between June 22, 2009, and December 22, 2009, and a PLN/USD corridor between 2.10 and 2.45. We do not use hedge accounting for our U.S. Dollar options. The fair value of our U.S. Dollar options as of March 31, 2009 was based on valuations by our banks

Taxation. We are subject to corporate taxation in Poland. Deferred income taxes on our balance sheet relate to timing differences between the recognition of income and expenses for accounting and tax purposes as of the balance sheet date. Our deferred tax assets partly relate to Onet's tax credit arising from its investment in a special economic zone and non-deductible provisions and accruals. The recognition of deferred tax assets depends on our assessment of meeting conditions of operating in a special economic zone and the likelihood of future taxable profits with respect to which deductible temporary differences and tax-loss carry forwards can be applied.

Revaluation of embedded options. We may redeem all or part of our Senior Notes starting December 15, 2008 at a redemption price of 104.75% of nominal value, starting December 15, 2009 at 103.167% of nominal value, starting December 15, 2010 at 101.583% of nominal value and starting December 15, 2011 and thereafter at 100.000% of nominal value. We value these early redemption options and recognize them as an asset. The valuation is performed using the Brace-Gařarek-Musiela model, and the resulting value is based primarily upon the quoted price for our Senior Notes.

The trading price of our Senior Notes decreased from 84.0 as of December 31, 2008 to 78.0 as of March 31, 2009. Therefore, both as of March 31, 2009 and December 31, 2008, the carrying value of an asset from revaluation of our early redemption options was PLN 0 and we recorded neither income nor loss from revaluation.

PLN bond issue. On June 23, 2008, we issued PLN denominated bonds with a nominal value of PLN 500,000. We issued 5,000 bonds of a nominal value of PLN 100,000, with a redemption date of June 14, 2013 and with a right for us to request early redemption on either the third or fourth anniversary of the issue. The interest on the bond is calculated and paid in cash semi-annually, on the bond nominal value, at a variable interest rate equal to 6-month WIBOR plus 2.75%.

Investment in the 'n' DTH platform. On June 25, 2008, we completed the acquisition of 25% of the share capital plus 1 share of Neovision Holding, a company registered in Amsterdam, the Netherlands from our controlling shareholder, ITI Media Group. Neovision Holding is the sole shareholder of ITI Neovision, which owns and operates the 'n' DTH platform in Poland. For a total cash consideration of EUR 95,000 (PLN 319,628) we purchased 25% of the share capital plus one share in Neovision Holding and a corresponding pro-rata interest in the loans granted to ITI Neovision with a nominal value of EUR 35,300.

We entered into a shareholders agreement ("Shareholders Agreement") with ITI Media Group and Neovision Holding, dated June 25, 2008, for the purpose of regulating our and ITI Media's respective interests as the shareholders of Neovision Holding and, through Neovision Holding, our and ITI Media Group's respective indirect interests in the 'n' DTH platform.

Before March 11, 2009 we had significant influence on, but not control over, ITI Neovision operations. Accordingly, the investment was classified as an investment in an associate and accounted for using the equity method with the recognition of 25% share of an associate's net results.

On March 11, 2009, we and ITI Media Group entered into a preliminary agreement ("Preliminary Agreement") under which the parties agreed that we would increase our direct ownership interest in Neovision Holding and our indirect ownership of ITI Neovision to an aggregate of 51% of each company's shares for the price of EUR 46,200.

We subsequently entered into a transaction agreement ("Transaction Agreement") and amendments to the Shareholders Agreement with ITI Media Group and Neovision Holding implementing the Preliminary Agreement. On March 31, 2009, (1) along with ITI Media Group, we caused Neovision Holding to repurchase 20,000 of its shares at a buy-back price equal to the par or nominal value of those shares, (2) we made loans to Neovision Holding and ITI Neovision in the aggregate amount of EUR 30,072, (3) Neovision Holding and ITI Neovision paid to ITI Media Group and N-Vision B.V. the aggregate amount of EUR 27,769 as a repayment of a portion of the outstanding shareholder loans, plus the payment of the buy-back price of the repurchased Neovision Holding shares, settled on April 1, 2009, (4) ITI Media Group was released from its obligation to pay EUR 2,263 as its future funding obligations as a shareholder of ITI Neovision and with respect to its on-going obligation to pay for all of Religia.tv channel operating and other costs and (5) ITI Media Group provided us with a power of attorney to ensure that, pending completion of the actions described in the next paragraph, we can at all times exercise voting rights over Neovision Holding shares owned by ITI Media Group which, when combined with the Neovision Holding shares already owned by us, represent 51% of all Neovision Holding shares. Following the completion of the actions taken on March 31, 2009, we own shares of Neovision Holding and, through our ownership interest in Neovision Holding, indirectly own shares of ITI Neovision representing 50.0005% of each company's shares and also own 52.4% of the shareholder loans.

No later than August 1, 2009, Neovision Holding will repurchase an additional 390 of its shares at a buy-back price equal to the par or nominal value of those shares and cancel the 20,390 repurchased shares which it currently holds. Following the completion of these transactions, we will directly own shares of Neovision Holding and, through our ownership interest in Neovision Holding, indirectly own shares of ITI Neovision representing 51% of each company's shares. The Transaction Agreement also provides that Religia.tv channel will, no later than September 30, 2009, be formally separated from ITI Neovision, with ITI Media Group being responsible for any associated costs and liabilities pre- and post-separation.

The Transaction Agreement provides that we will pay ITI Media Group a supplemental payment if and to the extent that the 'n' DTH platform subscriber revenues for the 2010 calendar year exceed PLN 555,618. The amount of the supplemental payment will be computed as EUR 0.3214 for each PLN 1.00 in excess of the foregoing threshold amount. ITI Media Group's right to receive this supplemental payment is also contingent upon the 'n' DTH platform reaching or exceeding certain specified targets during the 2010 calendar year with respect to EBITDA, numbers of subscribers and average revenue per subscriber (ARPU). In order to trigger a supplemental payment ITI Neovision would need to be profitable at the EBITDA level, have in excess of 848,000 (not in thousands) post paid subscribers, ARPU should exceed PLN 60.48 (not in thousands) and post paid subscription revenue should not be lower than PLN 555,618. The amount of the supplemental payment is subject to a EUR 60,000 cap. The cap amount will be reduced if and to the extent that, prior to the end of 2010 calendar year, ITI Media Group sells all or a part of its remaining ownership interest in Neovision Holding or ITI Neovision to a third party where the purchase price paid by the third party reflects the 'n' DTH platform having an equity value that is less

than the amount specified in the Transaction Agreement (which amount reflects our investment in, and the resulting equity value of, the 'n' DTH platform). We have the option to pay up to one-half of the correction payment in the form of our shares, with the balance paid in cash.

Consistent with us becoming the direct majority shareholder of Neovision Holding and the indirect majority shareholder of ITI Neovision, the board of directors of Neovision Holding and the supervisory board of ITI Neovision have been reorganized so that a majority of the members of each body are persons nominated by us. The Shareholders Agreement as amended remains in effect, however we are now the majority shareholder and the option granted to us in the Shareholders Agreement to acquire a 51% direct ownership interest in Neovision Holding is deemed to have been exercised pursuant to the transactions described above.

The direct costs relating to the acquisition amounted to PLN 14,572 and included mainly legal, valuation and professional consulting fees, and have been fully expensed in the three months ended March 31, 2009.

Impact of IFRS 3. We early adopted IFRS 3 revised on January 1, 2009. The revised standard continues to apply the acquisition method to business combinations, with some significant changes. In particular, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as liability and subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. As we early adopted IFRS 3 (Revised), we were also required to early adopt IAS 27 (Revised), "Consolidated and separate financial statements" at the same time. IAS 27 (Revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will not result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognized in profit or loss. Revised IAS 27 has had no impact on the reported period as there have been no transactions whereby an interest in an entity is retained after the loss of control of that entity and there have been no transactions with non-controlling interests. In transactions accounted for under IFRS 3 (Revised) any previously held equity interest in the subsidiary is remeasured at fair value and gain or loss is included in the income statement. The revised standards have not been endorsed by the EU as at March 31, 2009.

Financial Condition and Results of Operations

Financial Condition

Our property, plant and equipment increased by PLN 294,638, or 84.8%, to PLN 642,038 as of March 31, 2009, from PLN 347,400 as of December 31, 2008. This increase related primarily to the recognition of ITI Neovision's property, plant and equipment in the amount of PLN 297,996, out of which PLN 283,264 represented set top decoders

Our goodwill increased to PLN 1,715,612 as of March 31, 2009, from PLN 952,657 as of December 31, 2008 and our brand increased to PLN 781,888 as of March 31, 2009, from PLN 693,688 as of December 31, 2008. These increases related primarily to the business combination with ITI Neovision.

Our other intangible assets increased by 14,977, or 26.4%, to PLN 71,773 as of March 31, 2009, from PLN 56,796 as of December 31, 2008, primarily as a result of the recognition of software held by ITI Neovision, which amounted to PLN 13,821 as of March 31, 2009.

Our current and non-current programming rights inventory increased by PLN 64,960, or 18.7%, to 412,377 PLN as of March 31, 2009, from PLN 347,417 as of December 31, 2008. The increase was partly due to the recognition of the programming inventory of ITI Neovision, which amounted to PLN 46,160 as of March 31, 2009, and partly due to a PLN 33,236 increase in our acquired current and non-current programming inventory.

Our investments in associates decreased to PLN 1,129 as of March 31, 2009, from PLN 120,076 as of December 31, 2008. Our loans to associates decreased to PLN 190 as of March 31, 2009, from 179,138 as of December 31, 2008. These decreases result from us taking control over ITI Neovision, and the resulting change in the accounting method from equity method to full consolidation.

Our deferred tax asset decreased by PLN 7,352 or 21.3% to PLN 27,163 as of March 31, 2009, from PLN 34,515 as of December 31, 2008, which was mainly due to the reversal of a deferred tax asset of PLN 25,176 related to tax losses of a consolidated associate partially offset by a deferred tax asset related to Onet's investment in a special economic zone.

Our current available for sale financial assets decreased to PLN 151,438 at March 31, 2009, from PLN 315,616 as of December 31, 2008. This amount represents the remainder of our investment in Polish government short-term treasury bills.

Our derivative financial assets decreased by PLN 120,045 to PLN 29,820 as of March 31, 2009, from PLN 149,865 as of March 31, 2008. This decrease was due to our settlement of currency options hedging our PLN/EUR exposure in January 2009. The decrease was partly offset by an increase of PLN 6,075 in the value of our currency options hedging our PLN/USD exposure. The increase in the value of these options is due to the depreciation of the PLN/USD exchange rate as of March 31, 2009, as compared to December 31, 2008.

Our prepayments and other assets increased by PLN 95,027, to PLN 146,313 as of March 31, 2009, from PLN 51,286 as of December 31, 2008. This increase was primarily due to the consolidation of prepayments and other assets held by ITI Neovision. This amount represented mainly discounts related to promotions offered to the 'n' DTH platform subscribers, VAT & non-CIT receivables and production and non-programming inventory related prepayments.

Our treasury shares amounted to PLN 100,000 as of March 31, 2009. This amount represents our shares which we purchased in connection with our Share Buyback Program.

Our other reserves increased by PLN 6,964, or 6.4%, to PLN 116,012 as of March 31, 2009, from PLN 109,048 as of December 31, 2008. This increase is due to the recognition of the fair value of share options granted under our stock option plan.

Non-controlling interest increased to PLN 331,292, which represents the interest of ITI Media Group in the net assets of ITI Neovision as of March 31, 2009.

Our non-current borrowings, excluding accrued interest, increased by PLN 115,218, or 7.9%, to PLN 1,579,118 as of March 31, 2009, from PLN 1,463,900 as of December 31, 2008, due to an increase of PLN 115,133 in our Senior Notes, liability as a result of a depreciation of the Złoty to Euro exchange rate as of March 31, 2009, compared to December 31, 2008.

Our loans from related parties amounted to PLN 491,652 as of March 31, 2009. This balance represents loans granted to ITI Neovision and Neovision Holding by its non-controlling shareholder.

Our deferred tax liability decreased by PLN 21,472 or 12.9%, to PLN 144,207, as of March 31, 2009, from PLN 165,679 as of December 31, 2008. This decrease is primarily due to the impact of unrealized foreign exchange rate movements.

Our non-current trade payables increased by PLN 46,922 to PLN 53,873 as of March 31, 2009, from PLN 6,951 as of December 31, 2008. This increase was primarily from the recognition of ITI Neovision's payables.

Contingent consideration of PLN 241,393 represents the fair value of a correction payment payable to ITI Media Group in 2011, contingent upon certain specified conditions being achieved by the 'n' DTH platform in 2010.

Our current trade payables increased by PLN 148,096 to PLN 290,001 as of March 31, 2009, from PLN 141,905 as of December 31, 2008. This increase is primarily due to the recognition of the fair value of ITI Neovision's trade payables.

Our corporate income tax payable decreased by PLN 18,819 to PLN 21,740 as of March 31, 2009, from PLN 40,559 as of December 31, 2008, primarily because we recorded lower net taxable profit in the first quarter of 2009 compared with the corresponding period of 2008.

Our accrued interest on borrowings increased by PLN 37,989 to PLN 45,647, from PLN 7,658, due to the fact interest on our Senior Notes and PLN Bonds is paid twice a year – on June 15 and December 15. The balance as of March 31, 2009 represents interest accrued for the period between December 16, 2008 and March 31, 2009, whereas the balance as of December 31, 2008 represented interest accrued for the period between December 16, 2008 and December 31, 2008.

Our overdraft facility liability increased to PLN 60,886 as of March 31, 2009. This amount was borrowed by us under our Loan Facility agreement.

Our other liabilities and accruals increased by PLN 219,556, or 95.7% to PLN 449,049 as of March 31, 2009, from PLN 229,493 as of December 31, 2008. The increase was mainly due to the recognition of a liability of PLN 130,551 to ITI Neovision and Neovision Holding, related to our taking control over 'n' DTH platform, and partly due to the recognition of ITI Neovision's other liabilities and accruals as of March 31, 2009.

Results of Operations

Three Months Ended March 31, 2009 Compared to Three Months Ended March 31, 2008

Revenue, net. Our net revenue increased by PLN 33,561, or 8.4%, to PLN 435,122 in the three months ended March 31, 2009, from PLN 401,561 in the corresponding period of 2008. Excluding the revenue of ITI Neovision of PLN 21,421, our net revenue increased by PLN 12,140 or 3.0% to PLN 413,701. This increase resulted primarily from an increase in subscription fees of PLN 15,909, and partly due to an increase in sponsoring revenue of PLN 3,663, an increase in revenue from sales of goods and services of PLN 3,324 and other revenue of PLN 2,843, partly offset by lower advertising revenue of PLN 14,723.

Subscription fees from satellite and cable operators increased by PLN 15,909, or 52.4%, to PLN 46,280, in the three months ended March 31, 2009, from PLN 30,371 in the corresponding period of 2008. The increase in subscription revenue was partly due to an increase in the number of subscribers for our pay channels, which on average increased by approximately 1.1 million (not in thousand) subscribers, and partly due to the significant PLN/EUR exchange rate depreciation in the first quarter of 2009. Subscriber fees are primarily denominated in Euro.

Sponsoring revenue increased by PLN 3,663, or 14.6% to PLN 28,703 in the three months ended March 31, 2009, from PLN 25,040 in the corresponding period of 2008, mainly due to an increase in the number of sponsored shows. Our revenue from sales of goods increased by PLN 3,324, or 32.4%, to PLN 13,596 in the three months ended March 31, 2009, from PLN 10,272 in the corresponding period of 2008. This increase represented an increase in teleshopping revenue.

During the three months ended March 31, 2009, advertising revenue decreased by PLN 14,723, or 4.8%, to PLN 291,020, from PLN 305,743 in the corresponding period of 2008. This decrease was primarily due to a decrease of PLN 12,345, or 5.3% in the net advertising revenue of our TVN channel, which recorded an effective decrease of 13.0% in the price of GRPs sold, which was partially offset by a 9.2% increase in the volume of inventory sold.

Cost of revenue. Cost of revenue increased by PLN 42,033, or 19.0% to PLN 263,427 in the three months ended March 31, 2009, from PLN 221,394 in the corresponding period of 2008. Excluding the cost of revenue of ITI Neovision of PLN 29,544, our cost of revenue increased by PLN 12,489, or 5.6% to PLN 233,883 in the three months ended March 31, 2009.

This increase was partly due to an increase of PLN 5,110, or 4.6% in the amortization of locally produced content to PLN 115,907 in the three months ended March 31, 2009, from PLN 110,797 in the corresponding period of 2008. This increase reflects our decision to strengthen our TVN channel's winter and spring schedules to improve our market position. In the three months ended March 31, 2009 we have been airing premiere episodes of our series *Brzydula*, which is a Polish version of the *Ugly Betty* series, whereas in the corresponding period of 2008 we broadcast more second runs of our locally produced content. Our programming investment in our TVN channel allowed us to maintain this channel's position as a leader among other free-to-air channels in the basic commercial target group in the three months ended March 31, 2009.

Our programming staff expenses increased by PLN 4,693, or 28.8%, to PLN 20,990, from PLN 16,297 in the corresponding period of 2008. The increase in programming staff expenses is due to both salary and headcount increases. The majority of salary increases took effect in July 2008.

As a percentage of net revenue, our cost of revenue increased in the three months ended March 31, 2009 to 60.5%, compared to 55.1% in the corresponding period of 2008. Excluding the cost of revenue of ITI Neovision, our cost of revenue increased in the three months ended March 31, 2009 to 56.5%.

Selling expenses. Our selling expenses increased by PLN 8,680, or 22.9%, to PLN 46,552 for the three months ended March 31, 2009, from PLN 37,872 in the corresponding period of 2008. Excluding the selling expenses of ITI Neovision of PLN 4,216, our selling expenses increased by PLN 4,464, or 11.8% to PLN 42,336. This increase resulted primarily from an increase in staff expenses of PLN 4,800, or 40.2% to PLN 16,754 from PLN 11,954, due to both salary and headcount increases, partially offset by a decrease in marketing expenses of PLN 690. The majority of salary increases took effect in July 2008.

As a percentage of net revenue, our selling expenses increased to 10.7% in the three months ended March 31, 2009, from 9.5% in the corresponding period of 2008. Excluding the selling expenses of ITI Neovision, our selling expenses increased to 10.2% in the three months ended March 31, 2009.

General and administration expenses. Our general and administration expenses increased by PLN 24,828, or 68.5%, to PLN 61,059 for the three months ended March 31, 2009, compared with PLN 36,231 in the corresponding period of 2008. Excluding the general and administration expenses of ITI Neovision of PLN 1,236, our general and administration expenses increased by PLN 23,592, or 65.1%, to PLN 59,823. This increase was primarily due to transaction costs of PLN 14,572 related to our investment in ITI Neovision and partly due to an increase in staff expenses of PLN 5,387 or 26.3%, to PLN 25,836, from PLN 20,449, due to both salary and headcount increases. The majority of salary increases took effect in July 2008. Excluding the impact of transaction expenses related to the business combination with ITI Neovision, our general and administration expenses amounted to PLN 45,251.

As a percentage of net revenue, our general and administration expenses increased to 14.0% in the three months ended March 31, 2009, from 9.0% in the corresponding period of 2008. Excluding the general and administration expenses of ITI Neovision and the impact of transaction expenses related to the business combination with ITI Neovision, our general and administration expenses were 10.9% of net revenue.

Income from consolidation of associates. We recorded PLN 110,690 of income from consolidation of associates. This income was a result of measuring at fair value our 25% equity investment in ITI Neovision held before taking control over that company.

Operating profit. Operating profit increased by PLN 66,205, or 61.2% to PLN 174,406 for the three months ended March 31, 2009, from PLN 108,201 in the corresponding period of 2008. The increase results mainly from the recognition of PLN 110,690 of income from consolidation of associates, partly offset by lower operating result.

Our operating margin in the three months ended March 31, 2009 increased to 40.1%, from 26.9% in the corresponding period of 2008.

Investment income, net. We recorded investment income, net of PLN 5,842 for the three months ended March 31, 2009, compared to investment income, net of PLN 6,138 in the corresponding period of 2008.

This increase was partly due to revaluation gains on our U.S. Dollar currency options of PLN 17,625, reflecting the depreciation of PLN against U.S. Dollar during the three months ended March 31, 2009, accrued interest income on loan to associate of PLN 4,181, and investment income from available for sale of financial assets of PLN 3,924. These increases were offset by a fair value loss on loan to associate of PLN 26,486 which we recognized on consolidation.

Finance expense, net. We recorded finance expense net of PLN 184,117 for the three months ended March 31, 2009, compared to finance expense net of PLN 32,960 in the corresponding period of 2008.

We recognized a net loss of PLN 25,107 on fair value hedges during the three months ended March 31, 2009. This represented the revaluation of our PLN/EUR options during the period of January 1 to January 15, 2009. We recognized foreign exchange losses on our Senior Notes of PLN 114,684 in the three months ended March 31, 2009, compared to foreign exchange gains of PLN 13,229 in the corresponding period of 2008, due to a significant depreciation of the PLN/EUR exchange rate as of March 31, 2009 compared with December 31, 2008.

Our interest expense increased by PLN 21,896 to PLN 42,999 in the three months ended March 31, 2009, from PLN 21,103 in the corresponding period of 2008. This increase was primarily due to interest expense of PLN 11,679 on our PLN Bonds which we issued in June 2008, and partly due to PLN 2,887 of interest payable from ITI Neovision to its non-controlling shareholder, as well as PLN 2,177 of interest expense on our Loan Facility.

Share of loss of associate. Our share of loss of associate amounted to PLN 39,446 in the three months ended March 31, 2009. This amount represented primarily our share in the net loss of 'n' DTH platform for the period between January 1 and March 11, 2009, which amounted to PLN 39,588 and was mainly due to unrealized foreign exchange losses on revaluation of Euro denominated shareholders' loans.

Loss before income tax. Our loss before income tax was PLN 43,315 for the three months ended March 31, 2009, compared to a profit before income tax of PLN 81,379 in the corresponding period of 2008. This decrease was partly due to our share in the net loss of ITI Neovision, partly due to higher finance expense, net and partly due to a decrease in advertising revenue. These decreases were partly offset by PLN 110,690 of income from consolidation of ITI Neovision.

Income tax benefit/charge. For the three months ended March 31, 2009, we recorded a total income tax charge of PLN 7,011, compared to an income tax charge of PLN 17,939 in the corresponding period of 2008. This decrease resulted primarily from loss before income tax, higher tax deductions recognized under tax relief obtained by Onet in a special economic zone offset by higher net tax impact of other expenses and losses not deductible for tax purposes and revenue not taxable, and the net tax impact of consolidating ITI Neovision.

Loss for the period. Our net loss amounted to PLN 50,326 in the three months ended March 31, 2009, compared to a profit of PLN 63,440 in the corresponding period of 2008.

Loss attributable to non-controlling interests. Loss attributable to non-controlling interests represents the share of ITI Neovision's net loss attributable to its non-controlling shareholders and amounted to PLN 21,255 in the period between March 11, 2009 and March 31, 2009.

Loss attributable to the owners of TVN. Our net profit attributable to the owners of TVN. was PLN 29,071 for the three months ended March 31, 2009, compared to a net profit

of PLN 63,440 in the corresponding period of 2008. Excluding the impact of revaluation of embedded options, our net loss attributable to the owners of TVN was PLN 29,071 in the three months ended March 31, 2009, compared to a profit of PLN 74,147 in the corresponding period of 2008.

The table below summarizes (loss)/profit attributable to the owners of TVN S.A. and (loss)/profit attributable to the owners of TVN S.A. excluding the impact of revaluation of embedded options we recorded in the three months ended March 31, 2009 and 2008:

	<u>Three months ended March 31,</u>	
	<u>2009</u>	<u>2008</u>
	<u>PLN</u>	<u>PLN</u>
(Loss)/profit attributable to the owners of TVN S.A.	(29,071)	63,440
Impact of embedded options, net of tax	-	10,707
(Loss)/profit attributable to the owners of TVN S.A. excluding embedded options	(29,071)	74,147

Results by Business Segment

Our business comprises a number of distinct segments, television broadcasting and production, online, digital platform, all other and other reconciling items. We currently report these five business segments separately. We rely on an internal management reporting process that provides revenue and operating results for a particular period by segment for making financial decisions and allocating resources.

The table below sets forth summarized financial results by segment for the three months ended March 31, 2009 and 2008:

	Television Broadcasting & Production		Online		Digital platform**		All other		Other reconciling items***		Total	
	Three months ended March 31, 2009	Three months ended March 31, 2008	Three months ended March 31, 2009	Three months ended March 31, 2008	Three months ended March 31, 2009	Three months ended March 31, 2008	Three months ended March 31, 2009	Three months ended March 31, 2008	Three months ended March 31, 2009	Three months ended March 31, 2008	Three months ended March 31, 2009	Three months ended March 31, 2008
Revenue from external customers	345,501	341,082	41,334	41,366	21,593	-	16,823	19,113	-	-	425,251	401,561
Inter-segment revenue	12,540	1,942	4,441	1,449	694	-	10,665	2,322	(18,649)	(5,713)	9,871	-
Total revenue	358,041	343,024	45,775	42,815	22,287	-	27,488	21,435	(18,649)	(5,713)	435,122	41,561
Segment result	104,897	107,468	(2,864)	3,422	(12,929)	-	3,915	5,685	81,387	(8,374)	174,406	108,201
Segment result excluding stock option	113,560	114,189	106	6,780	(12,929)	-	3,915	5,685	83,687	(6,708)	188,339	119,946
EBITDA*	120,679	125,298	2,958	8,156	(8,677)	-	5,263	3,597	81,284	(10,260)	201,507	126,791
EBITDA* excluding stock option plan expense	129,342	132,019	5,928	11,514	(8,677)	-	5,263	3,597	83,584	(8,594)	215,440	138,536
EBITDA* margin	33.7%	36.5%	6.5%	19.1%	-	-	19.2%	16.8%	-	-	46.3%	31.6%
EBITDA* margin excluding stock option plan expense	36.1%	38.5%	13.0%	26.9%	-	-	19.1%	16.8%	-	-	49.5%	34.5%

* We define EBITDA as net profit/(loss), as determined in accordance with IFRS, before depreciation and amortization (other than for programming rights), impairment charges and reversals on property, plant and equipment and intangible assets, finance expenses or investment income, net (including interest income and expense and foreign exchange gains and losses), income taxes and share of net results of associates. The reconciling item between EBITDA and reported operating profit is depreciation and amortization expense and impairment charges and reversals on property, plant and equipment. We believe EBITDA serves as a useful supplementary financial indicator in measuring the liquidity of media companies. EBITDA is not an IFRS measure and should not be considered as an alternative to IFRS measures of net profit/(loss), as an indicator of operating performance, as a measure of cash flow from operations under IFRS, or as an indicator of liquidity. You should note that EBITDA is not a uniform or standardized measure and the calculation of EBITDA, accordingly, may vary significantly from company to company, and by itself our presentation and calculation of EBITDA may not be comparable to that of other companies.

**Since March 11, 2009.

***Other reconciling items expenses include head-office expenses that arise at the Group level and are not directly allocated to segment expenses and elimination of intersegment expenses. Such expenses include cost of functions such as: financial reporting and budgeting, internal audit, investor relations, legal, administration, IT and central management. Allocation is based on estimated time investment of each function individually in non-segment activities.

Television Broadcasting and Production

The table below sets forth the summarized financial results of our Television Broadcasting and Production segment for the three months ended March 31, 2009 and 2008:

	<u>2009</u>				<u>2008</u>			
	Revenue	EBITDA	EBITDA %	EBITDA % excluding stock option plan expense	Revenue	EBITDA	EBITDA %	EBITDA % excluding stock option plan expense
TVN channel	261,456	91,119	34.9%	37.7%	263,043	105,275	40.0%	42.1%
TVN 24 channel	46,727	21,524	46.1%	48.3%	39,595	14,419	36.4%	39.1%
Other television channels	49,858	8,037	16.1%	16.7%	40,092	3,114	7.8%	8.4%
Total	358,041	120,680	33.7%	36.1%	342,730	122,808	35.8%	37.8%
Consolidation adjustment (inter and intra segment)	0	(1)	-	-	294	2,490	-	-
Total segment	358,041	120,679	33.7%	36.1%	343,024	125,298	36.5%	38.5%

Television broadcasting and production revenue in the three months ended March 31, 2009 increased by PLN 15,017, or 4.3%, to 358,041, compared to PLN 343,024 in the corresponding period of 2008.

Our TVN channel revenue decreased by PLN 1,587 or 0.6% in the three months ended March 31, 2009. This decrease was primarily due to a decrease of PLN 12,345, or 5.33% in net advertising revenue. TVN channel recorded an effective decrease of 13.0% in the price of GRPs sold, which was partially offset by a 9.2% increase in the volume of inventory sold. This decrease was partly offset by an increase in TVN's sponsoring revenue of 4,662 or 23.8%, and revenue of PLN 5,405 from the distribution of our cinema movie *Kochaj i tańcz*. Our TVN channel's all day basic commercial target group audience share decreased to 17.2% for the three months ended March 31, 2009 from 17.6% in 2008.

TVN 24 increased its revenue by PLN 7,132, or 18.0%, mainly due to an increase in subscription fees from satellite and cable operators, which increased by PLN 11,788, or 65.2% to PLN 29,865, partly due to a depreciation of PLN/EUR exchange rate in the three months ended March 31, 2009 compared with the corresponding period of 2008, as subscriber fees are primarily denominated in Euro, and partly due to an increase in the number of subscribers of 1.2 million (not in thousands). This was partly offset by a decrease of PLN 4,505, or 25.0% in advertising revenue. TVN 24 channel increased its audience share in its key target group in all categories in the three months ended March 31, 2009. All day audience share increased to 4.8% from 4.7%, *prime time* audience share increased to 3.9% from 3.6% and *peak time* audience share to 3.7% from 3.6% in the corresponding period of 2008. As of March 31, 2009 TVN 24 had 7.1 million (not in thousands) subscribers.

Our other channels' revenue increased by PLN 9,766, or 24.4% in the three months ended March 31, 2009. This increase was mainly attributable to an increase of PLN 4,121 or 33.5% in subscription fees from satellite and cable operators.

TVN channel's EBITDA decreased by PLN 14,156, or 13.4%, to PLN 91,119 in the three months ended March 31, 2009, from PLN 105,275 in the corresponding period and EBITDA margin decreased to 34.9% from 40.0% in the corresponding period of 2008. TVN 24 channel EBITDA increased by PLN 7,105, or 49.3%, in the corresponding period of 2008, and EBITDA margin was 46.1%.

EBITDA for our other channels increased by PLN 4,923 or 158.1%. Excluding the start up losses of TVN Warszawa channel which we launched in 2008, other television channels increased EBITDA by PLN 11,586 or 333.6% to PLN 15,059 with an EBITDA margin of 29.4%.

Online

The table below sets forth summarized financial results for our Online segment for the three months ended March 31, 2009 and 2008:

	<u>2009</u>				<u>2008</u>			
	Revenue	EBITDA	EBITDA %	Cash EBITDA % excluding stock option plan expense	Revenue	EBITDA	EBITDA %	Cash EBITDA % excluding stock option plan expense
Onet.pl	39,345	5,546	14.1%	20.9%	38,346	10,206	26.6%	34.7%
Other	7,215	(2,729)	(37.8%)	-	4,966	1,104	-	-
Total	46,560	2,817	6.0%	19.0%	43,312	11,310	26.1%	38.2%
Consolidation adjustment (inter and intra segment)	(785)	141	-	-	(497)	(3,154)	-	-
Total segment	45,775	2,958	6.5%	19.4%	42,815	8,156	19.0%	34.2%
Total segment - cash	39,687	7,697		19.4%	39,000	11,753		34.2%

Online revenue increased by PLN 2,960, or 6.9%, to PLN 45,775 in the three months ended March 31, 2009, from 42,815 in the corresponding period of 2008. Online cash revenue (revenue excluding barter revenue) increased by PLN 687, or 1.8%, to PLN 39,687 partly due to an increase in cash revenue in Zumi.pl of PLN 1,843, or 57.0%. Revenue of our Internet portals, presented in the table above as 'Other', increased by PLN 2,249, or 45.3%, to PLN 7,215 in the three months ended March 31, 2009, from PLN 4,966 in the corresponding period of 2008, and represented revenue of our new products such as Zumi.pl, TVN24.pl and Plejada.pl. Onet.pl, increased its average monthly number of real users for the two month period ended February 28, 2009 to 9.8 million, from 9.7 million in the corresponding period of 2008. Average monthly time spent in our portal was 69 million hours in 2009 and 2008. Average monthly page views decreased to 3,951 millions views, from 3,963 millions views in the corresponding period of 2008 (all data not in thousands).

Segment EBITDA decreased by PLN 5,198 to PLN 2,958 in the three months ended March 31, 2009. EBITDA margin decreased to 6.5% from 19.0% in the corresponding period of 2008. Online cash EBITDA (EBITDA excluding barter and stock option plan expenses) was PLN 7,697, compared to PLN 11,753 in the corresponding period of 2008. Segment cash EBITDA margin was 19.4%, compared to 34.2% in the corresponding period of 2008.

Onet.pl EBITDA decreased by PLN 4,660, or 45.7%. EBITDA of our Internet portals presented in the table above as 'Other' decreased by PLN 3,833 to a loss of PLN 2,729 in the three months ended March 31, 2009, primarily due to the losses of the Plejada.pl and TVN24.pl portals. Excluding the start-up losses of Plejada.pl, which we launched in March 2008, portals classified as 'Other' in the table experienced a decrease in EBITDA by PLN 2,590 and recorded a loss at EBITDA level of PLN 1,486.

Digital Platform

The table below sets forth summarized financial results of our digital platform segment for the three months ended March 31, 2009 and 2008. For the convenience of the reader, we present the segment's results for the entire three month period ended March 31, 2009 and 2008. We, however, consolidated the digital platform segment results only for the period between March 11, 2009 and March 31, 2009.

Three months ended March 31,

	<u>2009</u>			<u>2008</u>		
	Revenue	EBITDA	EBITDA %	Revenue	EBITDA	EBITDA %
'n' post paid subscribers	97,170	(29,880)	-	54,471	(36,136)	-
'n' pre-paid subscribers (Telewizja na kartę)	7,749	(2,647)	-	-	-	-
Total segment	104,919	(32,194)	-	54,471	(36,136)	--

The 'n' DTH platform revenue increased by PLN 50,448, or 92.6%, to PLN 104,919 in the three months ended March 31, 2009 from PLN 54,471 in the corresponding period of 2008. This increase results mainly from an increase in subscription fee revenue, which increased by PLN 44,294, or 118.0%, to PLN 81,951 in the three months ended March 31, 2009, from PLN 37,657 in the corresponding period of 2008.

This increase is primarily due to a higher average number of subscribers and higher ARPU. The 'n' DTH platform post paid subscribers increased by 228,409 (not in thousands) to an average of 527,758 (not in thousands) in the three month period ended March 31, 2009 from an average of 299,349 subscribers in the corresponding period in 2008. The 'n' DTH platform ARPU increased by PLN 10.4 to PLN 55.9 in the three months ended March 31, 2009 from PLN 45.5 in the corresponding period of 2008. The 'n' DTH platform recorded 69,000 (not in thousand) gross post paid subscriber additions in the three months ended March 31, 2009, compared to 44,000 (not in thousands) in the three months ended March 31, 2008.

