TVN S.A.

INTERIM REPORT
FOR THE THREE AND SIX MONTHS

ENDED JUNE 30, 2009

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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.

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 have controlled since March 11, 2009, “guarantors” refers collectively to the Company, Grupa Onet and ITI Neovision 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 entertainment channel; “TVN 24” refers to our TVN 24 news and current affairs 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 which we shut down on July 15, 2009; “Discovery Historia” refers to the history channel which we operated in cooperation with Discovery Networks Poland. Discovery Networks Central Europe purchased our shares in the Discovery Historia network on May 29, 2009 and become the owner of the channel; “Telezakupy Mango 24” refers to our teleshopping channel and “NTL Radomsko” refers to the local television channel that we purchased in 2007 and 2005, respectively; “TVN CNBC Biznes” refers to our business channel which we operate in cooperation with CNBC Europe; “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; “ITI Media Group” refers to ITI Media Group N.V.; “ITI Holdings” refers to ITI Holdings S.A.; “ITI Group” refers to ITI Holdings together with the other entities controlled directly or indirectly by ITI Holdings; ”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.

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 integrated media group in Poland which operates three major business segments – television broadcasting and production, online and digital satellite pay television. Segments enable the alignment of strategies and objectives across the group and provide a framework for timely and rational allocations of resources within businesses. Our major segments are presented below:

- **Television broadcasting and production** - we currently own and operate ten television channels: TVN, TVN 7, TVN24, TVN Meteo, TVN Turbo, ITVN, TVN Style, 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 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. ITVN is a television channel that targets viewers of Polish origin living abroad. This channel is available in Europe, Northern America and Australia. NTL Radomsko is a local television channel addressed to residents of Radomsko and the surrounding areas. TVN CNBC Biznes is our business news channel, launched in cooperation with CNBC Europe. 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.

- **Online** - we own Grupa Onet, which operates Onet.pl, the largest and the most popular internet portal in Poland, offering multiple 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, 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.

- **Digital satellite pay television** - we control the 'n' DTH platform, a new generation digital satellite platform launched in October 2006, offering pay television services in Poland. As of June 30, 2009, the 'n' DTH platform had signed up over 557,000 (not in thousands) post paid subscribers, of which over 554,000 had been activated. Since October 2008, the 'n' DTH platform has operated TNK, which has over 129,000 active prepaid subscribers (not in thousands) as of June 30, 2009.

Other segments include Telezakupy Mango, which is the only all day teleshopping channel in Poland, as well as content sales and technical services offered primarily to business entities within TVN Group.

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

MANAGEMANT’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, which is a wholly owned subsidiary of our ultimate controlling company, ITI Holdings, and Neovision Holding, we took control over ITI Neovision, the owner and operator of the ‘n’ DTH platform. Our financial results for the three and six months ended June 30, 2009 are not fully comparable to the financial results for the corresponding period of 2008. Our results for the three and six months ended June 30, 2009 include our share of the net loss of ITI Neovision, for the period between January 1 and March 11, 2009, and full financial results of ITI Neovision, for the period between March 11 and June 30, 2009. The results for the corresponding period of 2008 include our share of the net loss of ITI Neovision for the period between June 25, and June 30, 2008. 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.

On May 29, 2009, Discovery Networks Central Europe purchased our share in the Discovery Historia network and assumed complete ownership of this channel. Our financial results for the three and six months ended June 30, 2009 are not fully comparable to the financial results for the corresponding periods of 2008. Our results for the three and six months ended June 30, 2009 include financial results of Discovery Historia channel, only for the periods between April 1 or January 1, respectively, and May 31, 2009.

Three Months Ended June 30, 2009

We estimate that the television advertising market in Poland in the three months ended June 30, 2009 decreased by 17.9% compared to the corresponding period of 2008.

The principal events of the three months ended June 30, 2009 were as follows:

- Our share in the net television advertising market increased to 35.9%, from 35.3% in the corresponding period of 2008.

- Our TVN channel maintained its leadership in the all day key and *peak time* basic commercial target group, being the most widely watched television channel in Poland. All day key target audience share was 20.5% and *peak time* audience share was 19.6%.

- TVN 24 increased its audience share in its key target group in all categories. *All day* audience share increased to 4.9%, from 4.5%, *prime time* audience share increased to 4.0%, from 3.1%, and *peak time* audience share to 3.8%, from 3.1%, in the corresponding period of 2008. TVN 24 also increased its all day nationwide audience share to 2.7%, from 2.5%.

- Our internet portal Onet.pl had on average 12.2 million (not in thousand) real users and 3.8 billion (not in thousand) page views in May 2009. Average monthly time spent on Onet.pl portal in May 2009 was 64.5 million (not in thousand) hours.

- Our DTH platform ‘n’, increased its post paid subscriber base by over 10,000 (not in thousands) in the three months ended June 30, 2009. As of June 30, 2009, the ‘n’ DTH platform had signed up over 557,000 (not in thousands) post paid subscribers, of which over 554,000 (not in thousands) had been activated. In June 2009, the ‘n’ DTH platform recorded a monthly average revenue per subscriber (“ARPU”) of PLN 59 (not in thousands), compared to PLN 49 (not in thousands) in June 2008.

- TNK increased its prepaid subscriber base by almost 54,000 (not in thousands) in the three months ended June 30, 2009. As of June 30, 2009, TNK had over 129,000 active prepaid subscribers and a subscriber base of over 233,000 (not in thousands). The ‘n’ DTH platform including TNK, had reached a total active subscriber number of 683,000 (not in thousands) as of June 30, 2009.

- Our net revenue increased by 5.5% to PLN 580,009, from PLN 549,630 in the corresponding period of 2008. Excluding the effects of consolidation of ITI Neovision, our revenue decreased by 12.7% to PLN 480,019.

- Our ’n’ DTH platform increased its revenue by PLN 55,625, or 104.2%, to PLN 109,018, from PLN 53,393 in the corresponding period of 2008.

- Our operating profit decreased by 39.1% to PLN 138,580. Our operating margin was 23.9%. Excluding the effects of consolidation of ITI Neovision, our operating profit decreased 15.6% to PLN 191,853 and our operating margin was 40.0%.

- Our EBITDA decreased by 22.9% to PLN 190,449, from PLN 246,923 in the corresponding period of 2008. Our EBITDA margin was 32.8%, as compared to 44.9% in the corresponding period of 2008. Excluding the effects of consolidation of ITI Neovision, our EBITDA decreased by 12.7% to PLN 215,671, and our EBITDA margin was 44.9%.

- EBITDA of our thematic television channels amounted to PLN 54,975, which constituted 28.9% of our EBITDA compared with 9.6% in the corresponding period of 2008.

- We recorded a profit attributable to the owners of TVN S.A., of PLN 148,993, compared to a profit attributable to the owners of TVN S.A. of PLN 207,594 in the corresponding period of 2008.

- Our Net debt to EBITDA ratio as of June 30, 2009 was 2.7 including loans from related parties. Excluding the loans from related parties, our Net debt to EBITDA ratio as of June 30, 2009 was 2.0. We held PLN 127,448 of cash and cash equivalents, including cash at bank, cash in hand and bank deposits as of June 30, 2009.

- On May 13, 2009, our Supervisory Board accepted the resignation of six members of our Management Board. These six individuals continue to be employed as directors within the Group. Our Management Board currently comprises four members: Piotr Walter (President of the Management Board and General Director), Karen Burgess (Vice-President, Chief Financial Officer), Edward Miszczak (Vice-President responsible for Programming) and Łukasz Wejchert (Vice-President responsible for Online).

- On May 22, 2009, we won pay television, Internet and mobiles license rights to broadcast UEFA Champions League matches in Poland during the next three seasons.

- On July 15, 2009, we shut down our TVN Lingua channel due to its failure to achieve profitability targets.

Six Months Ended June 30, 2009

We estimate that the television advertising market in Poland in the six months ended June 30, 2009 decreased by 12.8% compared to the corresponding period of 2008.

The principal events of the six months ended June 30, 2009, were as follows:

- Our share in the net television advertising market increased to 35,6%, from 34,6% in the corresponding period of 2008.

- Our TVN channel maintained its leadership in the all day key and *peak time* basic commercial target group, being the most widely watched television channel in Poland. All day key target audience share was 21.3% and *peak time* audience share was 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 4.6%, *prime time* audience share increased to 3.9%, from 3.3%, and *peak time* audience share to 3.8%, from 3.3%, in the corresponding period of 2008. TVN 24 also increased its all day nationwide audience share to 2.7% from 2.6%.

- Our internet portal Onet.pl had on average 12.2 million (not in thousand) real users and 3.8 billion (not in thousand) page views in May 2009. Average monthly time spent on Onet.pl portal in May 2009 was 64.5 million (not in thousand) hours.

- The 'n' DTH platform increased its post paid subscriber base by over 61,000 (not in thousands) in the six months ended June 30, 2009. As of June 30, 2009, the 'n' DTH platform had signed up over 557,000 (not in thousands) post paid subscribers of which over 554,000 (not in thousands) had been activated.

- TNK increased its prepaid subscriber base by over 142,000 (not in thousands) in the six months ended June 30, 2009. As of June 30, 2009, TNK had over 129,000 active prepaid subscribers and a subscriber base of over 233,000 (not in thousands). The 'n' DTH platform including TNK, had reached a total active subscriber number of 683,000 (not in thousands) as of June 30, 2009.

- Our net revenue increased by 6.7% to PLN 1,015,131, from PLN 951,191 in the corresponding period of 2008. Excluding the effects of consolidation of ITI Neovision, our revenue decreased by 5.6% to PLN 898,030.

- Our 'n' DTH platform increased its revenue by PLN 106,073, or 98.3%, to PLN 213,937 in the six months ended June 30, 2009, from PLN 107,864 in the corresponding period of 2008.

- Our operating profit decreased by 6.7% to PLN 312,986. Our operating margin was 30.8%. Excluding the effects of consolidation of ITI Neovision and gain arising on the acquisition of control in ITI Neovision, our operating profit decreased by PLN 50,047, or 14.9% to PLN 285,590, and our operating margin was 31.8%.

- Our EBITDA increased by 4.9% to PLN 391,956, from PLN 373,714 in the corresponding period of 2008. Our EBITDA margin was 38.6%, as compared to 39.3% in the corresponding period of 2008. Excluding the effects of consolidation of ITI Neovision and gains arising on the acquisition of control in ITI Neovision our EBITDA decreased by PLN 41,457, or 11.1% to PLN 332,257, and our EBITDA margin was 37.0%.

- EBITDA of our thematic television channels amounted to PLN 84,535, which constituted 30.1% of our EBITDA excluding gain on consolidation of associates, compared with 6.1% in the corresponding period of 2008.

- We recorded a profit attributable to the owners of TVN S.A., of PLN 119,922, compared to a profit attributable to the owners of TVN S.A. of PLN 271,034 in the corresponding period of 2008.

- Our Net debt to EBITDA ratio as of June 30, 2009 was 2.7 including loans from related parties. Excluding the loans from related parties, our Net debt to EBITDA ratio as of June 30, 2009 was 2.0. We held PLN 127,448 of cash and cash equivalents, including cash at bank, cash in hand and bank deposits as of June 30, 2009.

- 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, TNK. This transaction increased our direct ownership interest in Neovision Holding to 51%.

Summary Historical Financial Data

The following table sets out our consolidated financial information for the three and six months ended June 30, 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.

For your convenience, Złoty amounts as of June 30, 2009 and 2008 have been converted into Euro at a rate of PLN 4.4696 per €1.00 (the effective National Bank of Poland, or “NBP”, exchange rate on June 30, 2009). Złoty amounts for the three months ended June 30, 2009 and 2008 have been converted into Euro at a rate of PLN 4.4374 per €1.00 (arithmetic average of the effective NBP exchange rates on April 30, 2009, May 31, 2009 and June 30, 2009). Złoty amounts for the six months ended June 30, 2009 and 2008 have been converted into Euro at a rate of PLN 4.5184 per €1.00 (arithmetic average of the effective NBP exchange rates on January 31, 2009, February 28, 2009, March 31, 2009, April 30, 2009, May 31, 2009 and June 30, 2009). 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.

	Three months ended June 30,				Six months ended June 30,			
	2008	2008	2009	2009	2008	2008	2009	2009
	PLN	€	PLN	€	PLN	€	PLN	€
Income Statement data								
Revenue	549,630	123,863	580,009	130,709	951,191	210,515	1,015,131	224,666
Operating profit	227,436	51,254	138,580	31,230	335,637	74,282	312,986	69,269
Profit before income tax	254,755	57,411	171,357	38,617	336,134	74,392	128,042	28,338
Adjusted profit attributable to the owners of TVN S.A.	179,803	40,520	148,993	33,577	253,950	56,204	119,922	26,541
Profit attributable to the owners of TVN S.A.	207,594	46,783	148,993	33,577	271,034	59,985	119,922	26,541
Cash Flow Data								
Net cash generated from operating activities	198,063	44,635	180,008	40,566	327,257	72,428	208,893	46,232
Net cash (used in) investing activities	(400,123)	(90,171)	(81,414)	(18,347)	(424,286)	(93,902)	(13,349)	(2,954)
Net cash generated from/ (used in) financing activities	308,524	69,528	(297,143)	(66,963)	280,670	62,117	(249,068)	(55,123)
Increase/ (decrease) in cash and cash equivalents	106,464	23,992	(198,549)	(44,744)	183,641	40,643	(53,524)	(11,846)
Weighted average number of ordinary shares in issue (not in thousands)	348,739,959	348,739,959	340,358,955	340,358,955	348,070,245	348,070,245	342,140,108	342,140,108
Weighted average number of potential ordinary shares in issue (not in thousands)	353,307,232	353,307,232	340,532,472	340,532,472	353,392,889	353,392,889	342,317,671	342,317,671
Earnings per share attributable to the owners of TVN S.A. (not in thousands)	0.60	0.14	0.44	0.10	0.78	0.17	0.35	0.08
Earnings per share attributable to the owners of TVN S.A. excluding revaluation of embedded option (not in thousands)	0.51	0.11	0.44	0.10	0.73	0.16	0.35	0.08
Diluted earnings per share attributable to the owners of TVN S.A. (not in thousands)	0.59	0.13	0.44	0.10	0.77	0.17	0.35	0.08
Dividend paid or declared per share (not in thousands)	0.49	0.11	0.57	0.13	0.49	0.11	0.57	0.13
Other data								
EBITDA*	246,923	55,646	190,449	42,919	373,714	82,709	391,956	86,747
EBITDA margin	44.9%	44.9%	32.8%	32.8%	39.3%	39.3%	38.6%	38.6%
Operating margin	41.4%	41.4%	23.9%	23.9%	35.3%	35.3%	30.8%	30.8%
Balance Sheet data	**As at December 31, 2008 PLN**	**As at December 31, 2008 €**	**As at June 30, 2009 PLN**	**As at June 30, 2009 €**	**As at December 31, 2008 PLN**	**As at December 31, 2008 €**	**As at June 30, 2009 PLN**	**As at Jun 30, 2009 €**
Total assets	3,753,174	839,711	4,283,953	958,465	3,753,174	839,711	4,283,953	958,465
Current assets	1,201,394	268,792	808,671	180,927	1,201,394	268,792	808,671	180,927
Non-current liabilities	1,637,872	366,447	2,483,233	555,584	1,637,872	366,447	2,483,233	555,584
Current liabilities	468,348	104,785	617,464	138,148	468,348	104,785	617,464	138,148
Shareholders equity	1,646,954	368,479	1,183,256	264,734	1,646,954	368,479	1,183,256	264,734
Share capital	69,903	15,640	69,904	15,640	69,903	15,640	69,904	15,640
Non-controlling interest	-	-	(338,532)	(75,741)	-	-	(338,532)	(75,741)

*We define EBITDA as net profit/(loss), as determined in accordance with IFRS (as defined herein), 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 ("EU"). As of June 30, 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 "Amendment to IFRS 7 Improving Disclosures about Financial certain standards and the International Financial–Instruments". However, certain Reporting Interpretations Committee ("IFRIC") interpretations effective as at June 30, 2009 had not been endorsed by the European Union at that date.

We prepare our financial statements 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. 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.

How We Generate Revenue

We derive a substantial portion of our revenue from television and online advertising. During the three and six months ended June 30, 2009, we derived approximately 62.1% and 64.2%, respectively, of our total net revenue from commercial television and online advertising, compared with 79.3% and 77.9%, respectively, in the corresponding periods of 2008.

Television broadcasting and production

This segment derives revenue primarily from commercial advertising. During the three and six months ended June 30, 2009, we derived approximately 55.0% and 56.7%, respectively, of our total net revenue from television advertising, compared with 71.4% and 69.7%, respectively, in the corresponding periods 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 years old).