"Telewizja na kartę" recorded revenue of PLN 7,749 in the three months ended March 31, 2009 and recorded 180,000 (not in thousands) subscribers as of March 31, 2009 and ARPU of PLN 10.43 (not in thousands).

The platform recorded a loss at the EBITDA level of PLN 32,194 in the three months ended March 31, 2009 compared to PLN 36,136 in the corresponding period of 2008.

All Other

The table below sets forth summarized financial results of our “All Other” segment for the three months ended March 31, 2009 and 2008. The segment comprises teleshopping as well as content sales and technical services offered primarily to business entities within TVN Group.

	<u>2009</u>			<u>2008</u>		
	Revenue	EBITDA	EBITDA %	Revenue	EBITDA	EBITDA %
Mango Media	16,040	1,865	11.6%	12,427	3,357	27.0%
Other	11,703	3,398	29.0%	9,008	240	2.7%
Total	27,743	5,263	19.0%	21,435	3,597	16.8%
Consolidation adjustment (inter and intra segment)	(255)	-	-	-	-	-
Total segment	27,488	5,263	19.1%	21,435	3,597	16.8%

“All other” revenue increased by PLN 6,053, or 28.2%, to PLN 27,488 in the three months ended March 31, 2009, from 21,435 in the corresponding period of 2008. Mango Media revenue increased by PLN 3,613, or 29.1%, to PLN 16,040, primarily due to higher sales volumes. Business units classified as “Other” increased revenue by PLN 29.9%, primarily due to an increase in revenue from services we delivered to the ‘n’ DTH platform in the period between January 1 and March 11, 2009.

Segment EBITDA increased by PLN 1,666, or 46.3%, to PLN 5,263 in the three months ended March 31, 2009. EBITDA margin increased to 19.1%, from 16.8% in the corresponding period of 2008.

Other reconciling items

Other reconciling items consist primarily of consolidation eliminations not allocated to segments, head office expenses and the portion of stock option plan expenses not allocated to business segments. The segment recorded a profit of PLN 81,387 in the three months ended March 31, 2008, compared to a loss of PLN 8,374 in the corresponding period of 2008. This is mainly due to the recognition of a gain of PLN 110,690 arising as a result of measuring at fair value the 25% equity investment in ITI Neovision we held before taking control over that company.

Liquidity and capital resources

Historical Overview

The table below summarizes our consolidated cash flow for the three months ended March 31, 2009 and 2008.

	<u>Three months ended March 31,</u>		
	2008	2009	2009
	PLN	PLN	Euro ⁽¹⁾
Cash generated from operations.....	184,530	83,018	18,050
Net cash generated from operating activities.....	129,194	28,885	6,280
Net cash (used in)/generated from investing activities.....	(24,163)	68,065	14,799
Net cash (used in)/generated from financing activities.....	(27,854)	48,075	10,452
Increase in cash and cash equivalents.....	77,177	145,025	31,531

- (1) For the convenience of the reader, we have converted Zloty amounts for the three months ended March 31, 2009 into Euro at the rate of PLN 4.5994 per €1.00 (arithmetic average of the effective National Bank of Poland, or "NBP", exchange rates on subsequently January 31, 2009, February 28, 2009 and March 31, 2009). You should not view such translations as a representation that such Zloty amounts actually represent such Euro amounts, or could be or could have been converted into Euro at the rates indicated or at any other rate.

Cash Generated from Operations

Cash generated from operations decreased by PLN 101,512 to PLN 83,018 in the three months ended March 31, 2009, from PLN 184,530 in the corresponding period of 2008. This decrease is primarily due to the first time consolidation of 'n' DTH platform, which reduced cash flow from working capital by PLN 72,832. In addition we generated PLN 12,079 less cash from our television and online segments due to a drop in margins, and consolidated negative EBITDA of PLN 9,323 for the 'n' DTH platform.

Net Cash Generated from Operating Activities

Net cash generated from operating activities includes all cash generated from operations and also reflects cash paid for taxes. Net cash generated from operating activities amounted to PLN 28,885 for three months ended March 31, 2009, compared to PLN 129,194 generated from operating activities for the corresponding in 2008. The decrease results from a lower level of cash generated from operations.

Net Cash Generated from Investing Activities

Net cash generated by investing activities amounted to PLN 68,065 in the first quarter of 2009, in comparison to net cash of PLN 24,163 used in the first quarter of 2008. The increase in net cash generated from investing activities mainly related to the sale and purchase of Polish government treasury bills of PLN 167,845 net, partly offset by payments to acquire property, plant and equipment of PLN 52,376, cash outflow related to the combination with ITI Neovision of PLN 46,119..

Net Cash Generated from Financing Activities

Net cash generated from financing activities amounted to PLN 48,075 in the three months ended March 31, 2009, compared to net cash used in financing activities of PLN

27,854 in the corresponding period of 2008. Net cash generated from financing activities in the first quarter of 2009 represents primarily proceeds from the early settlement of currency options hedging our PLN/EUR exposure, partly offset by payments related to our share buyback.

Total cash and cash equivalents, excluding restricted cash, that we held as of March 31, 2009 amounted to PLN 330,037 and to PLN 187,935 as of December 31, 2008. We hold cash and cash equivalents on bank deposit in Poland in Złoty, Euro and Dollars as well as in the form of Polish government treasury bills.

Future Liquidity and Capital Resources

We expect that our principal future cash needs will be to finance our Share Buyback Program, which we define and describe in more detail elsewhere in this interim report, investment through loans or equity in ITI Neovision and capital expenditures relating to television and broadcasting facilities, Internet infrastructure and equipment, the launch or acquisition of new channels and Internet businesses and to fund debt service on our Senior Notes and PLN bonds. We believe that our existing cash balances, liquid available for sale assets, loan facility and cash generated from our operations will be sufficient to fund these needs.

The table below sets forth the components of our gross debt, cash and cash equivalents and available for sale securities as of March 31, 2009:

	Value	Coupon/ effective interest	Maturity
Senior Notes (nominal value ⁽¹⁾).....	1,010,780	9.50%	2013
PLN Bonds (nominal value).....	500,000	WIBOR 6m + 2.75%	2013
Pekao Loan.....	110,000	WIBOR 6m + 1.00% ⁽²⁾	2011
Overdraft.....	60,882	WIBOR 1m + 1.00% ⁽²⁾	2011
Accrued interest on long term debt.....	45,647	-	-
Mango Media bank loan.....	4	-	-
Total debt.....	1,727,313	-	-
Cash at bank and in hand.....	280,129	-	-
PLN denominated Polish treasury bills.....	49,908	4.55%	April 15, 2009
Cash and cash equivalents.....	330,037	--	-
PLN denominated Polish treasury bills.....	27,202	4.24%	April 15, 2009
PLN denominated Polish treasury bills.....	99,389	6.05%	May 27, 2009
PLN denominated Polish treasury bills.....	24,847	6.10%	May 27, 2009
Total.....	481,475	--	-
Net debt.....	1,245,837	--	-

(1) This value represents outstanding nominal value of our Senior Notes, which amounts to EUR 215,000 multiplied by the rate of PLN 4.7013 per €1.00 (the effective NBP exchange rate, Złoty per Euro, as of March 31, 2009).

(2) Margin depends on our consolidated Net debt to EBITDA ratio and may increase to a maximum of 1.6 if net debt to EBITDA ratio is equal or greater than 2.5

Financing Activities

The ratio of consolidated net debt defined as total borrowings (nominal amount of principal and accrued interest thereon), excluding shareholders' loans, net of cash and cash equivalents (excluding restricted cash), liquid available for sale financial instruments and bank deposits with maturity over three months, to our consolidated our shareholders' equity was 0.8x as of March 31, 2009, and 0.6x as of March 31, 2008.

Our consolidated net debt to EBITDA ratio increased to 1.6, from 1.5 in the three months ended March 31, 2009. This increase is primarily due to the depreciation of the PLN/EUR exchange rate between March 31, 2009 and December 31, 2008. Net debt represents the nominal value of borrowings payable at the balance sheet date including accrued interest excluding shareholders' loans less cash and cash equivalents and liquid available for sale financial instruments. We paid PLN 42,110 to Neovision Holding and PLN 88,441 to ITI Neovision on April 1 as a result of increasing our share in the 'n' DTH platform. If this payment had taken place on March 31, 2009, our Net debt to EBITDA ratio at that date would have been 1.7.

EBITDA is calculated for the last twelve months and is defined as net profit/(loss), before depreciation and amortization (other than programming rights), impairment charges on property plant and equipment and intangible assets, finance expense, investment income, share of loss of associate and income tax charge

Our current liabilities amounted to PLN 867,323 at March 31, 2009, compared with PLN 468,348 at December 31, 2008. The increase was mainly due to the recognition of a liability of PLN 130,551 to ITI Neovision and Neovision Holding, related to our taking control over the 'n' DTH platform, and partly due to the recognition of ITI Neovision's other liabilities and accruals as of March 31, 2009.

Our borrowed funds excluding accrued interest as of March 31, 2009 consisted of PLN 970,565 of indebtedness represented by the Senior Notes, PLN 498,678 of indebtedness represented by PLN Bonds and PLN 170,761 of indebtedness represented by Loan Facility and Overdraft.

Senior Notes

TVN Finance, our wholly-owned subsidiary, issued Senior Notes in an aggregate principal amount of €235,000 pursuant to an indenture dated December 2, 2003, as amended and supplemented by a supplemental indenture dated March 26, 2004, a second supplemental indenture dated June 16, 2004 and a third supplemental indenture dated August 31, 2006 by and among TVN, TVN Finance, TVN 24, Grupa Onet and JPMorgan Chase Bank, as trustee, registrar and transfer and principal paying agent. We refer to the indenture, together with the three supplemental indentures, as the "Indenture".

The Senior Notes mature on December 15, 2013 and bear interest at the rate of 9.5% per annum. Interest is payable semi-annually in arrears on June 15 and December 15 of each year. The Senior Notes are fully and unconditionally guaranteed on a senior unsecured basis by TVN and Grupa Onet. Under certain circumstances, TVN's other subsidiaries may be required to guarantee the Senior Notes in the future. If TVN Finance is unable to make payments on the Senior Notes when they are due, the guarantors must make them instead.

On February 8, 2008, we repurchased Senior Notes with a nominal value of Euro 10,000 for an amount of Euro 10,200 (PLN 36,587). On October 24, 2008, we repurchased Senior Notes with a nominal value of Euro 10,000 for an amount of Euro 9,400 (PLN 34,141). We accounted for the repurchase as a derecognition of the corresponding part of our Senior Notes liability.

Optional Redemption

The Senior Notes may be redeemed in whole or in part at any time on or after December 15, 2008, at a redemption price equal to their principal amount plus a redemption premium. The Senior Notes are also redeemable upon the occurrence of certain tax events.

Change of Control

The Senior Notes have a put option, which may be exercised by the holders of the Senior Notes at a purchase price of 101% of the nominal value if a change of control takes place. Change of control, as defined in the Indenture, has occurred when:

- a person other than Permitted Holders, as defined in the Indenture, becomes the beneficial owner of more than 35% of the voting power of our voting stock, and the Permitted Holders own a lesser percentage than such other person;
- approved directors cease to constitute a majority of the supervisory board;
- we sell substantially all of our assets;
- a plan is adopted relating to the liquidation or dissolution of the Company; or
- we cease to own 100% of the shares of TVN Finance Corporation plc.

Covenants

The Indenture contains certain covenants that, among other things, limit our and our subsidiaries' ability to take any of the following actions:

- incur or guarantee additional indebtedness;
- make investments or other restricted payments;
- create liens;
- enter into sale and leaseback transactions;
- sell assets and subsidiary stock;
- pay dividends or make other distributions or repurchase or redeem their stock;
- enter into certain transactions with related parties and affiliates;
- enter into agreements that restrict our restricted subsidiaries' (as defined in the Indenture) ability to pay dividends;
- sell or issue capital stock of our restricted subsidiaries;
- consolidate, merge or sell all or substantially all our assets;
- purchase, prepay or redeem subordinated indebtedness prior to maturity; and
- engage in certain businesses.

These limitations, however, are subject to a number of important qualifications and exceptions.

Events of Default

The Indenture contains customary events of default, including, payment defaults, covenant defaults, certain cross-defaults to other indebtedness and obligations, and certain events of bankruptcy, insolvency or reorganization. Upon the occurrence and subsistence of an event of default (other than an event of default due to bankruptcy or insolvency), holders of at least 25% in principal amount of the Senior Notes may declare all the outstanding Senior Notes to be due and payable. If an event of default on account of bankruptcy or insolvency occurs and continues on account of bankruptcy or insolvency, all the outstanding Senior Notes will become due and payable without any declaration or other act by the holders of the Senior Notes.

PLN Bonds

On June 23, 2008, we issued PLN denominated bonds with a nominal value of PLN 500,000. We issued 5,000 bonds (not in thousands) of a nominal value of PLN 100,000 (not in thousand), with a redemption date of June 14, 2013, and with a right for us to request early redemption on either the third or fourth anniversary of the issue. The interest on the bond is calculated and paid in cash semi-annually, on the Bond nominal value, at a variable interest rate equal to 6 month WIBOR plus 2.75%.

Loan Facility

We have a loan facility of PLN 200,000 with Bank Pekao S.A., the purpose of which is to finance our general corporate and working capital needs including capital investments and other capital expenditures. The facility expires on June 30, 2011. The loan bears interest at six month WIBOR, LIBOR or EURIBOR (depending on loan's currency) plus margin, which is currently 1%. The loan has been secured on TVN's trade receivables up to the equivalent of EUR 25,000. The loan is also guaranteed by Grupa Onet and Mango Media, our subsidiaries.

As of March 31, 2009, the following amounts were used under our credit facility:

- Euro 2,313, in the form of guarantees issued by the bank on our behalf,
- PLN 60,882, in the form of overdraft; and
- PLN 110,000, in the form of the revolving loan.

Commitments and Off-Balance Sheet Arrangements

The following table summarizes in Złoty the contractual obligations, commercial commitments and principal payments we were obligated to make as of March 31, 2009 under our operating leases and other material agreements. The information presented below reflects the contractual maturities of our obligations. These maturities may differ significantly from their actual maturity.

	As of March 31, 2009						
	2009	2010	2011	2012	2013	thereafter	Total
	PLN	PLN	PLN	PLN	PLN	PLN	PLN
Operating leases							
Satellite transponder leases	63,762	92,250	87,040	52,640	35,720	101,225	432,637
Other technical leases.....	6,600	6,600	6,600	6,600	6,600	-	33,000
Operating leases – other.....	42,874	49,031	44,342	42,091	37,817	76,916	293,071
Programming rights.....	130,372	227,778	248,062	262,425	232,114	49,223	1,149,974
Total operating leases.....	243,608	375,659	386,044	363,756	312,251	227,364	1,908,6820
Commitments to purchase equipment and software (2).....	737	-	-	-	-	-	737
Total cash commitments	244,345	375,659	386,044	363,756	312,251	227,364	1,909,419
Barter commitments (1).....	3,399	-	-	-	-	-	3,399
Total cash commitments and other obligations	247,744	375,659	386,044	363,756	312,251	227,364	1,912,818

(1) As of March 31, 2009, pursuant to barter agreements, we had contractual commitments outstanding amounting to PLN 3,399, settlement of which will be in form of advertising and is intended to be rendered on arm's-length terms and conditions and at market prices.

(2) Additionally we have an undertaking to invest PLN 215,782 in the special economic zone in Kraków by December 31, 2017. On March 31, 2009, the remaining commitment amounted to PLN 141,885.

Trend Information

The principal trends of which we are aware that we believe will affect our revenue and profitability is growth in the television and Internet advertising markets in Poland and growth in the pay television market. To a lesser extent, we also believe that the continued development of paid cable and ADSL (Asymmetric Digital Subscriber Line) will have a positive impact on our revenue and profitability. We are exposed to fluctuations in the exchange rates of Złoty to both the Euro and the U.S. Dollar. Our Senior Notes due 2013 are denominated in Euro, and a large proportion of our programming costs are denominated in U.S. Dollar. In recent months the Złoty has both rapidly appreciated and depreciated against the Euro and the U.S. Dollar. We expect continuation of high volatility of Złoty exchange rates and similarly, high volatility of prices of financial instruments.

The annual inflation rate in Poland in March 2009 was 3.6%, compared with 3.3% in December 2008. We do not believe that the current inflationary trends will have a material impact on our business. We cannot predict the likelihood that these trends will continue. In particular we cannot predict what effect the current global crisis may have on the Polish economy, and financial markets, or on us.

Critical Accounting Policies

We prepare our consolidated financial statements in accordance with IFRS as adopted for use in the European Union.

You should examine Note 4 to our interim condensed consolidated financial statements for the three month period ended March 31, 2009, appended to this interim report, for a discussion of critical accounting estimates and judgments. These critical accounting policies are not intended to be a comprehensive list of all of our accounting policies. In many cases, the accounting treatment of a particular transaction is specifically dictated by IFRS, with no need for management's judgment in their application. There are also areas in which the exercise of management's judgment in selecting an available alternative would not produce a materially different result.

Financial Risk Factors

Our activities expose us to a variety of financial risks, including market risk, credit risk and liquidity risk. Our overall risk management process focuses on the unpredictability of financial markets and aims to minimize potential adverse effects on our financial performance. We use derivative financial instruments to hedge certain risk exposures when hedging instruments are assessed to be cost effective.

We conduct financial risk management under policies approved by our Management Board and Supervisory Board. Our Treasury Policy establishes the rules to manage financial risk and liquidity, through determination of the financial risk factors to which we are exposed and their sources. Details of the duties, activities and methodologies used to identify, measure, monitor and report risks as well as forecast cash flows, finance maturity gaps and invest free cash resources are contained in approved supplementary written instructions.

The following organizational units within our financial department participate in the risk management process: risk committee, liquidity management team, risk management team, financial planning and analyzing team, and accounting and reporting team. The risk committee is composed of the vice-president of the Management Board and heads of the teams within our financial department. The risk committee meets monthly and, based on an analysis of financial risks, recommends a financial risk management strategy, which is approved by the Management Board. The Supervisory Board approves risk exposure limits and is consulted prior to the execution of hedging transactions. The financial planning and analyzing team measures and identifies financial risk exposure based on information reported by operating units generating exposure. The liquidity management team performs analysis of our risk factors, forecasts our cash flows, and market and macroeconomic conditions and proposes cost-effective hedging strategies. The accounting and reporting team monitors accounting implications of hedging strategies and verifies settlements of the transactions.

Market Risk

Market Risk Related to Our Senior Notes

The price of our Senior Notes depends on our creditworthiness and on the relative strength of the bond market as a whole. We recognize as an asset the value of early redemption options embedded in the Senior Notes and this valuation largely depends on the market price of the Senior Notes. Therefore, we are exposed to decreases in the market price of the Senior Notes.

The Senior Notes are listed on the Luxembourg Stock Exchange, and the fair value of embedded options that we recognized at the reporting date reflects the Senior Notes market price on the last value date available from Reuters prior to the reporting date.

Foreign Currency Risk

Our revenue is primarily denominated in Złoty. Foreign exchange risk arises mainly from our liabilities with respect to the Senior Notes and loans from related parties and embedded prepayment options all denominated in Euros and liabilities to suppliers of foreign programming rights, satellite costs and rental costs denominated in U.S. Dollars or Euros. Liabilities related to the purchase of set top decoders are denominated in Złoty but are linked to U.S. Dollars through a price setting mechanism based on U.S. Dollars. Other costs are predominantly denominated in Złoty.

Our policy with respect to management of foreign currency risks is to cover known risks in a cost efficient manner and ensure that trading in financial instruments is not

undertaken. Following evaluation of our exposures, we enter into derivative financial instruments to manage these exposures. We may enter into call options, swaps and forward exchange agreements to manage currency exposures. Regular and frequent reporting to management is required for all transactions and exposures.

The estimated net profit (post-tax) impact on 2009 balances of a reasonably possible EUR appreciation of 15% against the Zloty (which was 5% in 2008), with all other variables held constant and without taking into account derivative financial instruments entered into for hedging purposes on EUR denominated items in the balance sheet is presented below:

	Three months ended March 31, 2009	Three months ended March 31, 2008
Assumed EUR appreciation against PLN:	15%	5%
Liabilities:		
9.5% Senior Notes due 2013 including accrued interest	(126,213)	(33,032)
Loans from related parties	(59,736)	-
Contingent consideration	(29,329)	-
Trade payables	(8,566)	(676)
Liability to ITI Media Group related to acquisition of Neovision Holding	(15,862)	-
Other	(214)	(251)
Assets:		
Trade receivables	435	103
Embedded prepayment options	-	293
Cash and cash equivalents	15,863	-

The estimated net profit (post-tax) impact on 2009 balances of a reasonably possible USD appreciation of 15% against the Zloty (which was 5% in 2008), with all other variables held constant and without taking into account derivative financial instruments entered into to mitigate USD fluctuations, on the major USD denominated items in the balance sheet is:

	Three months ended March 31, 2009	Three months ended March 31, 2008
Assumed USD appreciation against PLN:	15%	5%
Liabilities		
Trade payables	(15,369)	(2,369)
Assets:		
Cash and cash equivalents	5,719	10
Trade receivables	2,611	182

The net profit/(loss) impact of possible foreign currency fluctuations is mitigated by derivative instruments that we entered into.

Cash Flow and Fair Value Interest Rate Risk

Our exposure to interest rate risk arises on interest bearing assets and liabilities. Our main interest bearing items are the Senior Notes, PLN Bonds and loans from related parties. As the Senior Notes are at a fixed interest rate, we are exposed to fair value interest rate risk in this respect. Since we carry the Senior Notes at amortized cost, changes in fair values of these instruments do not have a direct impact on the valuation of the Senior Notes in our financial statements.

We issued PLN Bonds with a nominal value of PLN 500,000 on June 23, 2008. The PLN Bonds are at a variable interest rate linked to WIBOR and therefore expose us to interest rate risk. At March 31, 2009, if WIBOR interest rates had been 50 basis points ("b.p.") higher/lower with all other variables held constant, post-tax loss for the period would have been PLN 499 higher/ lower.

Loans from related parties are at a variable interest rate linked to EURIBOR and therefore expose us to interest rate risk. At March 31, 2009, if EURIBOR interest rates had been 50 b.p. higher/lower with all other variables held constant, post tax loss for the period would have been PLN 55 lower/ higher.

The carrying value of contingent consideration reflects its present value at the reporting date and is estimated based on assumed cost of debt. As the cost of debt used to determine net present value is linked to 12-month EURIBOR interest rate we are exposed to interest rate risk. At March 31, 2009 if EURIBOR interest rates had been 50 b.p. higher/lower with all other variables held constant, post tax loss for the period would have been 2,221 higher/lower due to change in estimation of an gain on consolidation of associate.

As of March 31, 2009, we had PLN treasury bills at carrying value of PLN 151,438, which are exposed to fair value interest rate risk. The carrying value of each instrument is based on a price provided by Reuters. If WIBOR interest rate had been 50 b.p. higher/lower, as of March 31, 2009, fair value reserve in equity would have been 96 lower/higher.

We do not consider it cost effective to use financial instruments to hedge or otherwise seek to reduce interest rate risk.

Credit Risk

Financial assets, which potentially expose us to concentration of credit risk consist principally of trade receivables and related party receivables. We place our cash and cash equivalents, bank deposits and current available for sale financial assets and foreign currency options with financial institutions that we believe are credit worthy based on current credit ratings. We do not consider our current concentration of credit risk as significant.

TV and On-line Advertising Customers

We perform ongoing credit evaluations of our customers' financial condition and generally require no collateral from our customers. We require clients with poor or no history of payments with us, with low value committed spending or assessed by us as not credit worthy to pay before service is rendered. We extend credit to customers with a good history of payments and significant spending who we consider credit worthy based on internal or external ratings. We perform ongoing evaluations of market segments focusing on our customers' liquidity and creditworthiness and our credit policy is appropriately adjusted to reflect current and expected economic conditions.

We define credit exposure as total outstanding receivables (including overdue balances) and we monitor the exposure regularly on an individual basis by paying counterparty. We make the majority of our sales through advertising agencies (64% of the total trade receivables as of March 31, 2009), which manage advertising campaigns for advertisers and pay us once they receive payment from the customer. Our top ten advertisers account for 19%, and the single largest advertiser for 3%, of sales for the three months ended March 31, 2009. Generally advertising agencies in Poland are limited liability companies with little recoverable net assets in case of insolvency. The major players amongst the advertising agencies in Poland with whom we cooperate are subsidiaries and branches of large international companies of good reputation. To the extent that it is cost-efficient, we mitigate credit exposure with a trade receivable insurance facility from a leading insurance company.

Digital Platform Customers

The primary source of credit risk related to our digital platform operations is the sale of services to subscribers to the pay TV service, who comprise a large group of individuals and companies with a relatively low individual value in their purchases from us. Credit risk is therefore very dispersed and is additionally limited by our policy of monitoring the collection of receivables and deactivating the service to customers who do not pay their subscription fees. We monitor the statistics related to late or non-payment of subscription fees and create bad debt provisions based on the available statistics.

We perform ongoing credit evaluations of the financial condition of our distributors and in many cases requires certain collateral in the form of deposits, bills of exchange or bank guarantees. Collateral is provided in order to secure our receivables arising from activation fees collected by distributors from subscribers on behalf of us, receivables from the sale of decoders and prepaid decoding cards to distributors, as well from the value of decoders and other devices provided to distributors for further distribution to our subscribers.

We do not expect any significant losses with respect to amounts included in the trade receivables from non-performance by our customers as of March 31, 2009. We do not expect any losses with respect to derivative financial assets attributable to credit risk.

Liquidity Risk

We maintain sufficient cash to meet our obligations as they become due and have available to us additional funding through a credit facility. We monitor regularly expected cash flows. We expect that our principal future cash needs will be capital expenditures relating to acquisitions, dividends, share buyback, capital investment in television and broadcasting facilities and equipment, debt service on the Senior Notes and PLN Bonds and the launch of new thematic channels and internet services. We believe that our cash balances, cash generated from operations and existing credit facility will be sufficient to fund these needs. However, if following the current liquidity crisis in the banking sector, external financing is unavailable at reasonable conditions for a longer period of time, or our operating cash flows are negatively affected by an economic slow-down or customers' financial difficulties, we will review our cash needs to ensure that we can meet our existing obligations for the foreseeable future.

As of March 31, 2009, we had cash and cash equivalents, liquid available for sale financial instruments and committed unutilized credit facilities totaling PLN 499,719 as compared to PLN 531,957 at December 31, 2008.

The table below analyses our financial liabilities relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The balances in the table are the contractual undiscounted cash flows, excluding the impact of early prepayment options. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Within 1 year	Between 1-2 years	Above 2 years
At March 31, 2009			
9.5% Senior Notes due 2013	96,024	96,024	1,298,852
PLN Bonds due 2013	46,315	46,315	615,843
Loans from related parties	-	-	860,837
Loan facility	8,557	8,557	116,206
Overdraft facility	60,886	-	-
Trade payables	291,056	31,908	20,910
Contingent consideration	-	282,078	-
Other liabilities and accruals	314,076	6,869	2,022
At December 31, 2008			
9.5% Senior Notes due 2013	85,221	85,221	1,152,730
PLN Bonds due 2013	46,315	46,315	615,843
Loan facility	8,557	8,557	116,206
Overdraft facility	48,733	-	-
Trade payables	141,905	6,951	-
Other liabilities and accruals	133,032	142	-

Summary of Certain Differences between IFRS and U.S. GAAP

We have prepared and presented the financial information included in this interim report in accordance with IFRS. Certain differences exist between IFRS and U.S. GAAP which might be material. We summarize these differences below. We have not reconciled the differences between IFRS and U.S. GAAP in our consolidated financial statements and related footnote disclosures and have not quantified any such differences. Accordingly, we cannot assure you that the following summary of differences between IFRS and U.S. GAAP is complete. Investors should consult their own professional advisors for an understanding of the differences between IFRS and U.S. GAAP and how those differences might affect the financial information included in this interim report.

Consolidation

Generally, more entities are consolidated under IFRS. IFRS focuses on a control-based model, with consideration of risks and rewards where control is not apparent. Consolidation is required under IFRS when an entity has the ability to control the financial and operating policies of another entity to obtain benefits. U.S. GAAP is much more detailed, can be influenced by form and has many more exceptions. U.S. GAAP utilizes a dual consolidation decision model, first assessing a variable interests model and then a voting control model. With respect to entities evaluated as variable-interest, consolidation is based on economic risks and rewards and the decision-making board has no role in the consolidation decision. Consolidation of non-variable-interest entities is assessed based on voting and other decision-making rights.

U.S. GAAP is undergoing considerable changes in converging with IFRS in this area.

Joint-ventures

For jointly controlled entities, IFRS provides an option for proportional consolidation. The proportional method is only allowed under U.S. GAAP for unincorporated entities in certain industries.

Business Combinations

Current differences in the definitions of a business may result in more transactions being accounted for as business combinations under IFRS. Those differences will, in substance, be eliminated upon the convergence of U.S. GAAP with IFRS in this area. Upon the adoption of new U.S. guidance, many historical differences will become eliminated.

Effective for fiscal years after December 15, 2008, FASB Statement No. 141(R), Business Combinations, introduces significant changes in the accounting for and reporting of business acquisitions and noncontrolling interests in a subsidiary. FAS 141(R) continues the movement toward (1) greater use of fair value in financial reporting and (2) transparency through expanded disclosures. It changes how business acquisitions are accounted for under U.S. GAAP and will affect financial statements at the acquisition date and in subsequent periods. Additionally, FAS 141(R) will affect the annual impairment test of goodwill from an acquisition that closed both before and after the effective date of FAS 141(R).

IFRS 3 (Revised) is applied prospectively to business combinations occurring in the first accounting period beginning on or after July 1, 2009. We decided to early adopt IFRS 3 (Revised) as of January 1, 2009. The business combinations standards (FAS 141(R) and IFRS 3 (Revised)) are very close in principles and language, with two major exceptions: (1) full goodwill and (2) the requirements regarding recognition of contingent assets and contingent liabilities.

Upon adoption of these new standards almost all of the past differences in the initial accounting for business combinations were eliminated. Significant differences remain in subsequent accounting. Different requirements for impairment testing, accounting for deferred taxes and valuation of non-controlling interests are among the most significant.

Acquired in-process research and development is generally expensed at the acquisition date under U.S. GAAP and is capitalized under IFRS. Upon the adoption of FAS 141 (R), U.S. GAAP will be similar to IFRS.

Business Combinations Under Common Control

Under U.S. GAAP specific rules govern common control transactions. Such transactions are generally recorded at predecessor cost, reflecting the transferor's carrying amount of the assets and liabilities transferred. While IFRS does not specifically address transactions under common control, the common practice is for entities to adopt IFRS 3. We early adopted IFRS 3 (Revised) and applied it to the acquisition of control over the 'n' DTH platform. The accounting treatment applied by us to this related business combination under common control under IFRS 3 (Revised) is different than it would be under U.S. GAAP.

Goodwill and Impairment Testing

There are differences between the definition of the levels at which goodwill is assigned and tested for impairment. Under IFRS goodwill is assigned to a single or group of cash-generating units (CGU), whereas under U.S. GAAP goodwill is assigned to an entity's reporting units.

There are also differences in the impairment testing methodologies that could create variability in the timing and extent of recognized impairment losses.

Goodwill impairment testing under IFRS is performed under a one-step approach: the recoverable amount of the CGU (i.e., the higher of its fair value minus costs to sell and its value in use) is compared with its carrying amount. Any excess of the carrying amount over the recoverable amount is recognized in operating results as an impairment loss. The impairment loss is allocated first to goodwill and then on a pro rata basis to the other assets of the CGU to the extent that the impairment loss exceeds the book value of goodwill.

Goodwill impairment testing under U.S. GAAP is performed under a two-step approach, the first step being the comparison of the fair value and the carrying amount of the reporting unit, including goodwill. If the fair value of the reporting unit is less than the carrying amount, step two is completed to determine the amount of the goodwill impairment loss, if any. Goodwill impairment is measured as the excess of the carrying amount of goodwill over its implied fair value. The implied fair value of goodwill is the difference between the fair value of the reporting unit and the fair value of the various assets and liabilities included in the reporting unit. Any loss recognized is not permitted to exceed the carrying amount of goodwill. The impairment charge is included in operating income.

Impairment of Non-Financial Assets

The IFRS-based impairment model may require recognition of impairments of non-current assets held for use earlier, which may not be required under U.S. GAAP. There are also differences related to such matters as identifying what qualifies as an impairment indicator and accounting for recoveries in previously impaired assets. The reversal of impairments is prohibited under U.S. GAAP. IFRS permits reversal of impairments if certain criteria are met.

Accounting for non-controlling interests

Under U.S. GAAP non-controlling interests are valued at fair value. Under IFRS 3 (Revised) entities have two valuation options, either measure on transaction-by-transaction basis, non-controlling interests at the fair value of their proportion of identifiable net assets or at full fair value.

Internally Developed Intangibles

U.S. GAAP prohibits, with very limited exceptions, the capitalization of both research and development costs. Development costs are capitalized under IFRS if certain criteria are met.

Financial Assets

Under U.S. GAAP, various specialized pronouncements provide guidance for the classification of financial assets. IFRS has only one standard for the classification of financial assets and requires that financial assets be classified in one of four categories: assets held

for trading or carried at fair value, with changes in fair value reported in earnings; held-to-maturity financial assets; available-for-sale financial assets and loans and receivables.

There are fundamental differences in the way U.S. GAAP and IFRS assess the potential non recognition of financial assets. IFRS focuses on whether a qualifying transfer has taken place, whether risks and rewards have been transferred and, in some cases, whether control over the asset in question has been transferred. U.S. GAAP focuses on whether an entity has surrendered control over an asset, including the surrendering of legal and effective control.

Unlisted equity investments generally are carried at cost (unless either impaired or the fair value option is elected) under U.S. GAAP, whereas in IFRS fair value measurement generally prevails.

The total change in fair value of available-for-sale debt securities (net of tax effects) is recorded under U.S. GAAP within other comprehensive income. The treatment of foreign exchange gains and losses on available-for-sale debt securities creates more income statement volatility under IFRS which requires any fair value change portion associated with foreign exchange gains/losses to be recognized in the income statement.

Effective interest rate of financial assets that are carried at amortized cost is generally based under U.S. GAAP on contractual cash flows during the contractual life of the asset. IFRS refers to estimated cash flows and expected life of the asset.

Loans and receivables may be carried at different amounts under U.S. GAAP and IFRS.

Impairment of Financial Assets

IFRS focuses on trigger events that affect the recovery of the cash flows from the asset regardless of the entity's intent. U.S. GAAP takes into account the entity's intent and ability to hold the security in determining whether or not it is impaired. Furthermore, when held-to-maturity debt securities are impaired under both models, the amount of impairment may differ.

Under U.S. GAAP, an investment in debt securities is assessed for impairment if the fair value is less than cost. An analysis is performed to determine whether the shortfall in fair value is temporary or other than temporary. If impairment does exist, the impairment loss under U.S. GAAP is always based on the difference between the debt security's carrying value and its fair market value.

If an impairment of a held-to-maturity debt security does exist, IFRS requires that the impairment loss be measured based on the present value of future cash flows as calculated with the original effective interest rate. IFRS also allows the impairment loss to be, as a practical expedient, based on fair value.

Impairments of loans held for investment measured under U.S. GAAP are permitted to be reversed; however, the carrying amount of the loan can at no time exceed the recorded investment in the loan. However, reversals of impairment losses for debt securities classified as available-for-sale or held-to-maturity securities are prohibited.

Derivative Financial Instruments – Foreign Exchange Options

IFRS requires an increased level of hedge effectiveness testing and detailed measurement than is required under U.S. GAAP. There are a number of similarities between the effectiveness-testing methods that are acceptable under U.S. GAAP and those that are acceptable under IFRS. At the same time, important differences exist in areas such as the use of the shortcut method and the matched-terms method.

U.S. GAAP does not permit a hedge of a portion of the time period to maturity of a hedged item.

Derivative Financial Instruments – Embedded Prepayment Options

U.S. GAAP and IFRS require separation of derivatives embedded in hybrid contracts when the economic characteristics and risks of the embedded derivatives are not closely related to the economic characteristics and risks of the host contract, when a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and when the hybrid instrument is not measured at fair value through profit or loss.

There are a series of detailed differences between U.S. GAAP and IFRS related to the treatment of certain types of embedded derivatives. For example, there are differences in relation to what is meant by closely related, the need to reassess whether an embedded derivative needs to be separated and treatment of calls in debt instruments.

Debt Issue Costs

When applicable, the balance sheet presentation of transaction costs (separate asset versus a component of the instrument's carrying value) differs under the two standards. IFRS prohibits the balance sheet gross up required by U.S. GAAP.

Under U.S. GAAP, when the liability is not carried at fair value through income, transaction costs are deferred as an asset.

In accordance with IFRS, when the liability is not carried at fair value through income, transaction costs are deducted from the carrying value of the financial liability and are not recorded as separate assets. They are accounted for as a debt discount and amortized using the effective interest method.

Revenue Recognition

In many regards, IFRS and U.S. GAAP are supported by similar principles with respect to revenue recognition. But U.S. GAAP uses additional layers of rules in its guidance. For instance, U.S. GAAP provides highly prescriptive revenue recognition guidance, including a significant number of standards issued by the various standard setting bodies in the United States. These highly detailed standards often dictate industry-specific accounting. By comparison, IFRS has just two primary revenue standards and a handful of revenue related interpretations that capture all revenue transactions. The broad principles laid out in IFRS are generally applied without elaboration and without exceptions for specific industries.

Broad-based differences in the accounting for the provision of services may impact the timing of revenue recognition. Differences involving the separation of multiple deliverable arrangements into components, and the allocation of consideration between those components, may impact the timing of revenue recognition. Where differences exist, revenue may be recognized earlier under IFRS.

One of the most common general revenue recognition issues has to do with the determination of when transactions with multiple deliverables should be separated into components and with the way revenue gets allocated to the different components. U.S. GAAP focuses on detailed separation and allocation criteria, whereas IFRS focuses on the economic substance of the transactions. For example, U.S. GAAP separation criteria indicate that vendor-specific objective evidence of fair value is preferable in all circumstances in which it is available. When it is not available, third-party vendor objective evidence may be used. IFRS is not as restrictive in terms of how to obtain sufficient evidence of fair value. For example, IFRS allows the use of cost plus a reasonable margin to determine fair value, which is typically not allowed for U.S. GAAP purposes.

The accounting for customer loyalty programs may drive fundamentally different results. The IFRS requirement to treat customer loyalty programs as multiple-element arrangements in which consideration is allocated to the goods or services and the award credits based on fair value through the eyes of the customer would be acceptable for U.S. GAAP purposes. Many U.S. GAAP reporting companies, however, use the incremental cost model, which is very different from the multiple-element approach required under IFRS. In this instance the implication is that IFRS generally results in the deferral of more revenue and profit.

When services-based transactions include a right of refund the revenue can potentially be recognized earlier under IFRS. A right of refund may disallow recognition of revenues from a service arrangement under U.S. GAAP until the right of refund expires.

In accounting for advertising-barter transactions if the fair value of assets submitted in an advertising-barter transaction is not determinable, U.S. GAAP requires the transaction to be recorded based on the carrying amount of advertising surrendered, which likely will be zero. Advertising-barter transactions should be recognized under IFRS with reference to the fair value of services provided.

New Accounting Pronouncements

Certain new accounting standards and International Financial Reporting Interpretations Committee ("IFRIC") interpretations have been published by IASB since the publication of the annual consolidated financial statements that are mandatory for accounting periods beginning on or after April 1, 2009. We set out our assessment of the impact of these new standards and interpretations are set out below.

Amendment to IFRS 7 "Improving Disclosures about financial instruments"

The amendment was published on March 5, 2009. It requires enhanced disclosures about fair value measurements and liquidity risk. The amendments are applicable retrospectively for annual periods beginning on or after January 1, 2009. Entities are not required to provide comparative disclosures in the first year of adoption.

Amendments to IFRIC 9 and IAS 39 Embedded Derivatives

The amendments were published on March 12, 2009. They clarify the accounting treatment for embedded derivatives when reclassifying financial instruments. The amendments apply retroactively and are required to be applied to annual periods ending on or after June 30, 2009. These amendments will not affect our financial statements.

IFRS Improvements

On April 16, 2009, the International Accounting Standards Board issued "IFRS Improvements", which amend 12 standards. The amendments include changes in scope, presentation, recognition and valuation and include terminology and editorial changes. The majority of the amendments are applicable to annual periods starting on January 1, 2010, but some changes are applicable to July 1, 2009. We are currently assessing the impact of the changes on our financial statements.

Additionally, the following standards and "IFRIC Interpretations" are applicable in the future and were discussed in our annual financial statements for the year ended December 31, 2008:

- *Amendments to IAS 39 "Financial Instruments: Recognition and Measurement: Eligible Hedged Items", applicable on July 1, 2009*
- *IFRIC 17 "Distributions of Non-cash Assets to Owners", applicable on July 1, 2009*
- *IFRIC 18 "Transfers of Assets from Customers", applicable on July 1, 2009*

At the date of preparation of these financial statements the following standards and IFRIC interpretations were not adopted by the EU:

- *Revision to IFRS 3 "Business Combinations" and amendment to IAS 27 "Consolidated and Separate Financial Statements"*
- *Revision to IFRS 1 "First-time Adoption of International Financial Reporting Standards" and IAS 27 "Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate"*
- *IFRIC 15 "Agreements for the Construction of Real Estate"*
- *IFRIC 16 "Hedges of a Net Investment in a Foreign Operation"*
- *IFRS "Improvements"*
- *IFRIC 17 "Distributions of Non-cash Assets to Owners"*
- *IFRIC 18 "Transfers of Assets from Customers"*
- *Amendment to IAS 39 "Financial Instruments: Recognition and Measurement: Eligible Hedged Items"*
- *Amendment to IAS 39 "Reclassification of financial Assets: Effective Date and Transition"*
- *Amendment to IFRS 7 "Improving Disclosures about financial instruments"*
- *Amendments to IFRIC 9 and IAS 39 "Embedded Derivatives"*

Dividend Policy

Subject to our operating results, capital investment requirements, the terms of our Indenture and statutory distributable reserves, we intend to recommend that between 30% and 50% of our annual net profits, adjusted for the impact of revaluation of the embedded option in our Senior Notes, be used to pay dividends.

We proposed a dividend payment for the year 2008 of PLN 0.57 per share, 16.3% higher in comparison to the 2007 dividend paid of PLN 0.49 per 1 share.

Share Buyback Program

On October 30, 2008, our shareholders approved a share buyback program to acquire and voluntarily redeem our shares (the "Share Buyback Program"). The Share Buyback Program allows us to purchase up to 35 million shares (not in thousands), but not more than 10% of our share capital as calculated on the last day of the Share Buyback Program. The program ends on December 31, 2009, and our shareholders approved the designation of a maximum amount of PLN 471,750 to finance the Share Buyback Program.

The first tranche of PLN 50,000 of the Share Buyback Program commenced on November 17, 2008. By January 21, 2009, we purchased in total 3,903,188 (not in thousands) shares at an average price of PLN 12.81 per share for the total of PLN 49,999,961 (not in thousands).

The second tranche of PLN 50,000 of the Share Buyback Program commenced on February 5, 2009. By March 18, 2009, we purchased in total 5,253,919 (not in thousands) shares at an average price of PLN 9.52 per share for the total of PLN 49,999,991 (not in thousands).

Since commencing the Share Buyback Program, we have purchased in total 9,157,107 shares at an average price of PLN 10.92 per share (numbers not in thousands) for a total of PLN 100,000.

PART II

ADDITIONAL INFORMATION

1. Our Comment on Previously Published Forecasts

We expect our 'n' DTH platform to reach 766,000 (not in thousands) post paid subscribers at the end of 2009 with average monthly revenue per user (ARPU) of PLN 62.9 (not in thousands), as we stated in our current report number 16/2009 published on March 11, 2009.

2. TVN Group Organizational Structure

TVN Group comprises the following entities as of March 31, 2009:

Entity	Country of incorporation and residence	March 31, 2009 Ownership (%)	March 31, 2009 Voting Power (%)
TVN S.A.....	Poland	n/a	n/a
Cyfrowy Dom Sp. z o.o.....	Poland	51	51
Discovery TVN Ltd.....	United Kingdom	50	50
Dream Lab Onet.pl Sp. z o.o.....	Poland	100	100
EI-Trade Sp. z o.o.....	Poland	100	100
Grupa Onet Poland Holding B.V.....	The Netherlands	100	100
Grupa Onet.pl S.A.....	Poland	100	100
ITI Neovision Sp. z o.o.....	Poland	51	51
Mango Media Sp. z o.o.....	Poland	100	100
Media Entertainment Ventures Int Ltd.....	Malta	100	100
MGM Chanel Poland Ltd.....	United Kingdom	23	23
Neovision Holding B.V*.....	The Netherlands	51	51
Neovision UK Ltd.....	United Kingdom	51	51
NTL-Radomsko Sp. z o.o.....	Poland	100	100
Polski Operator Telewizyjny Sp. z o.o.....	Poland	50	50
Polskie Badania Internetu Sp. z o.o.....	Poland	20	20
SunWeb Sp. z o.o.....	Poland	100	100
Thema Film Sp. z o.o.....	Poland	96	96
Tivien Sp. z o.o.....	Poland	100	100
TVN Finance Corporation plc.....	United Kingdom	100	100

* Neovision Holding B.V. wholly owns ITI Neovision Sp. z o.o. (Poland), Neovision UK Ltd (UK), has 99% of Cyfrowy Dom Sp. z o.o. and has 45% joint venture in MGM Channel Poland Ltd (UK).

3. Changes in the Structure of the TVN Group

On March 11, 2009, as a result of an agreement with our controlling shareholder ITI Media Group N.V. ("ITI Media Group"), which is wholly owned subsidiary of our ultimate controlling company ITI Holdings S.A. ("ITI Holdings"), and Neovision Holding B.V. we took control over ITI Neovision Sp. z o.o., owner and operator of the 'n' DTH platform. Our financial results for the three months ended March 31, 2009 are not fully comparable to the financial results for the corresponding period of 2008. Our results for the three months ended March 31, 2009 include our share of the net loss of ITI Neovision, the operator of the 'n' DTH platform, for the period between January 1 and March 11, 2009, and full financial results ITI Neovision, the operator of the 'n' DTH platform, for the period between March 11 and March 31, 2009. The results for the corresponding period of 2008 do not include any financial results of ITI Neovision, 'n' DTH platform.

4. Shareholders Owning At Least 5% of Our Shares as of the Date of this Interim Report

The following table presents shareholders that own at least 5% of our shares as of the date of this interim report, to our best knowledge. The information included in the table is based on current reports filed with the Warsaw Stock Exchange, which reflect information received from shareholders pursuant to Art. 69, sec. 1, point 2 the Act on Public Offering, conditions governing the introductions to organized trading and public companies.

The table below shows the ownership of TVN shares as of May 14, 2009:

Shareholder	Number of Shares	% of Share Capital	Number of Votes	% of votes
Strateurop International B.V. ⁽¹⁾	180,355,430	51.60%	180,355,430	52.99%
N-Vision B.V. ⁽¹⁾	20,850,902	5.97%	20,850,902	6.13%
Cadizin Trading&Investment ⁽¹⁾	10,001,400	2.86%	10,001,400	2.94%
ITI Impresario ⁽¹⁾	1,400	0.00%	1,400	0.00%
Other shareholders	129,149,175	36.95%	129,149,175	37.94%
Treasury shares	9,157,107	2.62%	-	-
TOTAL:	349,515,414	100.00%	349,515,414	100.00%

⁽¹⁾ Entities controlled by ITI Holdings.

5. Changes in the Number of Shares or Share Options Owned by Supervisory and Management Board Members

5.1 Management Board Members

The following table presents share options (not in thousands) allocated to members of our Management Board, under the Stock Option Plans we introduced in December 2005 and July 2006, as of May 14, 2009 and changes in their holdings since the date of publication of our previous quarterly report on February 20, 2009.

Board Member	Vested share options balance as of February 20, 2009	Increases	Decreases	Vested share options balance as of May 14, 2009
Piotr Walter	271,300	186,780	-	458,080
Karen Burgess	114,410	148,735	-	263,145
Edward Miszczak	148,735	148,735	-	297,470
Łukasz Wejchert	430,80	146,260	-	577,065
Tomasz Berezowski	229,065	94,965	-	324,030
Olgierd Dobrzyński	83,050	-	-	83,050
Waldemar Ostrowski	73,050	94,965	-	168,015
Adam Pieczyński	83,500	-	-	83,500
Jarosław Potasz	138,015	94,965	-	232,980
Piotr Tyborowicz	168,015	94,965	-	262,980

The following table presents shares (not in thousands) owned directly or indirectly by our Management Board as of, May 14, 2009, and changes in their holdings since the date of publication of our previous quarterly report on February 20, 2009. The information included in the table is based on information received from members of our Management Board pursuant to Art. 160, sec. 1 of the Act on Public Trading.

Board Member	Balances as of February 20, 2009	Increases	Decreases	Balances as of May 14, 2009
Piotr Walter	20,000	-	-	20,000
Karen Burgess	138,735	-	-	138,735
Edward Miszczak	75,300	-	-	75,300
Łukasz Wejchert	515,805	-	-	515,805
Tomasz Berezowski	-	-	-	-
Olgierd Dobrzyński	939	-	-	939
Waldemar Ostrowski	45,089	-	-	45,089
Adam Pieczyński	-	-	-	-
Jarosław Potasz	78,450	-	-	78,450
Piotr Tyborowicz	-	-	-	-

5.2 Supervisory Board Members

The following table presents shares (not in thousands) held by the Supervisory Board members as of May 14, 2009 and changes in their holdings since the date of publication of our previous quarterly report on February 20, 2009. The information included in the table is based on information received from members of our Supervisory Board pursuant to Art. 160 sec. 1 of the Act on Public Trading.

Board Member	Balances as of February 20, 2009	Increases	Decreases	Balances as of May 14, 2009
Wojciech Kostrzewa	100,000	-	-	100,000
Bruno Valsangiacomo	660,417	-	-	660,417
Arnold Bahlmann	106,330	-	-	106,330
Romano Fanconi	32,000	-	-	32,000
Paweł Gricuk	-	-	-	-
Paweł Kosmala	-	-	-	-
Wiesław Rozłucki	-	-	-	-
Andrzej Rybicki	-	-	-	-
Markus Tellenbach	-	-	-	-
Aldona Wejchert	-	-	-	-
Gabriel Wujek	-	-	-	-

6. Legal Proceedings

In the normal course of business, we are subject to various legal proceedings and claims. We do not believe that the ultimate amount of any such pending actions will, either individually or in aggregate, have a material adverse effect on our business or our financial condition. There are no pending legal proceedings where the amounts claimed against us would exceed 10% of our capital.

7. Related Party Agreements Concluded During the Quarter

During the three months ended March 31, 2009, we entered into the following material transactions with related parties.

Agreements to increase our shareholding in Neovision Holding to 51%.

Before March 11, 2009 we had significant influence on, but not control over, ITI Neovision operations. Accordingly, the investment was classified as an investment in an associate and accounted for using the equity method with the recognition of 25% share of the associate's net results.

On March 11, 2009, we and ITI Media Group entered into a preliminary agreement ("Preliminary Agreement") under which the parties agreed that we would increase our direct ownership interest in Neovision Holding and our indirect ownership of ITI Neovision to an aggregate of 51% of each company's shares for the price of EUR 46,200.

We subsequently entered into a transaction agreement ("Transaction Agreement") and amendments to the Shareholders Agreement with ITI Media Group and Neovision Holding implementing the Preliminary Agreement. On March 31, 2009, (1) along with ITI Media Group, we caused Neovision Holding to repurchase 20,000 of its shares at a buy-back price equal to the par or nominal value of those shares, (2) we made loans to Neovision Holding and ITI Neovision in the aggregate amount of EUR 30,072, (3) Neovision Holding

and ITI Neovision paid to ITI Media Group and N-Vision B.V. the aggregate amount of EUR 27,769 as a repayment of a portion of the outstanding shareholder loans plus the payment of the buy-back price of the repurchased Neovision Holding shares, settled on April 1, 2009, (4) ITI Media Group was released from its obligation to pay EUR 2,263 as its future funding obligations as a shareholder of ITI Neovision and with respect to its on-going obligation to pay for all of Religia.tv channel operating and other costs and (5) ITI Media Group provided us with a power of attorney to ensure that, pending completion of the actions described in the next paragraph, we can at all times exercise voting rights over Neovision Holding shares owned by ITI Media Group which, when combined with the Neovision Holding shares already owned by us, represent 51% of all Neovision Holding shares. Following the completion of the actions taken on March 31, 2009, we own shares of Neovision Holding and, through our ownership interest in Neovision Holding, indirectly own shares of ITI Neovision representing 50.0005% of each company's shares and also own 52.4% of the shareholder loans.

No later than August 1, 2009, Neovision Holding will repurchase an additional 390 (not in thousands) of its shares at a buy-back price equal to the par or nominal value of those shares and cancel the 20,390 (not in thousands) repurchased shares which it currently holds. Following the completion of these transactions, we will directly own shares of Neovision Holding and, through our ownership interest in Neovision Holding, indirectly own shares of ITI Neovision representing 51% of each company's shares. The Transaction Agreement also provides that Religia.tv channel will, no later than September 30, 2009, be formally separated from ITI Neovision, with ITI Media Group being responsible for any associated costs and liabilities pre- and post- separation.

The Transaction Agreement provides that we will pay ITI Media Group a supplemental payment if and to the extent that the 'n' DTH platform subscriber revenues for the 2010 calendar year exceed PLN 555,618. The amount of the supplemental payment will be computed as EUR 0.3214 for each PLN 1.00 in excess of the foregoing threshold amount. ITI Media Group's right to receive this supplemental payment is also contingent upon the 'n' DTH platform reaching or exceeding certain specified targets during the 2010 calendar year with respect to EBITDA, numbers of subscribers and average revenue per subscriber (ARPU). In order to trigger a supplemental payment ITI Neovision would need to be profitable at the EBITDA level, have in excess of 848,000 (not in thousands) post paid subscribers, ARPU should exceed PLN 60.48 (not in thousands) and post paid subscription revenue should not be lower than PLN 555,618. The amount of the supplemental payment is subject to a EUR 60,000 cap. The cap amount will be reduced if and to the extent that, prior to the end of 2010 calendar year, ITI Media Group sells all or a part of its remaining ownership interest in Neovision Holding or ITI Neovision to a third party where the purchase price paid by the third party reflects the 'n' DTH platform having an equity value that is less than the amount specified in the Transaction Agreement (which amount reflects our investment in, and the resulting equity value of, the 'n' DTH platform). We have the option to pay up to one-half of the correction payment in the form of our shares, with the balance paid in cash.

Consistent with us becoming the direct majority shareholder of Neovision Holding and the indirect majority shareholder of ITI Neovision, the board of directors of Neovision Holding and the supervisory board of ITI Neovision have been reorganized so that a majority of the members of each body are persons nominated by us. The Shareholders Agreement as amended remains in effect, however we are now the majority shareholder and the option granted to us in the Shareholders Agreement to acquire a 51% direct ownership interest in Neovision Holding is deemed to have been exercised pursuant to the transactions described above.

The direct costs relating to the acquisition amounted to PLN 14,572 and included mainly legal, valuation and professional consulting fees, and have been fully expensed in the three months ended March 31, 2009.

These agreements were entered into on an arm's length basis and were approved by the majority of our independent Supervisory Board members and we received fairness opinions on the transactions entered into.

Sublicense agreement with ITI Neovision Sp. z o.o.

We entered on market conditions into a sublicensing contract with ITI Neovision. Pursuant to the agreement we had granted to ITI Neovision the limited exclusive sublicense to exploit the Pay TV and Subscription VOD rights to the motion pictures from Paramount Pictures existing library as well as certain of Paramount's future productions, following an agreement with Paramount disclosed on December 11, 2008. The sublicense agreement include the exhibition rights within the territory of Poland and in the Polish language over a period of 5 years commencing January 1, 2009 with optional extension term of 2 additional years.

8. Discussion on Guarantees Granted to Third Parties by TVN Group During the Three Months Ended March 31, 2009

Neither TVN S.A. nor any of entities from TVN Group have granted any guarantees or secured any third party credits for an amount exceeding 10% of our capital.

9. Other Important Information

The following table presents TVN pro-forma results including full consolidation of Neovision Holding in 2008.

	2008 Pro-forma (PLN millions)
Revenue	2,110
Operating profit	355
Net financial expense	(293)
Profit before tax	61
Profit for the period	51
• Profit for the period attributable to equity holders of TVN S.A.	229
• Non controlling interest	(178)
Cash available and liquid available – for – sale financial instruments	313
EBITDA	503
Net debt	1,250
Net debt/ EBITDA	2.49

Pro-forma assumptions made in the table above are as follows:

1. Profit and loss figures are calculated as if the investment was made at the beginning of the period;
2. Balance sheet figures are calculated as if the investment was made at December 31, 2008;
3. Business combination was achieved in one stage;
4. Investment is financed through long-term PLN debt at WIBOR6M + 2.75% p.a.;
5. TVN acquired 51% of shareholders' loans at ITI Neovision which are denominated in EUR with 8.25% interest p.a.;
6. Early adoption of IFRS 3 (revised) by TVN Group. IFRS 3 (revised) is expected to be endorsed by EU in Q2 2009;
7. Results based on published 2008 financial statements of TVN Group and unaudited 2008 financial statements of ITI Neovision Group; and
8. Net debt does not include shareholder loans.

PART III

FINANCIAL INFORMATION

The financial information of TVN S.A. presented as a part of this report is included as follows:

Interim Condensed Consolidated Financial Statements as of and for the 3 months ended March 31, 2009	Page
TVN Information	F-1
Interim Condensed Consolidated Income Statement	F-4
Interim Condensed Consolidated Statement of Comprehensive Income	F- 5
Interim Condensed Consolidated Balance Sheet	F-6
Interim Condensed Consolidated Statement of Changes in Shareholders' Equity	F-7
Interim Condensed Consolidated Cash Flow Statement	F-10
Notes to the Interim Condensed Consolidated Financial Statements	F-11

We present below TVN S.A.'s separate financial statements, which we are required to disclose as a public company in Poland, in order to ensure consistent disclosure to both bondholders and shareholders.

Interim Condensed Separate Financial Statements as of and for the 3 months ended March 31, 2009	Page
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Interim Condensed Separate Statement of Comprehensive Income	SF-5
Interim Condensed Separate Balance Sheet	SF-6
Interim Condensed Separate Statement of Changes in Shareholders' Equity	SF-7
Interim Condensed Separate Cash Flow Statement	SF-9
Notes to the Interim Condensed Separate Financial Statements	SF-10

MANAGEMENT REPRESENTATIONS

These interim condensed consolidated financial statements of TVN S.A. and its subsidiaries (the "TVN Group") as of and for the three months ended March 31, 2009, have been prepared in order to present the financial position, financial results and cash flows in accordance with the International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34").

The interim condensed consolidated financial statements of TVN Group as of and for the three months ended March 31, 2009 include: interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated balance sheet, interim condensed consolidated statement of changes in shareholders' equity, interim condensed consolidated cash flow statement and notes to the interim condensed consolidated financial statements.

These interim condensed consolidated financial statements were authorized for issuance by the Management Board of TVN S.A. on May 13, 2009.

Piotr Walter
President of the Board

Karen Burgess
Vice-President of the Board

Edward Miszczak
Vice-President of the Board

Jan Łukasz Wejchert
Vice-President of the Board

Tomasz Berezowski
Board Member

Olgierd Dobrzyński
Board Member

Waldemar Ostrowski
Board Member

Adam Pieczyński
Board Member

Jarosław Potasz
Board Member

Piotr Tyborowicz
Board Member

Warsaw, May 13, 2009

TVN Group

**Interim Condensed Consolidated Financial Statements
As of and for the 3 months ended March 31, 2009**

TVN Group

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TVN Information

1. Principal activity

TVN Group is the leading, integrated Polish media group, active in television broadcasting and production, including operation of a digital satellite platform, internet and teleshopping.

TVN S.A. (the “Company”) and its subsidiaries (“TVN Group”, the “Group”) operate or jointly operate thirteen television channels in Poland: TVN, TVN 7, TVN 24, TVN Meteo, TVN Turbo, ITVN, TVN Style, TVN Lingua, TVN CNBC Biznes, TVN Warszawa, Discovery Historia, NTL Radomsko and Teleshopping Mango 24. The Group’s channels broadcast news, information and entertainment shows, serials, movies and teleshopping. The Group also operates a Polish direct-to-home pay satellite television platform ‘n’, which offers technologically advanced pay television services. The Group also operates Onet.pl the leading internet portal in Poland operating services such as: Zumi.pl, Sympatia.pl, OnetBlog and OnetLajt.

2. Registered Office

TVN S.A.
ul. Wiertnicza 166
02-952 Warszawa

3. Supervisory Board

- Wojciech Kostrzewa, President
- Bruno Valsangiacomo, Vice-President
- Arnold Bahlmann
- Romano Fanconi
- Paweł Gricuk
- Paweł Kosmala
- Wiesław Rozłucki
- Andrzej Rybicki
- Markus Tellenbach
- Aldona Wejchert
- Gabriel Wujek

4. Management Board

- Piotr Walter, President
- Karen Burgess, Vice-President
- Edward Mischczak, Vice-President
- Jan Łukasz Wejchert, Vice-President
- Tomasz Berezowski
- Olgierd Dobrzyński
- Waldemar Ostrowski
- Adam Pieczyński
- Jarosław Potasz
- Piotr Tyborowicz

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

5. Auditors

PricewaterhouseCoopers Sp. z o.o.
Al. Armii Ludowej 14
00-638 Warszawa

6. Principal Solicitors

Clifford Chance
ul. Lwowska 19
00-660 Warszawa

7. Principal Bankers

Bank Polska Kasa Opieki S.A. ("Pekao SA")
ul. Grzybowska 53/57
00-950 Warszawa

8. Subsidiaries

Television Broadcasting and Production

- TVN Finance Corporation plc
One London Wall
London EC2Y 5EB, UK
- NTL Radomsko Sp. z o.o.
ul. 11 Listopada 2
97-500 Radomsko
- El-Trade Sp. z o.o.
ul. Wiertnicza 166
02-952 Warszawa
- Thema Film Sp. z o.o.
ul. Powsińska 4
02-920 Warszawa
- Mango Media Sp. z o.o.
ul. Kościuszki 61
81-703 Sopot
- Tivien Sp. z o.o.
ul. Augustówka 3
02-981 Warszawa

Digital Platform

- ITI Neovision Sp. z o.o.
ul. Powsińska 4
02-920 Warsaw
- Neovision Holding B.V.
De Boelelaan 7
NL-1083 Amsterdam
The Netherlands
- Cyfrowy Dom Sp. z o.o.
ul. Powsińska 4
02-920 Warsaw
- Neovision UK Ltd.
Carmelite 50 Victoria Embankment
London EC4M 0DX, UK

TVN S.A.
Interim Condensed Consolidated Financial Statements

On-line

- Grupa Onet.pl S.A.
ul. G. Zapolskiej 44
30-126 Kraków
- Grupa Onet Poland Holding B.V.
De Boelelaan 7
NL-1083 Amsterdam
The Netherlands
- Dream Lab Onet.pl Sp. z o.o.
ul. G. Zapolskiej 44
30-126 Kraków
- Media Entertainment Ventures International Limited
Palazzo Pietro Stiges 90, Strait Street
Valetta VLT 05, Malta
- SunWeb Sp. z o.o.
ul. G. Zapolskiej 44
30-126 Kraków

9. Joint ventures

- Discovery TVN Ltd
566 Chiswick High Road
London W4 5YB, UK
- Polski Operator Telewizyjny Sp. z o.o.
ul. Huculska 6
00-730 Warszawa
- MGM Channel Poland Ltd.
Carmelite, 50 Victoria Embankment
London EC4Y 0DX, UK

10. Associate

- Polskie Badania Internetu Sp. z o.o.
Al. Jerozolimskie 44
00-950 Warszawa

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TVN S.A.
Interim Condensed Consolidated Income Statement
(Expressed in PLN, all amounts in thousands, except as otherwise stated)

	Note	Three months ended March 31, 2009	Three months ended March 31, 2008
Revenue		435,122	401,561
Cost of revenue	6	(263,427)	(221,394)
Selling expenses	6	(46,552)	(37,872)
General and administration expenses	6	(61,059)	(36,231)
Other operating (expense)/income, net	6	(368)	2,137
Gain on consolidation of associate	24	110,690	-
Operating profit		174,406	108,201
Investment income, net	7	5,842	6,138
Finance expense, net	7	(184,117)	(32,960)
Share of loss of associate	24	(39,446)	-
(Loss)/profit before income tax		(43,315)	81,379
Income tax charge	21	(7,011)	(17,939)
(Loss)/profit for the period		(50,326)	63,440
(Loss)/profit attributable to:			
Owners of the parent		(29,071)	63,440
Non-controlling interests		(21,255)	-
		(50,326)	63,440
(Losses)/earnings per share for (loss)/profit attributable to the owners of TVN S.A. (not in thousands)			
- basic	8	(0.08)	0.18
- diluted	8	(0.08)	0.18
Supplementary disclosure of impact of embedded option valuation:			
(Loss)/profit attributable to the owners of TVN S.A.		(29,071)	63,440
Impact on (loss)/profit, net of tax, of fair value loss on embedded option	7	-	10,707
Adjusted (loss)/profit attributable to the owners of TVN S.A.		(29,071)	74,147

The Group presents adjusted (loss)/profit to reflect the impact of non-cash fair value losses/gains arising on prepayment options embedded in its Senior Notes. The accounting for prepayment options is technical, judgmental and driven by accounting interpretations. The Group believes that presentation of net (loss)/profit adjusted for this item enables a reader to better understand the Group's operating and financial performance.

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TVN S.A.
Interim Condensed Consolidated Statement of Comprehensive Income
(Expressed in PLN, all amounts in thousands, except as otherwise stated)

	Note	Three months ended March 31, 2009	Three months ended March 31, 2008
(Loss)/profit for the period		(50,326)	63,440
Other comprehensive income:			
Available-for-sale assets	12	(257)	-
Income tax relating to components of other comprehensive income	21	49	-
Other comprehensive (expense)/income for the period, net of tax		(208)	-
Total comprehensive (expense)/income for the period		(50,534)	63,440
Total comprehensive (expense)/income attributable to:			
Owners of the parent		(29,279)	63,440
Non-controlling interests		(21,255)	-
		(50,534)	63,440

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TVN S.A.
Interim Condensed Consolidated Balance Sheet
(Expressed in PLN, all amounts in thousands, except as otherwise stated)

		As at	As at
	Note	March 31, 2009	December 31, 2008
ASSETS			
Non-current assets			
Property, plant and equipment	9	642,038	347,400
Goodwill	10	1,715,612	952,657
Brand	11	781,888	693,688
Other intangible assets		71,773	56,796
Non-current programming rights		180,216	154,741
Investments in associates	24	1,129	120,076
Loan to associate	24	190	179,138
Available-for-sale financial assets	12	7,588	7,588
Deferred tax asset	21	27,163	34,515
Other non current assets	14	5,172	5,181
		3,432,769	2,551,780
Current assets			
Current programming rights		232,161	192,676
Trade receivables		296,343	305,834
Available-for-sale financial assets	12	151,438	315,616
Derivative financial assets	13	29,820	149,865
Prepayments and other assets	14	146,313	51,286
Corporate income tax receivable		-	1,250
Cash and cash equivalents	15	330,037	184,867
		1,186,112	1,201,394
TOTAL ASSETS		4,618,881	3,753,174
EQUITY			
Shareholders' equity			
Share capital	16	69,903	69,903
Share premium		605,765	605,805
Treasury shares	17	(100,000)	(37,428)
8% obligatory reserve		23,152	23,152
Other reserves		116,012	109,048
Accumulated profit		847,403	876,474
		1,562,235	1,646,954
Non-controlling interest		(331,292)	-
		1,230,943	1,646,954
LIABILITIES			
Non-current liabilities			
9.5% Senior Notes due 2013	18	970,565	855,432
PLN Bonds due 2013	18	498,678	498,593
Loans from related party	18,26	491,652	-
Loan facility	18	109,875	109,875
Deferred tax liability	21	144,207	165,679
Non-current trade payables		53,873	6,951
Contingent consideration	24	241,393	-
Other non-current liabilities		10,372	1,342
		2,520,615	1,637,872
Current liabilities			
Current trade payables		290,001	141,905
Corporate income tax payable		21,740	40,559
Accrued interest on borrowings	18	45,647	7,658
Overdraft facility	18	60,886	48,733
Other liabilities and accruals	19	449,049	229,493
		867,323	468,348
Total liabilities		3,387,938	2,106,220
TOTAL EQUITY AND LIABILITIES		4,618,881	3,753,174

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TVN S.A.
Interim Condensed Consolidated Statement of Changes in Shareholders' Equity
(Expressed in PLN, all amounts in thousands, except as otherwise stated)

	Number of shares (not in thousands)	Share capital	Share Premium	8% obligatory reserve	Employee share option plan reserve	Accumulated profit	Total	Non-controlling interests	Total equity
Balance at January 1, 2008	347,272,975	69,455	566,327	22,901	86,833	684,245	1,429,761	-	1,429,761
Total comprehensive income for the period	-	-	-	-	-	63,440	63,440	-	63,440
Issue of shares	980,023	196	16,700	-	(7,521)	-	9,375	-	9,375
Share issue cost	-	-	(30)	-	-	-	(30)	-	(30)
Charge for the year (1)	-	-	-	-	11,745	-	11,745	-	11,745
Balance at March 31, 2008	348,252,998	69,651	582,997	22,901	91,057	747,685	1,514,291	-	1,514,291

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TVN S.A.
Interim Condensed Consolidated Statement of Changes in Shareholders' Equity
(Expressed in PLN, all amounts in thousands, except as otherwise stated)

	Number of shares (not in thousands)	Share capital	Share Premium	Treasury shares	8% obligatory reserve	Other reserves (*)	Accumulated Profit	Total	Non-controlling interests	Total equity
Balance at January 1, 2009	349,515,414	69,903	605,805	(37,428)	23,152	109,048	876,474	1,646,954	-	1,646,954
Total comprehensive income for the period	-	-	-	-	-	(208)	(29,071)	(29,279)	(21,255)	(50,534)
Acquisition of subsidiary (see Note 24)	-	-	-	-	-	-	-	-	(310,037)	(310,037)
Purchase of treasury shares (2)	-	-	-	(62,572)	-	-	-	(62,572)	-	(62,572)
Cost of share option plan	-	-	(40)	-	-	-	-	(40)	-	(40)
Share option plan charge for the period (1)	-	-	-	-	-	7,172	-	7,172	-	7,172
Balance at March 31, 2009	349,515,414	69,903	605,765	(100,000)	23,152	116,012	847,403	1,562,235	(331,292)	1,230,943

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TVN S.A.
Interim Condensed Consolidated Statement of Changes in Shareholders' Equity
(Expressed in PLN, all amounts in thousands, except as otherwise stated)

- (1) On December 27, 2005 TVN S.A. introduced the TVN Incentive Scheme I based on C series of shares. On June 8, 2006 the Annual Shareholders' Meeting approved a conditional share capital increase of up to 1,974 required for execution of the TVN Incentive Scheme I.
On July 31, 2006, as part of the acquisition of Grupa Onet.pl, TVN S.A. introduced the TVN Incentive Scheme II based on E series of shares. On September 26, 2006 the Extraordinary Shareholders' Meeting approved a conditional share capital increase of up to 1,756 required for execution of the TVN Incentive Scheme II.
- (2) During the three months ended March 31, 2009, 6,200,937 (not in thousands) shares were purchased by the Company for redemption (see Note 17). These shares are included in the total number of shares in issue as of March 31, 2009 until the Shareholders' Meeting resolves to redeem and cancel the shares.