Rate-card pricing. During the three and six months ended June 30, 2009, we derived 48.8% and 50.4% respectively, of our advertising revenue from sales based on rate card pricing, compared with 83.0% and 82.0%, respectively, 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 and six months ended June 30, 2009, we derived 51.2% and 49.6%, respectively, of our advertising revenue from sales of GRP packages, compared with 17.0% and 18.0%, respectively, in the corresponding periods of 2008. Advertising priced on a cost per GRP basis allows an advertiser to specify the number of GRPs 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 three and six months ended June 30, 2009, we tended to sell over 99.4% and 96.6%, respectively, of peak-time advertising spots on our TVN channel and over 66.6% and 64.5%, respectively, 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.

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 and six months ended June 30, 2009, approximately 8.0% and 9.4%, respectively, of our total net revenue came from such fees compared with 5.4% and 6.3%, respectively, in the corresponding periods 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.

Other Revenue

Other revenue sources include revenue generated from sponsorship, call television, text messages and sales of rights to programming content. We share revenue that we generate from text messages and call television with the corresponding service provider, such as the telecommunications companies.

Online

Online segment derives a substantial portion of revenue from online advertising. During the three and six months ended June 30, 2009, we derived approximately 7.4% and 7.9%, respectively, of our total net revenue from online advertising, compared with 7.9% and 8.2%, respectively, in the corresponding periods of 2008.

Online Advertising Revenue

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 as well as from online directory services.

Display of advertisements. We generate revenue related to the display of advertisements on the Onet.pl websites, Zumi.pl, Plejada.pl and TVN24.pl vortals 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.pl websites, and OnetKontekst websites. We recognize revenue from these arrangements as a "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 during which 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", and their hybrids. The majority of our online advertising services sales are done on a "CPM" basis.

Online Fee Revenue

Other revenue sources include revenue generated from a variety of consumer and business fee-based services. These 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.

Digital Satellite Pay Television

This segment derives the majority of its revenue from subscription fees. During the three and six months ended June 30, 2009, we derived approximately 17.4% and 11.9%, respectively, of our total net revenue from 'n' DTH platform subscription fees.

Subscription Fees from Subscribers to For 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, the type of services to which they subscribe, and the current subscription 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.

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. Discounts granted in a given period, and which relate to the entire customer contract, are recognized proportionately over the contract term.

Activation Fees

Activation fees are the one-time fees paid by the '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.

Other Segments

Revenue in other segments primarily includes the sale of goods/teleshopping which accounted for approximately 1.8% and 2.3%, respectively, of our revenue in the three and six months ended June 30, 2009, compared with 1.9% and 2.1%, respectively, in the corresponding periods of 2008. We generate revenue from sales of products offered in a particular show on Mango Media, our dedicated teleshopping channel or on, our other television channels as well as on the Mango Media Internet site. This segments revenue also includes revenue from cinema distribution of films we produce.

Our Expenses

The majority of our operating expenses, 48.4% and 46.1%, respectively, in the three and six months ended June 30, 2009 and 51.0% and 49.6%, respectively, in the corresponding periods of 2008, were related to acquisition and production of television programming and Internet content.

Television Broadcasting and Production

Programming Costs

Segment's operating expenses consist primarily of amortization of television programming costs, which accounted for 38.0% and 43.3%, respectively, of our cost of revenue in the three and six months ended June 30, 2009, compared with 60.3% and 59.2%, respectively, in the corresponding periods of 2008. Amortization expense includes amortization of production costs for television programs specifically produced by or for us, either under licenses from third parties or under our own licenses and amortization of rights to television programming content produced by third parties and licensed to us. During the three and six months ended June 30, 2009, we commissioned and produced locally through third parties respectively 74.2% and 76.5%, respectively, of our programming content on our

TVN channel, and we acquired 25.8% and 23.5%, respectively, of our programming content from third parties. Amortization is based on the estimated number of showings and the type of programming content. For further details on our amortization policy see Note 2.12 to our consolidated financial statements for the year ended December 31, 2008.

Other Costs

Other costs of television broadcasting and production consist of broadcasting costs, which mainly consist of 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 and PISF, the Polish Film Institute, depreciation of television and broadcasting equipment, marketing and research costs, rent and maintenance costs for our premises, consulting fees for technical, financial and legal services and a service fee payable to ITI Group pursuant to the Services Agreement, dated July 22, 2004, between us and ITI Group. Our supervisory board, in a resolution passed on December 11, 2008, approved continuance of the of Services Agreement in though 2009.

Online

Operating costs of our Online segment consist mainly of Internet content production and acquisition costs, lease of transmission network, staff expenses and share options granted to board members and employees and marketing and research costs. Costs related to Internet content are amortized 100% once the related services or information goes live.

Other Online segments' costs are depreciation of Internet equipment, rent and maintenance costs for our premises and other costs.

Digital Satellite Pay Television

Our digital satellite pay television segment's operating expenses consist primarily of programming costs, depreciation of set-top boxes, broadcasting expenses, staff expenses, sales commissions and marketing expenses. This segment's operating expenses consist primarily of programming costs, which accounted for 22.8% and 16.5%, respectively, of our cost of revenue in the three and six months ended June 30, 2009.

Programming Costs

The 'n' DTH platform acquires long-term licenses to broadcast movies, sport events and rights to television channels, for which it pays fixed fees. Such rights are capitalized and amortized over the license term. In the case of other licenses to broadcast television channels, usually with respect to channels offered to 'n' on a non-exclusive basis, 'n' pays fees dependent on the number of active subscribers multiplied by a fee per subscriber. Such fees are expensed in the period in which they arise. Programming production expenses relate to the channels produced by 'n', as well as to 'n' VOD services.

Depreciation of Set-Top Boxes

The set-top boxes that we provide to the 'n' DTH platform subscribers remain our property. Customers are obligated to return them after termination of their contracts. We depreciate set-top boxes over their expected useful life of five years.

Sales Commissions

We pay commissions to the 'n' DTH platform distributors and call center for acquiring new subscribers. The amount of commission depends on the number of acquired customers as well as on the type of services to which a customer subscribes to and the length of contract. For meeting certain periodical sales targets we pay additional commissions to the ‘n’ DTH platform distributors.

Other Expenses

Other segment expenses include payments for decoding cards, payments for print and postage of customer bills and other correspondence, telecommunication charges, fees payable to the Polish Film Institute and royalties payable to unions of artists and professionals in the entertainment industry, provisions for doubtful debts, employee salaries, rent for office space, IT equipment and software maintenance fees and consulting services.

Other Segments

Other segments’ expenses consist primarily of costs of services and goods sold, broadcasting expenses, staff expenses and marketing and research expenses.

Factors Affecting Our Revenue and Costs

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 below, 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.

Television Broadcasting and Production

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 28.2% and 30.2%, respectively, of the reported gross television advertising expenditure in the three and six months ended June 30, 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.

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 and six months ended June 30, 2009, the ATV level for all day audience aged 16 to 49 years old was 183 and 204 respectively, compared to 175 and 191 in the corresponding periods of 2008.

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 that appeals to our target audience. According to AGB, together our channels captured an average of 20.6% and 20.8%, respectively, of Poland's nationwide all-day audience in the three and six months ended June 30, 2009, and our TVN channel achieved 24.6% and 25.0%, respectively, of our key target group peak time audience in the three and six months ended June 30, 2009. We believe our substantial market share of Poland's television viewing audience results from offering attractive programming, 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.

Online

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 web pages, through animated rich-media advertisements displayed on top of pages, to video-based advertisements. Reach represents the proportion of Internet users who visit 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.

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 first or 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.

Digital Satellite Pay Television

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 and content available 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, to which our subscribers subscribe. 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 in order 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 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 is 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.

Availability and cost of attractive programming content. 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, 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 video on demand 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, 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 234,642. 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 part of our programming rights up until the end of 2009. The hedging strategy based on U.S. Dollar put and call options as of June 30, 2009 has notional value of USD 15,045, maturity dates between September 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 June 30, 2009 was based on valuations by banks we have engaged.

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-Gątarek-Musiela model, and the resulting value is based primarily upon the quoted price for our Senior Notes.

During the six months ended June 30, 2009 the trading price of our Senior Notes decreased from 84.00 as at December 31, 2008 to 78.50 as at June 30, 2009. We did not recognize any change in the carrying value of the related asset which amounted to PLN 0 as at December 31, 2008 and as at June 30, 2009.

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%.

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.

Financial Condition and Results of Operations

Financial Condition

Our property, plant and equipment increased by PLN 332,238, or 95.6%, to PLN 679,638 as of June 30, 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 321,522, out which PLN 282,960 represented set top boxes.

Our goodwill increased to PLN 1,715,568 as of June 30, 2009, from PLN 952,657 as of December 31, 2008, and our brand increased to PLN 779,209 as of June 30, 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 15,971, or 28.1%, to PLN 72,767 as of June 30, 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 13,365 as of June 30, 2009.

Our current and non-current programming rights inventory increased by PLN 72,964, or 21.0%, to 420,381 PLN as of June 30, 2009, from PLN 347,417 as of December 31, 2008. The increase results mainly from the consolidation of ITI Neovision programming inventory of PLN 43,089. The increase is also partly due to an increase of PLN 21,556 in our free to air television acquired programming rights, primarily from our Warner and Paramount deals. Our locally produced programming inventory increased by PLN 11,325 as we have already produced certain shows for our Autumn schedule.

Our investments in associates decreased to PLN 1,254 as of June 30, 2009, from PLN 120,076 as of December 31, 2008. Our loans to associates decreased to PLN 0 as of June 30, 2009, from 179,138 as of December 31, 2008. These decreases result from us taking control of ITI Neovision, and the resulting change in the accounting method from equity method to full consolidation.

Our current available for sale financial assets decreased to PLN 0 at June 30, 2009, from PLN 315,616 as of December 31, 2008. This results from the fact that all Polish government short-term treasury bills that we held either matured or were sold before June 30, 2009.

Our derivative financial assets decreased by PLN 138,528 to PLN 11,337 as of June 30, 2009, from PLN 149,865 as of December 31, 2008. This decrease was mostly due to our settlement of currency options hedging our PLN/EUR exposure in January 2009, which resulted in a decrease in value of the assets by PLN 126,121, and partly due to a settlement of currency options for PLN/USD in March and June 2009, which resulted in a decrease of the asset by PLN 12,407.

Our prepayments and other assets increased by PLN 53,782, to PLN 105,068 as of June 30, 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 programming and non-programming inventory related prepayments as well as VAT & non-CIT receivables..

Our treasury shares amounted to PLN 100,000 as of June 30, 2009. This amount represents our shares which we purchased in connection with our Share Buyback Program (as described further under "Liquidity and capital resources," below) Redemption of these shares was registered by the court on July 3, 2009.

Our other reserves increased by PLN 11,537, or 10.6%, to PLN 120,585 as of June 30, 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 is negative and amounts to PLN (338,532), which represents the interest of ITI Media Group in the identifiable net assets of ITI Neovision as of March 11, 2009 and a share in ITI Neovision's net loss for the period between March 11, 2009 and June 30, 2009.

Our Senior Notes liability, excluding accrued interest, increased by PLN 67,190, or 7.9%, to PLN 922,622 as of June 30, 2009, from PLN 855,432 as of December 31, 2008, mainly due to a depreciation of the Złoty against Euro as of June 30, 2009, compared to December 31, 2008.

Our loans from related parties amounted to PLN 498,314 as of June 30, 2009. This balance represents loans granted to ITI Neovision by their non-controlling shareholder, ITI Media Group, and the related accrued interest.

Our non-current trade payables increased by PLN 43,268 to PLN 50,219 as of June 30, 2009, from PLN 6,951 as of December 31, 2008. This increase was primarily from the recognition of ITI Neovision's programming payables and payables related to set-top boxes.

Contingent consideration of PLN 236,750 represents the fair value of a correction payment that may be 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 149,595 to PLN 291,500 as of June 30, 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 20,025 to PLN 20,534 as of June 30, 2009, from PLN 40,559 as of December 31, 2008, primarily because we paid corporate income tax for 2008 in March 2009.

Our overdraft facility liability amounted to PLN 0 as of June 30, 2009, compared with PLN 48,733 as of December 31, 2008. This decrease is due to our nonuse of our overdraft facility as of June 30, 2009.

Our other liabilities and accruals increased by PLN 69,189, or 30.1% to PLN 298,682 as of June 30, 2009, from PLN 229,493 as of December 31, 2008. The increase results mainly from the recognition of ITI Neovision's other nominal liabilities and accruals as of June 30, 2009.

Results of Operations

Three Months Ended June 30, 2009 Compared to Three Months Ended June 30, 2008

Revenue, net. Our net revenue increased by PLN 30,379, or 5.5%, to PLN 580,009 in the three months ended June 30, 2009, from PLN 549,630 in the corresponding period of 2008. Excluding the effects of consolidation of ITI Neovision, our net revenue decreased by PLN 69,611, or 12.7% ,to PLN 480,019. This decrease resulted primarily from a decrease in our advertising revenue of PLN 75,934 and a decrease in sponsoring revenue of PLN 7,033, partly offset by an increase in subscription fees of PLN 15,273.

Our advertising revenue decreased by PLN 75,934, or 17.3%, to PLN 359,655 during the three months ended June 30, 2009, from PLN 435,589 in the corresponding period of 2008. This decrease was primarily due to a decrease of PLN 70,188, or 20.8% in the net advertising revenue of our TVN channel, which recorded an effective decrease of 24.4% in the price of GRPs sold, which was partially offset by a 4.5% increase in the volume of inventory sold.

Sponsoring revenue decreased by PLN 7,033, or 15.9%, to PLN 37,118 in the three months ended June 30, 2009, from PLN 44,151 in the corresponding period of 2008, mainly due to a decrease in the number of episodes of sponsored shows which resulted from our decision to reduce investment in our TVN channel schedule in June 2009 as well as from price decreases.

Subscription fees from satellite and cable operators increased by PLN 15,273, or 51.3%, to PLN 45,062 in the three months ended June 30, 2009, from PLN 29,789 in the corresponding period of 2008. The increase was mainly due to higher PLN/EUR exchange rate in the second quarter of 2009 compared with the corresponding period in 2008. Subscriber fees are primarily denominated in Euro. The increase was also 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.

Cost of revenue. Cost of revenue increased by PLN 94,127, or 37.7%, to PLN 344,058 in the three months ended June 30, 2009, from PLN 249,931 in the corresponding period of 2008. Excluding the effects of consolidation of ITI Neovision, our cost of revenue decreased by PLN 21,495, or 8.6%, to PLN 228,436 in the three months ended June 30, 2009.

This decrease was primarily due to a decrease of PLN 14,566, or 11.0% in the amortization of locally produced content to PLN 118,293 in the three months ended June 30, 2009, from PLN 132,859 in the corresponding period of 2008. This decrease reflects our decision to reduce investment in our TVN channel schedule in June due to the slow down of advertising market as well as our decision to withdraw from production of Discovery Historia channel. Despite this reduction in investment, TVN channel continued to lead the market in the second quarter of 2009, in its key target group.

Our programming staff expenses decreased by PLN 7,790, or 43.0%, to PLN 10,343, from PLN 18,133 in the corresponding period of 2008. The decrease in programming staff expenses is primarily due to a lower stock option program expense.

These decreases were partly offset by an increase in television production and broadcasting equipment depreciation of PLN 4,220. This increase results from the capital investments we made in 2008, when we acquired and started to use another high definition television production vehicle, production equipment for our new series and studio equipment for our new TVN Warszawa channel.

As a percentage of net revenue, our cost of revenue increased in the three months ended June 30, 2009 to 59.3%, compared to 45.5% in the corresponding period of 2008. Excluding the effects of consolidation of ITI Neovision, our cost of revenue as a percentage of net revenue increased in the three months ended June 30, 2009 to 47.6%.

Selling expenses. Our selling expenses increased by PLN 23,911, or 70.2%, to PLN 57,968 for the three months ended June 30, 2009, from PLN 34,057 in the corresponding period of 2008. Excluding the effects of consolidation of ITI Neovision, our selling expenses decreased by PLN 4,902, or 14.4% to PLN 29,155. This decrease resulted primarily from a decrease in marketing expenses of PLN 5,301. This decrease resulted from lower cost of promotion of our spring schedule as well as from the fact we re-launched our TVN 7 channel in the second quarter of 2008, which increased the cost base in that period.

As a percentage of net revenue, our selling expenses increased to 10.0% in the three months ended June 30, 2009, from 6.2% in the corresponding period of 2008. Excluding the effects of consolidation of ITI Neovision, our selling expenses as a percentage of net revenue decreased to 6.1% in the three months ended June 30, 2009.