Included in accumulated profit is an amount of 471,750 designated for a share buyback (see Note 17) and an amount of 384,546 being the accumulated profit of TVN S.A. on a stand-alone basis which is distributable. The Senior Notes (see Note 18) impose certain restrictions on payment of dividends.

*** Other reserves**

	Employee share option plan reserve	Fair value reserve	Total
Balance at January 1, 2009	108,507	541	109,048
Charge for the period	7,172	(257)	6,915
Deferred tax on charge for the period	-	49	49
Balance at March 31, 2009	115,679	333	116,012

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TVN S.A.
Interim Condensed Consolidated Cash Flow Statement
(Expressed in PLN, all amounts in thousands, except as otherwise stated)

	Note	Three months ended March 31, 2009	Three months ended March 31, 2008
Operating activities			
Cash generated from operations	20	83,018	184,530
Tax paid		(54,133)	(55,336)
Net cash generated by operating activities		28,885	129,194
Investing activities			
Acquisition of subsidiary, net of cash acquired	24	29,225	-
Loans granted to associate	24	(75,344)	-
Payments to acquire property, plant and equipment		(52,376)	(20,843)
Proceeds from sale of property, plant and equipment		112	58
Payments to acquire intangible assets		(8,663)	(5,735)
Purchase of available for sale financial assets	12	(27,025)	-
Sale of available-for-sale financial assets	12	194,870	-
Interest received		7,266	2,357
Net cash generated by/(used in) investing activities		68,065	(24,163)
Financing activities			
Issue of shares, net of issue cost		-	9,345
Share buyback, including related expenses	17	(62,572)	-
Repurchase of Senior Notes due 2013		-	(36,587)
Early settlement of options	7,13	101,014	-
Overdraft facility	18	12,153	-
Interest paid		(2,520)	(612)
Net cash generated by/ (used in) financing activities		48,075	(27,854)
Increase in cash and cash equivalents		145,025	77,177
Cash and cash equivalents at the start of the period		184,867	110,372
Effects of exchange rate changes		145	386
Cash and cash equivalents at the end of the period		330,037	187,935

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TVN S.A.
Notes to Interim Condensed Consolidated Financial Statements
(Expressed in PLN, all amounts in thousands, except as otherwise stated)

1. TVN

These interim condensed consolidated financial statements were authorized for issuance by the Management Board and Supervisory Board of TVN S.A. on May 13, 2009.

TVN S.A. (until July 29, 2004 TVN Sp. z o. o.) was incorporated in May 1995 and is a public media and entertainment company established under the laws of Poland and listed on the Warsaw Stock Exchange.

The Company is part of a group of companies controlled by International Trading and Investments Holdings S.A. Luxembourg ("ITI Holdings") and its subsidiaries (the "ITI Group"). ITI Group has been active in Poland since 1984 and is the largest media and entertainment group in Poland.

The structure of TVN Group is described in Note 25.

On June 25, 2008, the Group became the direct owner of shares of Neovision Holding B.V. ("Neovision Holding") and, through its ownership interest in Neovision Holding, the indirect owner of shares of ITI Neovision Sp. z o.o. ("ITI Neovision") representing 25% plus one share of each of those companies. The Group at the same time also acquired interests in certain shareholder loans made by ITI Media Group N.V. ("ITI Media Group") and other ITI Holdings subsidiaries to ITI Neovision ("Shareholder Loans") representing 25% of the principal of those Shareholder Loans plus 25% of all interest on those Shareholder Loans from May 1, 2008. ITI Neovision and its subsidiaries distribute pay-TV and video-on-demand content in Poland via digital satellite broadcasting, cable operators and IPTV and ADSL operators. Neovision Holding's only activity is to hold the shares of ITI Neovision.

On March 11, 2009, the Group and ITI Media Group entered into a preliminary agreement where the parties agreed that the Group would increase its direct ownership interest in Neovision Holding and its indirect ownership interest in ITI Neovision to, in aggregate, 51% of each company's shares. Up to March 11, 2009 the Group had classified its investment in Neovision Holding as an investment in an associate and recognized only the respective share of net results of associate. Starting from March 11, 2009 the Group fully consolidates the operations of Neovision Holding Group.

The majority of the Group's operations and assets are based in Poland. Assets and revenues from outside Poland constitute less than 10% of the total assets of all segments. Therefore, no geographic information has been included.

Advertising sales in Poland tend to be lowest during the third quarter of each calendar year, which includes the summer holiday period, and highest during the fourth quarter of each calendar year.

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

These interim condensed consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (“IFRS”) as adopted by the EU, issued and effective at the date when these financial statements were published and IAS 34 “Interim Financial Reporting”. The accounting policies used in the preparation of the interim condensed consolidated financial statements as of and for the three months ended March 31, 2009 are consistent with those used in the annual consolidated financial statements for the year ended December 31, 2008 except for new accounting policies described below and interpretations which became effective January 1, 2009.

In 2009 the Group adopted:

(i) IFRS 8 – Operating Segments

The standard specifies how an entity should report information about its operating segments and requires to report selected information in interim financial reports. It also sets out requirements for disclosures about products and services, geographical areas and major customers.

(ii) Amendments to IAS 23 – Borrowing Costs

The standard requires capitalization of borrowing costs attributable to qualifying assets. Qualifying assets are assets that take substantial time to get ready for their intended use or sale. It applies only to assets measured at cost.

(iii) Amendments to IAS 1 – Presentation of financial statements

The amendments introduce changes that require information in financial statements to be aggregated on the basis of shared characteristics and to introduce a statement of comprehensive income.

(iv) Revision to IFRS 3 Business Combinations and amendment to IAS 27 Consolidated and Separate Financial Statements - applicable on or after July 1, 2009

Changes incorporate the revised guidance on acquisitions and business combinations. The Group decided to early adopt the revised standard as of January 1, 2009. Changes were not endorsed by the EU at the date when these interim condensed consolidated financial statements were published but according to the status report of the European Financial Reporting Advisory Group (“EFRAG”) the endorsement process is nearly completed. As the formal EU endorsement is expected before June 30, 2009 and the early application requires the Group to apply the revised standard effectively from January 1, 2009, the Group prepared these interim condensed consolidated financial statements as if Revision to IFRS 3 “Business combinations” was endorsed in order to ensure that the consistent accounting framework is applied for all interim consolidated financial reporting in 2009.

(v) Amendment to IFRS 2, Share-based Payments

The amendment clarifies that vesting conditions are service conditions and performance conditions only and that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. This amendment did not impact the Group’s financial statements.

(vi) Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation

The amendments require entities to classify as equity puttable financial instruments and instruments or components of instruments, that impose on the entity an obligation to deliver

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

to another party a pro rata share of the net assets of the entity only on liquidation. Additional disclosures are required about the instruments affected by the amendments. These amendments did not impact the Group's financial statements.

(vii) IFRIC 15 – Agreements for the Construction of Real Estate

The interpretation applies to the accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The Interpretation provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 11 Construction Contracts or IAS 18 Revenue and when revenue from the construction should be recognized. This interpretation did not impact the Group's financial statements.

(viii) IFRS Improvements 2008

The International Accounting Standards Board has issued "IFRS Improvements", which amend 20 standards. The amendments include changes in presentation, recognition and valuation and include terminology and editorial changes. The majority of the amendments is effective from annual periods starting on January 1, 2009. The Group adopts the changes in accordance with transition provisions.

These interim condensed consolidated financial statements are prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss and available for sale financial assets.

These interim condensed consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2008.

The Group's consolidated financial statements for the year ended December 31, 2008 prepared in accordance with IFRS as adopted by the EU are available on <http://investor.tvn.pl>.

2.2. Standards early adopted

Revision to IFRS 3 "Business combinations" was early adopted by the Group on January 1, 2009. The revised standard continues to apply the acquisition method to business combinations, with some significant changes. In particular, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as liability and subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

The standard was applied to the acquisition of the controlling interest in Neovision Holding on March 11, 2009 (see Note 24). Contingent consideration has been recognized at its fair value at March 11, 2009. Acquisition related costs have been recognized in the statement of comprehensive income, which previously would have been included in the consideration for the business combination. The Group has chosen to recognize the non-controlling interest at the proportionate share (49%) of net assets of Neovision Holding. Previously, the non-controlling interest would have been recognized at the proportionate share of the net assets of Neovision Holding. See Note 24 for further details of the business combination which was entered into in the period ended March 31, 2009.

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

As the Group has early adopted IFRS 3 (Revised), it is required to early adopt IAS 27 (Revised), "Consolidated and separate financial statements" at the same time. IAS 27 (Revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will not result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognized in profit or loss. There has been no impact of the revised IAS 27 on the reported period as there have been no transactions whereby an interest in an entity is retained after the loss of control of that entity and there have been no transactions with non-controlling interests. In transactions accounted for under IFRS 3 (Revised) any previously held equity interest in acquiree or subsidiary is remeasured at fair value and the resulting gain or loss is recognized in the income statement.

2.3. Consolidation

Subsidiary undertakings, which are those companies in which the Group, directly or indirectly, has an interest of more than half of the voting rights or otherwise has power to exercise control over the operations, have been consolidated. Subsidiaries are consolidated from the date on which effective control is transferred to the Group, and are no longer consolidated from the date the Group ceases to have control.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the sum of consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously held equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the income statement.

All inter company transactions, balances and unrealized surpluses and deficits on transactions between Group companies have been eliminated. Unrealized deficits on transactions between Group companies are eliminated to the extent they are not indicative of an impairment.

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases of shares from non-controlling interests, the difference between any consideration and the relevant share acquired of the carrying value of the net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TVN S.A.
Notes to Interim Condensed Consolidated Financial Statements
(Expressed in PLN, all amounts in thousands, except as otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4. Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Where the carrying amount of an asset is greater than its estimated recoverable amount (the higher of fair value less costs to sell and its value in use), it is written down immediately to its recoverable amount.

Subsequent expenditure relating to an item of property, plant and equipment is added to the carrying amount of the asset when it is probable that future economic benefits associated with the item will flow to the enterprise and the cost of the item can be measured reliably. All other repair and maintenance expenses are charged to the income statement during the financial period in which they are incurred.

Depreciation is charged so as to write off the cost of property, plant and equipment less their estimated residual values on a straight-line basis over their expected useful economic lives as follows:

	Term
TV, broadcasting and other technical equipment	2-10 years
Vehicles	3-4 years
Studio vehicles	7 years
Decoders	4-5 years
Satellite dishes	up to 5 years
Leasehold improvements	up to 10 years
Furniture and fixtures	4-5 years

Decoders provided to subscribers in order to allow them to receive the television signal broadcast by the Group remain the Group's property and are recognized as non-current assets. Before their activation, decoders are regarded as non-commissioned fixed assets and are not depreciated. Depreciation begins after the activation of services by the subscriber and lasts for the expected economic useful life of a decoder. Depreciation is not discontinued for periods in which a decoder is not used, e.g. due to small repairs or being delivered to another subscriber.

Leasehold improvements are amortized over the shorter of their useful life or the related lease term. Land is not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate their cost less their residual values over their estimated useful lives.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in operating profit.

Assets' residual values and useful lives are reviewed and adjusted if appropriate at least at each financial year end.

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5. Inventory

Inventory is stated at the lower of cost and net realisable value. In general, cost is determined on a first-in-first-out basis and includes transport and handling costs. In the case of manufactured products, costs include all direct expenditure and production overheads based on the normal level of activity to bring the inventory to its present location and condition. Net realisable value is the estimated selling price less estimated costs of completion and sale. Where necessary, provision is made for obsolete, slow moving and defective inventory.

2.6. Trade receivables

Trade receivables are carried initially at fair value and subsequently measured at amortised cost using the effective interest rate method less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of settlement. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or failure in payments (more than 60 days overdue) are considered as indicators that a trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the recoverable amount, calculated as the present value of expected future cash flows, discounted at the effective interest rate.

The future cash flows related to subscription fees from digital platform customers are estimated by the Group based on available historical data on late payment of receivables. Provision for impaired receivables from digital platform customers is calculated based on uncollected subscription fees related to historical billing cycles (with the exception of the two most recent billings). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement within selling expenses. When a trade receivable is uncollectible, it is written off against the trade receivable allowance account. Amounts charged to the allowance account are generally written off when the Group does not expect to recover additional cash after attempting all relevant formal recovery procedures. Subsequent recoveries of amounts previously written off are credited against selling expenses in the income statement.

2.7. Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services and goods in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Sales of services - television and on-line

Revenue primarily results from the sale of television and on-line advertising and is recognized in the period in which the advertising is broadcast. Other revenues primarily result from cable and satellite television subscription fees, internet users' fees and call television and are recognized generally upon the performance of service.

(ii) Sales of services – digital platform

Revenue primarily results from subscription and activation fees paid by digital platform customers.

For multiple-element arrangements, revenue recognition for each of the elements identified is determined separately. Therefore, arrangements involving the delivery of bundled services are separated into individual units of accounting (activation services and subscriptions), each with its own separate earning process. Total arrangement consideration relating to the bundled services is allocated among the different units based on their relative fair values (i.e., the relative fair value of each of the accounting units to the aggregated fair value of the bundled deliverables). The fair value allocated to the subscription revenue is recognized in the periods to which they relate on a pro rata basis. Activation revenue is recognized in the income statement at fair value allocated to the service provided in the month in which the customer contract was signed. Any activation revenue in excess of the allocated fair value to the service provided is recognized in the balance sheet as deferred income and subsequently charged to the income statement starting from the month following the month of signing the customer contract over the expected customer relationship period.

Discounts granted are deducted from revenue. If a discount on both the activation fee and the subscription fee is offered, the discount is deducted from the individual revenue categories in proportion to their amounts before discount. Discounts applicable to subscription fees granted in a given period, but related to the entire customer contract, are recognized proportionately over the contract term.

Revenue from sale of subscriptions in the pre-paid system is recognized starting from the moment the service is activated by the end customer, over the period when the service is rendered.

Revenue from penalty fees assessed against subscribers, for example those related to early contract termination or failure to return decoders after contract termination, are recognized in the period when the penalties are assessed, but only to the extent the Group expects the penalty fees to be paid.

(iii) Sales of goods

The Group operates a teleshopping business selling goods to individual customers. Sales of goods are recognized when the goods are sent to the customer. It is the Group's policy to sell the goods to the individual customers with a right to return within 10 days. Accumulated experience is used to estimate and provide for such returns at the time of sale.

2.8. Comparative financial information

Where necessary, comparative figures or figures presented in previously issued financial statements have been adjusted to conform to changes in presentation in the current period. No amendments have resulted in changes to previously presented net results or shareholders' equity.

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9. New Accounting Standards and IFRIC pronouncements

Certain new accounting standards and International Financial Reporting Interpretations Committee ("IFRIC") interpretations have been published by IASB since the publication of the annual consolidated financial statements that are mandatory for accounting periods beginning on or after April 1, 2009. The Group's assessment of the impact of these new standards and interpretations is set out below.

(i) Amendment to IFRS 7 Improving Disclosures about financial instruments

The amendment was published on March 5, 2009. It requires enhanced disclosures about fair value measurements and liquidity risk. The amendments are applicable retrospectively for annual periods beginning on or after 1 January 2009. Entities are not required to provide comparative disclosures in the first year of adoption.

(ii) Amendments to IFRIC 9 and IAS 39 Embedded Derivatives

The amendments were published on March 12, 2009. They clarify the accounting treatment for embedded derivatives when reclassifying financial instruments. The amendments apply retrospectively and are required to be applied for annual periods ending on or after June 30, 2009. These amendments will not affect the Group's financial statements.

(iii) IFRS Improvements 2009

On April 16, 2009 the International Accounting Standards Board issued "IFRS Improvements", which amend 12 standards. The amendments include changes in scope, presentation, recognition and valuation and include terminology and editorial changes. The majority of the amendments is effective from annual periods starting on January 1, 2010, but some changes are effective from July 1, 2009. The Group is currently assessing the impact of the changes on Group's financial statements.

Additionally, the following standards and IFRIC Interpretations are applicable in future and were discussed in the Group's annual financial statements for the year ended December 31, 2008:

- *Amendments to IAS 39: Financial Instruments: Recognition and Measurement: Eligible Hedged Items – applicable on July 1, 2009*
- *IFRIC 17 – Distributions of Non-cash Assets to Owners – applicable on July 1, 2009*
- *IFRIC 18 – Transfers of Assets from Customers – applicable on July 1, 2009*

At the date of preparation of these financial statements the following standards and IFRIC interpretations were not adopted by the EU:

- *Revision to IFRS 3 Business Combinations and amendment to IAS 27 Consolidated and Separate Financial Statements*
- *Revision to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- *IFRIC 15 – Agreements for the Construction of Real Estate*
- *IFRIC 16 - Hedges of a Net Investment in a Foreign Operation*
- *IFRS Improvements 2009*
- *IFRIC 17 – Distributions of Non-cash Assets to Owners*
- *IFRIC 18 – Transfers of Assets from Customers*

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- *Amendment to IAS 39 Financial Instruments: Recognition and Measurement: Eligible Hedged Items*
- *Amendment to IAS 39 Reclassification of financial Assets: Effective Date and Transition*
- *Amendment to IFRS 7 Improving Disclosures about financial instruments*
- *Amendments to IFRIC 9 and IAS 39 Embedded Derivatives*

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management process focuses on the unpredictability of financial markets and aims to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures when hedging instruments are assessed to be cost effective.

Financial risk management is carried out by the Group under policies approved by the Management Board and Supervisory Board. The Group Treasury Policy lays down the rules to manage financial risk and liquidity, through determination of the financial risk factors to which the Group is exposed to and their sources. Details of the duties, activities and methodologies used to identify, measure, monitor and report risks as well as forecast cash flows, finance maturity gaps and invest free cash resources are contained in approved supplementary written instructions.

The following organizational units within the Group's financial department participate in the risk management process: risk committee, liquidity management team, risk management team, financial planning and analyzing team and accounting and reporting team. The risk committee is composed of the vice-president of the Management Board and heads of the teams within the Group's financial department. The risk committee meets monthly and based on an analysis of financial risks recommends financial risk management strategy, which is approved by the Management Board. The Supervisory Board approves risk exposure limits and is consulted prior to the execution of hedging transactions. The financial planning and analyzing team measures and identifies financial risk exposure based on information reported by operating units generating exposure. The liquidity management team performs analysis of the Group's risk factors, forecasts the Group's cash flows and market and macroeconomic conditions and proposes cost-effective hedging strategies. The accounting and reporting team monitors accounting implications of hedging strategies and verifies settlements of the transactions.

(i) Market risk

Market risk related to the Senior Notes

The price of the Senior Notes depends on the Company's creditworthiness and on the relative strength of the bond market as a whole. The Group recognizes as an asset the value of early redemption options embedded in the Senior Notes (see Note 18) and this valuation largely depends on the market price of the Senior Notes. The Group is therefore exposed to decreases in the market price of the Senior Notes.

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Senior Notes are listed on the Luxembourg Stock Exchange and the fair value of embedded options recognized by the Group at the reporting date reflects the Senior Notes market price on the last value date available from Reuters prior to the reporting date. The impact of the Senior Notes market price change on the Group's assets and income statement is discussed in Note 4(i).

Foreign currency risk

The Group's revenue is primarily denominated in Polish Zloty. Foreign exchange risk arises mainly from the Group's liabilities in respect of the Senior Notes, loans from related parties, contingent consideration and the Group's assets in respect of embedded prepayment options and cash and cash equivalents all denominated in EUR and liabilities to suppliers of foreign programming rights, satellite costs and rental costs denominated in USD or EUR. Liabilities related to the purchase of decoders are denominated in PLN but are linked to USD through a price setting mechanism based on USD. Other costs are predominantly denominated in PLN.

The Group's policy in respect of management of foreign currency risks is to cover known risks in a cost efficient manner and that no trading in financial instruments is undertaken. Following evaluation of its exposures the Group enters into derivative financial instruments to manage these exposures. Call options, swaps and forward exchange agreements may be entered into to manage currency exposures. Regular and frequent reporting to management is required for all transactions and exposures.

The estimated net profit (post-tax) impact on balances as of March 31, 2009 of a reasonably possible EUR appreciation of 15% against the zloty (5% with respect to balances as of March 31, 2008), with all other variables held constant and without taking into account derivative financial instruments entered into for hedging purposes on EUR denominated items in the balance sheet is presented below:

	Three months ended March 31, 2009	Three months ended March 31, 2008
Assumed EUR appreciation against PLN:	15%	5%
Liabilities:		
9.5% Senior Notes due 2013 including accrued interest	(126,213)	(33,032)
Loans from related parties	(59,736)	-
Contingent consideration	(29,329)	-
Trade payables	(8,566)	(676)
Liability to ITI Media Group related to acquisition of Neovision Holding	(15,862)	-
Other	(214)	(251)
Assets:		
Trade receivables	435	103
Embedded prepayment options	-	293
Cash and cash equivalents	15,863	-

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TVN S.A.**Notes to Interim Condensed Consolidated Financial Statements****(Expressed in PLN, all amounts in thousands, except as otherwise stated)****3. FINANCIAL RISK MANAGEMENT (CONTINUED)**

The estimated net profit (post-tax) impact on balances as of March 31, 2009 of a reasonably possible USD appreciation of 15% against the zloty (5% with respect to balances as of March 31, 2008), with all other variables held constant and without taking into account derivative financial instruments entered into to mitigate USD fluctuations, on the major USD denominated items in the balance sheet is:

	Three months ended March 31, 2009	Three months ended March 31, 2008
Assumed USD appreciation against PLN:	15%	5%
Liabilities		
Trade payables	(15,369)	(2,369)
Assets:		
Cash and cash equivalents	5,719	10
Trade receivables	2,611	182

The net profit/(loss) impact of possible foreign currency fluctuations is limited by derivative instruments entered into by the Group. Details of USD options which the Group had on March 31, 2009 are discussed in Note 13.

Cash flow and fair value interest rate risk

The Group's exposure to interest rate risk arises on interest bearing assets and liabilities. The main interest bearing items are the Senior Notes, PLN Bonds (see Note 18), loans from related parties and contingent consideration. As the Senior Notes are at a fixed interest rate, the Group is exposed to fair value interest rate risk in this respect. Since the Senior Notes are carried at amortised cost, the changes in fair values of these instruments do not have direct impact on valuation of the Senior Notes in the balance sheet.

PLN Bonds with a nominal value of 500,000 were issued by the Group on June 23, 2008 and are at a variable interest rate linked to WIBOR and therefore expose the Group to interest rate risk. At March 31, 2009, if WIBOR interest rates had been 50 b.p. higher/lower with all other variables held constant, post-tax loss for the period would have been 499 higher/lower.

Loans from related parties are at a variable interest rate linked to EURIBOR and therefore expose the Group to interest rate risk. At March 31, 2009 if EURIBOR interest rates had been 50 b.p. higher/lower with all other variables held constant, post tax loss for the period would have been 55 lower/higher.

The carrying value of contingent consideration reflects its present value at the reporting date and is estimated based on assumed cost of debt (see Note 4(iv)). As the cost of debt used to determine net present value is linked to 12-month EURIBOR interest rate the Group is exposed to interest rate risk. At March 31, 2009 if EURIBOR interest rates had been 50 b.p. higher/lower with all other variables held constant, post tax loss for the period would have been 2,221 higher/lower due to change in estimation of an gain on consolidation of associate (see Note 24).

As of March 31, 2009 the Group had PLN treasury bills at carrying value of 151,438 which are exposed to fair value interest rate risk. The carrying value of each instrument is based on a price provided by Reuters. If WIBOR interest rate had been 50 b.p. higher/lower, as at March 31, 2009, fair value reserve in equity would have been 96 lower/higher. Details of PLN treasury bills held by the Group are disclosed in Note 12.

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TVN S.A.
Notes to Interim Condensed Consolidated Financial Statements
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3. FINANCIAL RISK MANAGEMENT (CONTINUED)

Management does not consider it cost effective to use financial instruments to hedge or otherwise seek to reduce interest rate risk.

(ii) Credit risk

Financial assets, which potentially expose the Group to concentration of credit risk consist principally of trade receivables and related party receivables. The Group places its cash and cash equivalents, bank deposits, current available for sale financial assets and foreign currency options with financial institutions that the Group believes are credit worthy based on current credit ratings (see Note 12, 13 and 15). The Group does not consider its current concentration of credit risk as significant.

TV and on-line advertising customers

The Group performs ongoing credit evaluations of its customers' financial condition and generally requires no collateral from its customers. Clients with poor or no history of payments with the Group, with low value committed spending or assessed by the Group as not credit worthy are required to pay before the service is rendered. Credit is granted to customers with a good history of payments and significant spending who are assessed credit worthy based on internal or external ratings. The Group performs ongoing evaluations of the market segments focusing on their liquidity and creditworthiness and the Group's credit policy is appropriately adjusted to reflect current and expected economic conditions.

The Group defines credit exposure as total outstanding receivables (including overdue balances) and monitors the exposure regularly on an individual basis by paying counterparty.

The majority of the Group's sales are made through advertising agencies (64% of the total trade receivables as of March 31, 2009) who manage advertising campaigns for advertisers and pay the Group once payment has been received from the customer.

The Group's top ten advertisers account for 19% and the single largest advertiser accounted for 3% of sales for the three months ended March 31, 2009. Generally advertising agencies in Poland are limited liability companies with little recoverable net assets in case of insolvency.

The major players amongst the advertising agencies in Poland with whom the Group co-operates are subsidiaries and branches of large international companies of good reputation. To the extent that it is cost-efficient the Group mitigates credit exposure by use of a trade receivable insurance facility from a leading insurance company.

The table below analyses the Group's trade receivables by category of customers:

Trade receivables (net)	March 31, 2009	December 31, 2008
Receivables from advertising agencies	64%	70%
Receivables from individual customers	33%	22%
Receivables from related parties	3%	8%
	100%	100%

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

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3. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit concentration of the five largest counterparties measured as a percentage of the Group's total trade receivables:

Trade receivables (net)	March 31, 2009	December 31, 2008*
Agency A	8%	7%
Agency B	7%	8%
Agency C	5%	7%
Agency D	4%	10%
Agency E	2%	8%
Sub-total	26%	40%
Total other counterparties	74%	60%
	100%	100%

* 2008 figures represent comparative data for each Agency

Certain advertising agencies operating in Poland as separate entities are part of international financial groups controlled by the same ultimate shareholders. Credit concentration of the Group aggregated by international agency groups, measured as a percentage of the Group's total trade receivables is presented below:

Trade receivables from advertising agencies (net)	March 31, 2009	December 31, 2008*
Agency Group F	19%	14%
Agency Group G	16%	14%
Agency Group H	11%	16%
Agency Group I	9%	14%
Agency Group J	2%	2%
Total other counterparties	43%	40%
	100%	100%

* 2008 figures represent comparative data for each Agency Group.

Digital platform customers

The primary source of credit risk related to digital platform operations is the sale of services to subscribers to the pay TV service, who comprise a large group of individuals and companies with a relatively low individual value in their purchases from the Group. Credit risk is therefore very dispersed and is additionally limited by the Group's policy of monitoring the collection of receivables and deactivating the service to customers who do not pay their subscription fees. The Group monitors the statistics related to late or non-payment of subscription fees and creates bad debt provisions based on the available statistics.

The Group performs ongoing credit evaluations of the financial condition of its distributors and in many cases requires certain collateral in the form of deposits, bills of exchange or bank guarantees. Collateral is provided in order to secure the Group's receivables arising from activation fees collected by distributors from subscribers on behalf of the Group, receivables from the sale of decoders and prepaid decoding cards to distributors, as well from the value of decoders and other devices provided to distributors for further distribution to the Group's subscribers.

Management does not expect any significant losses with respect to amounts included in the trade receivables from non-performance by the Group's customers as at March 31, 2009. The Group does not expect any losses with respect to derivative financial assets attributable to credit risk.

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

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Notes to Interim Condensed Consolidated Financial Statements
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3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Liquidity risk

The Group maintains sufficient cash to meet its obligations as they become due and has available to it additional funding through a credit facility (see Note 18). Management monitors regularly expected cash flows. The Group expects that its principal future cash needs will be capital expenditures relating to acquisitions, dividends, share buyback, capital investment in television and broadcasting facilities and equipment, debt service on the Senior Notes and PLN Bonds and the launch of new thematic channels and internet services. The Group believes that its cash balances, cash generated from operations and existing credit facility will be sufficient to fund these needs. However, if following the current liquidity crisis in the banking sector external financing is unavailable at reasonable conditions for a longer period of time or the operating cash flows of the Group are negatively affected by an economic slow-down or clients' financial difficulties the Group will review its cash needs to ensure that its existing obligations can be met for the foreseeable future. As at March 31, 2009 the Group had cash and cash equivalents, liquid available for sale financial instruments and committed unutilized credit facilities totaling 499,719 at its disposal (531,957 at December 31, 2008).

The table below analyses the Group's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The balances in the table are the contractual undiscounted cash flows, excluding the impact of early prepayment options. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Within 1 year	Between 1-2 years	Above 2 years
At March 31, 2009			
9.5% Senior Notes due 2013	96,024	96,024	1,298,852
PLN Bonds due 2013	46,315	46,315	615,843
Loans from related parties	-	-	860,837
Loan facility	8,557	8,557	116,206
Overdraft facility	60,886	-	-
Trade payables	291,056	31,908	20,910
Contingent consideration	-	282,078	-
Other liabilities and accruals	314,076	6,869	2,022
At December 31, 2008			
9.5% Senior Notes due 2013	85,221	85,221	1,152,730
PLN Bonds due 2013	46,315	46,315	615,843
Loan facility	8,557	8,557	116,206
Overdraft facility	48,733	-	-
Trade payables	141,905	6,951	-
Other liabilities and accruals	133,032	142	-

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

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3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, draw borrowings or sell assets to reduce debt.

The Group monitors capital on the basis of the net debt to EBITDA ratio. Net debt represents the nominal value of borrowings (see Note 18) payable at the reporting date including accrued interest but excluding loans from related parties less cash and cash equivalents and liquid available for sale financial instruments. EBITDA is calculated for the last twelve months and is defined as net profit/(loss), before depreciation and amortization (other than programming rights), impairment charges on property plant and equipment and intangible assets, finance expense, investment income, share of loss of associate and income tax charge.

	March 31, 2009	December 31, 2008
Net debt	1,245,837	1,062,974
EBITDA	786,097	711,378
Net debt/EBITDA ratio	1.6	1.5

The Group's strategy is to maintain its net debt/EBITDA ratio at a level not exceeding 3.5.

3.3 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. The fair value of available for sale financial assets is determined using industry multiples and the most recent available financial information about the investment. The fair value of options is determined based on the valuations performed by the Group's bank.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to the short-term nature of trade receivables and payables.

3.4 Consideration of the current economic environment

The ongoing global liquidity crisis which commenced in the middle of 2007 has resulted in, among other things, a lower level of capital market funding, lower liquidity levels across the banking sector, and, at times, higher inter-bank lending rates and very high volatility in stock markets. The uncertainties in the global financial markets have also led to bank failures and bank rescues in the United States of America, Western Europe, Russia and elsewhere. Indeed the full extent of the impact of the ongoing financial crisis is proving to be impossible to anticipate or completely guard against.

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

Management is unable to reliably estimate the effects on the Group's financial position of any further deterioration in the liquidity of the financial markets and the increased volatility in the currency and equity markets. Management believes it is taking all the necessary measures to support the sustainability and growth of the Group's business in the current circumstances.

Debtors of the Group may be affected by the lower liquidity situation which could in turn impact their ability to repay the amounts owed. Deteriorating operating conditions for customers may also have an impact on management's cash flow forecasts and assessment of the impairment of financial and non-financial assets. To the extent that information is available, management have properly reflected revised estimates of expected future cash flows in their impairment assessments.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Fair valuation of the embedded prepayment options

The Group calculates at each reporting date the fair value of the prepayment options embedded in the Senior Notes using the Brace-Gaterek-Musiela model. Significant inputs into the valuation model are the Senior Notes market price, benchmark bond yields and interest rate cap volatilities. The inputs are based on information provided by Reuters on the valuation date. The Senior Notes market price is quoted by Reuters based on the last value date. In the fair valuation as of March 31, 2009 the Group input into the valuation model a market price of 78.27 based on the last available value date on March 31, 2009. This resulted in a carrying amount value of the embedded options of nil. The last available Senior Notes market price provided by Reuters at the date when these financial statements were prepared was 77.50 (based on a value date on May 12, 2009). Should this price be input into the valuation model the carrying value of the embedded prepayment options would still be nil.

(ii) Fair valuation of "n" brand as of March 11, 2009

Following the takeover of control over Neovision Holding on March 11, 2009 the Group initiated the purchase price allocation process and identified and valued provisionally the "n" brand at the date of business combination at 88,200. The fair value provisionally assigned to the "n" brand reflects the fair value of brand determined as of June 30, 2008 when the Group acquired 25% stake in associate. The Group will recognize any adjustments to the provisional values assigned to the subsidiary's identifiable assets and liabilities as a result of completing the initial accounting within twelve months of the acquisition date.