General and administration expenses. Our general and administration expenses decreased by PLN 2,803, or 7.4%, to PLN 35,000 for the three months ended June 30, 2009, compared with PLN 37,803 in the corresponding period of 2008. Excluding the effects of consolidation of ITI Neovision, our general and administration expenses decreased by PLN 12,049, or 31.9%, to PLN 25,754. This decrease results primarily from decrease of staff expenses of PLN 9,939, resulting mainly from a lower stock option program expense and partly from a reduction in annual bonuses.

As a percentage of net revenue, our general and administration expenses decreased to 6.0% in the three months ended June 30, 2009, from 6.9% in the corresponding period of 2008. Excluding the effects of consolidation of ITI Neovision, our general and administration expenses decreased to 5.4% of net revenue.

Operating profit. Operating profit decreased by PLN 88,856, or 39.1% to PLN 138,580 for the three months ended June 30, 2009, from PLN 227,436 in the corresponding period of 2008. The decrease is primarily due to the decrease in advertising revenue and consolidation of the operating losses of ITI Neovision.

Our operating margin in the three months ended June 30, 2009 decreased to 23.9%, from 41.4% in the corresponding period of 2008. Our operating margin excluding the effects of consolidation of ITI Neovision was 40.0%.

Investment income, net. We recorded investment income, net of PLN 31,478 for the three months ended June 30, 2009, compared to investment income, net of PLN 6,836 in the corresponding period of 2008.

This increase was mainly due to foreign exchange gains of PLN 37,389 partly on contingent consideration that represents the fair value of a correction payment that may be payable to ITI Media Group in 2011 and partly on programming related payables that result from PLN/EUR exchange rate appreciation between March 31, 2009 and June 30, 2009, whereas in the corresponding period of 2008 we recognized other foreign exchange gains of PLN 4,051. This increase was partly offset by revaluation losses on our U.S. Dollar currency options of PLN 8,620, reflecting the appreciation of PLN against U.S. Dollar during the three months ended June 30, 2009.

Finance income, net. We recorded finance income net of PLN 1,071 for the three months ended June 30, 2009, compared to finance income net of PLN 21,038 in the corresponding period of 2008.

We recognized foreign exchange gains on our Senior Notes of PLN 51,001 in the three months ended June 30, 2009, compared to foreign exchange gains of PLN 39,356 in the corresponding period of 2008, due to a significant appreciation of the PLN/EUR exchange rate as of June 30, 2009, compared with March 31, 2009. We recognized foreign exchange gains of PLN 14,034 on loans granted to ITI Neovision by its non-controlling shareholder.

Our interest expense increased by PLN 27,840 to PLN 50,398 in the three months ended June 30, 2009, from PLN 22,558 in the corresponding period of 2008. This increase was partly due to interest expense of PLN 11,420 on our PLN Bonds which we issued in June 2008, and partly due to PLN 11,386 of interest payable from ITI Neovision to its non-controlling shareholder. We also recorded an increase in bank and other charges of PLN 4,810 to PLN 5,095, from PLN 284 in the corresponding period of 2008, partly because we paid an annual arrangement fee related to our Loan facility and partly because of penalty interest on overdue payables that ITI Neovision paid to one of its suppliers.

We recorded a loss of PLN 7,254 on valuation of the contingent consideration related to the correction payment that may be payable to ITI Media Group in 2011.

The change in the fair value of options embedded in our Senior Notes in the three month period ended June 30, 2009 was nil, whereas in the corresponding period of 2008 we recorded a gain of PLN 34,310. During the three months ended June 30, 2009 the trading price of our Senior Notes increased from 78.0 as of March 31, 2009, to 78.50 as of June 30, 2009.

Profit before income tax. Our profit before income tax was PLN 171,357 for the three months ended June 30, 2009, compared to a profit before income tax of PLN 254,755 in the corresponding period of 2008. This decrease was primarily due to the decrease in our operating profit.

Income tax charge. For the three months ended June 30, 2009, we recorded a total income tax charge of PLN 29,604, compared to an income tax charge of PLN 47,161 in the corresponding period of 2008. This decrease resulted primarily from lower profit 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.

Profit for the period. Our profit for the period amounted to PLN 141,753 in the three months ended June 30, 2009, compared to a profit of PLN 207,594 in the corresponding period of 2008. The decrease was primarily due to the decrease in our profit before income tax, partly offset by lower income tax charge.

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 7,240 in the second quarter of 2009.

Profit attributable to the owners of TVN S.A. Our profit attributable to the owners of TVN S.A. was PLN 148,993 for the three months ended June 30, 2009, compared to a net profit of PLN 207,594 in the corresponding period of 2008.

The table below summarizes profit attributable to the owners of TVN S.A. and profit attributable to the owners of TVN S.A. excluding the impact of revaluation of embedded options we recorded in the three months ended June 30, 2009 and 2008:

	Three months ended June 30,	
	2009	2008
	PLN	PLN
Profit attributable to the owners of TVN S.A.	148,993	207,594
Impact of embedded options, net of tax	-	(27,791)
Profit attributable to the owners of TVN S.A. excluding embedded options	148,993	179,803

Results by Business Segment

Our business comprises three major business segments: television broadcasting and production, online and digital satellite pay television. We currently report these 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 June 30, 2009 and 2008:

	Television Broadcasting & Production		Online		Digital satellite pay television **		All other		Other reconcilitng items***		Total	
	Three months ended June 30, 2009	Three months ended June 30, 2008	Three months ended June 30, 2009	Three months ended June 30, 2008	Three months ended June 30, 2009	Three months ended June 30, 2008	Three months ended June 30, 2009	Three months ended June 30, 2008	Three months ended June 30, 2009	Three months ended June 30, 2008	Three months ended June 30, 2009	Three months ended June 30, 2008
Revenue from external customers	408,431	477,160	47,510	49,715	109,304	-	14,764	22,754	**-**	-	580,009	549,630
Inter-segment revenue	11,035	356	3,669	2,484	(285)	-	7,868	3,156	(22,287)	(5,995)	-	-
Total revenue	**419,466**	**477,516**	**51,179**	**52,199**	**109,019**	**-**	**22,632**	**25,910**	**(22,287)**	**(5,995)**	**580,009**	**549,630**
Segment result	191,109	214,623	7,209	12,163	(52,178)	-	1,522	9,432	(9,083)	(8,783)	138,579	227,436
Segment result excluding stock option	191,553	220,984	5,742	13,587	(52,178)	-	1,588	9,657	(9,962)	(7,396)	136,743	236,833
EBITDA*	**207,289**	**228,104**	**14,035**	**17,239**	**(24,125)**	**-**	**2,229**	**10,362**	**(8,979)**	**(8,782)**	**190,449**	**246,923**
EBITDA* excluding stock option plan expense	207,733	234,464	12,569	18,664	(24,125)	-	2,295	10,586	(9,860)	(7,394)	188,612	256,320
EBITDA* margin	**49.4%**	**47.8%**	**27.4%**	**33.0%**	**-**	**-**	**9.8%**	**40.0%**	**-**	**-**	**32.8%**	**44.9%**
EBITDA* margin excluding stock option plan expense	49.5%	49.1%	24.6%	35.8%	-	-	10.1%	40.9%	-	-	32.5%	46.6%

* 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 June 30, 2009 and 2008:

	Three months ended June 30,							
	2009				2008			
	Revenue	EBITDA	EBITDA %	EBITDA % excluding stock option plan expense	Revenue	EBITDA	EBITDA %	EBITDA % excluding stock option plan expense
TVN channel	309,434	154,769	50.0%	50.1%	378,260	208,056	55.0%	57.1%
TVN 24 channel	53,851	32,231	59.9%	60.3%	50,507	21,677	42.9%	45.0%
Other television channels	56,181	22,744	40.5%	26.5%	50,171	1,987	4.0%	4.5%
Total	**419,466**	**209,744**	**50.0%**	**48.2%**	**478,938**	**231,720**	**48.4%**	**50.3%**
Consolidation adjustment (intra segment)	-	(2,455)	-	-	(1,422)	(3,616)	-	-
Total segment	**419,466**	**207,289**	**49.4%**	**7.5%**	**477,516**	**228,104**	**47.8%**	**6.4%**

Television broadcasting and production revenue in the three months ended June 30, 2009 decreased by PLN 58,050, or 12.2%, to 419,466, compared to PLN 477,516 in the corresponding period of 2008.

Our TVN channel revenue decreased by PLN 68,826, or 18.2%, in the three months ended June 30, 2009. This decrease was primarily due to a decrease of PLN 70,188, or 20.8% in the net advertising revenue of our TVN channel, which recorded an effective decrease of 24.4% in the price of GRPs sold, which was partially offset by a 4.5% increase in the volume of inventory sold. Our TVN channel's all day basic commercial target group audience share decreased to 16.5% for the three months ended June 30, 2009, from 17.9% in 2008.

TVN 24 increased its revenue by PLN 3,344, or 6.6%, mainly due to an increase in subscription fees from satellite and cable operators, which increased by PLN 10,611, or 58.5% to PLN 28,757, mostly due to a depreciation of PLN/EUR exchange rate in the three months ended June 30, 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 1.1 million (not in thousands). This increase was partly offset by a decrease of PLN 5,133, or 19.9% in advertising revenue and PLN 1,863, or 32.9%, decrease in sponsoring revenue. TVN 24 channel increased its audience share in its key target group in all categories in the three months ended June 30, 2009. All day audience share increased to 4.9% from 4.5%, *prime time* audience share increased to 4.0% from 3.1% and *peak time* audience share increase to 3.8% from 3.1% in the corresponding period of 2008. As of June 30, 2009 TVN 24 had 7.2 million (not in thousands) subscribers.

Our other channels' revenue increased by PLN 6,010, or 12.0%, in the three months ended June 30, 2009. This increase was mainly attributable to an increase of PLN 7,102, or 69.9%, in subscription fees from satellite and cable operators.

TVN channel's EBITDA decreased by PLN 53,287, or 25.6%, to PLN 154,769 in the three months ended June 30, 2009, from PLN 208,056 in the corresponding period of 2008 and EBITDA margin decreased to 50.0% from 55.0% in the corresponding period of 2008. The decrease is mostly due to a decrease in advertising revenue. TVN 24 channel EBITDA increased by PLN 10,554, or 48.7% to PLN 32,231 in the three months ended June 30, 2009 from PLN 21,677 in the corresponding period of 2008 and EBITDA margin was 59.9%. The increase in EBITDA is partly due to an increase in subscription fees from satellite and cable operators, partly due to cost reductions and partly due to a higher cost base in 2008 resulting from live coverage of such events as UEFA Euro 2008.

EBITDA for our other channels increased by PLN 20,797. Excluding the start up losses of TVN Warszawa channel which we launched in December 2008, other television channels increased EBITDA by PLN 24,123 to PLN 26,836, with an EBITDA margin of 49.3%.The increase was partly due to our decision to withdraw from the Discovery Historia channel, partly due to an increase in subscription fees from satellite and cable operators and partly due to cost reductions.

Online

The table below sets forth summarized financial results for our Online segment for the three months ended June 30, 2009 and 2008:

	Three months ended June 30,							
	2009				2008			
	Revenue	EBITDA	EBITDA %	Cash EBITDA % excluding stock option plan expense	Revenue	EBITDA	EBITDA %	Cash EBITDA % excluding stock option plan expense
Onet.pl	43,806	13,982	31.9%	39.3%	47,888	17,579	36.7%	50.4%
Other	9,073	233	2.6%	-	5,607	(3,497)	-	-
Total	**52,879**	**14,215**	**26.9%**	**30.1%**	**53,495**	**14,082**	**26.3%**	**32.7%**
Consolidation adjustment (inter and intra segment)	(1,700)	(180)	-	-	(1,296)	3,157	-	-
Total segment	**51,179**	**14,035**	**27.4%**	**30.8%**	**52,199**	**17,239**	**33.0%**	**37.9%**
Total segment - cash	**44,369**	**13,678**		**30.8%**	**46,190**	**17,488**		**37.9%**

Online revenue decreased by PLN 1,020, or 2.0%, to PLN 51,179 in the three months ended June 30, 2009, from 52,199 in the corresponding period of 2008. Online cash revenue (revenue excluding barter revenue) decreased by PLN 1,821, or 4.0%, to PLN 44,369, mainly due to a decrease in cash advertising revenue in Onet.pl by PLN 4,662, or 13.9%, partly offset by an increase by PLN 2,744, or 96.6%, in cash advertising revenue of Zumi.pl. The decrease in Onet.pl revenue is partly due to higher advertising revenue base in 2008. The revenue base in 2008 was increased by significant one-off contracts with telecom operators. Excluding the impact of the above mentioned contracts, Onet.pl revenue decreased by 1.8%. Revenue of our Internet vortals, presented in the table above as 'Other', increased by PLN 3,646, or 61.8%, to PLN 9,073 in the three months ended June 30, 2009, from PLN 5,607 in the corresponding period of 2008, mainly due to increase by PLN 3,029, or 104.7% in advertising revenue in Zumi.pl.

Starting from May 2009 there have been adjustments made to the methodology of real users calculations and, as a result, there are no comparatives for May 2009 data. Our internet portal Onet.pl had on average 12.2 million (not in thousand) real users and 3.8 billion (not in thousand) page views in May 2009. Average monthly time spent on Onet.pl portal in May 2009 was 64.5 million (not in thousand) hours.

Segment EBITDA decreased by PLN 3,204, to PLN 14,035 in the three months ended June 30, 2009. EBITDA margin decreased to 27.4%, from 33.0% in the corresponding period of 2008. Online cash EBITDA (EBITDA excluding barter and stock option plan expenses) was PLN 13,678, compared to PLN 17,488 in the corresponding period of 2008. Segment cash EBITDA margin was 30.8%, compared to 37.9% in the corresponding period of 2008. Onet.pl EBITDA decreased by PLN 3,597 or 20.5%. The decrease of Onet.pl EBITDA results mainly from a higher advertising revenue base in 2008, which resulted from significant one-off contracts with telecom operators. Excluding the impact of these contracts, Onet.pl EBITDA did not change significantly comparing to the corresponding period of 2008. EBITDA of our Internet vortals presented in the table above as ‘Other’ increased by PLN 3,730 to a gain of PLN 233 in the three months ended June 30, 2009, primarily due to an increase of PLN 1,747 in the EBITDA of Zumi.pl and an increase in the EBITDA of our vortals TVN24.pl and Plejada.pl by PLN 1,698 and PLN 493, respectively.

Digital Satellite Pay Television

The table below sets forth summarized financial results of our digital satellite pay television segment for the three months ended June 30, 2009 and 2008. We, however, fully consolidated the financial results of our digital satellite pay television segment for the period between March 11, 2009 and June 30, 2009.

	Three months ended June 30,					
	2009			2008		
	Revenue	**EBITDA**	**EBITDA %**	**Revenue**	**EBITDA**	**EBITDA %**
‘n’ post paid subscribers	105,342	(23,522)	-	53,393	(30,056)	-
‘n’ pre-paid subscribers (Telewizja na kartę)	3,677	(603)	-	-	-	-
Total segment	**109,019**	**(24,125)**	**-**	**53,393**	**(30,056)**	**-**

‘n’ DTH platform revenue increased by PLN 55,626, or 104.2%, to PLN 109,019 in the three months ended June 30, 2009 from PLN 53,393 in the corresponding period of 2008. This increase results mainly from an increase in subscription fee revenue, which increased by PLN 54,997, or 119.7%, to PLN 100,959 in the three months ended June 30, 2009, from PLN 45,962 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 232,302 (not in thousands) to an average of 554,206 (not in thousands) in the three month period ended June 30, 2009, from an average of 321,904 subscribers in the corresponding period in 2008. The ‘n’ DTH platform ARPU increased by PLN 9.6 to PLN 57.6 in the three months ended June 30, 2009 from PLN 48.0 in the corresponding period of 2008. ‘n’ DTH platform recorded 39,505 (not in thousand) gross post paid subscriber additions in the three months ended June 30, 2009, compared to 24,884 (not in thousands) in the three months ended June 30, 2008.

TNK recorded revenue of PLN 3,677 in the three months ended June 30, 2009. TNK increased its prepaid subscribers base by almost 54,000 (not in thousands) in the three months ended June 30, 2009. As of June 30, 2009, TNK had over 129,000 active prepaid subscribers and a subscriber base of over 233,000 (not in thousands). In the three months ended June 30, 2009, TNK recorded ARPU of PLN 9.63 (non in thousands).