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

In the absence of applicable market benchmarks, the Group fair valued the “n” brand using the ‘relief from royalty’ income method. The ‘relief from royalty’ method assumes that the value of the brand is reflected in the present value of hypothetical future royalty payments, which the owner of the brand would have to incur, should the brand be licensed from another entity. This valuation requires the use of estimates related to sales projections for the activity run under the brand, estimation of the representative royalty rate applied on projected revenues, estimation of the discount rate and estimation of the useful life of the brand. The following assumptions were used in the valuation as of June 30, 2008 : a royalty rate of 2%, the revenue projections were based on management’s business plan which covered the period 2008-2017 and the discount rate used in the valuation was 12.05%. The Group assumed the useful life of the “n” brand to be 10 years.

Fair value is sensitive to changes in the revenue growth and other parameters of the valuation model. A decrease of the revenue growth by 100 b.p. gives a fair value of 85 million. A royalty rate at 3% would give a fair value of 132 million. A discount rate of 11% would give a fair value of 93 million.

(iii) Estimated impairment of goodwill and brand allocated to on-line cash-generating unit

The Group classifies the Onet.pl brand acquired as an intangible asset with indefinite useful life and allocates brand and goodwill to the on-line cash-generating unit. The Group tests annually whether the on-line cash-generating unit, including goodwill and brand, have suffered any impairment. The recoverable amount of the cash-generating unit is determined based on fair value less cost to sell. The Group tests the total carrying amount of the cash-generating unit and in case of impairment write-offs are made with respect to goodwill first. If goodwill is fully impaired the Group continues impairment testing of the brand with potential write-offs against the carrying value of brand and other assets allocated to the on-line cash-generating unit.

In the annual impairment test performed by the Group as at December 31, 2008 the calculation of fair value less cost to sell, in the absence of an active market for similar cash-generating units, was based on discounted free cash flows and involved the use of estimates related to cash flow projections based on financial business plans approved by management covering the period until 2013. Cost to sell was assumed at 1% of the present value of the cash-generating unit. The key assumptions included in the business plans and cash-flow projections beyond 2013 were:

Annual growth rate of the Polish advertising market in 2009-2013	from 0% to 12%
Increase in the on-line advertising market as a percentage of the total Polish advertising market in 2009-2013	from 17% to 34.1%
Share of Onet in the on-line advertising market in 2009-2013	stable
Growth of free cash flows in 2014-2021	from 18% declining to 6%
Terminal growth	4%
Discount rate	12.2%

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

As at December 31, 2008 fair value less cost to sell of the on-line cash-generating unit exceeded the carrying amount by 144 million.

In view of the ongoing global liquidity crisis and its potential impact on customers and advertisers the Group reviewed and amended the key assumptions included in the business plans of the on-line cash generating unit as of March 31, 2009:

Annual growth rate of the Polish advertising market in 2009-2013	from -10% in 2009 to 12% in 2013
Increase in the on-line advertising market as a percentage of the total Polish advertising market in 2009-2013	from 15% to 27.8%
Share of Onet in the on-line advertising market in 2009-2013	stable
Growth of free cash flows in 2014-2022	from 20% declining to 6%
Terminal growth	4%
Discount rate	12.4%

The Group also reviewed and amended other significant business plan assumptions relating to future operating and capital expenditures. The revised business plan of the on-line cash generating unit returns the fair value less cost to sell which approximates to the carrying value of the cash-generating unit as of March 31, 2009. The Group will continue to monitor and amend when appropriate its business plan for the on-line cash-generating unit on a quarterly basis.

(iv) Estimated present value of contingent consideration

Following the transaction agreement with ITI Media Group N.V. (see Note 24) the Group recognized as at March 11, 2009 contingent supplemental payment at fair value of 236,448. The contractual amount of supplemental payment is between EUR 0 and EUR 60,000 and is payable at the beginning of 2011 if and to the extent that ITI Neovision Sp. z o.o. achieves specified operational targets during 2010 such as EBITDA, number of subscribers, average revenue per subscriber and subscription revenue. In the fair valuation of the contingent consideration the Group assumed a discount rate of 7.93% and a 100% probability of paying the maximum amount. As a result of including in the purchase consideration of the fair value of the contingent element, the Group recognized gain on consolidation of associate of 110,690 and goodwill of 762,955 (see Note 24).

The fair value of the consideration payable, goodwill recognized on investment and the gain on consolidation of associate are sensitive to changes in the assumptions used in the valuation. Had the probability of achieving all payment conditions been assessed at 75%, the Group would have recognized a gain on consolidation of associate of 53,851 and goodwill of 647,004.

5. SEGMENT REPORTING

The Group's principal activities are television broadcasting and production, digital platform and on-line.

An operating segment is a distinguishable component of an enterprise that is engaged in business activities from which it may earn revenues and incur expenses and whose operating results are regularly reviewed by the Group operating decision maker to make decisions about resources to be allocated and assess its performance. Operating segments are aggregated into a single operating segment if the segments have similar economic characteristics and have in particular similar nature of products and services, type of customers, distribution methods and regulatory environment.

The television broadcasting and production segment is mainly involved in the production, purchase and broadcasting of news, information and entertainment shows, series and movies and comprises television channels operated in Poland. The digital platform segment is mainly engaged in direct-to-home distribution of technologically advanced pay television services. The on-line segment primarily comprises Onet.pl, Poland's leading portal.

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5. SEGMENT REPORTING (CONTINUED)

Three months ended March 31, 2009	Television Broadcasting and Production	Digital platform	On-line	All other	Other reconciling items	Total
Revenue from external customers	345,501	21,593	41,334	16,823	-	425,251
Inter-segment revenue	12,540	694	4,441	10,665	(18,469)	9,871
Total revenue	358,041	22,287	45,775	27,488	(18,469)	435,122
Segment result	104,897	(12,929)	(2,864)	3,915	81,387	174,406
Investment income, net (see Note 7)	65,053	(107,136)	(10,172)	113	57,984	5,842
Financial expenses, net (see Note 7)	(178,461)	(20,170)	(1,627)	(101)	16,242	(184,117)
Share of loss of associate (see Note 24)	-	-	-	-	(39,446)	(39,446)
Loss before income tax	(8,511)	(140,235)	(14,663)	3,927	116,167	(43,315)
Income tax charge (see Note 21)	-	-	-	-	(7,011)	(7,011)
Loss for the period	(8,511)	(140,235)	(14,663)	3,927	109,156	(50,326)
Capital expenditures	11,032	4,087	10	277	-	15,406
Depreciation of property, plant and equipment	14,302	3,990	2,758	85	-	21,135
Amortization of intangible assets	2,613	263	3,071	19	-	5,966
Significant non-cash expenses	8,663	-	2,970	-	2,300	13,933
Share option plan	8,663	-	2,970	-	2,300	13,933
As at March 31, 2009						
Segment assets including:	1,411,420	1,344,974	1,648,321	59,296	154,870	4,618,881
Investment in associates	-	927	202	-	-	1,129
Segment liabilities	1,887,196	295,971	38,219	11,719	1,154,833	3,387,938

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

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5. SEGMENT REPORTING (CONTINUED)

Three months ended March 31, 2008	Television Broadcasting and Production	On-line	All Other	Other reconciling items	Total
Revenue from external customers	341,082	41,366	19,113	-	401,561
Inter-segment revenue	1,942	1,449	2,322	(5,713)	-
Total revenue	343,024	42,815	21,435	(5,713)	401,561
Segment result	107,468	3,422	5,685	(8,374)	108,201
Investment income, net (see Note 7)	19,959	1,863	(40)	(15,644)	6,138
Financial expenses, net (see Note 7)	(43,985)	(1,461)	(100)	12,586	(32,960)
Profit before income tax	83,442	3,824	5,545	(11,432)	81,379
Income tax charge (see Note 21)	-	-	-	(17,939)	(17,939)
Profit for the period	83,442	3,824	5,545	(29,371)	63,440
Impairment of fixed assets	-	-	-	1,885	1,885
Capital expenditures	18,189	4	21	-	18,214
Depreciation of property, plant and equipment	11,802	2,473	34	-	12,424
Amortization of intangible assets	3,737	2,261	168	-	6,166
Significant non-cash expenses	6,721	3,358	-	1,666	11,745
Share option plan	6,721	3,358	-	1,666	11,745
As at December 31, 2008					
Segment assets including:	1,088,488	1,629,999	106,760	(7,416)	2,817,831
Investment in associates	-	83	-	-	83
Segment liabilities	1,209,610	39,043	9,771	45,116	1,303,540

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TVN S.A.
Notes to Interim Condensed Consolidated Financial Statements
(Expressed in PLN, all amounts in thousands, except as otherwise stated)

6. OPERATING EXPENSES

	Three months ended March 31, 2009	Three months ended March 31, 2008
Amortization of locally produced content	115,907	110,797
Amortization of acquired programming rights and co-production	44,912	30,250
Staff expenses	50,982	36,955
Share options granted to board members and employees	13,933	11,745
Depreciation, amortization and impairment charges	27,101	18,590
Marketing and research	21,096	20,186
Royalties	14,839	14,993
Broadcasting expenses	18,942	14,058
Cost of services and goods sold	8,213	6,333
Rental	9,799	7,952
Impaired accounts receivable	177	(551)
Other	45,505	22,052
	<u>371,406</u>	<u>293,360</u>

Included in the above operating expenses are operating lease expenses for the three months ended March 31, 2009 of 32,315 (three months ended March 31, 2008: 25,445).

Amortization of locally produced content for the three months ended March 31, 2009 has been reduced by grants received in the total amount of 2,757 (three months ended March 31, 2008: 648).

Included in depreciation, amortization and impairment charges is an amount of impairment reversal of 1,885 for the three months ended March 31, 2008.

Included in the above operating expenses is an aggregate amount of research and development expenditure of 265 recognized as an expense in the three months ended March 31, 2009 (three months ended March 31, 2008: 460).

Included in other operating expenses are transaction costs of 14,572 related to the investment in the 'n' DTH platform (see Note 24).

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TVN S.A.

Notes to Interim Condensed Consolidated Financial Statements

(Expressed in PLN, all amounts in thousands, except as otherwise stated)

7. INVESTMENT INCOME AND FINANCE EXPENSE

Investment income, net	Three months ended March 31, 2009	Three months ended March 31, 2008
Fair value gains on financial instruments:		
- <i>foreign exchange options – settlement of instrument</i>	11,550	-
- <i>foreign exchange options not designated as hedging instruments</i>	6,075	-
	17,625	-
Fair value loss on loan to associate recognized on consolidation (See Note 24)	(26,486)	-
Accrued interest income on loan to associate (see Note 24)	4,181	-
Foreign exchange gains, net	4,012	3,760
Interest income from available for sale financial assets (see Note 12)	3,924	-
Other interest income	2,586	2,378
	5,842	6,138
Finance expense, net		
Foreign exchange losses/(gains) on Senior Notes	114,684	(13,229)
Fair value losses/(gains) on financial instruments:		
- <i>foreign exchange options – fair value hedges (Note 13)</i>	126,121	-
- <i>foreign exchange options – early settlement of instrument</i>	(101,014)	-
- <i>foreign exchange options – portion not designated as hedging instrument (see Note 13)</i>	-	8,071
	25,107	8,071
- embedded option (see Note 13, 18)	-	13,219
Interest expense on 9.5% Senior Notes (see Note 18)	26,256	21,103
Interest expense on PLN Bonds due 2013 (see Note 18)	11,679	-
Interest expenses on loans from related parties (see Note 18)	2,887	-
Interest expense on loan facility and overdraft (see Note 18)	2,177	-
Guarantee fees to related party (see Note 26(vii))	973	606
Bank charges	354	279
Cost of repurchase of Senior Notes (including pre-issuance costs written off)*	-	2,911
	184,117	32,960

* The cost reflects the premium paid on repurchase and the derecognized amount of the remaining unamortized debt issuance costs relating to the repurchased Senior Notes (see Note 18).

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TVN S.A.
Notes to Interim Condensed Consolidated Financial Statements
(Expressed in PLN, all amounts in thousands, except as otherwise stated)

8. BASIC AND DILUTED EARNINGS PER SHARE (NOT IN THOUSANDS)

(i) (Losses)/earnings per share for (loss)/profit attributable to the equity holders of TVN S.A.

Basic

Basic earnings per share are calculated by dividing the net (loss)/profit attributable to equity holders of TVN S.A. by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased by the Company.

	Three months ended March 31, 2009	Three months ended March 31, 2008
(Loss)/profit attributable to owners of TVN S.A. (in thousands)	(29,071)	63,440
Weighted average number of ordinary shares in issue	343,941,052	347,400,530
Basic (losses)/earnings per share	(0.08)	0.18

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has only one category of potential ordinary shares: share options. For the share options a calculation was done to determine the number of shares that could have been acquired at fair value (determined as average market price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above was compared with the number of shares that would have been issued assuming the exercise of the share options.

	Three months ended March 31, 2009	Three months ended March 31, 2008
(Loss)/profit attributable to owners of TVN S.A. (in thousands)	(29,071)	63,440
Weighted average number of ordinary shares in issue	343,941,052	347,400,530
Adjustment for share options	-	5,810,540
Weighted average number of potential ordinary shares for diluted earnings per share	343,941,052	353,211,070
Diluted (losses)/earnings per share	(0.08)	0.18

(ii) (Losses)/earnings per share for adjusted (loss)/profit attributable to the owners of TVN S.A.

The Group presents adjusted (loss)/profit to reflect the impact of non-cash fair value losses/gains arising on prepayment options embedded in its Senior Notes. The accounting for prepayment options is technical, judgmental and driven by accounting interpretations. The Group believes that presentation of net (loss)/profit adjusted for this item enables a reader to better understand the Group's operating and financial performance.

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TVN S.A.
Notes to Interim Condensed Consolidated Financial Statements
(Expressed in PLN, all amounts in thousands, except as otherwise stated)

8. BASIC AND DILUTED EARNINGS PER SHARE (NOT IN THOUSANDS) (CONTINUED)

Basic

	Three months ended March 31, 2009	Three months ended March 31, 2008
(Loss)/profit attributable to owners of TVN S.A. (in thousands)	(29,071)	63,440
Impact on (loss)/profit, net of tax of fair value loss on embedded option (in thousands)	-	10,707
Adjusted (loss)/profit attributable to owners of TVN S.A. (in thousands)	(29,071)	74,147
Weighted average number of ordinary shares in issue	343,941,052	347,400,530
Adjusted basic (losses)/earnings per share	(0.08)	0.21

Diluted

	Three months ended March 31, 2009	Three months ended March 31, 2008
(Loss)/profit attributable to owners of TVN S.A. (in thousands)	(29,071)	63,440
Impact on (loss)/profit, net of tax of fair value loss on embedded option (in thousands)	-	10,707
Adjusted (loss)/profit attributable to owners of TVN S.A. (in thousands)	(29,071)	74,147
Weighted average number of ordinary shares in issue	343,941,052	347,400,530
Adjustment for share options	-	5,810,540
Weighted average number of potential ordinary shares for diluted earnings per share	343,941,052	353,211,070
Adjusted diluted (losses)/earnings per share	(0.08)	0.21

9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment	March 31, 2009	December 31, 2008
Freehold land	34,784	34,784
Buildings	191	163
Leasehold improvements	37,677	37,806
Television, broadcasting and other technical equipment	185,989	183,792
Set top decoders and satellite dishes *	283,264	-
Vehicles	31,738	29,724
Furniture and fixtures	10,677	8,544
Assets under construction	57,718	52,587
	642,038	347,400

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TVN S.A.
Notes to Interim Condensed Consolidated Financial Statements
(Expressed in PLN, all amounts in thousands, except as otherwise stated)

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The balance of the property, plant and equipment as of March 31, 2009 includes provisional fair values of the following items of property, plant and equipment acquired in a business combination on March 11, 2009 (see Note 24):

Leasehold improvements	1,256
Television, broadcasting and other technical equipment	25,938
Set top decoders and satellite dishes	264,696
Vehicles	3,195
Furniture and fixtures	2,316
Assets under construction	595
	<u>297,996*</u>

* established provisionally

10. GOODWILL

January 1, 2008	952,657
March 31, 2008	<u>952,657</u>
January 1, 2009	952,657
Business combination with Neovision Holding (see Note 24)	762,955 *
March 31, 2009	<u>1,715,612</u>

The carrying amount of goodwill is allocated to cash generating units identified by the Group:

On-line	802,205
Digital platform (see Note 24)	762,955 *
Thematic television channels	131,704
Television production unit	12,423
Teleshopping unit	6,325
	<u>1,715,612</u>

* established provisionally

11. BRAND

January 1, 2008	693,688
March 31, 2008	<u>693,688</u>
January 1, 2008	693,688
Business combination with Neovision Holding (see Note 24)	88,200 *
March 31, 2009	<u>781,888</u>

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TVN S.A.
Notes to Interim Condensed Consolidated Financial Statements
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11. BRAND (CONTINUED)

The carrying amount of brands is allocated to the following brands identified by the Group:

Onet.pl (on-line cash generating unit)	643,428
'n' (digital platform cash generating unit)	88,200 *
Mango (teleshopping cash generating unit)	50,260
	<u>781,888</u>

* established provisionally

12. AVAILABLE FOR SALE FINANCIAL ASSETS

	Three months ended March 31, 2009	Three months ended March 31, 2008
Beginning of the period	323,204	7,588
Additions	27,025	-
Sales	(194,870)	-
Fair value change through equity	(257)	-
Interest credited to profit or loss (see Note 7)	3,924	-
End of the period	159,026	7,588
Less: non-current portion	(7,588)	(7,588)
Current portion	<u>151,438</u>	<u>-</u>

Available for sale financial assets include:

	March 31, 2009	December 31, 2008
Securities quoted on active markets:		
- Treasury bills PLN	151,438	315,616
Securities not quoted on active markets:		
- Polskie Media S.A.	7,588	7,588
	<u>159,026</u>	<u>323,204</u>

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TVN S.A.
Notes to Interim Condensed Consolidated Financial Statements
(Expressed in PLN, all amounts in thousands, except as otherwise stated)

12. AVAILABLE FOR SALE FINANCIAL ASSETS (CONTINUED)

On March 31, 2009 the Group held the following securities quoted on active markets:

	Credit rating*	Effective interest rate	Maturity dates	Nominal value	Purchase value
Polish T-bills	A-/A2	6.05%	May 27, 2009	100,000	96,299
Polish T-bills	A-/A2	6.10%	May 27, 2009	25,000	24,117
Polish T-bills	A-/A2	4.24%	June 10, 2009	27,400	27,025
				152,400	147,441

* Credit rating provided by Standard and Poor's and Moody's

The Group defines maximum exposure to credit risk with respect to Polish treasury bills as the total carrying amount of those instruments at the balance sheet date.

The Group does not have any significant influence over the financial and operating policies of Polskie Media S.A. ("Polskie Media"). The Group estimated the fair value of its investment in Polskie Media as at June 30, 2008 based on financial information available from the annual financial statements of Polskie Media for the year ended December 31, 2007 and industry sales multiples. During the year the Group monitors audience share of Polskie Media for impairment indicators. The Group's share in Polskie Media is 5.59% of the current voting interest and 6.95% of the share capital.

None of the available-for-sale financial assets is past due or impaired.

13. DERIVATIVE FINANCIAL ASSETS

	March 31, 2009	December 31, 2008
Foreign exchange options EUR	-	126,120
Foreign exchange options USD	29,820	23,745
	29,820	149,865

The fair value of the prepayment options embedded in the Senior Notes as of March 31, 2009 was nil (December 31, 2008: nil). The valuation of embedded prepayment options is described in Note 4(i).

In 2008 the Group entered into EUR put and call currency options to limit the impact on the Group's net results of PLN/EUR exchange rate movements in relation to the Senior Notes balance. The hedging strategy based on EUR put and call options had in total a notional value of EUR 225,000, a maturity date of January 15, 2009 and a PLN/EUR corridor between 3.30 and 3.60.

Following the repurchase of Senior Notes by the Group (see Note 18), the Group has de-designated the existing hedging relationship and re-designated a new one. All the parameters of the hedging relationship remained unchanged, except for the nominal value of the Senior Notes hedged which was decreased to EUR 215,000 and the fact that only the fraction of the options corresponding to 215/225 was designated as hedging item.

Between January 9 and January 13, 2009 the Group closed the foreign exchange options in EUR in the total nominal amount of EUR 210,000 and received a total premium of 91,630. The remaining balance of EUR 15,000 matured on January 15, 2009 resulting in a received premium of 9,384. The Group did not have any open EUR options as of March 31, 2009.

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TVN S.A.**Notes to Interim Condensed Consolidated Financial Statements****(Expressed in PLN, all amounts in thousands, except as otherwise stated)****13. DERIVATIVE FINANCIAL ASSETS (CONTINUED)**

The Group entered into USD put and call currency options to limit the impact on the Group's net results of PLN/USD exchange rate movements in relation to payments for programming rights. The hedging strategy based on USD put and call options had in total a notional value of USD 29,820, maturity dates between June 22, 2009 and December 22, 2009 and PLN/USD corridor between 2.10 and 2.45. The Group has not designated the options for hedge accounting. The fair value of foreign exchange options in USD as at March 31, 2009 was based on valuations performed by the Group's banks. A currency option with the notional value of USD 13,081 matured on March 23, 2009 resulting in a gain of 11,550 being recognized by the Group.

The change in fair value of the options including premiums paid and received was recognized in the income statement (see Note 7).

Foreign exchange options were contracted with banks rated as follows (by Moody's):

	March 31, 2009	December 31, 2008
Bank rated Aa1	29,820	23,745
Banks rated A2	-	126,120
	<u>29,820</u>	<u>149,865</u>

The Group defines maximum exposure to credit risk with respect to derivative financial assets as the carrying amount of those assets at the reporting date. The maximum exposure as at March 31, 2009 amounted to 29,820 (December 31, 2008: 149,865).

14. PREPAYMENTS AND OTHER ASSETS

	March 31, 2009	December 31, 2008
Prepayments for programming	32,700	17,580
Inventory, less provided for	20,114	11,758
Employee settlements	3,812	3,543
Technical support	2,627	3,576
VAT and other non-CIT taxes receivables	20,875	3,133
Accrued revenue - discounts to 'n' customers	29,328	-
Other	42,029	16,877
	<u>151,485</u>	<u>56,467</u>
Less: current portion of other assets	<u>(146,313)</u>	<u>(51,286)</u>
Non-current portion of other assets	<u>5,172</u>	<u>5,181</u>

15. CASH AND CASH EQUIVALENTS

	March 31, 2009	December 31, 2008
Cash at bank and in hand	280,129	131,316
Short-term treasury bills	49,908	53,551
	<u>330,037</u>	<u>184,867</u>

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TVN S.A.
Notes to Interim Condensed Consolidated Financial Statements
(Expressed in PLN, all amounts in thousands, except as otherwise stated)

15. CASH AND CASH EQUIVALENTS (CONTINUED)

(i) **Cash at bank** (credit rating – Standard and Poor’s):

	March 31, 2009	December 31, 2008
Bank rated AAA	37,974	84,420
Bank rated A	242,155	46,896
	<u>280,129</u>	<u>131,316</u>

(ii) **Short term treasury bills:**

	Credit rating*	Effective interest rate	Maturity dates	Nominal value	Purchase value
Polish T-bills	A-/A2	4.55%	April 15, 2009	50,000	49,481

* Credit rating provided by Standard and Poor’s and Moody’s

The Group defines maximum exposure to credit risk with respect to polish treasury bills as the total carrying amount of those instruments at the balance sheet date.

16. SHARE CAPITAL (NOT IN THOUSANDS)

The total authorized number of ordinary shares is 413,499,585 with a par value of 0.20 per share. The total number of ordinary shares in issue as at March 31, 2009 was 349,515,414 with a par value of 0.2 per share. All issued shares are fully paid and include also shares issued on exercise of share options granted under incentive schemes (C and E series of shares) as soon as cash consideration is received. The shareholders structure as at March 31, 2009:

Shareholder	Number of shares	% of share capital	Number of votes	% of votes
Strateurop International B.V. ⁽¹⁾	180,355,430	51.60%	180,355,430	52.99%
N-Vision B.V. ⁽¹⁾	20,850,902	5.97%	20,850,902	6.13%
Cadizin Trading&Investment ⁽¹⁾	10,001,400	2.86%	10,001,400	2.94%
ITI Impresario ⁽¹⁾	1,400	0.00%	1,400	0.00%
Other shareholders	129,149,175	36.95%	129,149,175	37.94%
Treasury shares	<u>9,157,107</u>	<u>2.62%</u>	<u>-</u>	<u>-</u>
Total	<u>349,515,414</u>	<u>100.00%</u>	<u>340,358,307</u>	<u>100.00%</u>

⁽¹⁾ Entities controlled by ITI Group.

As at March 31, 2009 all shares were registered by the Court.

The total number of shares as of March 31, 2009 includes 9,157,107 treasury shares (see Note 17).

During the three months ended March 31, 2009, no shares were issued.

According to the Polish Commercial Companies Code the Company cannot exercise voting rights related to TVN treasury shares.

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TVN S.A.**Notes to Interim Condensed Consolidated Financial Statements****(Expressed in PLN, all amounts in thousands, except as otherwise stated)****17. SHARE BUYBACK AND REDEMPTION**

On October 30, 2008 the Company's shareholders approved a share buyback program to acquire and voluntarily redeem the Company's shares. The share buyback program allows the Group to purchase up to 35 million shares but not more than 10% of the Company's share capital as calculated on the last day of the program and to spend not more than 500,000. The program expires on December 31, 2009 and the Company's shareholders approved the designation of accumulated profits in a maximum amount of 471,750 to finance the share buyback program.

The first tranche of the share buyback program commenced on November 17, 2008 and ended on January 21, 2009. The second tranche of the share buyback program commenced on February 5, 2009 and ended on March 24, 2009.

Since the beginning of the share buyback program, the Group has purchased in total 9,157,107 (not in thousands) shares for a total amount of 100,000 (6,200,937 (not in thousands) shares for a total amount of 62,572 in the three months ended March 31, 2009) .

18. BORROWINGS

	March 31, 2009	December 31, 2008
9.5 Senior Notes due 2013	970,565	855,432
Interest accrued on Senior Notes due 2013	28,007	3,551
PLN Bonds	498,678	498,593
Interest accrued on PLN Bonds	13,573	2,156
Loan facility	109,875	109,875
Interest accrued on loan facility	4,067	1,951
Loans from related parties (see Note 24,26 (iv))	488,857	-
Interest accrued on loans from related parties (see Note 24,26 (iv))	2,795	-
Overdraft facility	60,886	48,733
	2,177,303	1,520,291
Less: current portion of borrowings	(106,533)	(56,391)
Non-current portion of borrowings	2,070,770	1,463,900

Senior Notes

On December 2, 2003 the Group via its subsidiary, TVN Finance Corporation plc, issued EUR 235,000 Senior Notes with an interest rate of 9.5%. The Notes are quoted on the Luxembourg Stock Exchange. Interest is paid semi-annually starting June 15, 2004. The Senior Notes mature on December 15, 2013. The Senior Notes are senior unsecured obligations and are governed by a number of covenants including, but not limited to, restrictions on the level of additional indebtedness, payment of dividends, sale of assets and transactions with affiliated companies. The Senior Notes are fully and unconditionally guaranteed by the Company and its principal subsidiary Grupa Onet.pl S.A. The Senior Notes are carried at amortized cost using an effective interest rate of 10.88%.

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

18. BORROWINGS (CONTINUED)

On February 8, 2008 the Group repurchased Senior Notes with a nominal value of EUR 10,000 for an amount of EUR 10,200 (PLN 36,587). On October 24, 2008 the Group repurchased Senior Notes with a nominal value of EUR 10,000 for an amount of EUR 9,400 (PLN 34,141). The Group has accounted for the repurchases as a de-recognition of the corresponding part of the Senior Notes liability. As a result, the difference between the consideration paid and the carrying amount corresponding to the Notes repurchased was recognized in the income statement within finance expense. The nominal value of the remaining Senior Notes is EUR 215,000.

The fair value of the Senior Notes, excluding accrued interest, as at March 31, 2009 is estimated to be PLN 791,088 or EUR 168,270 (PLN 753,535 or EUR 180,600 as at December 31, 2008). Fair value of the Senior Notes reflect its market price quoted by Reuters based on the last value date on March 31, 2009.

The Group may redeem all or part of the Senior Notes on or after December 15, 2008 at a redemption price ranging from 104.75% to 100% of nominal value.

The Group recognized an embedded financial instrument with respect to these options (see Note 4(i)).

The Senior Notes also have a put option, which may be exercised by the holders of the Senior Notes at a purchase price of 101% of the nominal value if a change of control takes place. Change of control means:

- i) a person other than Permitted Holders become the beneficial owner of more than 35% of the voting power of the voting stock of the Company, and the Permitted Holders own a lesser % than such other person
- ii) Approved directors cease to constitute a majority of the Supervisory Board,
- iii) The Company sells substantially all of its assets,
- iv) A plan is adopted relating to the liquidation or dissolution of the Company,
- v) The Company ceases to own 100% of the shares of TVN Finance Corporation plc.

PLN Bonds

On May 26, 2008 the Group entered into an agreement with Bank Pekao S.A., Bank Handlowy w Warszawie S.A. and BRE Bank S.A. to conduct a Bond Issue Program ("Program"). The Program enables the Group to issue bearer, unsubordinated and unsecured bonds ("PLN Bonds") with a maximum total nominal value of PLN 1 billion at any time. The Program can be extended up to a nominal value of PLN 2 billion.

On June 23, 2008 the Group completed the first issue of PLN Bonds with a total nominal value of 500,000 and with a variable interest rate of 6 month WIBOR plus 2.75% per annum. The interest is payable semi-annually starting December 14, 2008. The PLN Bonds are due for repayment on June 14, 2013. The PLN Bonds are unsecured obligations and are governed by a number of covenants including restrictions on disposal or inadequate use of assets. The total transaction costs of the issue amounted to 1,686 and mainly related to dealers commission and legal services. The PLN Bonds are carried at amortized cost using an effective interest rate of 9.69%.

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TVN S.A.**Notes to Interim Condensed Consolidated Financial Statements****(Expressed in PLN, all amounts in thousands, except as otherwise stated)****18. BORROWINGS (CONTINUED)**

The Group has an option to redeem all or 50% of the PLN Bonds on June 14, 2011 or on June 14, 2012 at a redemption price of 102% or 101% of the nominal value respectively. The Group assessed that the early prepayment options are closely related to the economic characteristics of the host contract (PLN Bonds) as the option exercise price is close on each exercise date to the amortized cost of the PLN Bonds. Consequently, the Group did not separate the embedded derivative.

The fair value of the PLN Bonds, excluding accrued interest, as at March 31, 2009 was estimated to be PLN 515,280. The PLN Bonds are non-public and their fair value was estimated using an internal valuation model with the key inputs being market interest rate, payment dates and credit spread.

Loan facility

On June 30, 2008 the Group entered into a PLN 200,000 multicurrency loan facility with Bank Pekao SA. The facility is available for a three year period. The facility bears interest at six-month WIBOR, EURIBOR or LIBOR (depending on loan currency) plus a margin which depends on the ratio of consolidated net debt to consolidated EBITDA of the Group and at the date of the agreement was 1%. The effective interest rate is approximated by WIBOR and applicable margin and fair value as at March 31, 2009 is approximated by the carrying amount. The facility is secured over trade receivables of TVN S.A. up to the equivalent of EUR 25 million. The loan facility is guaranteed by Grupa Onet.pl S.A. and Mango Media Sp. z o.o., wholly owned subsidiaries of TVN S.A. As of March 31, 2009 181,756 of the facility had been used.

19. OTHER LIABILITIES AND ACCRUALS

	March 31, 2009	December 31, 2008
Liability to ITI Media Group related to acquisition of Neovision Holding* (see Note 24)	130,551	-
Employee benefits	48,796	45,175
VAT and other taxes payable	47,445	29,639
Deferred income	37,808	21,647
Accrued production costs	30,064	14,908
Sales and marketing related costs	10,389	2,050
Accrued direct cost of acquisition of subsidiary	9,868	-
Satellites	3,575	6,236
Other liabilities and accrued costs	130,553	109,838
	449,049	229,493

* The amount was settled on April 1, 2009

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TVN S.A.
Notes to Interim Condensed Consolidated Financial Statements
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20. NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

Reconciliation of net (loss)/profit to cash generated from operations

	Note	Three months ended March 31, 2009	Three months ended March 31, 2008
Net (loss)/profit		(50,326)	63,440
Tax charge		7,011	17,939
Share options granted to board members and employees	7	13,933	11,745
Depreciation, amortization and impairment charges	7	27,101	18,590
Amortization of acquired programming rights and co-production	7	44,912	30,250
Impaired accounts receivable	7	(177)	(551)
(Gain)/loss on sale of property, plant and equipment		(29)	121
Investment income and finance expense, net	8	178,275	26,822
Share of loss of associate		39,446	-
Gain on consolidation of associate	24	(110,690)	-
Transaction costs related to acquisition of associate, expensed	6,24	3,273	-
Guarantee fee	8	(3,488)	(2,426)
Payments to acquire programming rights		(55,015)	(26,980)
Change in local production balance		(5,808)	(15,484)
Changes in working capital excluding digital platform:			
Trade receivables		44,028	15,067
Prepayments and other assets		(8,236)	(6,531)
Trade payables		(9,928)	21,288
Other short term liabilities and accruals		41,568	31,240
		<u>67,432</u>	<u>61,064</u>
Changes in working capital - digital platform		(72,832)	-
Total changes in working capital		<u>(5,400)</u>	<u>61,064</u>
Cash generated from operations		<u>83,018</u>	<u>184,530</u>
Non-cash transactions			
Barter revenue, net		(3,882)	(1,561)
Share options granted to board members and employees	7	13,933	11,745

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TVN S.A.
Notes to Interim Condensed Consolidated Financial Statements
(Expressed in PLN, all amounts in thousands, except as otherwise stated)

21. TAXATION

	Three months ended March 31, 2009	Three months ended March 31, 2008
Current tax charge	(37,840)	(27,034)
Deferred tax credit	30,829	9,095
	(7,011)	(17,939)
Reconciliation of accounting (loss)/profit to tax charge	Three months ended March 31, 2009	Three months ended March 31, 2008
(Loss)/profit before income tax	(43,315)	81,379
Income tax charge at the enacted statutory rate of 19%	8,230	(15,462)
Tax impact of employee share option plan costs not deductible for tax purposes (see Note 6)	(1,363)	(2,232)
Impact of tax deduction claimed and deferred in relation to operations in special economic zone	11,382	945
Reversal of deferred tax on consolidation of subsidiary	(25,176)	-
Impact of non-taxable gain recognized on consolidation of associate	21,031	-
Impact of non-tax deductible losses of subsidiary	(8,242)	-
Impact of non-tax deductible losses of associate absorbed during the period	(7,495)	-
Impact of non-taxable fair value adjustments on consolidation of subsidiary	(5,032)	-
Net tax impact of other expenses and losses not deductible for tax purposes and revenue not taxable	(346)	(1,190)
Tax for the period	(7,011)	(17,939)
Movements in deferred tax asset	Three months ended March 31, 2009	Three months ended March 31, 2008
Balance at beginning of period	34,515	12,637
Credit for the period *	(7,352)	(447)
Balance at end of period	27,163	12,190
Movements in deferred tax liability	Three months ended March 31, 2009	Three months ended March 31, 2008
Balance at beginning of period	(165,679)	(166,578)
Acquisition of subsidiary**	(16,758)	-
Deferred tax credited to equity, net	49	-
Debit for the period	38,181	9,542
Balance at end of period	(144,207)	(157,036)

* includes reversal of deferred tax asset of 25,176 related to tax losses of consolidated associate

** represents the deferred tax liability established provisionally on 'n' brand

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TVN S.A.
Notes to Interim Condensed Consolidated Financial Statements
(Expressed in PLN, all amounts in thousands, except as otherwise stated)

22. CONTINGENCIES

The Group has a remaining contingent asset in respect of a VAT claim of 3,594 and interest due from the tax authorities of 13,069. A court ruling in favour of the Group was announced on April 13, 2006. On June 12, 2006 the tax authorities appealed to the Supreme Administrative Court. On October 9, 2007 the Supreme Administrative Court decided to return the case to the Administrative Court in Krakow for further review. On July 23, 2008 the Administrative Court overrode penalties imposed by the tax authorities (in the amount of 1,078 plus interest) but overruled the Group's claim with respect to the base VAT amount. The Group recognized receivable penalty of 1,078 plus interest in 2008 financial statements and received the amount in January 2009. On October 10, 2008 the Group appealed to the Supreme Administrative Court with respect to the base VAT claim.