‘n’ DTH platform recorded a loss at the EBITDA level of PLN 24,125 in the three months ended June 30, 2009. compared to PLN 30,056 in the corresponding period of 2008. This quarter’s EBITDA was adversely affected by the depreciation of the of PLN/EUR and PLN/USD exchange rates, as the majority of the platform’s costs, including programming and broadcasting expenses, are denominated in Euro and U.S. Dollar.

All Other

The table below sets forth summarized financial results of our “All Other” segment for the three months ended June 30, 2009 and 2008. The segment comprises teleshopping, cinema movies distribution as well as content sales and technical services offered primarily to business entities within TVN Group.

	Three months ended June 30,							
	2009				2008			
	Revenue	**EBITDA**	**EBITDA %**	**EBITDA % excluding stock option plan expense**	**Revenue**	**EBITDA**	**EBITDA %**	**EBITDA % excluding stock option plan expense**
Mango Media	12,826	(152)	-	(1.2%)	12,588	2,780	22.1%	22.1%
Other	10,070	2,381	23.6%	24.3%	13,919	7,582	54.5%	56.1%
Total	**22,896**	**2,229**	**9.7%**	**10.0%**	**26,507**	**10,362**	**39.1%**	**39.9%**
Consolidation adjustment (inter and intra segment)	(264)	-	-	-	(597)	-	-	-
Total segment	**22,632**	**2,229**	**9.8%**	**(1.7%)**	**25,910**	**10,362**	**40.0%**	**12.5%**

“All other” revenue decreased by PLN 3,278, or 12.7%, to PLN 22,632 in the three months ended June 30, 2009, from 25,910 in the corresponding period of 2008. Mango Media revenue increased by PLN 238, or 1.8%, to PLN 12,826. Business units classified as “Other” decreased revenue by PLN 3,849 or 27.7%.

Segment EBITDA decreased by PLN 8,133, or 78.5%, to PLN 2,229 in the three months ended June 30, 2009. EBITDA margin decreased to 9.8%, from 40.0% 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. Other reconciling items had a negative impact on our profit of PLN 9,083 in the three months ended June 30, 2008, compared to a negative impact of PLN 8,783 in the corresponding period of 2008.

Six Months Ended June 30, 2009 Compared to Six Months Ended June 30, 2008

Revenue, net. Our net revenue increased by PLN 63,940, or 6.7%, to PLN 1,015,131 in the six months ended June 30, 2009, from PLN 951,191 in the corresponding period of 2008. Excluding the effects of consolidation of ITI Neovision, our net revenue decreased by PLN 53,161, or 5.6%, to PLN 898,030. This decrease resulted primarily from a decrease in advertising revenue of PLN 91,379, partly offset by an increase in subscription fees of PLN 33,547.

Our advertising revenue decreased by PLN 91,379, or 12.3%, to PLN 649,953 during the six months ended June 30, 2009, from PLN 741,332 in the corresponding period of 2008. This decrease was primarily due to a decrease of PLN 82,533, or 14.5% in the net advertising revenue of our TVN channel, which recorded an effective decrease of 20.3% in the price of GRPs sold, which was partially offset by a 7.0% increase in the volume of inventory sold.

Subscription fees from satellite and cable operators increased by PLN 33,547, or 55.8%, to PLN 93,707, in the six months ended June 30, 2009, from PLN 60,160 in the corresponding period of 2008. The increase in subscription revenue was mostly due to the significantly higher PLN/EUR exchange rate during the first half of 2009 compared with the first half of 2008. Subscriber fees are primarily denominated in Euro. The increase was also 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.

Cost of revenue. Cost of revenue increased by PLN 136,160, or 28.9% to PLN 607,485 in the six months ended June 30, 2009, from PLN 471,325 in the corresponding period of 2008. Excluding the effects of consolidation of ITI Neovision, our cost of revenue decreased by PLN 6,669, or 1.4%, to PLN 464,656 in the six months ended June 30, 2009.

That was primarily due to a decrease of PLN 12,183, or 5.0% in the amortization of locally produced content to PLN 231,473 in the six months ended June 30, 2009, from PLN 243,656 in the corresponding period of 2008. This decrease reflects our decision to reduce investment in our TVN channel schedule in June due to the slow down of the advertising market as well as our decision to withdraw from the production of Discovery Historia channel. Despite this reduction in investment, TVN channel continued to lead the market in the first half of 2009 in its key target group.

Our programming staff expenses decreased by PLN 3,097, or 9.0%, to PLN 31,333, from PLN 34,430 in the corresponding period of 2008. The decrease was primarily related to a lower stock option program expense.

These decreases were partly offset by an increase in television production and broadcasting equipment depreciation of PLN 7,088. This increase results from the capital investments we made in 2008, when we acquired and started to use another high-definition television production vehicle, production equipment for our new series and studio equipment for our new TVN Warszawa channel.

As a percentage of net revenue, our cost of revenue increased in the six months ended June 30, 2009 to 59.8%, compared to 49.6% in the corresponding period of 2008. Excluding the effects of consolidation of ITI Neovision, our cost of revenue as a percentage of net revenue, increased in the six months ended June 30, 2009 to 51.7%.

Selling expenses. Our selling expenses increased by PLN 32,591, or 45.3%, to PLN 104,520 for the six months ended June 30, 2009, from PLN 71,929 in the corresponding period of 2008. Excluding the effects of consolidation of ITI Neovision, our selling expenses decreased by PLN 339, or 0.5% to PLN 71,590.

As a percentage of net revenue, our selling expenses increased to 10.3% in the six months ended June 30, 2009, from 7.6% in the corresponding period of 2008. Excluding the effects of consolidation of ITI Neovision, our selling expenses as a percentage of net revenue increased to 8.0% in the six months ended June 30, 2009.

General and administration expenses. Our general and administration expenses increased by PLN 22,025, or 29.7%, to PLN 96,059 for the six months ended June 30, 2009, compared with PLN 74,034 in the corresponding period of 2008. Excluding the effects of consolidation of ITI Neovision and the impact of transaction expenses related to the business combination with ITI Neovision, our general and administration expenses decreased by PLN 3,029, or 4.1%, to PLN 71,005.

As a percentage of net revenue, our general and administration expenses increased to 9.5% in the six months ended June 30, 2009, from 7.8% in the corresponding period of 2008. Excluding the effects of consolidation of ITI Neovision and the impact of transaction expenses related to the business combination with ITI Neovision, our general and administration expenses were 7.9% of net revenue.

Gain on consolidation of associates. We recorded PLN 110,690 of gain on 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 decreased by PLN 22,651, or 6.7% to PLN 312,986 for the six months ended June 30, 2009, from PLN 335,637 in the corresponding period of 2008. The decrease results mainly from a decrease in our advertising revenue and the consolidation of the operating losses of ITI Neovision. This was partly offset by the recognition of PLN 110,690 of gain on consolidation of associate.

Our operating margin including impact of ITI Neovision in the six months ended June 30, 2009 decreased to 30.8%, from 35.3% in the corresponding period of 2008. Our operating margin excluding the effects of consolidation of ITI Neovision decreased to 31.8%.

Investment income, net. We recorded investment income, net of PLN 37,320 for the six months ended June 30, 2009, compared to investment income, net of PLN 12,974 in the corresponding period of 2008.

This increase was primarily due to the recognition of foreign exchange gains of PLN 41,401 compared with PLN 7,811 in 2008. We recognized foreign exchange gains of PLN 20,363 on loans receivable from ITI Neovision in the period between January 1, 2009 and March 11, 2009. We also recognized foreign exchange gains on contingent consideration that represents the fair value of a correction that may be payable to ITI Media Group in 2011 and partly on programming related payables. The increase in investment income, net was also partly due to revaluation gains on our U.S. Dollar currency options of PLN 9,005, reflecting the depreciation of PLN against U.S. Dollar during the six months ended June 30, 2009, accrued interest income on loan to associate of PLN 4,181, and investment income from Polish treasury bills of PLN 5,297. 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 183,046 for the six months ended June 30, 2009, compared to finance expense net of PLN 11,922 in the corresponding period of 2008.

We recognized foreign exchange losses on our Senior Notes of PLN 63,683 in the six months ended June 30, 2009, compared to foreign exchange gains of PLN 52,585 in the corresponding period of 2008, due to a significant depreciation of the PLN/EUR exchange rate as of June 30, 2009 compared with December 31, 2008. We recognized a net loss of

PLN 25,106 on fair value hedges during the six months ended June 30, 2009, compared to a net loss of PLN 37,251 in 2008. This decrease represented the revaluation of our PLN/EUR options during the period of January 1 to January 15, 2009 when we settled the options. We also recognized foreign exchange gains of PLN 14,034 on loans granted to ITI Neovision by its non-controlling shareholder, mainly due to the appreciation of PLN/EUR exchange rate between March 11, 2009 and June 30, 2009.

Our interest expense increased by PLN 49,736 to PLN 93,397 in the six months ended June 30, 2009, from PLN 43,661 in the corresponding period of 2008. This increase was primarily due to interest expense of PLN 23,099, on our PLN Bonds which we issued in June 2008, and partly due to PLN 14,273 of interest payable from ITI Neovision to its non-controlling shareholder, as well as PLN 3,930 of interest expense on our Loan Facility and higher by PLN 8,434 interest expense on our Senior Notes resulting from higher level of PLN/EUR exchange rate than in the first half of 2008. We also recorded an increase in bank and other charges of PLN 4,887 to PLN 5,448, from PLN 563, partly because we paid an annual arrangement fee related to our Loan facility and partly because of penalty interest on overdue payables that ITI Neovision paid to one of its suppliers.

We recorded a loss of PLN 7,254 on valuation of the contingent consideration related to the correction payment that may be payable to ITI Media Group in 2011.

The change in the fair value of options embedded in our Senior Notes in the six months period ended June 30, 2009 was nil, whereas in the corresponding period of 2008, we recorded a gain of PLN 21,091. During the six months ended June 30, 2009, the trading price of our Senior Notes decreased from 84.00 as of December 31, 2008 to 78.50 as of June 30,2009.

Share of loss of an associate. Our share of loss of an associate amounted to PLN 39,218 in the six months ended June 30, 2009. This amount represented primarily our share in the net loss of the ’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.

Profit before income tax. Our profit before income tax was PLN 128,042 for the six months ended June 30, 2009, compared to a profit before income tax of PLN 336,134 in the corresponding period of 2008. This decrease was primarily due to higher finance expense, net and our share in the net loss of ITI Neovision.

Income tax charge. For the six months ended June 30, 2009, we recorded a total income tax charge of PLN 36,615, compared to an income tax charge of PLN 65,100 in the corresponding period of 2008. This decrease resulted primarily from lower profit 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.

Profit for the period. Our profit for the period amounted to PLN 91,427 in the six months ended June 30, 2009, compared to a profit of PLN 271,034 in the corresponding period of 2008. The decrease was primarily due to the decrease in our profit before income tax, partly offset by lower income tax charge.

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 shareholder and amounted to PLN 28,495 in the period between March 11, 2009 and June 30, 2009.

Profit attributable to the owners of TVN. Our net profit attributable to the owners of TVN was PLN 119,922 for the six months ended June 30, 2009, compared to a net profit of PLN 271,034 in the corresponding period of 2008.

The table below summarizes profit attributable to the owners of TVN S.A. and profit attributable to the owners of TVN S.A. excluding the impact of revaluation of embedded options we recorded in the six months ended June 30, 2009 and 2008:

	Six months ended June 30,	
	2009	2008
	PLN	PLN
Profit attributable to the owners of TVN S.A.	119,922	271,034
Impact of embedded options, net of tax	-	(17,084)
Profit attributable to the owners of TVN S.A. excluding embedded options	119,922	253,950

Results by Business Segment

Our business comprises three major business segments: television broadcasting and production, online and digital satellite pay television. We currently report these 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 six months ended June 30, 2009 and 2008:

	Television Broadcasting & Production		**Online**		**Digital satellite pay television ****		**All other**		**Other reconciling items*****		**Total**	
	Six months ended June 30, 2009	**Six months ended June 30, 2008**	**Six months ended June 30, 2009**	**Six months ended June 30, 2008**	**Six months ended June 30, 2009**	**Six months ended June 30, 2008**	**Six months ended June 30, 2009**	**Six months ended June 30, 2008**	**Six months ended June 30, 2009**	**Six months ended June 30, 2008**	**Six months ended June 30, 2009**	**Six months ended June 30, 2008**
Revenue from external customers	748,410	818,243	88,844	91,081	130,897	-	37,109	41,867	**-**	-	1,005,260	951,191
Inter-segment revenue	23,575	2,298	8,110	3,933	409	-	18,533	5,560	(40,756)	(11,791)	9,871	-
Total revenue	**771,985**	**820,541**	**96,954**	**95,014**	**131,306**	**-**	**55,642**	**47,427**	**(40,756)**	**(11,791)**	**1,015,131**	**951,191**
Segment result	295,586	326,988	4,345	15,585	(65,107)	-	5,857	10,221	72,305	(17,157)	312,986	335,637
Segment result excluding stock option	304,472	339,847	5,849	20,368	(65,107)	-	6,144	10,668	73,724	(14,104)	325,082	356,779
EBITDA*	**327,548**	**355,064**	**16,993**	**25,395**	**(32,802)**	**-**	**7,912**	**12,297**	**72,305**	**(19,042)**	**391,956**	**373,714**
EBITDA* excluding stock option plan expense	336,434	367,923	18,497	30,178	(32,802)	-	8,199	12,744	73,724	(15,989)	404,052	394,856
EBITDA* margin	**42.4%**	**43.3%**	**17.5%**	**26.7%**	**-**	**-**	**14.2%**	**25.9%**	**-**	**-**	**38.6%**	**39.3%**
EBITDA* margin excluding stock option plan expense	43.6%	44.8%	19.1%	31.8%	-	-	14.7%	26.9%	-	-	39.8%	41.5%

* 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 six months ended June 30, 2009 and 2008:

	Six months ended June 30,							
	2009				2008			
	Revenue	EBITDA	EBITDA %	EBITDA % excluding stock option plan expense	Revenue	EBITDA	EBITDA %	EBITDA % excluding stock option plan expense
TVN channel	565,368	245,468	43.4%	44.7%	641,303	314,993	49.1%	51.1%
TVN 24 channel	100,578	53,755	53.4%	54.7%	90,102	36,096	40.1%	42.4%
Other television channels	106,039	30,780	29.0%	21.9%	90,262	5,101	5.7%	6.3%
Total	**771,985**	**330,004**	**42.7%**	**42.9%**	**821,667**	**356,190**	**43.3%**	**45.3%**
Consolidation adjustment (intra segment)	-	(2,456)	-	-	(1,126)	(1,126)	-	-
Total segment	**771,985**	**327,548**	**42.4%**	**43.6%**	**820,541**	**355,064**	**43.3%**	**44.8%**

Television broadcasting and production revenue in the six months ended June 30, 2009 decreased by PLN 48,556, or 5.9%, to 771,985, compared to PLN 820,541 in the corresponding period of 2008.

Our TVN channel revenue decreased by PLN 75,935, or 11.8%, in the six months ended June 30, 2009. This decrease was primarily due to a decrease of PLN 82,533, or 14.5% in the net advertising revenue of our TVN channel, which recorded an effective decrease of 20.3% in the price of GRPs sold, which was partially offset by a 7.0% increase in the volume of inventory sold. This decrease was partly offset by an increase in TVN's call TV revenue of 5,930, or 38.8%, as we aired more call TV shows. Our TVN channel's all day basic commercial target group audience share decreased to 16.9% for the six months ended June 30, 2009 from 17.7% in 2008.

TVN 24 increased its revenue by PLN 10,476, or 11.6%, mainly due to an increase in subscription fees from satellite and cable operators, which increased by PLN 22,399, or 61.8% to PLN 58,622, mostly due to a depreciation of PLN/EUR exchange rate in the six months ended June 30, 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 1.1 million (not in thousands). This was partly offset by a decrease of PLN 9,638, or 22.0% in advertising revenue and partly by a PLN 2,184 or 24.9% decrease in sponsoring revenue. TVN 24 channel increased its audience share in its key target group in all categories in the six months ended June 30, 2009. All day audience share increased to 4.8% from 4.6%, *prime time* audience share increased to 3.9% from 3.3% and *peak time* audience share to 3.8% from 3.3% in the corresponding period of 2008. As of June 30, 2009 TVN 24 had 7.2 million (not in thousands) subscribers.

Our other channels' revenue increased by PLN 15,777, or 17.5%, in the six months ended June 30, 2009. This increase was mainly attributable to an increase of PLN 14,821, or 41.0%, in subscription fees from satellite and cable operators.

TVN channel's EBITDA decreased by PLN 69,525, or 22.1%, to PLN 245,468 in the six months ended June 30, 2009, from PLN 314,993 in the corresponding period and EBITDA margin decreased to 43.4% from 49.1% in the corresponding period of 2008. TVN 24 channel EBITDA increased by PLN 17,659, or 48.9% to PLN 53,755 in the six months ended June 30, 2009, from PLN 36,096 in the corresponding period of 2008. EBITDA margin was 53.4% as of June 30, 2009.

EBITDA for our other channels increased by PLN 25,679 to PLN 30,780. Excluding the start up losses of TVN Warszawa channel which we launched in December 2008, other television channels increased EBITDA by PLN 35,708 to PLN 41,894 with an EBITDA margin of 40.6%.

Online

The table below sets forth summarized financial results for our Online segment for the six months ended June 30, 2009 and 2008:

	Six months ended June 30,							
	2009				2008			
	Revenue	EBITDA	EBITDA %	Cash EBITDA % excluding stock option plan expense	Revenue	EBITDA	EBITDA %	Cash EBITDA % excluding stock option plan expense
Onet.pl	83,151	19,528	23.5%	30.3%	86,234	27,785	32.2%	42.8%
Other	16,288	(2,496)	-	-	10,573	(2,393)	-	
Total	**99,439**	**17,032**	**17.1%**	**25.0%**	**96,807**	**25,392**	**26.2%**	**35.4%**
Consolidation adjustment (inter and intra segment)	(2,485)	(39)	-	-	(1,793)	3	-	-
Total segment	**96,954**	**16,993**	**17.5%**	**25.5%**	**95,014**	**25,395**	**26.7%**	**36.2%**
Total segment - cash	**83,359**	**21,223**		**25.5%**	**84,861**	**30,698**		**36.2%**

Online revenue increased by PLN 1,940, or 2.0%, to PLN 96,954 in the six months ended June 30, 2009, from 95,014 in the corresponding period of 2008. Online cash revenue (revenue excluding barter revenue) decreased by PLN 1,502, or 1.7%, to PLN 83,359 primarily due to lower cash advertising revenue in Onet.pl by PLN 6,086, or 10.2%, partly offset by higher cash advertising revenue in Zumi.pl by PLN 4,585, or 75.4%. The decrease in Onet.pl revenue is partly due to higher revenue base in 2008. The revenue base in 2008 was increased by significant one-off contracts with telecom operators. Excluding the impact of the above mentioned contracts, Onet.pl revenue did not change significantly comparing to the corresponding period of 2008. Revenue of our Internet vortals, presented in the table above as 'Other', increased by PLN 5,715, or 54.1%, to PLN 16,288 in the six months ended June 30, 2009, from PLN 10,573 in the corresponding period of 2008, and represented revenue of our products such as Zumi.pl, TVN24.pl and Plejada.pl.

Starting from May 2009 there have been adjustments made to the methodology of real users calculations and, as a result, there are no comparatives for May 2009 data. Our internet portal Onet.pl had on average 12.2 million (not in thousand) real users and 3.8 billion (not in thousand) page views in May 2009. Average monthly time spent on Onet.pl portal in May 2009 was 64.5 million (not in thousand) hours.

Segment EBITDA decreased by PLN 8,402 to PLN 16,993 in the six months ended June 30, 2009. EBITDA margin decreased to 17.5% from 26.7% in the corresponding period of 2008. Online cash EBITDA (EBITDA excluding barter and stock option plan expenses) was PLN 21,223, compared to PLN 30,698 in the corresponding period of 2008. Segment cash EBITDA margin was 25.5%, compared to 36.2% in the corresponding period of 2008. Onet.pl EBITDA decreased by PLN 8,257, or 29.7%. The decrease of Onet.pl EBITDA results mainly from a higher advertising revenue base in 2008, which resulted from significant one-off contracts with telecom operators. Excluding the impact of these contracts, Onet.pl EBITDA decreased PLN 2,498 or 11.4%. Onet.pl EBITDA was also adversely affected by costs of e-commerce and other portal related new projects. EBITDA of our Internet vortals presented in the table above as ‘Other’ decreased by PLN 103 to a loss of PLN 2,497 in the six months ended June 30, 2009, primarily due to the losses of the Plejada.pl and TVN24.pl vortals. Excluding the start-up losses of Plejada.pl, which we launched in March 2008, vortals classified as ‘Other’ in the table recorded an increase in EBITDA of PLN 884 to PLN 187.

Digital Satellite Pay Television

The table below sets forth summarized financial results of our digital satellite pay television segment for the six months ended June 30, 2009 and 2008. For the convenience of the reader, we present the segment’s results for the entire six month period ended June 30, 2009 and 2008. We, however, consolidated the digital satellite pay television segment results only for the period between March 11, 2009 and June 30, 2009. In the period between January 1, 2009 and March 11, 2009, we consolidated ITI Neovision using the equity method.

	Six months ended June 30,					
	2009			2008		
	Revenue	**EBITDA**	**EBITDA %**	**Revenue**	**EBITDA**	**EBITDA %**
‘n’ post paid subscribers	202,511	(53,063)	-	107,864	(66,192)	-
‘n’ pre-paid subscribers (Telewizja na kartę)	11,426	(3,250)	-	-	-	-
Total segment	**213,937**	**(56,313)**	**-**	**107,864**	**(66,192)**	**-**

The ‘n’ DTH platform revenue increased by PLN 106,073, or 98.3%, to PLN 213,937 in the six months ended June 30, 2009, from PLN 107,864 in the corresponding period of 2008. This increase results mainly from an increase in subscription fee revenue, which increased by PLN 103,900, or 118.7%, to PLN 191,452 in the six months ended June 30, 2009, from PLN 87,552 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 230,356 (not in thousands) to an average of 540,982 (not in thousands) in the six month period ended June 30, 2009, from an average of 310,627 subscribers in the corresponding period in 2008. The ‘n’ DTH platform ARPU increased by PLN 10.93 to PLN 56.7 in the six months ended June 30, 2009 from PLN 45.8 in the corresponding period of 2008. The ‘n’ DTH platform recorded 108,990 (not in thousand) gross post paid subscriber additions in the six months ended June 30, 2009, compared to 69,283 (not in thousands) in the six months ended June 30, 2008.

TNK recorded revenue of PLN 11,426 in the six months ended June 30, 2009. This revenue comprises mostly revenue from subscription fees and PLN 3,962 of revenue from sale of TNK set-top boxes mostly in the first quarter of 2009. TNK increased its prepaid subscribers base by over 142,000 (not in thousands) in the six months ended June 30, 2009. As of June 30, 2009, TNK had over 129,000 active prepaid subscribers and a subscriber base of over 233,000 (not in thousands). In the six months ended June 30, 2009, TNK recorded ARPU of PLN 10.06 (not in thousands).

The platform recorded a loss at the EBITDA level of PLN 56,313 in the six months ended June 30, 2009 compared to PLN 66,192 in the corresponding period of 2008. This period's EBITDA was adversely affected by the depreciation of PLN/EUR and PLN/USD exchange rates, as the majority of the platform's costs, including programming and broadcasting expenses, are denominated in Euro and Dollar.

All Other

The table below sets forth summarized financial results of our "All Other" segment for the six months ended June 30, 2009 and 2008. The segment comprises teleshopping, cinema movies distribution as well as content sales and technical services offered primarily to business entities within TVN Group.

	Six months ended June 30,							
	2009				2008			
	Revenue	EBITDA	EBITDA %	EBITDA % excluding stock option plan expense	Revenue	EBITDA	EBITDA %	EBITDA % excluding stock option plan expense
Mango Media	28,866	1,713	5.9%	5.9%	25,015	6,137	24.5%	24.5%
Other	27,296	6,199	22.7%	23.7%	23,010	6,160	26.8%	28.7%
Total	**56,162**	**7,912**	**14.1%**	**14.6%**	**48,025**	**12,297**	**25.6%**	**26.5%**
Consolidation adjustment (inter and intra segment)	(520)	-	-	-	(598)	-	-	-
Total segment	**55,642**	**7,912**	**14.2%**	**17.5%**	**47,427**	**12,297**	**25.9%**	**29.3%**

"All other" revenue increased by PLN 8,215, or 17.3%, to PLN 55,642 in the six months ended June 30, 2009, from 47,427 in the corresponding period of 2008. Mango Media revenue increased by PLN 3,851, or 15.4%, to PLN 28,866, primarily due to higher sales volumes. Business units classified as "Other" increased revenue by PLN 4,286 or 19.1%.

Segment EBITDA decreased by PLN 4,385, or 35.7%, to PLN 7,912 in the six months ended June 30, 2009. EBITDA margin decreased to 14.2%, from 25.9% 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. Other reconciling items had a total positive impact on our profit of PLN 72,305 in the six months ended June 30, 2009, compared to a negative impact of PLN 17,349 in the corresponding period of 2008. This is mainly due to the recognition of a gain of PLN 110,690 from consolidation of associate.

Liquidity and capital resources

Historical Overview

The table below summarizes our consolidated cash flow for the six months ended June 30, 2009 and 2008.

	Six months ended June 30,		
	2008	**2009**	**2009**
	PLN	**PLN**	**Euro (1)**
Cash generated from operations.....................................	399,055	281,623	62,328
Net cash generated from operating activities..................	327,257	208,893	46,232
Net cash used in investing activities................................	(424,286)	(13,349)	(2,954)
Net cash generated from/(used in) financing activities….	280,670	(249,068)	(55,123)
Increase/(decrease) in cash and cash equivalents……..	183,641	(53,524)	(11,846)

(1) For the convenience of the reader, we have converted Złoty amounts for the six months ended June 30, 2009 into Euro at the rate of PLN 4.5184 per €1.00 (arithmetic average of the effective National Bank of Poland, or "NBP", exchange rates on subsequently January 31, 2009, February 28, 2009, March 31, 2009, April 30, 2009, May 31, 2009 and June 30, 2009). You should not view such translations 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.

Cash Generated from Operations

Cash generated from operations decreased by PLN 117,432 to PLN 281,623 in the six months ended June 30, 2009, from PLN 399,055 in the corresponding period of 2008. This decrease primarily results from the first time consolidation of the 'n' DTH platform, which reduced cash flow from working capital by PLN 91,010, decrease in EBITDA, excluding the gain from consolidation of associate, of PLN 92,448 and an increase in payments to acquire programming of PLN 13,129 net of amortization and capitalization effect. These increases were partly offset by a decrease in our working capital of PLN 81,429, excluding the effects of consolidation with ITI Neovision.

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 208,893 for the six months ended June 30, 2009, compared to PLN 327,257 generated from operating activities for the corresponding period in 2008. The decrease is a result of a lower level of cash generated from operations.

Net Cash Used in Investing Activities

Net cash used in investing activities amounted to PLN 13,349 in the six months ended June 30, 2009, in comparison to net cash of PLN 424,286 used in the corresponding period of 2008. The decrease in net cash used in investing activities primarily related to a net cash flow of PLN 320,245 we received from our investment in Polish treasury bills we held, and partly to PLN 9,864 we received on settlement of currency options limiting our PLN/USD exchange rate exposure and partly due to interest received of PLN 4,686. These increases were offset by the cash outflows related with the business combination with ITI Neovision. These included PLN 101,326 we paid for a controlling stake, PLN 75,344 in loans we granted to that company. We recorded PLN 156,639 of payments to acquire property, plant and equipment, which included PLN 92,354 of payments made by ITI Neovision to acquire set-top boxes. We also recorded PLN 14,991 of payments to acquire intangible assets.

Net Cash Used in Financing Activities

Net cash used in financing activities amounted to PLN 249,068 in the six months ended June 30, 2009, compared to net cash generated from financing activities of PLN 280,670 in the corresponding period of 2008. The net cash used in financing activities results primarily from our distributions to shareholders, PLN 185,120 in the form of a dividend and PLN 62,572 in the form of a share buyback. We also repaid our overdraft facility, which resulted in a cash outflow of PLN 48,733, as well as PLN 75,816 of interest related to our long-term borrowings. These decreases were partly offset by PLN 101,014 we received on settlement of currency options hedging our PLN/EUR exchange rate exposure and PLN 22,154 in loans paid to ITI Neovision by its non-controlling shareholder.

Total cash and cash equivalents, excluding restricted cash, that we held as of June 30, 2009 amounted to PLN 127,448 and to PLN 184,867 as of December 31, 2008. We hold cash and cash equivalents on bank deposit in Poland in Złoty, Euro and U.S. Dollars.

Future Liquidity and Capital Resources

We expect that our principal future cash needs will be to finance 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, PLN bonds and Loan Facility. We believe that our existing cash balances, 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 as of June 30, 2009:

	Value	**Coupon/ interest**	**Maturity**
Senior Notes (nominal value(1))……………………………………	960,964	9.50%	2013
PLN Bonds (nominal value)……………………………………...	500,000	WIBOR 6m + 2.75%	2013
Pekao Loan…………………………………………………………..	110,000	WIBOR 6m + 1.40%(2)	2011
Loans from related parties)………………………………………….	551,860	9.50%	2015, 2018
Accrued interest on long term debt………………………………...	6,748	-	-
Total debt……………………………………………………………	**2,129,572**	**-**	**-**
Cash at bank and in hand…………………………………………..	127,448	-	-
Cash and cash equivalents………………………………………	**127,448**	**-**	-
Net debt ……………………………………………………………	**2,002,124**	**-**	**-**

(1) This value represents outstanding nominal value of our Senior Notes, which amounts to EUR 215,000 multiplied by the rate of PLN 4.4696 per €1.00 (the effective NBP exchange rate, Złoty per Euro, as of June 30, 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.
(3) This value represents outstanding nominal value of loans from Strateurop, which amounts to EUR 64,657 and N-Vision, which amounts to EUR 42,704 multiplied by the rate of PLN 4.4696 per €1.00 (the effective NBP exchange rate, Złoty per Euro, as of June 30, 2009) and interest accrued on these loans.

Financing Activities

The ratio of consolidated net debt defined as total borrowings (nominal amount of principal and accrued interest thereon), including loans from related parties, net of cash and cash equivalents (excluding restricted cash) and liquid available for sale financial instruments, to our consolidated shareholders' equity was 1.7x as of June 30, 2009, and 0.6x as of June 30, 2008. Excluding the loans from related parties, the ratio of consolidated net debt to our consolidated shareholder's equity was 1.2x as of June 30, 2009.

Our consolidated net debt to EBITDA ratio increased to 2.7, from 1.5 in the six months ended June 30, 2009. Excluding the effect of loans from related parties, our consolidated net debt to EBITDA ratio increased to 2.0. This increase is primarily due to lower cash flow from operating activities, cash outflows related to dividend and share buyback as well as payments related to the acquisition of a controlling stake in ITI Neovision. Net debt represents the nominal value of borrowings payable at the balance sheet 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, share of loss of associate and income tax charges.

Our current liabilities amounted to PLN 617,464 at June 30, 2009, compared with PLN 468,348 at December 31, 2008. This increase was mainly from the recognition of ITI Neovision's trade payables and partly due to the recognition of ITI Neovision's programming payables and other liabilities and accruals as of June 30, 2009.

Our borrowed funds excluding accrued interest as of June 30, 2009 consisted of PLN 922,622 of indebtedness represented by the Senior Notes, PLN 498,931 of indebtedness represented by PLN Bonds, PLN 109,917 of indebtedness represented by Loan Facility and PLN 498,314 of indebtedness represented by loans from related parties.

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 the Company, 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 and ITI Neovision. 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., in order 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 1.4%. The loan has been secured on the Company trade receivables up to the equivalent of EUR 25,000. The loan is also guaranteed by Grupa Onet, Mango Media and ITI Neovision, our subsidiaries.

As of June 30, 2009, the following amounts were used under our credit facility:

- Euro 3,377, in the form of guarantees issued by the bank on our behalf;
- Euro 9,600, in the form of guarantees issued by the bank to UEFA on behalf ITI Neovision in relation to UEFA Champions League rights acquired; and
- PLN 110,000, in the form of a 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 June 30, 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 June 30, 2009						
	2009	**2010**	**2011**	**2012**	**2013**	**thereafter**	**Total**
	PLN	PLN	PLN	PLN	PLN	PLN	PLN
Operating leases							
Satellite transponder leases ……	38,694	87,704	82,750	50,046	33,960	96,236	389,390
Other technical leases…………..	6,600	6,600	6,600	6,600	6,600	-	33,000
Operating leases – other………..	28,062	47,961	43,309	41,364	36,630	74,077	271,403
Programming rights………………	106,681	260,737	301,487	280,492	208,024	43,343	1,200,764
Total operating leases………….	**180,037**	**403,002**	**434,146**	**378,502**	**285,214**	**213,656**	**1,894,557**
Commitments to purchase equipment and software (2)…….	142,645	-	-	-	-	-	**142,645**
Total cash commitments ……..	**322,682**	**403,002**	**434,146**	**378,502**	**285,214**	**213,656**	**2,037,202**
Barter commitments (1)…………	3,197	-	-	-	-	-	**3,197**
Total cash commitments and other obligations ………………	**325,879**	**403,002**	**434,146**	**378,502**	**285,214**	**213,656**	**2,040,399**

(1) As of June 30, 2009**,** pursuant to barter agreements, we had contractual commitments outstanding amounting to PLN 3,197, 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 June 30, 2009, the remaining commitment amounted to PLN 129,689.