23. COMMITMENTS

The Group has entered into a number of operating lease and other agreements. The commitments derived from these agreements are presented below.

(i) Commitments to acquire programming

The Group has outstanding contractual payment commitments in relation to programming as of March 31, 2009. These commitments are scheduled to be paid as follows:

Due in 2009	130,372
Due in 2010	227,778
Due in 2011	248,062
Due in 2012	262,425
Due in 2013	232,114
Due in 2014 and thereafter	49,223
	<u><u>1,149,974</u></u>

(ii) Total future minimum payments relating to operating lease agreements signed as at March 31, 2009:

	Related parties	Non-related parties	Total
Due in 2009	21,118	21,756	42,874
Due in 2010	28,159	20,872	49,031
Due in 2011	27,500	16,842	44,342
Due in 2012	27,500	14,591	42,091
Due in 2013	27,500	10,317	37,817
Due in 2014 and thereafter	63,352	13,564	76,916
	<u><u>195,129</u></u>	<u><u>97,942</u></u>	<u><u>293,071</u></u>

Contracts signed with related parties relate to lease of office space and television studios from Poland Media Properties S.A. ("Poland Media Properties", previously ITI Poland S.A.) and Diverti Sp. z o.o. ("Diverti"). Diverti is a subsidiary of ITI Group. Commitments in foreign currencies were calculated using exchange rates as at March 31, 2009.

Contracts signed with non-related parties relate to lease of office space and television studios.

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TVN S.A.
Notes to Interim Condensed Consolidated Financial Statements
(Expressed in PLN, all amounts in thousands, except as otherwise stated)

23. COMMITMENTS (CONTINUED)

In addition to the lease agreements disclosed above, the Group has agreements with third parties for the provision of satellite capacity. Under these agreements the Group is obliged to pay annual fees. These commitments are scheduled to be paid as follows:

Due in 2009	63,762
Due in 2010	92,250
Due in 2011	87,040
Due in 2012	52,640
Due in 2013	35,720
Due in 2014 and thereafter	101,225
	432,637

Additionally, the Group leases transmission sites and related services for an annual amount of 6,600.

(iii) Barter commitments

The Group has an outstanding commitment of service to broadcast advertising of 3,399 to settle sundry amounts payable recorded as of March 31, 2009 (3,466 at December 31, 2008). The service to broadcast advertising will be rendered under commercial terms and conditions and at market prices.

(iv) Other commitments

As at March 31, 2009, the Group assumed contractual commitments of 737 to acquire property, plant and equipment and intangible assets (1,304 at December 31, 2008).

Additionally the Group has undertaken to invest 215,782 in the special economic zone in Kraków by December 31, 2017. As at March 31, 2009 the remaining commitment amounted to 141,885.

24. INVESTMENT IN POLISH DTH “N” PLATFORM

On June 25, 2008 the Group completed the acquisition of 25% of the share capital plus 1 share of Neovision Holding B.V. (“Neovision Holding”) a company registered in Amsterdam, the Netherlands from ITI Media Group N.V. (“ITI Media Group”), an entity under common control. Neovision Holding is the sole shareholder of ITI Neovision Sp. z o.o. (“ITI Neovision”) which owns and operates the ‘n’ DTH platform in Poland. For a total cash consideration of EUR 95 million (PLN 319,628) the Group purchased 25% of the share capital plus one share in Neovision Holding and a corresponding pro-rata interest in the loans granted to ITI Neovision with a nominal value of EUR 35.3 million.

Before March 11, 2009 the Group had significant influence on, but not control over ITI Neovision operations. Accordingly, the investment was classified as an investment in associate and accounted for using the equity method with the recognition of 25% share of associate’s net results. In the consolidated financial statements the total investment was split between investment in an associate and loans receivable from an associate.

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TVN S.A.**Notes to Interim Condensed Consolidated Financial Statements****(Expressed in PLN, all amounts in thousands, except as otherwise stated)****24. INVESTMENT IN POLISH DTH “N” PLATFORM (CONTINUED)**

Investment in associate	Three months ended March 31, 2009	Year ended December 31, 2008
Beginning of the period	120,076	83
Investment in Neovision Holding	-	211,819
Other direct costs	-	2,614
Share of loss of Neovision Holding*	(39,588)	(94,455)
Direct costs written down	(2,614)	-
Business combination elimination	(77,789)	-
Acquisition of subsidiary	902	-
Share of gain of Polskie Badania Internetu	142	15
End of the period	1,129	120,076

* Including amortization of 'n' brand

Loans receivable from associate	Three months ended March 31, 2009	Year ended December 31, 2008
Beginning of the period	179,138	-
Acquisition of loans in Neovision Holding	-	107,809
Other direct costs	-	1,575
Interest accrued	4,181	5,767
Loans extended during the period	75,344	28,180
Foreign exchange gains	20,363	35,807
Business combination elimination	(278,836)	-
End of the period	190	179,138

On March 11, 2009, the Group and ITI Media Group entered into a preliminary agreement where the parties agreed that the Group would increase its direct ownership interest in Neovision Holding and its indirect ownership interest in ITI Neovision to, in aggregate, 51% of each company's shares for the price of EUR 46.2 million. The Group agreed to immediately provide ITI Neovision with funding of EUR 25.1 million in the form of a shareholder loan simultaneously receiving a contractual right to exercise voting rights in Neovision Holding equivalent to an additional 26% minus one share, thereby increasing voting control to 51%. As a result, the Group obtained control over Neovision Holding Group on March 11, 2009.

The investment of the Group in 'n' DTH platform, which offers technologically advanced pay television services in Poland, will strengthen the competitive position of the Group on the attractive Polish DTH and cable market which is likely to consolidate in the future and will provide the Group with revenue diversification.

The transaction agreement provides that the Group will pay ITI Media Group a supplemental payment if and to the extent that ITI Neovision's subscriber revenues for the 2010 calendar year exceed PLN 555,618,071 (not in thousands). The amount of the supplemental payment will be computed as EUR 0.3214 (not in thousands) for each PLN 1.00 (not in thousands) in excess of the foregoing threshold amount. ITI Media Group's right to receive this supplemental payment is contingent upon ITI Neovision achieving certain specified conditions during the 2010 calendar year as regards EBITDA, numbers of subscribers and

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TVN S.A.
Notes to Interim Condensed Consolidated Financial Statements
(Expressed in PLN, all amounts in thousands, except as otherwise stated)

24. INVESTMENT IN POLISH DTH “N” PLATFORM (CONTINUED)

average revenue per subscriber. The amount of the supplemental payment is subject to a EUR 60,000 limit. The limit amount will be reduced if and to the extent that, prior to the end of 2010 calendar year, ITI Media Group sells all or a part of its remaining ownership interest in Neovision Holding or ITI Neovision to a third party where the purchase price paid by the third party reflects ITI Neovision having an equity value which is less than the amount specified in the transaction agreement (which amount reflects the Group’s investment in, and the resulting equity value of, ITI Neovision). The Group has the option to pay up to one-half of the contingent consideration in the form of its shares valued at the weighted average trading price over the last 30 trading days prior to the payment, with the balance being paid in cash.

The following table summarizes the consideration paid:

Amounts transferred and due * (equivalent of EUR 46.2 million)	216,316	**
Contingent consideration (fair value of EUR 60.0 million)	<u>236,448</u>	
Total Consideration per transaction of March 11, 2009	452,764	
Fair value of investment in Neovision Holding (including loans) before the business combination	<u>435,350</u>	
Total Consideration for 51% stake in Neovision Holding	888,114	**
- part of consideration relating to equity investment	440,263	**

* includes an amount of 130,551 recognized in other liabilities and accruals as of March 31, 2009 and paid on April 1, 2009

** established provisionally

Note to the investing activities in the consolidated cash flow statement:

Loans repaid by the Group to ITI Media Group	(85,204)
Less: cash acquired in the subsidiary as at March 11, 2009	<u>114,429</u>
Acquisition of subsidiary, net of cash acquired	<u>29,225</u>

The potential undiscounted amount of all future payments that the Group could be required to make under this arrangement is between EUR 0 and 60,000. The fair value of the contingent consideration arrangement of 236,448 was estimated based on a discount rate of 7.93% and assumed the full probability of maximum payment (see Note 4(iv)).

The Group has accounted for the acquisition of Neovision Holding using the purchase accounting method under early adopted IFRS 3 (revised) (please see accounting policies in Notes 2.2 and 2.3). The goodwill of 762,955 arising from the acquisition is attributable to the acquired customer base and future operating cash-flows from the digital platform.

None of the goodwill recognized is expected to be deductible for income tax purposes. The following table summarizes the provisionally established amounts of the assets acquired and liabilities assumed recognized at the date on which effective control was transferred to the Group (March 11, 2009), as well as the fair value of the non-controlling interest’s share in net identifiable liabilities of Neovision Holding:

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TVN S.A.
Notes to Interim Condensed Consolidated Financial Statements
(Expressed in PLN, all amounts in thousands, except as otherwise stated)

24. INVESTMENT IN POLISH DTH “N” PLATFORM (CONTINUED)

Brand (see Note 11)	88,200
Other intangible assets	13,821
Property, plant and equipment (see Note 9)	297,996
Programming inventory	46,160
Corporate income tax receivable	1,276
Trade and other receivables	48,101
Inventory	5,613
Prepayments and other assets	66,554
Cash and cash equivalents	114,429
Trade and other liabilities	(309,340)
Deferred tax liability on brand (see Note 21)	(16,758)
Loans from related parties	(913,560)
Provisions and accruals	(75,221)
Total identifiable net assets	(632,729)
Less: Non-controlling interest	(310,037)
Total net assets attributable to the Group	(322,692)
Goodwill (see Note 10)	762,955
Consideration relating to equity investment	440,263

In the initial purchase price allocation process the Group identified and valued provisionally marketing related intangible assets such as the “n” brand. The provisional fair value of the brand was estimated using the relief from royalty method and is discussed in details in Note 4 (ii).

The Group will recognize any adjustments to the provisional values assigned to the subsidiary’s identifiable assets and liabilities as a result of completing the initial purchase price allocation within twelve months of the acquisition date. The initial accounting for the business combination as at the reporting date is incomplete due to the complexity of the transaction and the fact that the consolidation control was obtained only on March 11, 2009.

The subsidiary will not be able to pay dividends to the Group until its cumulative losses are covered.

The Group recognized a gain on consolidation with associate of 110,690 as a result of measuring at fair value its 25% equity investment in Neovision Holding held before the business combination. The fair value of the equity investment held before the business combination was measured at 213,302. The gain on consolidation is disclosed separately in the Group’s consolidated income statement for the three months ended March 31, 2009.

The Group recognized on consolidation with Neovision Holding Group a fair value loss of 26,486 resulting from elimination of loans granted by the Group to Neovision Holding and ITI Neovision. The loss represents a difference between the fair value of loans owned by the Group and their respective carrying value in the accounts of Neovision Holding Group. The loss is recognized in the investment expense (see Note 7).

The direct costs relating to the acquisition amounted to 14,572 and included mainly legal, valuation and professional consulting fees and were expensed in the income statement in general and administration expenses.

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TVN S.A.**Notes to Interim Condensed Consolidated Financial Statements****(Expressed in PLN, all amounts in thousands, except as otherwise stated)****24. INVESTMENT IN POLISH DTH “N” PLATFORM (CONTINUED)**

In the period between March 11, 2009 and March 31, 2009 the Group recognized post-acquisition revenue of 22,101 and a net loss of 29,819 in respect to ITI Neovision Group.

If the acquisition had occurred on January 1, 2009 the Group, would have recognized consolidated revenue of 509,489 and a consolidated net loss of 174,182 for the three months ended March 31, 2009.

25. GROUP COMPANIES

These consolidated financial statements as at March 31, 2009 comprise the parent company and the following subsidiaries (the Group), joint ventures and associates:

	Country of incorporation	March 31, 2009 Ownership %	December 31, 2008 Ownership %
Grupa Onet.pl S.A.	Poland	100	100
Dream Lab Onet Sp. z o.o.	Poland	100	100
Tivien Sp. z o.o.	Poland	100	100
El-Trade Sp. z o.o.	Poland	100	100
NTL Radomsko Sp. z o.o.	Poland	100	100
Mango Media Sp. z o.o.	Poland	100	100
SunWeb Sp. z o.o.	Poland	100	100
Thema Film Sp. z o.o.	Poland	96	96
TVN Finance Corporation plc	UK	100	100
Grupa Onet Poland Holding B.V.	The Netherlands	100	100
Media Entertainment Ventures Int Ltd	Malta	100	100
Neovision Holding B.V.*	The Netherlands	51	25
ITI Neovision Sp. z o.o.*	Poland	51	-
Cyfrowy Dom Sp. z o.o.*	Poland	51	-
Neovision UK Ltd*	UK	51	-
Polski Operator Telewizyjny Sp. z o.o.	Poland	50	50
Discovery TVN Ltd	UK	50	50
MGM Chanel Poland Ltd (joint venture)*	UK	23	11
Polskie Badania Internetu Sp. z o.o.	Poland	20	20

* Neovision Holding B.V. wholly owns ITI Neovision Sp. z o.o. (Poland), Neovision UK Ltd (UK), has 99% of Cyfrowy Dom Sp. z o.o. and has 45% joint venture in MGM Channel Poland Ltd (UK).

The share capital percentage owned by the Group equals the percentage of voting rights in each of the above entities.

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TVN S.A.
Notes to Interim Condensed Consolidated Financial Statements
(Expressed in PLN, all amounts in thousands, except as otherwise stated)

26. RELATED PARTY TRANSACTIONS

(i) Revenue:

	Three months ended March 31, 2009	Three months ended March 31, 2008
ITI Neovision *	7,666	9,537
ITI Group	6,620	628
MGM Channel Poland	487	-
Poland Media Properties	6	7
	<u>14,779</u>	<u>10,172</u>

* ITI Neovision was an associate of the Group from June 25, 2008 to March 10, 2009. From March 11, 2009 ITI Neovision is consolidated with TVN Group (see Note 24).

Revenue from the ITI Group and ITI Neovision includes mainly revenue from the exploitation of film rights, license fees, production and technical services rendered and services of broadcasting advertising, net of commissions. Poland Media Properties is controlled by certain shareholders and executive directors of the ITI Group.

Additionally the Group recognised revenue of 2,139 (1,624 in 2008) from advertising services rendered for ITI Neovision through advertising agencies.

(ii) Operating expenses:

	Three months ended March 31, 2009	Three months ended March 31, 2008
ITI Group	10,494	8,373
ITI Neovision *	715	1,450
Poland Media Properties	334	137
MGM Channel Poland	235	-
	<u>11,778</u>	<u>9,960</u>

* ITI Neovision was an associate of the Group from June 25, 2008 to March 10, 2009. From March 11, 2009 ITI Neovision is consolidated with TVN Group (see Note 24).

Operating expenses from ITI Group comprise rent of office premises and the provision of certain management, sales, financial advisory and other services.

Operating expenses from Poland Media Properties comprise rent of office premises.

(iii) Outstanding balances arising from sale/purchase of goods and services:

	March 31, 2009	December 31, 2008
Receivables:		
ITI Group	9,896	4,532
ITI Neovision	-	20,808
	<u>9,896</u>	<u>25,340</u>

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TVN S.A.
Notes to Interim Condensed Consolidated Financial Statements
(Expressed in PLN, all amounts in thousands, except as otherwise stated)

26. RELATED PARTY TRANSACTIONS (CONTINUED)

	March 31, 2009	December 31, 2008
Payables:		
ITI Group	4,756	4,978
MGM Channel Poland	18,148	-
Poland Media Properties	195	63
ITI Neovision	-	45
	<u>23,099</u>	<u>5,086</u>

(iv) Non-current loans from related parties

	March 31, 2009	December 31, 2008
Loan from Strateurop	307,255	-
Interest on loan from Strateurop	1,570	-
Loan from N-Vision	181,602	-
Interest on loan from N-Vision	1,225	-
	<u>491,652</u>	<u>-</u>

Loans from related parties were initially recognized at fair value as of March 11, 2009 and are subsequently measured at amortized cost.

The loan from Strateurop is for a principal amount of EUR 64,657, bears interest of 9.50% per annum and is due for repayment on December 31, 2015.

The loans from N-Vision are for a total principal amount of EUR 37,705, bear interest of 9.50% per annum and are due for repayment on December 31, 2015 and December 31, 2018.

(v) Other non current assets

Other non current assets include a rental deposit paid to ITI Group by TVN in the amount of 1,981.

(vi) Lease commitments with related parties

See Note 23 for further details.

(vii) Other

ITI Holdings has provided guarantees in the amount of US\$ 25,000 to Warner Bros. International Television Distribution and US\$ 8,000 to DreamWorks in respect of programming rights purchased and broadcast by the Group. During the three months ended March 31, 2009, the Group recorded finance costs of 973 relating to these guarantees (during the three months ended March 31, 2008: 606).

On March 31, 2009 the Group completed the acquisition of additional 26% of the share capital of Neovision Holding from ITI Media Group (see Note 24).

Other current liabilities and accruals include 130,551 of liability to ITI Media Group related to acquisition of Neovision Holding Group. The amount was settled on April 1, 2009 (see Note 19, 24).

Non current liabilities include an amount of 241,393 being the net present value of contingent consideration of 60,000 EUR related to the acquisition of Neovision holding Group (see Note 24).

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TVN S.A.
Notes to Interim Condensed Consolidated Financial Statements
(Expressed in PLN, all amounts in thousands, except as otherwise stated)

27. SHARE-BASED PAYMENTS

Share options are granted to certain Management Board members, employees and co-workers who are of key importance to the Group. Share options are granted under two share option schemes:

- (i) TVN Incentive Scheme I introduced on December 27, 2005, based on C series of shares
- (ii) TVN Incentive Scheme II introduced on July 31, 2006 as part of the acquisition of Grupa Onet.pl, based on E series of shares.

The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows (not in thousands)

	Three months ended March 31, 2009		Three months ended March 31, 2008	
	Average exercise price	Outstanding options	Average exercise price	Outstanding options
At 1 January	PLN 10.79	12,644,716	PLN 10.62	14,887,155
Exercised	-	-	PLN 9.57	(980,023)
At 31 March	PLN 10.79	12,644,716	PLN 10.70	13,907,132

The total fair value of the options granted was estimated using a trinomial tree model and amounted to 74,124 with respect to C series and 110,101 with respect to E series.

The model assumes that dividends would be paid in the future in accordance with the Group's dividend policy. Fair valuation of options granted before January 1, 2007 assumed that no dividends would be paid in the future. The stock option plan is service related.

The remaining options are exercisable at the prices indicated below and vest after the specified period (not in thousands):

Series	Number of options	Exercise price	Service vesting period
C1	384,060	PLN 8.66	Vested
C2	1,669,330	PLN 9.58	Vested
C3	3,479,210	PLN 10.58	Vested
	5,532,600		

Series	Number of options	Exercise price	Service vesting period
E1	217,730	PLN 8.66	Vested
E2	282,135	PLN 9.58	Vested
E3	1,337,516	PLN 10.58	Vested
E4	2,441,065	PLN 11.68	until April 1, 2009
E4	2,833,670	PLN 11.68	until January 1, 2010
	7,112,116		

All options can be exercised no later than December 31, 2011. Between January 1, 2009 and the date when these financial statements were prepared, no options were exercised.

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TVN S.A.
Notes to Interim Condensed Consolidated Financial Statements
(Expressed in PLN, all amounts in thousands, except as otherwise stated)

28. EXCHANGE RATES AND INFLATION

	PLN Exchange Rate to U.S. Dollar	PLN Exchange Rate to Euro
March 31, 2009	3.5416	4.7013
December 31, 2008	2.9618	4.1724
March 31, 2008	2.2305	3.5258

The movement in the consumer price index for the three months ended March 31, 2009 amounted to 1.2% (1.5% for the three months ended March 31, 2008).

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

MANAGEMENT REPRESENTATIONS

These interim condensed separate financial statements of TVN S.A. as of and for the three months ended March 31, 2009, have been prepared in order to present the financial position, financial results and cash flows in accordance with the International Financial Reporting Standard 34 "Interim Financial Reporting" ("IAS 34").

The interim condensed separate financial statements of TVN as of and for the three months ended March 31, 2009 include: interim condensed separate income statement, interim condensed separate statement of comprehensive income, interim condensed separate balance sheet, interim condensed separate statement of changes in shareholders' equity, interim condensed separate cash flow statement and notes to the interim condensed separate financial statements.

These separate financial statements were authorized for issuance by the Management Board of TVN S.A. on May 13, 2009.

Piotr Walter
President of the Board

Karen Burgess
Vice-President of the Board

Edward Miszczak
Vice-President of the Board

Jan Łukasz Wejchert
Vice-President of the Board

Tomasz Berezowski
Board Member

Olgierd Dobrzyński
Board Member

Waldemar Ostrowski
Board Member

Adam Pieczyński
Board Member

Jarosław Potasz
Board Member

Piotr Tyborowicz
Board Member

Warsaw, May 13, 2009

TVN S.A.

Interim Condensed Separate Financial Statements

As of and for the three months ended March 31, 2009

TVN S.A.

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TVN S.A.

Interim Condensed Separate Financial Statements

TVN Information

1. Principal activity

TVN Group is the leading, integrated Polish media group, active in television broadcasting and production, including the operation of a digital satellite platform, internet and teleshopping.

TVN S.A. (the "Company") and its subsidiaries ("TVN Group", the "Group") operate or jointly operate thirteen television channels in Poland: TVN, TVN 7, TVN 24, TVN Meteo, TVN Turbo, ITVN, TVN Style, TVN Lingua, TVN CNBC Biznes, TVN Warszawa, Discovery Historia, NTL Radomsko and Telezakupy Mango 24. The Group's channels broadcast news, information and entertainment shows, serials, movies and teleshopping. The Group also operates a Polish direct-to-home pay satellite television platform 'n', which offers technologically advanced pay television services. The Group also operates Onet.pl the leading internet portal in Poland operating services such as: Zumi.pl, Sympatia.pl, OnetBlog and OnetLajt.

2. Registered Office

TVN S.A.
ul. Wiertnicza 166
02-952 Warszawa

3. Supervisory Board

- Wojciech Kostrzewa, President
- Bruno Valsangiacomo, Vice-President
- Arnold Bahlmann
- Romano Fanconi
- Paweł Gricuk
- Paweł Kosmala
- Wiesław Rozłucki
- Andrzej Rybicki
- Markus Tellenbach
- Aldona Wejchert
- Gabriel Wujek

4. Management Board

- Piotr Walter, President
- Karen Burgess, Vice-President
- Edward Mischczak, Vice-President
- Jan Łukasz Wejchert, Vice-President
- Tomasz Berezowski
- Olgierd Dobrzyński
- Waldemar Ostrowski
- Adam Pieczyński
- Jarosław Potasz
- Piotr Tyborowicz

The accompanying notes are an integral part of these interim condensed separate financial statements.

TVN S.A.
Interim Condensed Separate Financial Statements

5. Auditors

PricewaterhouseCoopers Sp. z o.o.
Al. Armii Ludowej 14
00-638 Warszawa

6. Principal Solicitors

Clifford Chance
ul. Lwowska 19
00-660 Warszawa

7. Principal Bankers

Bank Polska Kasa Opieki S.A. ("Pekao S.A.")
ul. Grzybowska 53/57
00-950 Warszawa

8. Subsidiaries

Television Broadcasting and Production

- TVN Finance Corporation plc
One London Wall
London EC2Y 5EB, UK
- NTL Radomsko Sp. z o.o.
ul. 11 Listopada 2
97-500 Radomsko
- El-Trade Sp. z o.o.
ul. Wiernicza 166
02-952 Warszawa
- Thema Film Sp. z o.o.
ul. Powsińska 4
02-920 Warszawa
- Mango Media Sp. z o.o.
ul. Kościuszki 61
81-703 Sopot
- Tivien Sp. z o.o.
ul. Augustówka 3
02-981 Warszawa

Digital Platform

- ITI Neovision Sp. z o.o.
ul. Powsińska 4
02-920 Warszawa
- Neovision Holding B.V.
De Boelelaan 7
NL-1083 Amsterdam
The Netherlands
- Cyfrowy Dom Sp. z o.o.
ul. Powsińska 4
02-920 Warszawa
- Neovision UK Ltd
Carmelite 50 Victoria Embankment
London EC4M 0DX, UK

The accompanying notes are an integral part of these interim condensed separate financial statements.

TVN S.A.

Interim Condensed Separate Financial Statements

On-line

- Grupa Onet.pl S.A.
ul. G. Zapolskiej 44
30-126 Kraków
- Media Entertainment Ventures International Limited
Palazzo Pietro Stiges 90, Strait Street
Valetta VLT 05, Malta
- Grupa Onet Poland Holding B.V.
De Boelelaan 7
NL-1083 Amsterdam
The Netherlands
- SunWeb Sp. z o.o.
ul. G. Zapolskiej 44
30-126 Kraków
- Dream Lab Onet.pl Sp. z o.o.
ul. G. Zapolskiej 44
30-126 Kraków

9. Joint ventures

- Discovery TVN Ltd
566 Chiswick High Road
London W4 5YB, UK
- Polski Operator Telewizyjny Sp. z o.o.
ul. Huculska 6
00-730 Warszawa
- MGM Channel Poland Ltd
Carmelite, 50 Victoria Embankment
London EC4Y 0DX, UK

10. Associates

- Polskie Badania Internetu Sp. z o.o.
Al. Jerozolimskie 44
00-950 Warszawa

The accompanying notes are an integral part of these interim condensed separate financial statements.

TVN S.A.
Interim Condensed Separate Income Statement
(Expressed in PLN, all amounts in thousands, except as otherwise stated)

		Three months ended March 31, 2009	Three months ended March 31, 2008
	Note		
Revenue		365,454	350,607
Cost of revenue	5	(210,919)	(199,071)
Selling expenses	5	(27,995)	(23,999)
General and administration expenses	5	(35,845)	(27,720)
Other operating (expense)/income, net	5	(660)	1,577
Operating profit		90,035	101,394
Investment income, net	6	83,260	5,609
Finance expense, net	6	(196,045)	(30,402)
(Loss)/profit before income tax		(22,750)	76,601
Income tax benefit/(charge)	19	2,264	(16,910)
(Loss)/profit for the period		(20,486)	59,691
(Losses)/earnings per share (not in thousands)			
- basic	7	(0.06)	0.17
- diluted	7	(0.06)	0.17

Supplementary disclosure of impact of embedded option valuation:

(Loss)/profit for the period		(20,486)	59,691
Impact on (loss)/profit, net of tax of fair value loss on embedded option	6	-	10,447
Adjusted (loss)/profit for the period		(20,486)	70,138

The Company presents adjusted (loss)/profit to reflect the impact of non-cash fair value losses/gains arising on prepayment options embedded in the Senior Notes issued via its subsidiary. The accounting for prepayment options is technical, judgmental and driven by accounting interpretations. The Company believes that presentation of net (loss)/profit adjusted for this item enables a reader to better understand the Company's operating and financial performance.

The accompanying notes are an integral part of these interim condensed separate financial statements.

TVN S.A.
Interim Condensed Separate Statement of Comprehensive Income
(Expressed in PLN, all amounts in thousands, except as otherwise stated)

		Three months ended March 31, 2009	Three months ended March 31, 2008
	Note		
(Loss)/profit for the period		(20,486)	59,691
Other comprehensive income:			
Available-for-sale assets	10	(14,022)	(1,019)
Income tax relating to components of other comprehensive income	19	2,664	194
Other comprehensive expense for the period, net of tax		(11,358)	(825)
Total comprehensive (expense)/income for the period		(31,844)	58,866

The accompanying notes are an integral part of these interim condensed separate financial statements.

TVN S.A.
Interim Condensed Separate Balance Sheet
(Expressed in PLN, all amounts in thousands, except as otherwise stated)

	Note	As at March 31, 2009	As at December 31, 2008
ASSETS			
Non-current assets			
Property, plant and equipment		258,970	263,970
Goodwill		144,127	144,127
Other intangible assets		24,299	25,213
Non-current programming rights		164,189	154,741
Investments in subsidiaries and joint ventures	8,9	1,908,004	1,432,789
Investments in associates	9	-	214,432
Loan to associate	9	-	179,138
Available-for-sale financial assets	10	76,618	77,682
Other non-current related party loans	22(v)	609,925	95,228
Deferred tax asset		9,507	-
Other non-current assets	12	4,735	4,744
		3,200,374	2,592,064
Current assets			
Current programming rights		201,220	189,501
Trade receivables		262,403	267,411
Available-for-sale financial assets	10	124,237	278,819
Derivative financial assets	11	29,820	149,865
Prepayments and other assets	12	50,221	32,783
Cash and cash equivalents	13	235,168	124,523
		903,069	1,042,902
TOTAL ASSETS		4,103,443	3,634,966
EQUITY			
Shareholders' equity			
Share capital	14	69,903	69,903
Share premium		605,765	605,805
Treasury shares	15	(100,000)	(37,428)
8% obligatory reserve		23,152	23,152
Other reserves		94,040	98,230
Accumulated profit		858,126	878,612
		1,550,986	1,638,274
LIABILITIES			
Non-current liabilities			
Loan from related party	16,22(iii)	1,067,432	940,849
PLN Bonds due 2013	16	498,678	498,593
Loan facility	16	109,875	109,875
Deferred tax liability		-	31,163
Non-current trade payables		11,769	6,951
Contingent consideration	9	241,393	-
Other non-current liabilities		8,246	1,200
		1,937,393	1,588,631
Current liabilities			
Current trade payables		134,892	118,686
Corporate income tax payable	19	22,889	40,199
Accrued interest on borrowings	16, 22(iii)	48,921	8,073
Overdraft facility	16	60,882	48,723
Other liabilities and accruals	17	347,480	192,380
		615,064	408,061
Total liabilities		2,552,457	1,996,692
TOTAL EQUITY AND LIABILITIES		4,103,443	3,634,966

The accompanying notes are an integral part of these interim condensed separate financial statements.

TVN S.A.
Interim Condensed Separate Statement of Changes in Shareholders' Equity
(Expressed in PLN, all amounts in thousands, except as otherwise stated)

	Number of shares (not in thousands)	Share capital	Share Premium	8% obligatory reserve	Other reserves-employee share option plan	Other reserves-other changes	Accumulated profit	Shareholders' equity
Balance at January 1, 2008	347,272,975	69,455	566,327	22,901	86,034	-	644,760	1,389,477
Total comprehensive income/(loss) for the period	-	-	-	-	-	(825)	59,691	58,866
Issue of shares	980,023	196	16,700	-	(7,521)	-	-	9,375
Share issue cost	-	-	(30)	-	-	-	-	(30)
Charge for the period ⁽¹⁾	-	-	-	-	11,609	-	-	11,609
Balance at March 31, 2008	348,252,998	69,651	582,997	22,901	90,122	(825)	704,451	1,469,297

The accompanying notes are an integral part of these interim condensed separate financial statements.

TVN S.A.
Interim Condensed Separate Statement of Changes in Shareholders' Equity
(Expressed in PLN, all amounts in thousands, except as otherwise stated)

	Number of shares (not in thousands)	Share capital	Share Premium	Treasury shares	8% obligatory reserve	Other reserves-employee share option plan	Other reserves-other changes	Accumulated Profit	Shareholders' equity
Balance at January 1, 2009	349,515,414	69,903	605,805	(37,428)	23,152	107,163	(8,933)	878,612	1,638,274
Total comprehensive loss for the period	-	-	-	-	-	-	(11,358)	(20,486)	(31,844)
Cost of share options plan	-	-	(40)	-	-	-	-	-	(40)
Purchase of treasury shares ⁽²⁾	-	-	-	(62,572)	-	-	-	-	(62,572)
Charge for the period ⁽¹⁾	-	-	-	-	-	7,168	-	-	7,168
Balance at March 31, 2009	349,515,414	69,903	605,765	(100,000)	23,152	114,331	(20,291)	858,126	1,550,986

⁽¹⁾ On December 27, 2005 TVN S.A. introduced the TVN Incentive Scheme I based on C series of shares. On June 8, 2006 the Annual Shareholders' Meeting approved a conditional share capital increase of up to 1,974 required for execution of the TVN Incentive Scheme I. On July 31, 2006, as part of the acquisition of Grupa Onet.pl, TVN S.A. introduced the TVN Incentive Scheme II based on E series of shares. On September 26, 2006 the Extraordinary Shareholders' Meeting approved a conditional share capital increase of up to 1,756 required for execution of the TVN Incentive Scheme II (see Note 23).

⁽²⁾ During the three months ended March 31, 2009 6,200,937 (not in thousands) shares were purchased by the Company for redemption (see Note 15). These shares are included in the total number of shares in issue as of March 31, 2009 until the Shareholders' Meeting resolves to redeem and cancel the shares.

Included in accumulated profit is an amount of 471,750 designated for a share buyback (see Note 15) and an amount of 384,546 being the accumulated profit of TVN S.A. which is distributable. The Senior Notes issued by TVN Group impose certain restrictions on payments of dividends (see consolidated financial statements).

The accompanying notes are an integral part of these interim condensed separate financial statements.