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 June 2009 was 3,5%, compared with 3.3% in December 2008 and 4% in April 2009. 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 as well as we cannot predict when we can expect recovery and how strong and sustainable it would be.

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 paid a dividend of PLN 194,005 (or PLN 0.57 per share) on June 18, 2009.

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 a total of 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. Redemption of these shares was registered by the court on July 3, 2009.

No purchases were made during three month ended June 30, 2009.

PART II

ADDITIONAL INFORMATION

1. Our Comment on Previously Published Forecasts

We update our forecast of capital expenditure for 2009, as published on May 14, 2009. Our current forecast is PLN 323,000 which is PLN 40,000 higher then our previous estimates. The change results from increased orders for ‘n’ platform set-top boxes aimed to ensure availability of the boxes for new subscribers. Apart from the volume effect we also expect a further change in the mix of set-top boxes provided to subscribers. The share of more expensive PVR set-top boxes in the mix should increase which will increase revenue from additional services such as video-on-demand, that are enabled by the PVR boxes,.

We confirm our forecast that we published on March 11, 2009. 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).

2. TVN Group Organizational Structure

TVN Group comprises the following entities as of June 30, 2009:

Entity	Country of incorporation and residence	June 30, 2009 Ownership (%)	June 30, 2009 Voting Power (%)
TVN S.A.……………………………………………	Poland	n/a	n/a
Cyfrowy Dom Sp. z o.o.……………………………..	Poland	51	51
Dream Lab Onet.pl Sp. z o.o**............................	Poland	100	100
El-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).
**Grupa Onet Poland Holding B.V. owns 82.3% of Grupa Onet.pl S.A. and TVN S.A. owns 17.7% of Grupa Onet.pl S.A. Grupa Onet.pl S.A. wholly owns Media Entertainment Ventures International Ltd, Dream Lab Onet.pl Sp. z o.o, SunWeb Sp. z o.o and owns 20% of Polskie Badania Internetu Sp. z o.o.

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, which is wholly owned subsidiary of our ultimate controlling company ITI Holdings, and Neovision Holding, we took control over ITI Neovision, the owner and operator of the 'n' DTH platform.

On May 29, 2009, Discovery Networks Central Europe purchased our share in the Discovery Historia channel and assumed complete ownership of this channel.

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 of Financial Instruments to Organized Trading and Public Companies.

The table below shows the ownership of TVN shares as of August 13, 2009:

Shareholder	Number of Shares	% of Share Capital	Number of Votes	% of votes
Strateurop International B.V. (1)	180,355,430	52,99%	180,355,430	52,99%
N-Vision B.V. (1)	20,394,715	5,99%	20,394,715	5,99%
Cadizin Trading&Investment (1)	8,204,477	2,41%	8,204,477	2,41%
ITI Impresario (1)	1,400	0,00%	1,400	0,00%
Other shareholders	131,404,785	38,61%	131,404,785	38,61%
TOTAL:	**340,360,807**(2)	**100.00%**	**340,360,807**	**100.00%**

(1) *Entities controlled by ITI Holdings.*
(2)*Share capital of the Company consists of 340,360,807 shares, including 2,500 shares issued under stock option plan, which are pending registration.*

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 August 13, 2009, and changes in their holdings since the date of publication of our previous quarterly report on May 14, 2009.

Board Member	Balances as of May 14, 2009	Increases	Decreases	Balances as of August 13, 2009
Piotr Walter	458,080	-	-	458,080
Karen Burgess	263,145	-	-	263,145
Edward Miszczak	297,470	-	-	297,470
Łukasz Wejchert	577,065	-	-	577,065

The following table presents shares (not in thousands) owned directly or indirectly by our Management Board as of, August 13, 2009, and changes in their holdings since the date of publication of our previous quarterly report on May 14, 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 May 14, 2009	Increases	Decreases	Balances as of August 13, 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

5.2 Supervisory Board Members

The following table presents shares (not in thousands) held by the Supervisory Board members, as of August 13, 2009, and changes in their holdings since the date of publication of our previous quarterly report on May 14, 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 May 14, 2009	Increases	Decreases	Balances as of August 13, 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 the 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 Transactions Concluded During the Three Months Ended June 30, 2009

During the three months ended June 30, 2009, we did not enter into any material transactions with related parties that are not on regular market condition.

8. Discussion on Guarantees Granted to Third Parties by TVN Group During the Three Months Ended June 30, 2009

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

9. Risk factors

This section describes the significant risks and uncertainties affecting us and our business. The risks and uncertainties described below are not the only ones we face. There may be additional risks and uncertainties not presently known to us or that we currently deem immaterial. Any of these risks could adversely affect our business, financial condition, our results of operations or our liquidity

Our operating results depend on general economic conditions.

The results of our operations depend to a large degree on advertising revenue, and demand for advertising is affected by general economic conditions. Adverse economic conditions generally, and current downturn in the Polish economy specifically have a negative impact on the Polish advertising industry and, consequently, on our profitability. Declines in the level of business activity of our advertising customers has already had a material adverse effect on our revenue and results of operations. Moreover, during the current economic crisis, the market power of advertising customers relative to television broadcasters has increased, which has negatively affected prices and margins realized by television broadcasters, including us. Although the Polish economy has experienced a reasonable rate of growth over recent years, as measured by the GDP growth rate, there can be no assurance that this trend will be repeated after the current economic crisis is over or that it will result in increased advertising revenue in the future. We cannot predict for how long the slow down will continue, nor can we predict what total effect the current global crisis may have on the growth rate of Polish economy or on us. Furthermore, acts of terrorism, natural disasters, civil or military conflicts or general political instability may generate economic uncertainty which may adversely influence our operations, financial standing, operating results and cash flow.

Our results are affected by the deterioration in the global economy.

The global economy faces one of the deepest recessions since at the Second World War. As this economic crisis continues and macroeconomic forecasts of financial institutions and international organization continue to be negative, the level and timing of the contraction in global growth remains uncertain.

The Polish economy is still affected by the global crisis although perhaps at a lower level than other neighboring countries. Additionally, significant fluctuation of currency exchange rates and less availability of funding has had an adverse impact on both retail customers and companies, decreasing their confidence levels in the economy and in their own financial health. We derive a substantial portion of our revenue from advertising. Slow growth in, or contraction of, the Polish economy have an adverse impact on the advertising industry and, consequently, on our profitability.

Our operating results are dependent on the importance of television, and the Internet as an advertising medium.

We generate the majority of our revenue from the sale of advertising airtime on television channels and the Internet in Poland. For the six months ended June 30, 2009, we derived 64.2% of our total revenue from commercial television and Internet advertising. In the advertising market, television, and Internet compete with various other advertising media, such as newspapers, magazines, radio and outdoor advertising (such as billboard advertising, logo signs and transit advertising). According to Starlink, net expenditures on television advertising in Poland accounted for approximately 48.3% of total net advertising spending in the six months ended June 30, 2009, and net Internet expenditure (including display and search engine marketing) accounted for approximately 12.4% of total net advertising spending in the six months ended June 30, 2009. However, there can be no assurances that the television, and Internet advertising markets will maintain their current position in the Polish advertising market or that changes in the regulatory environment will not favor other advertising media or other television broadcasters. A further increase in competition among advertising media arising from the development of new forms of advertising media could have an adverse effect on the maintenance and development of our advertising revenue and, consequently, on our business, financial condition and results of operations.

In addition, our ability to generate advertising revenue depends on our technical reach, the pricing of advertising time, our audience share, changes in audience preferences, shifts in population and other demographics within Poland, technological developments relating to media, levels of competition from other media operators, and cyclical and seasonal trends in the Polish advertising market. There can be no assurances that we will be able to respond successfully to such developments. Any decline in the appeal of television or Internet generally, or our channels and portals specifically, whether as a result of an increase in the acceptance of other forms of entertainment or a decline in its appeal as an advertising medium could have an adverse effect on our business, financial condition, results of operations and cash flow.

We are subject to intense competition.

In Poland the television broadcasting market and the advertising market in general are highly competitive.

We compete for programming and audience with other Polish private television channels, the state-owned and operated terrestrial television channels and with television channels distributed via cable and digital platforms. We compete for advertising revenue on the basis of our channels' broadcast reach, popularity of programming, audience structure and the pricing of advertising airtime.

Our competitors may be companies that have substantially greater financial, marketing and other resources than we do, and there can be no assurances that they will not in the future engage in more extensive development efforts, launch successful promotional campaigns for their program offerings, adopt more aggressive pricing policies to our detriment or make more attractive offers to our existing and potential advertising customers. In addition, other television channels may change their programming or format to compete directly with our channels for audiences and advertisers. Although we believe that we are currently able to compete effectively in our markets, we cannot assure you that we will continue to be able to do so or that we will be capable of maintaining or further increasing our current market share. In addition, the market power of our advertising customers relative to advertising broadcasters may increase, which could have a negative effect on prices in the industry and potentially our results. Our failure to compete successfully in the television broadcasting, Internet and advertising market could adversely affect our business, financial condition, results of operations and cash flow.

The Internet market is also highly competitive. The Internet market is attractive to new entrants due to the growing number of Internet users, the increasing interest of users in online segment offerings and the increasing interest of advertisers in online marketing services. New market entrants, including global players like Google, MSN or Yahoo may have significantly greater resources than we have to build their market position. The policies and behavior of our current and prospective 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.

The Polish pay television market is very competitive. 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.

Our DTH platform operates in a highly competitive environment and its business depends on continued marketing activities

The future demand and speed of our ‘n’ DTH platform service will depend upon our ability to offer attractive services to our customers at competitive prices, response to pressures from competing services (which include both paid-for and free-to-air offerings), ability to create demand for our products and ability to attract and retain customers through a wide range of marketing activities. The future demand and speed of our ‘n’ DTH platform services will also depend upon our ability to package its content attractively. In addition, the effect of the current slowdown in the rate of economic growth is uncertain. Therefore, we cannot be sure that our current or future marketing and other activities, we undertake will succeed in generating sufficient demand to achieve our operating targets.

We are subject to risks relating to competition for the leisure and entertainment time of audiences, which has intensified in the past due to advances in technology.

In addition to the various competitive factors discussed in the following paragraphs, all of our businesses are subject to risks relating to increasing competition for the leisure and entertainment time of consumers. Our businesses compete with each other and all other sources of news, information and entertainment, including movies, live events, radio broadcasts, home video products and print media. Technological advancements, such as video on demand, new video formats, streaming capabilities and downloading via the Internet, have increased the number of media and entertainment choices available to consumers and intensified the challenges posed by audience fragmentation. The increasing number of choices available to audiences could negatively impact not only consumers’ demand for our products and services, but also advertisers’ willingness to purchase advertising services from our businesses. If we do not respond appropriately to further increases in the leisure and entertainment choices available to the consumers, this competition could have an adverse effect on our competitive position and revenue.

We are subject to risks relating to television market fragmentation driven by increasing pay television penetration.

The pay television market has been growing significantly over the last few years as consumers demand enhanced features, greater breadth of content and bundled communications offerings. The television sector is evolving, and an increasing number of consumers have access to an ever-increasing array of entertainment channels and options from which to obtain video content. At the same time television consumption has not increased significantly. If we are not able to respond appropriately to further audience fragmentation, this trend could have an adverse effect on our competitive position and revenue.

Our failure to manage growth and diversification of our business could harm us.

We are continuing to grow and diversify our business. Ensuring controllability and consistency of the growth process requires investment in both the development of our infrastructure as well as our employee base. Our activity depends on information technology solutions ("IT") to a large extent, both on transactional and reporting levels. Due to the high pace of our development, we are forced to continually upgrade out existing IT solutions. These upgrades and improvements in most cases are likely to be complex and resource-consuming. Therefore, these upgrades and requirements require careful dedication and management of resources adequate to meet the level of their complexity and required capacity. If we are unable to adapt our systems in a timely manner to accommodate our growth, our business may be adversely affected.

Additionally, we have experienced recent growth in staff numbers and expect to continue to hire additional personnel in selected areas. This growth requires significant time and resource commitments from our senior management. If we are unable to manage a large and geographically dispersed group of employees effectively or to anticipate our future growth and personnel needs, our business may be adversely affected.

Our success depends on attracting and retaining key personnel.

Our success depends substantially upon the efforts and abilities of our key staff and our ability to attract and retain such personnel. Our management team has significant experience in the Polish media industry and has made an important contribution to our growth and success. The loss of the services of any of these individuals could have an adverse effect on our operations. Although we have been successful in attracting such individuals in the past, competition for highly skilled individuals is intense. There can be no assurance that we will continue to be successful in attracting and retaining such individuals in the future.

We are subject to risks relating to fluctuations in exchange rates.

A substantial portion of our operating expenses and capital expenditures are and will be subject to exchange rate fluctuations. A large proportion of our liabilities and expenses are denominated in foreign currencies, mainly in Euro and U.S. Dollars. Since our revenue is generated primarily in Złoty, we are exposed to foreign exchange rate risk with respect to any current or future debt or other liability denominated in any currency other than Złoty. If the Złoty decreases in value against the currencies in which we have to make payments, our operating and finance expenses and capital expenditures will increase as a percentage of net sales. While we may seek to hedge our foreign currency exposure, we may be unable to enter into such hedging arrangements or may by unable to enter into them at a cost effective rate. The estimated net profit (post-tax) impact on the major Euro and U.S. Dollar denominated balance sheet items of a 15% appreciation of the Euro and U.S. Dollar against the Złoty, with all other variables held constant and without taking into account derivative financial instruments entered into for hedging purposes, is PLN 234,642.

We have incurred substantial indebtedness, and we may not be able to pursue new investment or development opportunities.

Our interest-bearing liabilities constitute an important component of our financing. As of June 30, 2009, our total debt (nominal value of principal including accrued interest) amounted to PLN,2,002,124 while the total cost of servicing our debt for the six months ended June 30, 2009 totaled PLN 93,397. Our net debt to EBITDA ratio, including loans from related parties as of June 30, 2009 was 2.7x. Excluding the loans from related parties, our net debt to EBITDA ratio was 2.0x. Our leverage may limit our ability to contract new debt on more favorable terms and may restrict our ability to finance potential acquisitions or new developments, which could have an adverse effect on our liquidity, business, and financial condition.

In addition, our commercial and financial flexibility is restricted as a result of the obligations contained in the Indenture governing the Senior Notes, the terms of our PLN bonds and the terms of our loan facility provided by Bank Pekao S.A., as they include customary covenants that could adversely affect our ability to finance our future operations and continue to enter into transactions necessary to pursue our business strategy.

Any breach of the restrictions contained in our senior credit facilities, PLN Bonds or the covenants contained in the Indenture governing the Senior Notes may result in either acceleration of the repayment of the bank loan, PLN Bonds or the Senior Notes being declared due and payable prior to maturity, or both. The acceleration of our senior credit facilities, PLN Bonds or the Senior Notes may have a material adverse effect on our ability to service our other liabilities and consequently may lead to our insolvency.

Investment in the 'n' DTH platform creates risks to our business.

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, TNK. We increased our direct ownership interest in Neovision Holding to 51%.

ITI Neovision is currently operating at a loss, may continue operating at a loss for a substantial amount of time and will require financing during that time. We may provide financial support to ITI Neovision in the form of shareholders' loans, for the foreseeable future. There is no certainty that ITI Neovision will become profitable or that we will recover any loans that we may extend to it.

Other acquisitions and investments we may make in the future, may result in operating losses and may require significant financial and management resources.

We intend to continue to invest in the acquisition of new channels and the further development of thematic channels, as well as invest in other acquisitions, and we cannot assure you that such investments will be successful or that we will not incur significant losses in connection with such acquisitions. In particular, the integration of any acquired entity into the TVN Group may require significant management and financial support and resources from us that would otherwise be available for the ongoing development and improvement of our existing operations and may result in disruption to our ongoing business.

Impairment of goodwill and brand allocated to our online and digital platform segments may have an adverse impact on our financial results.

We classify the Onet.pl brand acquired as an intangible asset with indefinite useful life and allocate brand and goodwill to the on-line cash-generating unit. We test annually whether the on-line cash-generating unit, including goodwill and brand, has suffered any impairment. The recoverable amount of the cash-generating unit is determined based on fair value less cost to sell. We test 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, we continue 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 we performed as of 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 are presented in the table below:

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%

As of 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 we reviewed and amended the key assumptions included in the business plans of the on-line cash generating unit as of March 31, 2009, set forth in the table below:

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%

We also reviewed and amended other significant business plan assumptions relating to future operating and capital expenditures. Since reviewing the key assumptions included in the business plans as of March 31, 2009, we have not observed any indications for further amendments of the business plan. The revised business plan of the on-line cash generating unit returns a fair value less cost to sell which approximates to the carrying value of the cash-generating unit as of June 30, 2009. We will continue to monitor and amend when appropriate its business plan for the on-line cash-generating unit on a quarterly basis.

Beginning from the acquisition date, we test annually whether the digital platform cash-generating unit, including goodwill, has suffered any impairment. During the year we monitor cash-generating units against impairment indicators through the review of actual financial and operating results. We assessed that as of June 30, 2009 the operating and financial results of digital platform cash-generating unit do not indicate impairment of the cash-generating unit.

The interests of our principal shareholder may conflict with your interests as a holder of the Notes or as a minority shareholder.

ITI Holdings, along with the ITI Group, owns 61.39% as of August 13, 2009 of our issued voting share capital. In addition, several members of our supervisory board, Aldona Wejchert, Romano Fanconi, Bruno Valsangiacomo, Wojciech Kostrzewa and Paweł Kosmala are also executives of ITI Holdings or of other companies that ITI Holdings directly or indirectly controls. As a result, ITI Holdings and these individuals, through their shareholdings or their positions on our supervisory board, have and will continue to have, directly or indirectly, the power, among other things, to affect our legal and capital structure, as well as the ability to elect and change our management and to approve other changes to our operations. Their interests in certain circumstances may conflict with your interests as holder of the Notes. See Item 4 “Shareholders Owning At Least 5% of Our Shares as of the Date of this Interim Report”.

Our Internet business depends on the continued growth and maintenance of the Internet infrastructure.

The success and the availability of Internet-based products and services depends in part on the continued growth and maintenance of the Internet infrastructure itself, including protocols, architecture, network backbone, data capacity and security. Spam, viruses, worms, spyware, denial of service attacks and other acts of malice may affect not only the Internet's speed, reliability and availability, but also its continued desirability as a vehicle for commerce, information, and user engagement. If the Internet infrastructure proves to be unable to meet the new threats and increased demands placed upon it, our site traffic, business plans, user and advertiser relationships and revenue could be adversely affected.

Our business is reliant on technology that is subject to the risk of failure, change and development.

We are dependent upon satellites which are subject to significant risks that may prevent or impair their commercial operations, including defects, destruction or damage, and incorrect orbital placement. If we, or other broadcasters who broadcast channels on our 'n' DTH platform, are unable to obtain sufficient satellite transponder capacity in the future, or our contracts with satellite providers are terminated, this would have a material adverse effect on our business and results of operations. Similarly, loss of the transmissions from satellites that are already operational, or failure of our transmission systems or up linking facilities, could have a material adverse effect on our business and operations.

We are dependent on complex technologies in other parts of our business, including our customer relationship management systems, broadcast and conditional access systems, advertising sales and our telecommunications network infrastructure.

In addition, our network and other operational systems are subject to several risks that are outside our control, such as the risk of damage to software and hardware resulting from fire and flood, power loss, natural disasters, and general transmission failures caused by a number of additional factors. Any failure of our technologies, network or other operational systems or hardware or software that results in significant interruptions to our operations could have a material adverse effect on our business.

We are reliant on encryption and other technologies to restrict unauthorized access to our 'n' DTH services.

DTH access to our services is restricted through a combination of physical and logical access controls, including smart cards which we provide to our individual 'n' DTH subscribers. Unauthorized viewing and use of content may be accomplished by counterfeiting the smart cards or otherwise overcoming their security features. A significant increase in the incidence of signal piracy could require the replacement of smart cards sooner than otherwise planned. Although we work with our technology suppliers to ensure that our encryption and other protection technology is as resilient to hacking as possible, there can be no assurance that it will not be compromised in the future.

Our network and other operational systems rely on the operation and efficiency of our computer systems. Although our systems are protected by firewalls, there is a risk that our business could be disrupted by hackers or viruses gaining access to our systems. Any such disruption, and any resulting liability to our customers, could have a material adverse effect on our business.

Interruptions, delays or failures in the provision of our services could damage our brand and harm our operating results.

Our operations are susceptible to outages due to fire, floods, power loss, telecommunications failures, terrorist attack and similar events. Despite our implementation of network security measures, our services are vulnerable to computer viruses, worms, physical and electronic disruptions, sabotage and unauthorized tampering with our computer systems. We may experience a coordinated "denial of service" attack in the future. We do not have multiple site capacity for all of our services, and some of our systems are not fully redundant in the event of any such occurrence. Failure to execute these changes properly or in a timely manner could result in delays or interruptions to our services, which could result in a loss of users and damage to our brand, and harm our operating results. We may not carry sufficient business interruption insurance to compensate us for losses that may occur as a result of any such events, which cause interruptions in our service.

Our broadcasting business is subject to rapid changes in technology.

The television broadcasting industry may be affected by significant changes in technology. There can be no assurance that the technologies we currently employ will not become obsolete. The introduction of new technologies or changes in broadcasting systems could require us to invest in the improvement or replacement of our current systems. If new developments in the television industry occur earlier than we expect, we may be required to commit substantial financial and other resources to the implementation of new technologies, and we may not be able to pass on such costs to advertisers. The television broadcasting market may face further competition from, and could be required to expend substantial resources on, the development and implementation of new digital terrestrial television broadcasting technology. The implementation of digital terrestrial broadcast technology is likely to require significant investment to develop a digital broadcasting infrastructure, the resolution of costs allocation of supplying digital receivers to end users, the determination of cost allocation of simultaneous analog and digital broadcasting during a transition period and the allocation of channels and licenses relating to the digital spectrum. Implementation of digital terrestrial television or other new technologies could represent a further competitive threat to us and could require us to incur increased expenses to install, operate and service any such new technologies or, alternatively, cause us to be at a competitive disadvantage for having failed to do so.

We are subject to risks relating to decrease of importance of DTH platform as a content distribution channel.

Our 'n' DTH platform is subject to intense competition from broad range of companies engaged in communications, entertainment and content distribution services including cable operators, DSL providers, digital and analogue terrestrial providers, telecommunications providers, internet service providers, companies developing new technologies and other providers of interactive services. Although we have continued to develop our 'n' DTH platform services through technological innovation and by licensing, acquiring and producing a broad range of content, we cannot predict with certainty the changes that may occur in the future which may affect the competitiveness of our businesses. In particular, demand for the 'n' DTH platforms may decrease if competitors' position is strengthened by an increase in the capacity of, or developments in, the means of delivery by which they use to provide their services. Therefore we cannot be certain that current and future activities we undertake will succeed in generating sufficient demand to achieve our operating targets.

Our broadcasting licenses may not be renewed and may be subject to revocation.

We hold several terrestrial and satellite broadcasting licenses. Like all television licenses in Poland, each of these licenses has been issued for a fixed term. Our terrestrial television license will expire in 2014, while other licenses that we hold will expire in 2018. Under current Polish Law on Radio and Television Broadcasting (the "Broadcasting Law"), licenses should be automatically reissued to current license holders following the expiry action of such licenses. However the current law is not entirely clear on this matter, and, consequently, we cannot ensure that our broadcasting licenses will be reissued to us when their terms expire. The loss of any of our licenses may have a material adverse effect on our business, financial condition, results of operations and cash flow.

Furthermore, no assurances can be given that new licenses will be issued on the same terms or that further restrictions or conditions will not be imposed in the future. Like other Polish television broadcasters, we must comply with the Broadcasting Law, regulations established by the National Media Council, which we refer to as "KRRiT", and the terms and conditions of our licenses in order to maintain our licenses. If we are held to be in material breach of the Broadcasting Law or the terms and conditions of our licenses, our licenses could be revoked. In addition, if our activity under our licenses is carried out in a manner that is deemed to conflict with the Broadcasting Law or the terms and conditions of our licenses, and we fail to remedy such conflict within the applicable grace period, our licenses may be revoked. Any revocation of our licenses could adversely affect our business, financial condition, results of operations and cash flow.

We compete with existing television broadcasters and potential new market entrants for the grant of terrestrial broadcasting licenses and satellite broadcasting licenses in Poland. These competitors may include larger broadcasters, in particular those from member states of the European Union.

Our commercial activities are subject to a changing regulatory regime and restrictions limiting the ownership of Polish television broadcasters.

Following Poland's accession to the European Union on May 1, 2004, a number of domestic laws and their respective implementing regulations have either been modified or repealed while numerous European Union directives have been or are in the process of being, or in the future will be, implemented. Many of these changes in laws and regulations may adversely affect our commercial activities and may require us to incur substantial costs in order to ensure compliance with a changing legal and regulatory regime.

The Broadcasting Law limits the ability of non-residents of the European Economic Area (the "EEA") to acquire and own shares in Polish entities holding television-broadcasting licenses. Under our licenses, as amended on October 28, 2004, we have received a blanket consent from KRRiT which allows non-EEA residents to acquire our shares. Non-EEA residents may hold no more than 49% of our share capital or 49% of the voting rights of our share capital. If non-EEA residents acquire more than 49% of our share capital or control more than 49% of the voting power of our shares, we might be in violation of the Broadcasting Law, the relevant terms of the blanket consent received from KRRiT or our licenses. Violation of applicable laws and regulations, including the thresholds imposed by the blanket consent, may result in loss of our licenses, which could adversely affect our business, financial condition, results of operations and cash flow.

The transition to digital broadcasting may require substantial additional investment and may result in additional competition.

Poland is currently planning the migration from analog terrestrial broadcasting to digital terrestrial broadcasting. The specific timing and approach to the migration is subject to change. We can not predict the effect of the migration on our existing operations or predict our ability to receive any additional rights or licenses to broadcast for our existing channels or any additional channels if such additional rights or licenses should be required. Furthermore we may be required to make substantial additional capital investment and commit substantial other resources to implement digital terrestrial broadcasting. The availability of competing alternative distribution systems, such as direct-to-home platforms, may require us to acquire additional distribution and content rights or could result in an increase of competition for existing distribution and content rights. We may not have access to resources sufficient to make such investments when required.

Broadcasting regulations affect the content of our programming and advertising.

We are subject to regulations promulgated under the governing Broadcasting Law, among other laws, regulations and applicable requirements, affecting the content of television programs and the content and timing of advertising aired on our channels. In particular, the Broadcasting Law requires that a specific portion of our programming content be represented by programs originally produced in the Polish language and European programs. There can be no assurance that more restrictive laws, rules, regulations or policies will not be adopted in the future, including further changes to enable Poland to comply with European Union requirements. Changes to laws, rules, regulations or policies could make compliance more difficult and may force us to incur additional capital expenditures or implement other changes that may adversely affect our business, financial condition, results of operations and cash flow. If we are held to be in material breach of the Broadcasting Law or the terms and conditions of our licenses, our licenses could be revoked. In addition, if our activity under our licenses is carried out in a manner that is deemed to conflict with the Broadcasting Law or the terms and conditions of our licenses, and we fail to remedy such conflict within the applicable grace period, our licenses would be withheld. Any revocation of our licenses could have a material adverse effect on our business, financial condition, results of operations and cash flow.

Our programming content may become more expensive to produce or acquire, or we may not be able to develop or acquire programming content that is attractive to our audience.

The commercial success of our channels depends substantially on our ability to develop, produce or acquire broadcast television programming content that satisfies audience tastes, attracts high audience share and generates substantial advertising revenue. We cannot assure you that we will continue to develop, produce or acquire such programs. Our programming costs may increase in response to increased competition from existing and new television channels. The costs of acquiring programming content attractive to our viewers, such as feature films and popular television series, may also increase as a result of such competition. In addition, our expenditures in relation to local programming content may increase due to the implementation of new laws and regulations mandating the broadcast of a greater number of locally produced programs. Any such increase could have a material adverse effect on our business, financial condition, results of operations and cash flow.

We have dedicated considerable resources to provide a variety of premium services, which may not be successful in generating significant revenue.

We offer fee-based enhancements to many of our free services, including e-mail services, personal advertising, financial news and features, games, music, sports news and features, video on demand as well as the content of Zumi.pl and Plejada.pl. The development cycles for these technologies are long and generally require significant investment by us. We have previously discontinued certain non-profitable premium services. While we must continue to provide new services that are attractive to our users while continuing to develop an effective way to generate revenue for such services, factors, such as general economic conditions may affect users' willingness to pay for such services. If we cannot generate sufficient revenue from these services to exceed the costs of providing such services, we may experience a material adverse effect on our financial condition, results of operations and cash flow.

There are risks associated with investing in emerging markets such as Poland.

Since 1989 Poland has been undergoing a transformation from a one-party state with a centrally planned economy to a pluralist democracy with a free market-orientated economy. Changes made in the course of this transformation include the privatization of certain state-owned assets, the removal of exchange controls, the modernization of the Polish banking system and the creation of a modern capital market. The majority of these reforms have been beneficial for private-owned companies, including television broadcasters like us. There can be no assurance, however, that continuing economic reforms in Poland will be successful, in particular those implemented in connection with Poland’s accession to the European Union in May 2004. Any failure of the ongoing political and economic reforms of Poland or Poland’s failure to integrate its economic, legal, and regulatory regimes with the European Union could have an adverse effect on our operations.

You may not be able to serve process on us or our directors, and you may not be able to enforce judgments obtained against us for U.S. securities law violations.

We are a publicly listed joint stock company formed under the laws of Poland. The rights of noteholders and minority shareholders may be different in Poland as compared to those, in the United States and in other countries. All of our directors and executive officers reside outside the United States. Substantially all of our assets and substantially all of the assets of our directors and executive officers also are located outside the United States. As a result, you may not be able to effect service of process on us or such persons within the United States or enforce against us or them in the United States judgments obtained in U.S. courts based on civil liability provisions of the U.S. federal and state securities laws.

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
for the six months ended June 30, 2009

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 six months ended June 30, 2009

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers Sp. z o.o.
Al. Armii Ludowej 14
00-638 Warszawa
Poland
Telephone +48 (22) 523 4000
Facsimile +48 (22) 523 4040
http://www.pwc.com/pl

Report on review of financial statements

To the Supervisory Board and Shareholders of TVN S.A.:

Introduction

We have reviewed the accompanying interim condensed consolidated balance sheet of TVN S.A. (the 'Company') and its subsidiaries (the 'TVN Group') as of June 30, 2009 and the related interim condensed consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, 'Interim financial reporting'. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of *interim financial information performed by the independent* auditor of the entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim financial reporting'.

PricewaterhouseCoopers Sp. z o.o.

PricewaterhouseCoopers Sp. z o.o.

Warsaw, Poland
August 12, 2009

MANAGEMENT REPRESENTATIONS

These interim condensed consolidated financial statements of TVN S.A. and its subsidiaries (the "TVN Group") as of and for the six months ended June 30, 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 six months ended June 30, 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 August 12, 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

Warsaw, August 12, 2009

TVN Group

Interim Condensed Consolidated Financial Statements
As of and for the six months ended June 30, 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 television, internet and teleshopping.