TVN S.A.
Notes to Interim Condensed Separate Financial Statements
(Expressed in PLN, all amounts in thousands, except as otherwise stated)

	Note	Three months ended March 31, 2009	Three months ended March 31, 2008
Operating activities			
Cash generated from operations	18	140,991	161,074
Tax paid		(53,052)	(54,207)
Net cash generated from operating activities		87,939	106,867
Investing activities			
Increase of share capital of joint ventures		(75)	(100)
Payments to acquire property, plant and equipment		(18,236)	(17,283)
Proceeds from sale of property, plant and equipment		89	54
Payments to acquire intangible assets		(4,240)	(3,860)
Purchase of available for sale financial assets	10	-	(37,155)
Sale of available for sales financial assets	10	157,870	-
Loans granted to subsidiary	9	(166,450)	(71)
Interest received		5,666	1,467
Net cash used in investing activities		(25,376)	(56,948)
Financing activities			
Issue of shares, net of issue cost	14,23	-	9,345
Share buyback, including expenses related	15	(62,572)	-
Early settlement of options	11	101,014	-
Overdraft facility	16	12,159	-
Interest paid		(2,664)	(19)
Net cash generated by financing activities		47,937	9,326
Increase in cash and cash equivalents		110,500	59,245
Cash and cash equivalents at the start of the period		124,523	40,822
Effects of exchange rates changes		145	386
Cash and cash equivalents at the end of the period		235,168	100,453

The accompanying notes are an integral part of these interim condensed separate financial statements.

TVN S.A.
Notes to Interim Condensed Separate Financial Statements
(Expressed in PLN, all amounts in thousands, except as otherwise stated)

1. TVN

These interim condensed separate financial statements were authorized for issuance by the Management Board and Supervisory Board of TVN S.A. on May 13, 2009.

TVN S.A. (until July 29, 2004 TVN Sp. z o.o.) was incorporated in May 1995 and is a public media and entertainment company established under the laws of Poland and listed on the Warsaw Stock Exchange.

The Company is part of a group of companies controlled by International Trading and Investments Holdings S.A. Luxembourg ("ITI Holdings") and its subsidiaries (the "ITI Group"). ITI Group has been active in Poland since 1984 and is the largest media and entertainment groups in Poland.

The Company wholly owns the following subsidiaries: Grupa Onet.pl S.A., Tivien Sp. z o.o., TVN Finance Corporation plc, Grupa Onet Poland Holding B.V., El-Trade Sp. z o.o., Thema Film Sp. z o.o., NTL Radomsko Sp. z o.o., Mango Media Sp. z o.o. and through Grupa Onet.pl S.A.: DreamLab Sp. z o. o., Media Entertainment Ventures International Limited and SunWeb Sp. z o.o. The Company also holds directly and through its subsidiaries in total 5.44% of the voting interest and 6.76% of the share capital of Polskie Media S.A. The investments in subsidiaries are recognized as non-current assets. The investment in Polskie Media is recognized as an available-for-sale investment under non-current assets.

On June 25, 2008, the Company became the direct owner of shares of Neovision Holding B.V. ("Neovision Holding") and, through its ownership interest in Neovision Holding, the indirect owner of shares of ITI Neovision Sp. z o.o. ("ITI Neovision") representing 25% plus one share of each of those companies. The Company at the same time also acquired interests in certain shareholder loans made by ITI Media Group N.V. ("ITI Media Group") and other ITI Holdings subsidiaries to ITI Neovision ("Shareholder Loans") representing 25% of the principal of those Shareholder Loans plus 25% of all interest on those Shareholder Loans from May 1, 2008. ITI Neovision and its subsidiaries distribute pay-TV and video-on-demand content in Poland via digital satellite broadcasting, cable operators and IPTV and ADSL operators. Neovision Holding's only activity is to hold the shares of ITI Neovision.

On March 11, 2009, the Company and ITI Media Group entered into a preliminary agreement where the parties agreed that the Company would increase its direct ownership interest in Neovision Holding and its indirect ownership interest in ITI Neovision to, in aggregate, 51% of each company's shares. Up to March 11, 2009 the Company had classified its investment in Neovision Holding as an investment in an associate. Starting from March 11, 2009 the Company classified this investment as investment in subsidiary (see Note 9).

The Company believes that all of its material operations are part of the television broadcast service segment and it currently reports as a single business segment. Additionally, all of the Company's operations and assets are based in Poland. Therefore, no other geographic information has been included.

Advertising sales in Poland tend to be lowest during the third quarter of each calendar year, which includes the summer holiday period, and highest during the fourth quarter of each calendar year.

These interim condensed separate financial statements should be read in conjunction with the audited annual separate financial statements for the year ended December 31, 2008.

The accompanying notes are an integral part of these interim condensed separate financial statements.

TVN S.A.
Notes to Interim Condensed Separate Financial Statements
(Expressed in PLN, all amounts in thousands, except as otherwise stated)

2. ACCOUNTING POLICIES

2.1. Basis of preparation

These interim condensed separate financial statements are prepared on a going concern basis and in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the EU, issued and effective at the date when these financial statements were published and IAS 34 “Interim Financial Reporting”. The accounting policies used in the preparation of the interim condensed separate financial statements as of and for the three months ended March 31, 2009 are consistent with those used in the annual separate financial statements for the year ended December 31, 2008 except for new accounting policies described below and interpretations which became effective January 1, 2009.

In 2009 the Company adopted:

(i) IFRS 8 – Operating Segments

The standard specifies how an entity should report information about its operating segments and requires to report selected information in interim financial reports. It also sets out requirements for disclosures about products and services, geographical areas and major customers.

(ii) Amendments to IAS 23 – Borrowing Costs

The standard requires capitalization of borrowing costs attributable to qualifying assets. Qualifying assets are assets that take substantial time to get ready for their intended use or sale. It applies only to assets measured at cost.

(iii) Amendments to IAS 1 – Presentation of financial statements

The amendments introduce changes that require information in financial statements to be aggregated on the basis of shared characteristics and to introduce a statement of comprehensive income.

(iv) Revision to IFRS 3 Business Combinations and amendment to IAS 27 Consolidated and Separate Financial Statements - applicable on or after July 1, 2009

Changes incorporate the revised guidance on acquisitions and business combinations. The Company decided to early adopt of the revised standard as of January 1, 2009.

(v) Amendment to IFRS 2, Share-based Payments

The amendment clarifies that vesting conditions are service conditions and performance conditions only and that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. This amendment did not impact the Company’s financial statements.

(vi) Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation

The amendments require entities to classify as equity puttable financial instruments and instruments or components of instruments, that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation. Additional disclosures are required about the instruments affected by the amendments. These amendments did not impact the Company’s financial statements.

The accompanying notes are an integral part of these interim condensed separate financial statements.

TVN S.A.
Notes to Interim Condensed Separate Financial Statements
(Expressed in PLN, all amounts in thousands, except as otherwise stated)

2. ACCOUNTING POLICIES (CONTINUED)

(vii) IFRIC 15 – Agreements for the Construction of Real Estate

The interpretation applies to the accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The Interpretation provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 11 Construction Contracts or IAS 18 Revenue and when revenue from the construction should be recognised. This interpretation did not impact the Company's financial statements.

(viii) IFRS Improvements 2008

The International Accounting Standards Board has issued "IFRS Improvements", which amend 20 standards. The amendments include changes in presentation, recognition and valuation and include terminology and editorial changes. The majority of the amendments is effective from annual periods starting on January 1, 2009. The Company adopts the changes in accordance with transition provisions.

These interim condensed separate financial statements are prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss and available for sale financial assets.

These interim condensed separate financial statements should be read together with the consolidated financial statements in order to obtain full information on the financial position, results of operations and changes in financial position of a Group as a whole. The consolidated financial statements for the three months ended March 31, 2009 are published together with these separate financial statements on <http://investor.tvn.pl>.

The Company's annual separate and consolidated financial statements for the year ended December 31, 2008 prepared in accordance with IFRS as adopted by the EU are available on <http://investor.tvn.pl>.

2.2. Comparative financial information

Where necessary, comparative figures or figures presented in previously issued financial statements have been adjusted to conform to changes in presentation in the current period. No amendments have resulted in changes to previously presented net results or shareholders' equity.

2.3. New Accounting Standards and IFRIC pronouncements

Certain new accounting standards and International Financial Reporting Interpretations Committee ("IFRIC") interpretations have been published by IASB since the publication of the annual separate financial statements that are mandatory for accounting periods beginning on or after April 1, 2009. The Company's assessment of the impact of these new standards and interpretations is set out below.

The accompanying notes are an integral part of these interim condensed separate financial statements.

2. ACCOUNTING POLICIES (CONTINUED)

(i) Amendment to IFRS 7 Improving Disclosures about financial instruments

The amendment was published on March 5, 2009. It requires enhanced disclosures about fair value measurements and liquidity risk. The amendments are applicable retrospectively for annual periods beginning on or after 1 January 2009. Entities are not required to provide comparative disclosures in the first year of adoption.

(ii) Amendments to IFRIC 9 and IAS 39 Embedded Derivatives

The amendments were published on March 12, 2009. They clarify the accounting treatment for embedded derivatives when reclassifying financial instruments. The amendments apply retrospectively and are required to be applied for annual periods ending on or after June 30, 2009. These amendments will not affect the Company financial statements.

(iii) IFRS Improvements 2009

On April 16, 2009 the International Accounting Standards Board has issued "IFRS Improvements", which amend 12 standards. The amendments include changes in scope, presentation, recognition and valuation and include terminology and editorial changes. The majority of the amendments is effective from annual periods starting on January 1, 2010, but some changes are effective from July 1, 2009. The Company is currently assessing the impact of the changes on Company's financial statements.

Additionally, the following standards and IFRIC Interpretations are applicable in future and were discussed in the Company's annual financial statements for the year ended December 31, 2008:

- *Amendments to IAS 39: Financial Instruments: Recognition and Measurement: Eligible Hedged Items - applicable on July 1, 2009*
- *IFRIC 17 – Distributions of Non-cash Assets to Owners - applicable on July 1, 2009*
- *IFRIC 18 – Transfers of Assets from Customers - applicable on July 1, 2009*

At the date of preparation of these financial statements the following standards and IFRIC interpretations were not adopted by the EU:

- *Revision to IFRS 3 Business Combinations and amendment to IAS 27 Consolidated and Separate Financial Statements*
- *Revision to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- *IFRIC 15 – Agreements for the Construction of Real Estate*
- *IFRIC 16 - Hedges of a Net Investment in a Foreign Operation*
- *IFRS Improvements 2009*
- *IFRIC 17 – Distributions of Non-cash Assets to Owners*
- *IFRIC 18 – Transfers of Assets from Customers*
- *Amendment to IAS 39 Financial Instruments: Recognition and Measurement: Eligible Hedged Items*
- *Amendment to IAS 39 Reclassification of financial Assets: Effective Date and Transition*
- *Amendment to IFRS 7 Improving Disclosures about financial instruments*
- *Amendments to IFRIC 9 and IAS 39 Embedded Derivatives*

The accompanying notes are an integral part of these interim condensed separate financial statements.

TVN S.A.
Notes to Interim Condensed Separate Financial Statements
(Expressed in PLN, all amounts in thousands, except as otherwise stated)

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's overall risk management process focuses on the unpredictability of financial markets and aims to minimize potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk exposures when hedging instruments are assessed to be cost effective.

Financial risk management is carried out by the Company under policies approved by the Management Board and Supervisory Board. The TVN Treasury Policy lays down the rules to manage financial risk and liquidity, through determination of the financial risk factors to which the Company is exposed and their sources. Details of the duties, activities and methodologies used to identify, measure, monitor and report risks as well as forecast cash flows, finance maturity gaps and invest free cash resources are contained in approved supplementary written instructions.

The following organizational units within the Company's financial department participate in the risk management process: risk committee, liquidity management team, risk management team, financial planning and analyzing team and accounting and reporting team. The risk committee is composed of the vice-president of the Management Board and heads of the teams within the Company's financial department. The risk committee meets monthly and based on an analysis of financial risks recommends financial risk management strategy, which is approved by the Management Board. The Supervisory Board approves risk exposure limits and is consulted prior to the execution of hedging transactions. The financial planning and analysis team measure and identify financial risk exposure based on information reported by operating units generating that exposure. The liquidity management team performs analysis of the Company's risk factors, forecasts the Company's cash flows and market and macroeconomic conditions and proposes cost-effective hedging strategies. The accounting and reporting team monitors the accounting implications of hedging strategies and verifies the settlements of the transactions.

(i) Market risk

Market risk related to bonds issued by the subsidiary

The Company is exposed to price risk in relation to the Senior Notes issued by its subsidiary. The Senior Notes price depends on creditworthiness of the Company and on the relative strength of the bond market as a whole. The Company recognizes as an asset the value of early redemption options embedded in the Senior Notes (see Note 11) and this valuation largely depends on the market price of the Senior Notes. The Company is therefore exposed to changes in the market price of the Senior Notes.

The Senior Notes are listed on the Luxembourg Stock Exchange and the fair value of embedded options recognized by the Company at the reporting date reflects the Senior Notes market price on the last value date available from Reuters prior to the reporting date.

The impact of the Senior Notes market price change on the Company's assets and income statement is discussed in Note 4 (i).

The accompanying notes are an integral part of these interim condensed separate financial statements.

TVN S.A.
Notes to Interim Condensed Separate Financial Statements
(Expressed in PLN, all amounts in thousands, except as otherwise stated)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

Foreign currency risk

The Company's revenue is primarily denominated in Polish Zloty. Foreign exchange risk arises mainly from the Company's liabilities in respect of the loans from related parties, contingent consideration and the Company's assets in respect of loans to subsidiary, embedded prepayment options and cash and cash equivalents, all denominated in EUR and liabilities to suppliers of foreign programming rights, satellite costs and rental costs denominated in USD or EUR. Other costs are predominantly denominated in PLN.

The Company's policy in respect of management of foreign currency risks is to cover known risks in a cost efficient manner and that no trading in financial instruments is undertaken. Following evaluation of its exposures the Company enters into derivative financial instruments to manage these exposures. Call options, swaps and forward exchange agreements may be entered into to manage currency exposures. Regular and frequent reporting to management is required for all transactions and exposures.

The estimated net profit (post-tax) impact on balances as of March 31, 2009 of a reasonably possible EUR appreciation of 15% against the zloty (5% with respect to balances as of March 31, 2008), with all other variables held constant and without taking into account derivative financial instruments entered into for hedging purposes on EUR denominated items in the balance sheet is presented below:

	Three months ended March 31, 2009	Three months ended March 31, 2008
Assumed EUR appreciation against PLN:	15%	5%
Liabilities:		
9.65% loan from subsidiary due 2013 including accrued interest	(138,834)	(34,707)
Contingent consideration	(29,329)	-
Liability to ITI Media Group related to acquisition of Neovision Holding	(15,862)	-
Trade payables	(1,505)	(676)
Other	(214)	(251)
Assets:		
Loans to subsidiary	73,752	43,846
Cash and cash equivalents	15,863	-
Available for sale financial assets	11,518	1,492
Receivables	290	70
Embedded prepayment options	-	306

The estimated net profit (post-tax) impact on balances as of March 31, 2009 of a reasonably possible USD appreciation of 15% against the zloty (5% appreciation assumed for balances as of March 31, 2008), with all other variables held constant, and without taking into account derivative financial instruments entered into to mitigate USD fluctuations, on the major USD denominated items in the balance sheet is:

The accompanying notes are an integral part of these interim condensed separate financial statements.

TVN S.A.
Notes to Interim Condensed Separate Financial Statements
(Expressed in PLN, all amounts in thousands, except as otherwise stated)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

	Three months ended March 31, 2009	Three months ended March 31, 2008
Assumed USD appreciation against PLN:	15%	5%
Liabilities:		
Trade payables	(13,296)	(2,369)
Assets:		
Cash and cash equivalents	5,719	10
Receivables	675	173

The net profit/(loss) impact of possible foreign currency fluctuations is limited by derivative instruments entered into by the Company for hedging purposes. Details of currency options which the Company had on March 31, 2009 are discussed in Note 11.

Cash flow and fair value interest rate risk

The Company's exposure to interest rate risk arises on interest bearing assets and liabilities. The main interest bearing items are the loan from related party, PLN Bonds, loan to subsidiary and contingent consideration. As the loans from related party are at a fixed interest rate, the Company is exposed to fair value interest rate risk in this respect. Since the loan from related party is carried at amortised cost, the changes in fair values of these instruments do not have direct impact on valuation of the loan to related party in the balance sheet.

PLN Bonds with a nominal value of 500,000 were issued by the Company on June 23, 2008 and are at a variable interest rate linked to WIBOR and therefore expose the Company to interest rate risk. At March 31, 2009, if WIBOR interest rates had been 50 b.p. higher/lower with all other variables held constant, post-tax loss for the period would have been 499 higher/lower.

The carrying value of contingent consideration reflects its net present value at the reporting date and is estimated based on assumed cost of debt (see Note 4(iii)). As the cost of debt used to determine net present value is linked to 12 month EURIBOR the Company is exposed to interest rate risk. At March 31, 2009 if EURIBOR interest rates had been 50 b.p. higher/lower with all other variables held constant, post tax loss for the period would be 2,221 lower/higher.

Loans to subsidiary are at a variable interest rate linked to EURIBOR and therefore expose the Company to interest rate risk. At March 31, 2009 if EURIBOR interest rates had been 50 b.p. higher/lower with all other variables held constant, post tax loss for the period would have been 259 lower/higher.

As of March 31, 2009 the Company had PLN treasury bills at carrying value of 124,237 which are exposed to fair value interest rate risk. The carrying value of each instrument is based on a price provided by Reuters. If WIBOR interest rate had been 50 b.p. higher/lower, as at March 31, 2009, fair value reserve in equity would have been 75 lower/higher. Details of PLN treasury bills held by the Company are disclosed in Note 10.

Management does not consider it cost effective to use financial instruments to hedge or otherwise seek to reduce interest rate risk.

The accompanying notes are an integral part of these interim condensed separate financial statements.

TVN S.A.
Notes to Interim Condensed Separate Financial Statements
(Expressed in PLN, all amounts in thousands, except as otherwise stated)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Credit risk

Financial assets, which potentially expose the Company to concentration of credit risk consist principally of trade receivables and related party receivables. The Company places its cash and cash equivalents, bank deposits, current available for sale financial assets, foreign currency options with financial institutions that the Company believes are credit worthy based on current credit ratings (see Notes 10, 11, 13). The Company does not consider its current concentration of credit risk as significant.

The Company performs ongoing credit evaluations of its customers' financial condition and generally requires no collateral from its customers. Clients with poor or no history of payments with the Company, with low value committed spending or assessed by the Company as not credit worthy are required to pay before the service is rendered. Credit is granted to customers with a good history of payments and significant spending who are assessed credit worthy based on internal or external ratings. The Company performs ongoing evaluations of the market segments focusing on their liquidity and creditworthiness and the Company's credit policy is appropriately adjusted to reflect current and expected economic conditions.

The Company defines credit exposure as total outstanding receivables (including overdue balances) and monitors the exposure regularly on an individual basis by paying counterparty. The majority of the Company's sales are made through advertising agencies (68% of the total trade receivables as of March 31, 2009) who manage advertising campaigns for advertisers and pay the Company once payment has been received from the customer. The Company's top ten advertisers account for 22% and the single largest advertiser accounted for 4% of sales for the three months ended March 31, 2009.

Generally advertising agencies in Poland are limited liability companies with little recoverable net assets in case of insolvency. The major players amongst the advertising agencies in Poland with whom the Company co-operates are subsidiaries and branches of large international companies of good reputation. To the extent that it is cost-efficient the Company mitigates credit exposure by use of a trade receivable insurance facility from a leading insurance company.

The table below analyses the Company's trade receivables by category of customers:

Trade receivables (net)	March 31, 2009	December 31, 2008
Receivables from advertising agencies	68%	72%
Receivables from individual customers	19%	18%
Receivables from related parties	13%	10%
	100%	100%

Credit concentration of the five largest counterparties measured as a percentage of the Company's total trade receivables:

The accompanying notes are an integral part of these interim condensed separate financial statements.

TVN S.A.
Notes to Interim Condensed Separate Financial Statements
(Expressed in PLN, all amounts in thousands, except as otherwise stated)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

Trade receivables (net)	March 31, 2009	December 31, 2008*
Agency A	4%	10%
Agency B	3%	8%
Agency C	8%	8%
Agency D	7%	8%
Agency E	6%	7%
Sub-total	28%	41%
Total other counterparties	72%	59%
	100%	100%

* 2008 figures represent comparative data for each Agency.

Certain advertising agencies operating in Poland as separate entities are part of international financial groups controlled by the same ultimate shareholders. Credit concentration of the Group aggregated by international agency groups, measured as a percentage of the Company's total trade receivables is presented below:

Trade receivables from advertising agencies (net)	March 31, 2009	December 31, 2008*
Agency Group F	17%	14%
Agency Group G	12%	18%
Agency Group H	9%	15%
Agency Group I	20%	16%
Agency Group J	3%	3%
Total other counterparties	39%	34%
	100%	100%

* 2008 figures represent comparative data for each Agency Group.

Management does not expect any significant losses with respect to amounts included in the trade receivables at the reporting date from non-performance by the Company's customers as at March 31, 2009. The Company does not expect any losses with respect to derivative financial assets attributable to credit risk.

(iii) Liquidity risk

The Company maintains sufficient cash to meet its obligations as they become due and has available to it additional funding through a credit facility (see Note 16). Management monitors regularly expected cash flows. The Company expects that its principal future cash needs will be capital expenditures relating to acquisitions, dividends, share buyback, capital investment in television and broadcasting facilities and equipment, debt service on the Senior Notes and PLN Bonds and the launch of new thematic channels. The Company believes that its cash balances, cash generated from operations and existing credit facility will be sufficient to fund these needs. However, if following the current liquidity crisis in the banking sector external financing is unavailable at reasonable conditions for a longer period of time or the operating cash flows of the Company are negatively affected by an economic slow-down or clients' financial difficulties the Company will review its cash needs to ensure that its existing obligations can be met for the foreseeable future. As at March 31, 2009 the Company had cash and cash equivalents, liquid available for sale financial instruments and committed unutilized credit facilities totaling 377,649 at its disposal (434,816 at December 31, 2008).

The accompanying notes are an integral part of these interim condensed separate financial statements.

TVN S.A.**Notes to Interim Condensed Separate Financial Statements****(Expressed in PLN, all amounts in thousands, except as otherwise stated)****3. FINANCIAL RISK MANAGEMENT (CONTINUED)**

The table below analyses the Company's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The balances in the table are the contractual undiscounted cash flows, excluding the impact of early prepayment options. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Within 1 year	Between 1-2 years	Above 2 years
At March 31, 2009			
9.65% loan from subsidiary due 2013	107,249	107,249	1,433,134
PLN Bonds	46,315	46,315	615,843
Loan facility	8,557	8,557	116,206
Overdraft facility	60,882	-	-
Trade payables	134,892	11,769	-
Contingent consideration	-	241,393	-
Other liabilities and accruals	250,181	-	-
At December 31, 2008			
9.65% loan from subsidiary due 2013	95,183	95,183	1,271,905
PLN Bonds	46,315	46,315	615,843
Loan facility	8,557	8,557	116,206
Overdraft facility	48,723	-	-
Trade payables	118,686	6,951	-
Other liabilities and accruals	115,721	-	-

3.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, draw borrowings or sell assets to reduce debt.

The Company monitors capital on the basis of the net debt to EBITDA ratio. Net debt represents the nominal value of borrowings (see Note 16) payable at the reporting date including accrued interest less cash and cash equivalents and liquid available for sale financial instruments. EBITDA is calculated for the last twelve months and is defined as net profit/(loss), before depreciation and amortization (other than programming rights), impairment charges on property plant and equipment and intangible assets, finance expense, investment income and income tax charge.

	March 31, 2009	December 31, 2008
Net debt	1,471,785	1,249,809
EBITDA	632,406	640,602
Net debt/EBITDA ratio	2.3	2.0

The Company's strategy is to maintain its net debt/EBITDA ratio at a level not exceeding 3.5.

The accompanying notes are an integral part of these interim condensed separate financial statements.

TVN S.A.
Notes to Interim Condensed Separate Financial Statements
(Expressed in PLN, all amounts in thousands, except as otherwise stated)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. The fair value of available for sale financial assets is determined using industry multiples and the most recent available financial information about the investment.

The fair value of foreign exchange options is determined based on the valuations performed by the Company's bank.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to the short-term nature of trade receivables and payables.

3.4 Consideration of the current economic environment

The ongoing global liquidity crisis which commenced in the middle of 2007 has resulted in, among other things, a lower level of capital market funding, lower liquidity levels across the banking sector, and, at times, higher inter-bank lending rates and very high volatility in stock markets. The uncertainties in the global financial markets have also led to bank failures and bank rescues in the United States of America, Western Europe, Russia and elsewhere. Indeed the full extent of the impact of the ongoing financial crisis is proving to be impossible to anticipate or completely guard against.

Management is unable to reliably estimate the effects on the Company's financial position of any further deterioration in the liquidity of the financial markets and the increased volatility in the currency and equity markets. Management believes it is taking all the necessary measures to support the sustainability and growth of the Company's business in the current circumstances.

Debtors of the Company may be affected by the lower liquidity situation which could in turn impact their ability to repay the amounts owed. Deteriorating operating conditions for customers may also have an impact on management's cash flow forecasts and assessment of the impairment of financial and non-financial assets. To the extent that information is available, management have properly reflected revised estimates of expected future cash flows in their impairment assessments.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The accompanying notes are an integral part of these interim condensed separate financial statements.

TVN S.A.
Notes to Interim Condensed Separate Financial Statements
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4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Fair valuation of the embedded prepayment options

The Company calculates at each reporting date the fair value of the prepayment options embedded in the Senior Notes using the Brace-Gařarek-Musiela model. Significant inputs into the valuation model are the Senior Notes market price, benchmark bond yields and interest rate cap volatilities. The inputs are based on information provided by Reuters on the valuation date. The Senior Notes market price is quoted by Reuters based on the last value date. In the fair valuation as of March 31, 2009 the Company input into the valuation model a market price of 78.27, based on the last available value date on March 31, 2009. This resulted in a carrying amount value of the embedded options of nil. The last available Senior Notes market price provided by Reuters at the date when these financial statements were prepared was 77.50 (based on a value date on May 12, 2009). Should this price be input into the valuation model the carrying value of the embedded prepayment options would still be nil.

(ii) Estimated impairment of investment in subsidiaries

The Company tests annually whether investment in subsidiaries has suffered any impairment. The Company tests the total aggregate carrying amount of investment in Grupa Onet Poland Holding and Grupa Onet.pl. The recoverable amount of investment has been determined based on fair value less cost to sell.

In the annual impairment test performed by the Company as at December 31, 2008 the calculation of fair value less cost to sell, in the absence of an active market for similar investments, was based on discounted free cash flows and involved the use of estimates related to cash flow projections based on financial business plans approved by management covering the period until 2013. Cost to sell was assumed at 1% of the present value of the investment. The key assumptions included in the business plans and cash-flow projections beyond 2013 were:

Annual growth rate of the Polish advertising market in 2009-2013	from 0% to 12%
Increase in the on-line advertising market as a percentage of the total Polish advertising market in 2009-2013	from 17% to 34.1%
Share of Onet in the on-line advertising market in 2009-2013	stable
Growth of free cash flows in 2014-2021	from 18% declining to 6%
Terminal growth	4%
Discount rate	12.2%

The accompanying notes are an integral part of these interim condensed separate financial statements.

TVN S.A.
Notes to Interim Condensed Separate Financial Statements
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4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

As at December 31, 2008 fair value less cost to sell of the investment in Grupa Onet Poland Holding and Grupa Onet.pl exceeded the carrying amount by 294 million.

In view of the ongoing global liquidity crisis and its potential impact on customers and advertisers the Company reviewed and amended the key assumptions included in the business plans of Grupa Onet.pl as of March 31, 2009:

Annual growth rate of the Polish advertising market in 2009-2013	from -10% in 2009 to 12% in 2013
Increase in the on-line advertising market as a percentage of the total Polish advertising market in 2009-2013	from 15% to 27.8%
Share of Onet in the on-line advertising market in 2009-2013	stable
Growth of free cash flows in 2014-2022	from 20% declining to 6%
Terminal growth	4%
Discount rate	12.4%

The Company also reviewed and amended other significant business plan assumptions relating to future operating and capital expenditures. The revised business plan of the subsidiary returns the fair value less cost to sell which approximates to the carrying value of the investment as of March 31, 2009. The Company will continue to monitor and amend when appropriate its business plan for the subsidiary on a quarterly basis.

(iii) Estimated fair value of contingent consideration

Following the transaction agreement with ITI Media Group N.V. (see Note 9) the Company recognized as at March 11, 2009 contingent supplemental payment at fair value of 236,448. The contractual amount of the supplemental payment is between EUR 0 and EUR 60,000 and is payable at the beginning of 2011 if and to the extent that ITI Neovision Sp. z o.o. achieves specified operational targets during 2010 such as EBITDA, number of subscribers, average revenue per subscriber and subscription revenue. In the fair valuation of the contingent consideration the Company assumed a discount rate of 7.93% and a 100% probability of paying the maximum amount.

The fair value of the consideration payable is sensitive to changes in assumptions used in the valuation.

TVN S.A.
Notes to Interim Condensed Separate Financial Statements
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5. OPERATING EXPENSES

	Three months ended March 31, 2009	Three months ended March 31, 2008
Amortization of locally produced content	104,867	99,598
Amortization of acquired programming rights and co-production	30,249	30,328
Staff expenses	38,474	29,145
Share options granted to board members and employees	10,868	8,217
Royalties	13,952	14,975
Depreciation, amortization and impairment	16,915	13,752
Broadcasting expenses	12,671	12,296
Marketing and research	16,760	14,921
Rental	8,009	6,838
Cost of services and goods sold	4,762	7,797
Impaired accounts receivable	(768)	(1,039)
Other	18,660	12,385
	<u>275,419</u>	<u>249,213</u>

Included in the above operating expenses are operating lease expenses for the three months ended March 31, 2009 of 24,756 (three months ended March 31, 2008: 23,971).

Amortization of locally produced content for the three months ended March 31, 2009 has been reduced by grants received in the total amount of 507 (three months ended March 31, 2008: 493).

Included in depreciation, amortization and impairment charges is the amount of impairment reversal of 1,885 for the three months ended March 31, 2008.

The accompanying notes are an integral part of these interim condensed separate financial statements.

TVN S.A.
Notes to Interim Condensed Separate Financial Statements
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6. INVESTMENT INCOME AND FINANCE EXPENSE

Investment income, net	Three months ended March 31, 2009	Three months ended March 31, 2008
Fair value gains on financial instruments:		
- <i>foreign exchange options - settlement of instrument</i>	11,550	-
- <i>foreign exchange options not designated as hedging instruments</i>	6,075	-
	17,625	-
Foreign exchange gains, net	50,382	2,258
Interest income on loans to related parties	7,376	1,588
Interest income from available for sale financial assets (see Note 10)	5,793	313
Other interest income	2,084	1,450
	83,260	5,609
Finance expense, net		
Foreign exchange losses/(gains) on loan from related party	126,116	(13,519)
Fair value losses/(gains) on financial instruments:		-
- <i>foreign exchange options – fair value hedges (see Note 11)</i>	126,121	-
- <i>foreign exchange options – early settlement of instrument</i>	(101,014)	-
- <i>foreign exchange options – portion not designated as hedging instrument (see Note 11)</i>	-	8,071
	25,107	8,071
- embedded option (see Note 11)	-	12,897
Interest expense on 9.65% loan from related party (see Note 22 (iii))	29,134	21,665
Interest expense on PLN Bonds (see Note 16)	11,679	-
Interest expense on loan facility and overdraft	2,177	-
Guarantee fees to related party (see Note 22 (viii))	1,680	1,027
Bank charges	152	261
	196,045	30,402

The accompanying notes are an integral part of these interim condensed separate financial statements.

TVN S.A.
Notes to Interim Condensed Separate Financial Statements
(Expressed in PLN, all amounts in thousands, except as otherwise stated)

7. BASIC AND DILUTED EARNINGS PER SHARE (NOT IN THOUSANDS)

(i) (Losses)/earnings per share

Basic

Basic earnings per share are calculated by dividing the net (loss)/profit by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased by the Company.

	Three months ended March 31, 2009	Three months ended March 31, 2008
(Loss)/profit for the period (in thousands)	(20,486)	59,691
Weighted average number of ordinary shares in issue	343,941,052	347,400,530
Basic (losses)/earnings per share	(0.06)	0.17

Diluted

Diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has only one category of potential ordinary shares: share options.

For the share options a calculation was done to determine the number of shares that could have been acquired at fair value (determined as average market price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above was compared with the number of shares that would have been issued assuming the exercise of the share options.

	Three months ended March 31, 2009	Three months ended March 31, 2008
(Loss)/profit for the period (in thousands)	(20,486)	59,691
Weighted average number of ordinary shares in issue	343,941,052	347,400,530
Adjustment for share options	-	5,810,540
Weighted average number of potential ordinary shares for diluted earnings per share	343,941,052	353,211,070
Diluted (losses)/earnings per share	(0.06)	0.17

(ii) (Losses)/earnings per share for adjusted (loss)/profit

The Company presents adjusted (loss)/profit to reflect the impact of non-cash fair value losses/gains arising on prepayment options embedded in the Senior Notes issued via its subsidiary. The accounting for prepayment options is technical, judgmental and driven by accounting interpretations. The Company believes that presentation of net (loss)/profit adjusted for this item enables a reader to better understand the Company's operating and financial performance.

The accompanying notes are an integral part of these interim condensed separate financial statements.

TVN S.A.
Notes to Interim Condensed Separate Financial Statements
(Expressed in PLN, all amounts in thousands, except as otherwise stated)

7. BASIC AND DILUTED EARNINGS PER SHARE (NOT IN THOUSANDS) (CONTINUED)

Basic

	Three months ended March 31, 2009	Three months ended March 31, 2008
(Loss)/profit for the period (in thousands)	(20,486)	59,691
Impact on (loss)/profit, net of tax of fair value loss on embedded option (in thousands)	-	10,447
Adjusted (loss)/profit for the period (in thousands)	(20,486)	70,138
Weighted average number of ordinary shares in issue	343,941,052	347,400,530
Adjusted basic (losses)/earnings per share	(0.06)	0.20

Diluted

	Three months ended March 31, 2009	Three months ended March 31, 2008
(Loss)/profit for the period (in thousands)	(20,486)	59,691
Impact on (loss)/profit, net of tax of fair value loss on embedded option (in thousands)	-	10,447
Adjusted (loss)/profit for the period (in thousands)	(20,486)	70,138
Weighted average number of ordinary shares in issue	343,941,052	347,400,530
Adjustment for share options	-	5,810,540
Weighted average number of potential ordinary shares for diluted earnings per share	343,941,052	353,211,070
Adjusted diluted (losses)/earnings per share	(0.06)	0.20

8. INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES

	March 31, 2009	December 31, 2008
Grupa Onet Poland Holding B.V.	1,102,500	1,102,500
Neovision Holding B.V. (see Note 9)	472,075	-
Grupa Onet.pl S.A.	273,535	270,470
Mango Media Sp. z o.o.	49,862	49,862
TVN Finance Corporation plc	6,572	6,572
NTL Radomsko Sp. z o.o.	2,800	2,800
Polski Operator Telewizyjny Sp. z o.o.	400	325
El-Trade Sp. z o.o.	156	156
Tivien Sp. z o.o.	50	50
Thema Film Sp. z o.o.	48	48
Discovery TVN Ltd	6	6
Total	1,908,004	1,432,789

The increase in value of investment in Grupa Onet.pl S.A. represents fair value of options granted to employees of subsidiary recognized during the period by the Company until options are fully vested.

The accompanying notes are an integral part of these interim condensed separate financial statements.

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8. INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES (CONTINUED)

	Country of incorporation	March 31, 2009 Ownership %	December 31, 2008 Ownership %
Grupa Onet Poland Holding B.V.	The Netherlands	100	100
Grupa Onet.pl S.A. *	Poland	100	100
Mango Media Sp. z o.o.	Poland	100	100
TVN Finance Corporation plc	UK	100	100
NTL Radomsko Sp. z o.o.	Poland	100	100
EI-Trade Sp. z o.o.	Poland	100	100
Tivien Sp. z o.o.	Poland	100	100
Thema Film Sp. z o.o.	Poland	96	96
Polski Operator Telewizyjny Sp. z o.o.	Poland	50	50
Discovery TVN Ltd	UK	50	50
Media Entertainment Ventures Int Ltd **	Malta	100	100
DreamLab Onet.pl Sp. z o.o. **	Poland	100	100
SunWeb Sp. z o.o. **	Poland	100	100
Neovision Holding B.V.	The Netherlands	51	-
ITI Neovision Sp. z o.o. ***	Poland	51	-
Cyfrowy Dom Sp. z o.o. ***	Poland	51	-
Neovision UK Ltd ***	UK	51	-
MGM Chanel Poland Ltd ****	UK	23	11

* Owned directly by the Company and indirectly through GOPH BV

** Owned indirectly through Grupa Onet.pl S.A.

*** Owned indirectly through Neovision Holding B.V.

**** Join venture through Neovision Holding B.V.

9. INVESTMENT IN POLISH DTH “N” PLATFORM

On June 25, 2008 the Company completed the acquisition of 25% of the share capital plus 1 share of Neovision Holding B.V. (“Neovision Holding”) a company registered in Amsterdam, the Netherlands from ITI Media Group N.V. (“ITI Media Group”), an entity under common control. Neovision Holding is the sole shareholder of ITI Neovision Sp. z o.o. (“ITI Neovision”) which owns and operates the ‘n’ DTH platform in Poland. For a total cash consideration of EUR 95 million (PLN 319,628) the Company purchased 25% of the share capital plus one share in Neovision Holding and a corresponding pro-rata interest in the loans granted to ITI Neovision with a nominal value of EUR 35.3 million.

Before March 11, 2009 the Company had significant influence on, but not control over ITI Neovision operations. Accordingly, the investment was classified as an investment in associate and was recognized at cost. In the separate financial statements the total investment was split between investment in an associate and loans receivable from an associate.

The accompanying notes are an integral part of these interim condensed separate financial statements.

TVN S.A.**Notes to Interim Condensed Separate Financial Statements****(Expressed in PLN, all amounts in thousands, except as otherwise stated)****9. INVESTMENT IN POLISH DTH “N” PLATFORM (CONTINUED)**

Investment in subsidiary	Three months ended March 31, 2009	Year ended December 31, 2008 *
Beginning of the period	214,432	-
Investment in Neovision Holding	251,754	211,818
Other direct costs **	5,889	2,614
End of the period	472,075	214,432

* the balance as of December 31, 2008 classified as 'investment in associate'

** recognized by March 31, 2009

Loans receivable from subsidiary	Three months ended March 31, 2009	Year ended December 31, 2008 *
Beginning of the period	179,138	-
Acquisition of loans in Neovision Holding	-	107,809
Loans extended during the period ***	281,697	28,180
Other direct costs **	5,411	1,575
Interest accrued	5,623	5,767
Foreign exchange gains	29,568	35,807
End of the period	501,437	179,138

* the balance as of December 31, 2008 classified as 'loans receivable from associate'

** recognized by March 31, 2009

*** fair value of loans extended during the period at nominal value of 296,957

On March 11, 2009, the Company and ITI Media Group entered into a preliminary agreement where the parties agreed that the Company would increase its direct ownership interest in Neovision Holding and its indirect ownership interest in ITI Neovision to, in aggregate, 51% of each company's shares for the price of EUR 46.2 million. The Company agreed to immediately provide ITI Neovision with funding of EUR 25.1 million in a form of shareholder loan and simultaneously received a contractual right to exercise voting rights in Neovision holding equivalent to additional 26% minus one share, thereby increasing voting control to 51%. As a result the Company obtained control over Neovision Holding Group on March 11, 2009.

The investment of the Company in 'n' DTH platform, which offers technologically advanced pay television services in Poland, will strengthen the competitive position of the Company on the attractive Polish DTH and cable market which is likely to consolidate in future and will provide the Company with revenue diversification.

The transaction agreement provides that the Company will pay ITI Media Group a supplemental payment if and to the extent that ITI Neovision's subscriber revenues for the 2010 calendar year exceed PLN 555,618,071 (not in thousands). The amount of the supplemental payment will be computed as EUR 0.3214 (not in thousands) for each PLN 1.00 (not in thousands) in excess of the foregoing threshold amount. ITI Media Group's right to receive this supplemental payment is contingent upon ITI Neovision achieving certain specified conditions during the 2010 calendar year as regards EBITDA, numbers of subscribers and average revenue per subscriber.

The accompanying notes are an integral part of these interim condensed separate financial statements.

TVN S.A.**Notes to Interim Condensed Separate Financial Statements****(Expressed in PLN, all amounts in thousands, except as otherwise stated)****9. INVESTMENT IN POLISH DTH “N” PLATFORM (CONTINUED)**

The amount of the supplemental payment is subject to a EUR 60,000 limit. The limit amount will be reduced if and to the extent that, prior to the end of 2010 calendar year, ITI Media Group sells all or a part of its remaining ownership interest in Neovision Holding or ITI Neovision to a third party where the purchase price paid by the third party reflects ITI Neovision having an equity value which is less than the amount specified in the transaction agreement (which amount reflects the Company's investment in, and the resulting equity value of, ITI Neovision). The Company has the option to pay up to one-half of the contingent consideration in the form of its shares valued on the weighted average trading price over the last 30 trading days prior to the payment, with the balance being paid in cash.

The following table summarizes the consideration paid:

Amounts transferred and due * (equivalent of EUR 46.2 million)	216,316
Contingent consideration (fair value of EUR 60.0 million)	236,448
Total consideration per transaction of March 11, 2009	452,764

* includes an amount of 130,551 recognized in other liabilities and accruals as of March 31, 2009 and paid on April 1, 2009.

The potential undiscounted amount of all future payments that the Company could be required to make under this arrangement is between EUR 0 and 60,000. The fair value of the contingent consideration arrangement of 236,448 was estimated based on a discount rate of 7.93% and assumed the full probability of maximum payment (see Note 4(iii)).

Note to the investing activities in the cash flow statement:

Loans extended to subsidiary during the period	296,957
Less: amount payable on March 31, 2009	(130,507)
Loans granted to subsidiary	166,450

10. AVAILABLE FOR SALE FINANCIAL ASSETS

	March 31, 2009	December 31, 2008
Treasury bills PLN	124,237	278,819
9.5% Senior Notes due 2013	69,363	70,427
Polskie Media S.A.	7,255	7,255
Total	200,855	356,501
	Three months ended March 31, 2009	Three months ended March 31, 2008
Beginning of the period	356,501	7,255
Acquisition of 9.5% Senior Notes due in 2013	-	37,155
Sales	(157,870)	-
Foreign exchange differences	10,453	(634)
Interest income	5,793	313
Fair value change transfer to equity	(14,022)	(1,019)
End of the period	200,855	43,070
Less: non-current portion	(76,618)	(43,070)
Current portion	124,237	-

The accompanying notes are an integral part of these interim condensed separate financial statements.

TVN S.A.
Notes to Interim Condensed Separate Financial Statements
(Expressed in PLN, all amounts in thousands, except as otherwise stated)

10. AVAILABLE FOR SALE FINANCIAL ASSETS (CONTINUED)

On March 31, 2009 the Company held the following securities quoted on active markets:

	Credit rating*	Effective interest rate	Maturity dates	Nominal value	Purchase value
Polish T-bills	A-/A2	6.05%	May 27, 2009	100,000	96,299
Polish T-bills	A-/A2	6.10%	May 27, 2009	25,000	24,117
				125,000	120,416

* Credit rating – Standard and Poor’s and Moody’s

The fair value change of PLN treasury bills purchased was recognized in equity (loss of 226) and interest income of 3,513 was recognized in investment income.

The Company defines maximum exposure to credit risk with respect to Polish treasury bills as the total carrying amount of those instruments at the reporting date.

On February 8, 2008 the Company purchased on the secondary market the Senior Notes issued by its subsidiary TVN Finance Corporation plc (see Note 11) with a nominal value of EUR 10,000 for an amount of EUR 10,358 (PLN 37,155) including interest accrued in the amount of 158 EUR (567 PLN). On October 24, 2008 the Company purchased Senior Notes with a nominal value of EUR 10,000 for an amount of EUR 9,754 (PLN 35,424) including interest accrued in the amount of 354 EUR (1,283 PLN). Fair value of the Senior Notes reflect its market price quoted by Reuters based on the last value date on March 31, 2009. The fair value change of the Senior Notes purchased by the Company was recognized directly in equity (loss of 13,796 for the three months ended March 31, 2009). There were no amounts removed from the equity to the income statement in the period.

The Company does not have any significant influence over the financial and operating policies of Polskie Media S.A. (“Polskie Media”). The Company estimated the fair value of its investment in Polskie Media as at June 30, 2008 based on financial information available from the annual financial statements of Polskie Media for the year ended December 31, 2007 and industry sales multiples. The Company assessed that there is no impairment of the carrying value as of March 31, 2009. During the period the Company monitors audience share of Polskie Media for impairment indicators. The Company’s share in Polskie Media is 5.44% of the current voting interest and 6.76% of the share capital.

None of the available-for-sale financial assets is past due or impaired.

11. DERIVATIVE FINANCIAL ASSETS

	March 31, 2009	December 31, 2008
Foreign exchange options EUR	-	126,120
Foreign exchange options USD	29,820	23,745
Total	29,820	149,865

The fair value of the prepayment options embedded in the Senior Notes as of March 31, 2009 was nil (December 31, 2008: nil). The valuation of embedded prepayment options is described in Note 4(i).

The accompanying notes are an integral part of these interim condensed separate financial statements.

TVN S.A.**Notes to Interim Condensed Separate Financial Statements****(Expressed in PLN, all amounts in thousands, except as otherwise stated)**

11. DERIVATIVE FINANCIAL ASSETS (CONTINUED)

In 2008 the Company entered into EUR put and call currency options to limit the impact on the Company's net results of PLN/EUR exchange rate movements in relation to the Senior Notes balance. The hedging strategy based on EUR put and call options had in total a notional value of EUR 225,000, a maturity date of January 15, 2009 and a PLN/EUR corridor between 3.30 and 3.60.

Following the purchase of Senior Notes by the Company, the Company has de-designated the existing hedging relationship and re-designated a new one. All the parameters of the hedging relationship remain unchanged, except for the nominal value of the loan from related party hedged which was decreased to EUR 215,000 and the fact that only the fraction of the options corresponding to 215/225 was designated as hedging item.

Between January 9 and January 13, 2009 the Company closed the foreign exchange options in EUR in the total nominal amount of EUR 210,000 and received a total premium of 91,630. The remaining balance of EUR 15,000 matured on January 15, 2009 resulting in a received premium of 9,384. The Company did not have any open EUR options as of March 31, 2009.

The Company entered into USD put and call currency options to limit the impact on the Company's net results of PLN/USD exchange rate movements in relation to payments for programming rights. The hedging strategy based on USD put and call options had in total a notional value of USD 29,820, maturity dates between June 22, 2009 and December 22, 2009 and PLN/USD corridor between 2.10 and 2.45. The Company has not designated the options for hedge accounting. The fair value of foreign exchange options in USD as at March 31, 2009 was based on valuations performed by the Company's banks. A currency option with the notional value of USD 13,081 matured on March 23, 2009 resulting in a gain of 11,550 being recognized by the Company.

The change in fair value of the options including premiums paid and received was recognized in the income statement (see Note 6).

Foreign exchange options were contracted with banks rated as follows (by Moody's):

	March 31, 2009	December 31, 2008
Bank rated Aa1	29,820	23,745
Banks rated A2	-	126,120
	<u>29,820</u>	<u>149,865</u>

The Company defines maximum exposure to credit risk with respect to derivative financial assets as the carrying amount of those assets at the reporting date. The maximum exposure as at March 31, 2009 amounted to 29,820 (December 31, 2008: 149,865).

The accompanying notes are an integral part of these interim condensed separate financial statements.

TVN S.A.
Notes to Interim Condensed Separate Financial Statements
(Expressed in PLN, all amounts in thousands, except as otherwise stated)

12. PREPAYMENTS AND OTHER ASSETS

	March 31, 2009	December 31, 2008
Prepayments for programming	26,059	17,579
Employee settlements	3,504	3,496
Technical support	2,369	3,271
Inventory, less provided	1,346	1,339
Other	21,678	11,842
	<u>54,956</u>	<u>37,527</u>
Less: current portion of other assets	<u>(50,221)</u>	<u>(32,783)</u>
Non-current portion of other assets	<u>4,735</u>	<u>4,744</u>

13. CASH AND CASH EQUIVALENTS

	March 31, 2009	December 31, 2008
Cash at bank and in hand	185,260	85,853
Short-term treasury bills	49,908	38,670
	<u>235,168</u>	<u>124,523</u>

(i) Cash at bank (external credit rating – Standard and Poor's):

	March 31, 2009	December 31, 2008
Bank rated AAA	136	50,601
Bank rated A	185,124	35,252
	<u>185,260</u>	<u>85,853</u>

(ii) Short term treasury bills:

	Credit rating*	Effective interest rate	Maturity date	Nominal value	Purchase value
Polish T-bills	A-/A2	4.55%	April 15, 2009	50,000	49,481

* Credit rating provided by Standard and Poor's and Moody's

The Company defines maximum exposure to credit risk with respect to Polish treasury bills as the total carrying amount of those instruments at the balance sheet date.

The accompanying notes are an integral part of these interim condensed separate financial statements.

TVN S.A.

Notes to Interim Condensed Separate Financial Statements

(Expressed in PLN, all amounts in thousands, except as otherwise stated)

14. SHARE CAPITAL (NOT IN THOUSANDS)

The total authorized number of ordinary shares is 413,499,585 with a par value of 0.20 per share. The total number of ordinary shares in issue as at March 31, 2009 was 349,515,414 with a par value of 0.2 per share. All issued shares are fully paid and include also shares issued on exercise of share options granted under incentive schemes (C and E series of shares) as soon as cash consideration is received. The shareholders structure as at March 31, 2009:

Shareholder	Number of shares	% of share capital	Number of votes	% of votes
Strateurop International B.V. ⁽¹⁾	180,355,430	51.60%	180,355,430	52.99%
N-Vision B.V. ⁽¹⁾	20,850,902	5.97%	20,850,902	6.13%
Cadizin Trading&Investment ⁽¹⁾	10,001,400	2.86%	10,001,400	2.94%
ITI Impresario ⁽¹⁾	1,400	0.00%	1,400	0.00%
Other shareholders	129,149,175	36.95%	129,149,175	37.94%
Treasury shares	9,157,107	2.62%	-	-
Total	349,515,414	100.00%	340,358,307	100.00%

⁽¹⁾ Entities controlled by ITI Group.

As at March 31, 2009 all shares were registered by the Court.

The total number of shares as of March 31, 2009 includes 9,157,107 treasury shares (see Note 15).

During the three months ended March 31, 2009, no shares were issued.

According to the Polish Commercial Companies Code the Company cannot exercise voting rights related to TVN treasury shares.

15. SHARE BUYBACK AND REDEMPTION

On October 30, 2008 the Company's shareholders approved a share buyback program to acquire and voluntarily redeem the Company's shares. The share buyback program allows the Company to purchase up to 35 million shares but not more than 10% of the Company's share capital as calculated on the last day of the program and to spend not more than 500,000. The program expires on December 31, 2009 and the Company's shareholders approved the designation of accumulated profits in a maximum amount of 471,750 to finance the share buyback program.

The first tranche of the share buyback program commenced on November 17, 2008 and ended on January 21, 2009. The second tranche of the share buyback program commenced on February 5, 2009 and ended on March 24, 2009.

Since the beginning of the share buyback program, the Company has purchased in total 9,157,107 (not in thousands) shares for a total amount of 100,000 (6,200,937 (not in thousands) shares for a total amount of 62,572 in the three months ended March 31, 2009).

The accompanying notes are an integral part of these interim condensed separate financial statements.

TVN S.A.
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16. BORROWINGS

	March 31, 2009	December 31, 2008
PLN Bonds due 2013	498,678	498,593
Interest accrued on PLN Bonds due 2013	13,573	2,156
Loan facility	109,875	109,875
Interest accrued on loan facility	4,067	1,951
Loans from related parties (see Note 22(iii))	1,067,432	940,849
Interest accrued on loans from related parties	31,281	3,966
Overdraft facility	60,882	48,723
	1,785,788	1,606,113
Less: current portion of borrowings	(109,803)	(56,796)
Non-current portion of borrowings	1,675,985	1,549,317

PLN Bonds

On May 26, 2008 the Company entered into an agreement with Bank Pekao S.A., Bank Handlowy w Warszawie S.A. and BRE Bank S.A. to conduct a Bond Issue Program ("Program"). The Program enables the Company to issue bearer, unsubordinated and unsecured bonds ("PLN Bonds") with a maximum total nominal value of PLN 1 billion at any time. The Program can be extended up to the nominal value of PLN 2 billion.

On June 23, 2008 the Company completed the first issue of the PLN Bonds with a total nominal value of 500,000 and with a variable interest rate of 6 month WIBOR plus 2.75% per annum. The interest is payable semi-annually starting December 14, 2008. The PLN Bonds are due for repayment on June 14, 2013. The PLN Bonds are unsecured obligations and are governed by a number of covenants including restrictions on disposal or inadequate use of assets. The total transaction costs of the issue amounted to 1,686 and mainly related to dealers commission and legal services. The PLN Bonds are carried at amortized cost using an effective interest rate of 10.41%.

The Company has an option to redeem all or 50% of the PLN Bonds on June 14, 2011 or on June 14, 2012 at a redemption price of 102% or 101% of the nominal value respectively. The Company assessed that the early prepayment options are closely related to the economic characteristics of the host contract (PLN Bonds) as the option exercise price is close on each exercise date to the amortized cost of the PLN Bonds. Consequently, the Company did not separate the embedded derivative.

The fair value of the PLN Bonds, excluding accrued interest, as at March 31, 2009 was estimated to be PLN 515,280. The PLN Bonds are non-public and their fair value was estimated using an internal valuation model with the key inputs being market interest rate, payment dates and credit spread.

The accompanying notes are an integral part of these interim condensed separate financial statements.

TVN S.A.
Notes to Interim Condensed Separate Financial Statements
(Expressed in PLN, all amounts in thousands, except as otherwise stated)

16. BORROWINGS (CONTINUED)

Loan facility

On June 30, 2008 the Company entered into a PLN 200,000 multicurrency loan facility with Bank Pekao SA. The facility is available for a three year period. The facility bears interest at 6-month WIBOR, EURIBOR or LIBOR (depending on loan currency) plus margin which depends on the ratio of consolidated net debt to consolidated EBITDA of the Group and at the date of the agreement was 1%. The effective interest rate is approximated by WIBOR and applicable margin and fair value as at March 31, 2009 is approximated by the carrying amount. The facility is secured over trade receivables of TVN S.A. up to the equivalent of EUR 25,000. The loan facility is guaranteed by Grupa Onet.pl S.A. and Mango Media Sp. z o.o., wholly owned subsidiaries of TVN S.A. As of March 31, 2009, 181,756 of the facility had been used.

17. OTHER LIABILITIES AND ACCRUALS

	March 31, 2009	December 31, 2008
Liability to ITI Media Group related to acquisition of Neovision Holding* (see Note 9)	130,551	-
VAT and other taxes payable	39,924	22,852
Employee benefits	43,650	39,851
Deferred income	13,725	13,956
Accrued production costs	12,292	14,908
Sales and marketing related costs	2,250	1,976
Accrued direct cost of acquisition of subsidiary	9,868	-
Satellites	3,519	6,177
Other liabilities and accrued costs	91,701	92,660
	347,480	192,380

* The amount was settled on April 1, 2009

The accompanying notes are an integral part of these interim condensed separate financial statements.

TVN S.A.
Notes to Separate Financial Statements
(Expressed in PLN, all amounts in thousands, except as otherwise stated)

18. NOTE TO THE CASH FLOW STATEMENT

Reconciliation of net (loss)/profit to cash generated from operations

	Note	Three months ended March 31, 2009	Three months ended March 31, 2008
Net (loss)/profit		(20,486)	59,691
Tax charge		(2,264)	16,910
Share options granted to board members and employees	5	10,868	8,217
Depreciation, amortization and impairment	5	16,915	13,752
Amortization of program rights and co-production	5	30,249	29,994
Payments to acquire programming rights		(44,921)	(26,980)
Impaired accounts receivable	5	(768)	(1,039)
Loss/(gain) on disposal of property, plant and equipment		(23)	126
Investment income and finance expense, net	6	112,785	24,793
Guarantee fee paid	6	(3,623)	(2,726)
Change in local production balance		(5,671)	(15,795)
Changes in working capital:			
Trade receivables		5,776	7,593
Other receivables		(6,180)	(4,650)
Trade payables		32,123	19,912
Other short term liabilities and accruals		16,211	31,276
		<u>47,930</u>	<u>54,131</u>
Cash generated from operations		<u>140,991</u>	<u>161,074</u>

Acquisition of subsidiaries and associates (including loans granted)

	Note	Three months ended March 31, 2009	Three months ended March 31, 2008
Neovision Holding	9	166,450	-
Mango Media		-	-
		<u>166,450</u>	<u>-</u>

Non-cash transactions

Barter revenue/(cost), net		628	134
Share options granted to board members and employees	5	5,768	11,609

19. TAXATION

	Three months ended March 31, 2009	Three months ended March 31, 2008
Current tax charge	(35,742)	(25,256)
Deferred tax (charge)/benefit, net	38,006	8,346
	<u>2,264</u>	<u>(16,910)</u>

The accompanying notes are an integral part of these interim condensed separate financial statements.

TVN S.A.
Notes to Separate Financial Statements
(Expressed in PLN, all amounts in thousands, except as otherwise stated)

19. TAXATION (CONTINUED)

Reconciliation of accounting (loss)/profit to tax charge	Three months ended March 31, 2009	Three months ended March 31, 2008
(Loss)/profit before income tax	(22,750)	76,601
Income tax benefit/(charge) at the enacted statutory rate of 19%	4,323	(14,554)
Tax impact of employee share option plan costs not deductible for tax purposes	(1,096)	(1,561)
Net tax impact of other net expenses not deductible for tax purposes	(963)	(795)
Tax for the period	<u>2,264</u>	<u>(16,910)</u>

20. CONTINGENCIES

The Company has a remaining contingent asset in respect of a VAT claim of 3,594 and interest due from the tax authorities of 13,069. A court ruling in favour of the Company was announced on April 13, 2006. On June 12, 2006 the tax authorities appealed to the Supreme Administrative Court. On October 9, 2007 the Supreme Administrative Court decided to return the case to the Administrative Court in Krakow for further review. On July 23, 2008 the Administrative Court overrode penalties imposed by the tax authorities (in the amount of 1,078 plus interest) but overruled the Company's claim with respect to the base VAT amount. The Company recognized receivable penalty of 1,078 plus interest in 2008 financial statements and received the amount in January 2009. On October 10, 2008 the Company appealed to the Supreme Administrative Court with respect to the base VAT claim.

21. COMMITMENTS

The Company has entered into a number of operating lease and other agreements. The commitments derived from these agreements are presented below.

(i) Commitments to acquire programming

The Company has outstanding contractual payment commitments in relation to programming as of March 31, 2009. These commitments are scheduled to be paid as follows:

	Total
Due in 2009	99,757
Due in 2010	186,593
Due in 2011	213,326
Due in 2012	239,511
Due in 2013	232,114
Due in 2014 and thereafter	49,223
	<u>1,020,524</u>

The accompanying notes are an integral part of these interim condensed separate financial statements.

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Notes to Separate Financial Statements
(Expressed in PLN, all amounts in thousands, except as otherwise stated)

21. COMMITMENTS (CONTINUED)

(ii) Total future minimum payments relating to operating lease agreements signed as at March 31, 2009:

	Related parties	Non-related parties	Total
Due in 2009	16,523	16,541	33,064
Due in 2010	22,030	18,552	40,582
Due in 2011	21,371	15,141	36,512
Due in 2012	21,371	13,237	34,608
Due in 2013	21,371	8,963	30,334
Due in 2014 and thereafter	55,474	12,211	67,685
	<u>158,140</u>	<u>84,645</u>	<u>242,785</u>

Contracts signed with related parties relate to lease of office space and television studios from Poland Media Properties S.A. ("Poland Media Properties", previously ITI Poland S.A.) and Diverti Sp. z o.o. ("Diverti"). Commitments in foreign currencies were calculated using exchange rates as at March 31, 2009.

Contracts signed with non-related parties relate to lease of office space and television studios.

In addition to the lease agreements disclosed above, the Company has agreements with third parties for the provision of satellite capacity. Under these agreements the Company is obliged to pay annual fees. These commitments are scheduled to be paid as follows:

	Total
Due in 2009	23,573
Due in 2010	38,665
Due in 2011	38,665
Due in 2012	16,920
	<u>117,823</u>

Additionally, the Company leases transmission sites and related services for an annual amount of 6,600.

(iii) Barter commitments

The Company has an outstanding commitment of service to broadcast advertising of 815 to settle sundry amounts payable recorded as of March 31, 2009 (674 at March 31, 2008). The service to broadcast advertising will be rendered under commercial terms and conditions and at market prices.

(iv) Other commitments

At March 31, 2009, the Company assumed contractual commitments of 737 to acquire property, plant and equipment and intangible assets (9,440 at March 31, 2008).

The accompanying notes are an integral part of these interim condensed separate financial statements.

TVN S.A.
Notes to Separate Financial Statements
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22. RELATED PARTY TRANSACTIONS

(i) Revenue:

	Three months ended March 31, 2009	Three months ended March 31, 2008
ITI Neovision *	11,697	8,240
ITI Group	6,045	337
Grupa Onet Poland Holding Group	3,496	544
Mango Media	2,504	1,684
El-Trade	31	30
Tivien	11	8
Poland Media Properties	6	7
Discovery TVN	-	1,029
	23,790	11,879

* ITI Neovision was an associate of the Company from June 25, 2008 and subsidiary of the Company from March 11, 2009 (see Note 9).

Revenue from ITI Neovision includes mainly revenue from license fees, production and technical services.

Additionally, the Company recognized revenue of 2,139 (1,624 in 2008) from advertising services rendered for ITI Neovision through advertising agencies.

Revenue from Grupa Onet Holding Group includes mainly revenue from sale of airtime, production and technical services.

Revenue from Mango Media includes mainly revenue from sale of airtime and satellite transmissions.

Revenue from ITI Group includes mainly revenue from the exploitation of film rights, license fees, production and technical services rendered and services of broadcasting advertising, net of commissions. Poland Media Properties is controlled by certain shareholders and executive directors of the ITI Group.

Revenue from Discovery TVN Ltd includes mainly revenue from television format license fees.

The accompanying notes are an integral part of these interim condensed separate financial statements.

TVN S.A.
Notes to Separate Financial Statements
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22. RELATED PARTY TRANSACTIONS (CONTINUED)

(ii) Operating expenses:

	Three months ended March 31, 2009	Three months ended March 31, 2008
ITI Group	8,476	7,626
Grupa Onet Poland Holding Group	3,801	914
Tivien	2,862	1,892
ITI Neovision *	591	1,405
NTL Radomsko	348	349
Poland Media Properties	170	-
El-Trade	164	131
Polski Operator Telewizyjny	111	87
	16,523	12,404

* ITI Neovision was an associate of the Company from June 25, 2008 and a subsidiary of the Company from March 11, 2009 (see Note 9).

Operating expenses from ITI Group comprise rent of office premises and the provision of certain management, sales, financial advisory and other services.

Operating expenses from Grupa Onet Poland Holding Group include mainly marketing and production services.

Operating expenses from Tivien comprise technical and production services.

Operating expenses from ITI Neovision include mainly technical and production services.

Operating expenses from Poland Media Properties comprise rent of office premises. Poland Media Properties is controlled by certain shareholders and executive directors of the ITI Group.

(iii) Loan from related party

	March 31, 2009	December 31, 2008
Loan from TVN Finance Corporation plc	1,067,432	940,849
Interest accrued	31,281	3,966
	1,098,713	944,815

The loan bears interest at 9.65% p.a. and is due for repayment December 15, 2013. Interest is paid semi-annually.

The accompanying notes are an integral part of these interim condensed separate financial statements.

TVN S.A.
Notes to Separate Financial Statements
(Expressed in PLN, all amounts in thousands, except as otherwise stated)

22. RELATED PARTY TRANSACTIONS (CONTINUED)

(iv) Outstanding balances arising from sale/purchase of goods and services:

	March 31, 2009	December 31, 2008
Receivables:		
ITI Neovision	20,806	18,493
ITI Group	9,581	2,951
Grupa Onet Poland Holding Group	3,619	2,158
Mango Media	953	506
Tivien	4	-
Discovery TVN	-	3,392
NTL-Radomsko	-	10
	34,963	27,510
Payables:		
Grupa Onet Poland Holding Group	6,768	4,804
ITI Group	137	4,708
Poland Media Properties	121	63
NTL-Radomsko	93	-
El-Trade	65	17
Polski Operator Telewizyjny	47	37
Tivien	-	251
	7,231	9,880

(v) Non-current related party loans

	March 31, 2009	December 31, 2008
ITI Neovision	345,869	-
Neovision Holding	155,568	-
Grupa Onet Poland Holding	101,887	88,970
Mango Media	4,541	4,441
Discovery TVN Ltd	1,450	1,216
Thema Film	455	448
El-Trade	155	153
	609,925	95,228

The loans to Grupa Onet Poland Holding consists mainly of the loan for a principal amount of EUR 16,886, bears interest of 6.63% per annum, due for repayment on December 31, 2016. Further loans are for the total amount of PLN 160, bears interest of 9.95% per annum and EUR 20, bears interest of 6.63% per annum.

The loan to Mango Media is for a principal amount of 4,000, bears interest of 9.95% per annum and is due for repayment on December 31, 2010.

The loan to Discovery TVN Ltd is for a principal amount of GBP 250, bears interest at LIBOR 6 months rate plus 1 p.p. per annum and is due for repayment on February 19, 2012.

The accompanying notes are an integral part of these interim condensed separate financial statements.

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Notes to Separate Financial Statements
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22. RELATED PARTY TRANSACTIONS (CONTINUED)

On March 31, 2008 the following loans were receivable from Neovision Group:

Nominal value (EUR)	Effective interest rate	Maturity dates	Carrying value	Fair value
ITI Neovision				
4,532	7.38%	April 5, 2011	21,501	22,510
5,666	7.38%	July 19, 2011	26,882	28,147
7,055	8.02%	June 30, 2015	33,783	30,023
8,180	8.45%	June 30, 2015	40,191	34,846
4,344	8.65%	December 31, 2015	19,939	18,965
18,812	8.44%	December 31, 2015	84,613	82,371
25,073	8.97%	December 31, 2015	118,960	114,143
			345,869	331,005
Neovision Holding				
25,096	8.44%	December 31, 2015	115,410	109,992
8,948	8.56%	December 31, 2015	40,158	39,096
			155,568	149,088
			501,437	480,093

(vi) Other non-current assets

Other non current assets include a rental deposit paid to ITI Group in the amount of 1,981.

(vii) Lease commitments with related parties

See Note 22 (ii) for further details.

(viii) Other

ITI Holdings has provided guarantees in the amount of US\$ 25,000 to Warner Bros. International Television Distribution and US\$ 8,000 to DreamWorks in respect of programming rights purchased and broadcast by TVN. During the three months ended March 31, 2009, the Company recorded finance costs of 923 relating to these guarantees (during the three months ended March 31, 2008: 606).

Additionally in the three months ended March 31, 2009 the Company recorded the cost of 622 from Grupa Onet and 135 from Mango Media relating to the guarantees provided (during the three months ended March 31, 2008: Grupa Onet 421, Mango Media 0).

Other current liabilities and accruals include 130,551 of liability to ITI Media Group related to acquisition of Neovision Holding Group. The amount was settled on April 1, 2009 (see Note 9, 17).

Non current liabilities include an amount of 241,393 being the net present value of contingent consideration of 60,000 EUR related to the acquisition of Neovision Holding Group (see Note 9).

The accompanying notes are an integral part of these interim condensed separate financial statements.

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23. SHARE-BASED PAYMENTS

Share options are granted to certain Management Board members, employees and co-workers who are of key importance to the Group. Share options are granted under two share option schemes:

- (i) TVN Incentive Scheme I introduced on December 27, 2005, based on C series of shares
- (ii) TVN Incentive Scheme II introduced on July 31, 2006 as part of the acquisition of Grupa Onet.pl, based on E series of shares.

The Company has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows (not in thousands):

	Three months ended March 31, 2009		Three months ended March 31, 2008	
	Average exercise price	Outstanding options	Average exercise price	Outstanding options
At 1 January	PLN 10.79	12,644,716	PLN 10.62	14,887,155
Exercised	-	-	PLN 9.57	(980,023)
At 31 March	PLN 10.79	12,644,716	PLN 10.70	13,907,132

The total fair value of the options granted was estimated using a trinomial tree model and amounted to 74,124 with respect to C series and 110,101 with respect to E series.

The model assumes that dividends would be paid in the future in accordance with the Company's dividend policy. Fair valuation of options granted before January 1, 2007 assumed that no dividends would be paid in the future. The stock option plan is service related.

The remaining options are exercisable at the prices indicated below and vest after the specified period (not in thousands):

Series	Number of options	Exercise price	Service vesting period
C1	384,060	PLN 8.66	Vested
C2	1,669,330	PLN 9.58	Vested
C3	3,479,210	PLN 10.58	Vested
	5,532,600		
Series	Number of options	Exercise price	Service vesting period
E1	217,730	PLN 8.66	Vested
E2	282,135	PLN 9.58	Vested
E3	1,337,516	PLN 10.58	Vested
E4	2,441,065	PLN 11.68	until April 1, 2009
E4	2,833,670	PLN 11.68	until January 1, 2010
	7,112,116		

All options can be exercised no later than December 31, 2011.

The accompanying notes are an integral part of these interim condensed separate financial statements.

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(Expressed in PLN, all amounts in thousands, except as otherwise stated)

23. SHARE-BASED PAYMENTS (CONTINUED)

Between March 31, 2009 and the date when these financial statements were prepared, no options were exercised.

24. EXCHANGE RATES AND INFLATION

	PLN Exchange Rate to U.S. Dollar	PLN Exchange Rate to Euro
March 31, 2009	3.5416	4.7013
December 31, 2008	2.9618	4.1724
March 31, 2008	2.2305	3.5258

The movement in the consumer price index for the three months ended March 31, 2009 amounted to 1.2% (1.5% for the three months ended March 31, 2008).

The accompanying notes are an integral part of these interim condensed separate financial statements.