TVN S.A. (the "Company") and its subsidiaries ("TVN Group", the "Group") operate or jointly operate eleven television channels in Poland: TVN, TVN 7, TVN 24, TVN Meteo, TVN Turbo, ITVN, TVN Style, TVN CNBC Biznes, TVN Warszawa, 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 digital satellite television, '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 Miszczak, Vice-President
- Jan Łukasz Wejchert, Vice-President
- Tomasz Berezowski (resigned May 13, 2009)
- Olgierd Dobrzyński (resigned May 13, 2009)
- Waldemar Ostrowski (resigned May 13, 2009)
- Adam Pieczyński (resigned May 13, 2009)
- Jarosław Potasz (resigned May 13, 2009)
- Piotr Tyborowicz (resigned May 13, 2009)

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
- El-Trade Sp. z o.o.
  ul. Wiertnicza 166
  02-952 Warszawa
- Mango Media Sp. z o.o.
  ul. Hutnicza 59
  81-061 Gdynia
- NTL Radomsko Sp. z o.o.
  ul. 11 Listopada 2
  97-500 Radomsko
- Thema Film Sp. z o.o.
  ul. Powsińska 4
  02-920 Warszawa
- Tivien Sp. z o.o.
  ul. Augustówka 3
  02-981 Warszawa

Digital satellite pay television

- ITI Neovision Sp. z o.o.
  ul. Kłobucka 23
  02-699 Warszawa
- Cyfrowy Dom Sp. z o.o.
  ul. Kłobucka 23
  02-699 Warszawa
- Neovision Holding B.V.
  De Boelelaan 7
  NL-1083 Amsterdam
  The Netherlands
- Neovision UK Ltd.
  Carmelite 50 Victoria Embankment
  London EC4Y 0DX, UK

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

- MGM Channel Poland Ltd.
  Carmelite, 50 Victoria Embankment
  London EC4Y 0DX, UK
- Polski Operator Telewizyjny Sp. z o.o.
  ul. Huculska 6
  00-730 Warszawa

10. Associate

- Polskie Badania Internetu Sp. z o.o.
  Al. Jerozolimskie 65/79
  00-697 Warszawa

	Note	Six months ended June 30, 2009	Six months ended June 30, 2008
Revenue	**6**	1,015,131	951,191
Cost of revenue	**7**	(607,485)	(471,325)
Selling expenses	**7**	(104,520)	(71,929)
General and administration expenses	**7**	(96,059)	(74,034)
Other operating (expense)/income, net	**7**	(4,771)	1,734
Gain on consolidation of associate	**29**	110,690	-
Operating profit		**312,986**	**335,637**
Investment income, net	**8**	37,320	12,974
Finance expense, net	**8**	(183,046)	(11,922)
Share of loss of associate	**29**	(39,218)	(555)
Profit before income tax		**128,042**	**336,134**
Income tax charge	**25**	(36,615)	(65,100)
Profit for the period		**91,427**	**271,034**
Profit/(loss) attributable to:			
Owners of the parent		119,922	271,034
Non-controlling interests		(28,495)	-
		91,427	**271,034**
Earnings per share for profit attributable to the owners of TVN S.A. (not in thousands)			
- basic	**9**	0.35	0.78
- diluted	**9**	0.35	0.77
Supplementary disclosure of impact of embedded option valuation:			
Profit attributable to the owners of TVN S.A.		119,922	271,034
Impact on profit, net of tax, of fair value gain on embedded option	**8**	-	(17,084)
Adjusted profit attributable to the owners of TVN S.A.		**119,922**	**253,950**

The Group presents adjusted 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 profit adjusted for this item enables a reader to better understand the Group's operating and financial performance.

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

	Note	Six months ended June 30, 2009	Six months ended June 30, 2008
Profit for the period		**91,427**	**271,034**
Other comprehensive income:			
Available-for-sale assets	**15**	(668)	-
Income tax relating to components of other comprehensive income	**25**	127	-
Other comprehensive expense for the period, net of tax		(541)	-
Total comprehensive income for the period		**90,886**	**271,034**
Total comprehensive income attributable to:			
Owners of the parent		119,381	271,034
Non-controlling interests		(28,495)	-
		90,886	**271,034**

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)

	Note	As at June 30, 2009	As at December 31, 2008
ASSETS			
Non-current assets			
Property, plant and equipment	**10**	679,638	347,400
Goodwill	**11**	1,715,568	952,657
Brand	**12**	779,209	693,688
Other intangible assets		72,767	56,796
Non-current programming rights	**13**	179,552	154,741
Investments in associates	**29**	1,254	120,076
Loan to associate	**29**	-	179,138
Available-for-sale financial assets	**15**	7,588	7,588
Deferred tax asset	**25**	34,346	34,515
Other non current assets	**18**	5,360	5,181
		3,475,282	**2,551,780**
Current assets			
Current programming rights	**13**	240,829	192,676
Trade receivables	**16**	323,989	305,834
Available-for-sale financial assets	**15**	-	315,616
Derivative financial assets	**17**	11,337	149,865
Prepayments and other assets	**18**	105,068	51,286
Corporate income tax receivable		-	1,250
Cash and cash equivalents	**19**	127,448	184,867
		808,671	**1,201,394**
TOTAL ASSETS		**4,283,953**	**3,753,174**
EQUITY			
Shareholders' equity			
Share capital	**20**	69,904	69,903
Share premium		605,776	605,805
Treasury shares	**21**	(100,000)	(37,428)
8% obligatory reserve		23,301	23,152
Other reserves		120,585	109,048
Accumulated profit		802,222	876,474
		1,521,788	**1,646,954**
Non-controlling interest		(338,532)	-
		1,183,256	**1,646,954**
LIABILITIES			
Non-current liabilities			
9.5% Senior Notes due 2013	**22**	922,622	855,432
PLN Bonds due 2013	**22**	498,931	498,593
Loans from related party	**22,31**	498,314	-
Loan facility	**22**	109,917	109,875
Deferred tax liability	**25**	163,526	165,679
Non-current trade payables	**26**	50,219	6,951
Contingent consideration	**29**	236,750	-
Other non-current liabilities		2,954	1,342
		2,483,233	**1,637,872**
Current liabilities			
Current trade payables	**26**	291,500	141,905
Corporate income tax payable		20,534	40,559
Accrued interest on borrowings	**22**	6,748	7,658
Overdraft facility	**22**	-	48,733
Other liabilities and accruals	**23**	298,682	229,493
		617,464	**468,348**
Total liabilities		**3,100,697**	**2,106,220**
TOTAL EQUITY AND LIABILITIES		**4,283,953**	**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 attributable to owners of the Company	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	-	-	-	-	-	271,034	271,034	-	271,034
Issue of shares	2,110,849	422	37,253	-	(17,268)	-	20,407	-	20,407
Share issue cost	-	-	(80)	-	-	-	(80)	-	(80)
Dividend declared and paid	-	-	-	-	-	(171,180)	(171,180)	-	(171,180)
Dividend cost	-	-	-	-	-	(16)	(16)	-	(16)
Share option plan charge for the period (1)	-	-	-	-	21,142	-	21,142	-	21,142
Appropriation of 2007 profit – transfer to 8% obligatory reserve	-	-	-	251	-	(251)	-	-	-
Balance at June 30, 2008	**349,383,824**	**69,877**	**603,500**	**23,152**	**90,707**	**783,832**	**1,571,068**	**-**	**1,571,068**

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

	Number of shares (not in thousands)	Share capital	Share premium	Treasury shares	8% obligatory reserve	Other reserves (*)	Accumulated profit	Total attributable to owners of the Company	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	-	-	-	-	-	(541)	119,922	119,381	(28,495)	90,886
Issue of shares (2)	2,500	1	42	-	-	(18)	-	25	-	25
Purchase of treasury shares (3)	-	-	-	(62,572)	-	-	-	(62,572)	-	(62,572)
Dividend declared (4)	-	-	-	-	-	-	(194,005)	(194,005)	-	(194,005)
Dividend cost	-	-	-	-	-	-	(20)	(20)	-	(20)
Cost of share option plan	-	-	(71)	-	-	-	-	(71)	-	(71)
Share option plan charge for the period (1)	-	-	-	-	-	12,096	-	12,096	-	12,096
Acquisition of subsidiary (see Note 29)	-	-	-	-	-	-	-	-	(310,037)	(310,037)
Appropriation of 2008 profit - transfer to 8% obligatory reserve	-	-	-	-	149	-	(149)	-	-	-
Balance at June 30, 2009	**349,517,914**	**69,904**	**605,776**	**(100,000)**	**23,301**	**120,585**	**802,222**	**1,521,788**	**(338,532)**	**1,183,256**

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

(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 six months ended June 30, 2009 2,500 (not in thousands) of C1 and C2 series shares were issued and fully paid as a result of the exercise of share options granted under the TVN incentive schemes.

(3) During the six months ended June 30, 2009, 6,200,937 (not in thousands) shares were purchased by the Company for redemption (see Note 21). These shares are included in the total number of shares in issue as of June 30, 2009 (see Note 21). The redemption of 9,157,107 treasury shares was registered by the Court on July 3, 2009.

(4) The dividend declared and paid in 2009 amounted to 0.57 per share (not in thousands).

Included in accumulated profit as of June 30, 2009 is an amount of 471,750 designated for a share buyback (see Note 21) and an amount of 334,598 being the accumulated profit of TVN S.A. on a stand-alone basis which is distributable. With the registration of the redemption of the treasury shares on July 3, 2009 (see Note 20) the balance of accumulated profit designated for a share buyback is 371,750. The Senior Notes (see Note 22) 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**
Issue of shares	(18)	-	(18)
Charge for the period	12,096	(668)	11,428
Deferred tax on charge for the period	-	127	127
Balance at June 30, 2009	**120,585**	**-**	**120,585**

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

	Note	Six months ended June 30, 2009	Six months ended June 30, 2008
Operating activities			
Cash generated from operations	**24**	281,623	399,055
Tax paid		(72,730)	(71,798)
Net cash generated by operating activities		**208,893**	**327,257**
Investing activities			
Acquisition of subsidiary, net of cash acquired	**29**	(101,326)	-
Acquisition of associate		-	(320,923)
Loans granted to associate	**29**	(75,344)	-
Payments to acquire property, plant and equipment		(156,639)	(51,930)
Proceeds from sale of property, plant and equipment		156	371
Payments to acquire intangible assets		(14,991)	(8,536)
Bank deposit with maturity over 3 months		-	(48,360)
Purchase of available for sale financial assets	**15**	(27,025)	-
Sale of available-for-sale financial assets	**15**	347,270	-
Settlement of foreign exchange options		9,864	-
Interest received		4,686	5,092
Net cash used in investing activities		**(13,349)**	**(424,286)**
Financing activities			
Issue of shares		25	20,327
Dividend paid *		(185,120)	(161,518)
Dividend cost		(20)	-
Share buyback, including related expenses	**21**	(62,572)	-
Proceeds from related party borrowings		22,154	-
Issue of PLN Bonds due 2013		-	498,690
Repurchase of Senior Notes due 2013		-	(36,587)
Early settlement of options	**8,17**	101,014	-
Increase in restricted cash		-	(1,324)
Overdraft facility	**22**	(48,733)	-
Interest paid		(75,816)	(38,918)
Net cash (used in)/ generated by financing activities		**(249,068)**	**280,670**
(Decrease)/ increase in cash and cash equivalents		**(53,524)**	**183,641**
Cash and cash equivalents at the start of the period		184,867	110,372
Effects of exchange rate changes		(3,895)	257
Cash and cash equivalents at the end of the period		**127,448**	**294,270**

* Dividend paid differs from the dividend declared due to tax payable by shareholders on dividend income, which was withheld by the Group and settled after the balance sheet date.

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

1. TVN

These interim condensed consolidated financial statements were authorized for issuance by the Management Board and Supervisory Board of TVN S.A. on August 12, 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 30.

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 the associate. From March 11, 2009 the Group has fully consolidated the operations of Neovision Holding Group.

As a result of the acquisition, the financial results for the six months ended June 30, 2009 are not directly comparable to the results for the six months ended June 30, 2008.

On May 22, 2009 ITI Neovision purchased from Union des Associations Europeennes de Football (“UEFA”) headquartered in Switzerland, license rights to broadcast in Poland Champions League matches during the 2009/2010, 2010/2011 and 2011/2012 seasons, for a total amount of EUR 48 million.

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.

Revenue from pay-TV services 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

These interim condensed consolidated financial statements are prepared 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 consolidated financial statements as of and for the six months ended June 30, 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 standards and interpretations which became effective January 1, 2009 or were early adopted by the Group.

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 reporting 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 historical cost.

As the Group's borrowings are usually raised for general purposes, the borrowing costs for capitalization are determined through the application of a capitalization rate to costs incurred in getting ready qualifying asset during the reporting period. The capitalization rate is determined as a relation of the applicable borrowing costs to the weighted average balance of borrowings outstanding during the period. Currently, the only qualifying assets identified by the Group in relation to which borrowing costs are capitalized are office investments in the special economic zone in Krakow.

(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 in order to ensure that a 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

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 adopted the changes in accordance with the transition provisions.

(ix) IFRIC 12 – Service Concession Arrangements

The interpretation gives guidance on the accounting by operators for public-to-private service concession arrangements. This interpretation did not impact the Group's financial statements.

(x) IFRIC 16 – Hedges of a Net Investment in a Foreign Operation

The interpretation applies to an entity that hedges the foreign currency risk arising from its net investments in foreign operations and wishes to qualify for hedge accounting in accordance with IAS 39. This interpretation did not impact the Group's financial statements.

(xi) Amendments 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

The amendments to IFRS 1 allow first-time adopters, in their separate financial statements, to use a deemed cost option for determining the cost of an investment in a subsidiary, jointly controlled entity or associate. Additionally, when an entity reorganises the structure of its group by establishing a new entity as its parent (subject to specific criteria), the amendments require the new parent to measure cost as the carrying amount of its share of the equity items shown in the separate financial statements of the original parent at the date of the reorganisation. These amendments did not impact the Group's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 liabilities 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 29). Contingent consideration has been recognized at its fair value at March 11, 2009. Acquisition related costs have been recognized in the income statement, 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 the net assets of Neovision Holding. See Note 29 for further details of the business combination which was entered into in the period ended June 30, 2009.

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 treatment 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 an acquiree or subsidiary is remeasured at fair value and the resulting gain or loss is recognized in the income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 value 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.

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 to10 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.

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.

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. <u>Comparative financial information</u>

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. 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 July 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 for annual periods beginning on or after July 1, 2009. The Group is currently assessing the impact of the changes on Group's financial statements.

(iv) Amendments to IFRS 2 Group Cash-settled Share-based Payment Transactions

The amendments were published on June 18, 2009. They clarify the accounting treatment for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when that entity has no obligation to settle the share-based payment transaction. The amendments are effective from annual periods starting on or after January 1, 2010. The amendments will not affect the 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:

- *IFRIC 15 – Agreements for the Construction of Real Estate*
- *IFRS Improvements 2009*
- *IFRIC 17 – Distributions of Non-cash Assets to Owners*
- *IFRIC 18 – Transfers of Assets from Customers*

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*
- *Amendments to IFRS 2 Group Cash-settled Share-based Payment Transactions*

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 settlement of the transactions.

(i) Market risk

Market risk related to the Senior Notes

The price of the Senior Notes depends on the Group'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 22) 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.

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

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 June 30, 2009 of a reasonably possible EUR appreciation of 15% against the zloty (5% with respect to balances as of June 30, 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:

	Six months ended June 30, 2009	**Six months ended June 30, 2008**
Assumed EUR appreciation against PLN:	15%	5%
Liabilities:		
9.5% Senior Notes due 2013 including accrued interest	(117,219)	(30,686)
Loans from related parties	(67,074)	-
Contingent consideration	(28,765)	-
Trade payables	(8,946)	-
Other	(2,094)	-
Assets:		
Trade receivables	1,102	-
Loans to associate	-	4,858
Embedded prepayment options	-	1,682
Cash and cash equivalents	139	-

(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 June 30, 2009 of a reasonably possible USD appreciation of 15% against the zloty (5% with respect to balances as of June 30, 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:

	Six months ended June 30, 2009	**Six months ended June 30, 2008**
Assumed USD appreciation against PLN:	15%	5%
Liabilities		
Trade payables	(16,421)	(2,533)
Assets:		
Cash and cash equivalents	2,204	-
Trade receivables	2,432	-

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 June 30, 2009 are discussed in Note 17.

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 22), 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 June 30, 2009, if WIBOR interest rates had been 50 b.p. higher/lower with all other variables held constant, post-tax profit for the period would have been 89 lower/higher.

As the loans from related parties are at a fixed annual interest rate the Group is exposed to fair value interest rate risk in this respect. Since the loans from related parties are carried at amortized cost, the changes in fair values of these instruments do not have direct impact on valuation of the instruments in the balance sheet.

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 June 30, 2009 if EURIBOR interest rates had been 50 b.p. higher/lower with all other variables held constant, post-tax profit for the period would have been 1,586 higher/lower due to change in estimation of the contingent payment.

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 and foreign currency options with financial institutions that the Group believes are credit worthy based on current credit ratings (see Note 17 and 19). The Group does not consider its current concentration of credit risk as significant.

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

Television broadcasting, production 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 majority of the Group's sales are made through advertising agencies (54% of the total trade receivables as of June 30, 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 18% and the single largest advertiser accounted for 3% of sales for the six months ended June 30, 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.

Digital satellite pay television 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 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.

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

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

Trade receivables (net)	June 30, 2009	December 31, 2008
Receivables from advertising agencies	54%	70%
Receivables from individual customers	44%	22%
Receivables from related parties	2%	8%
	100%	**100%**

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

Trade receivables (net)	June 30, 2009	December 31, 2008*
Agency A	8%	5%
Agency B	7%	4%
Agency C	6%	8%
Agency D	6%	7%
Agency E	5%	7%
Sub-total	**32%**	**31%**
Total other counterparties	68%	69%
	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)	June 30, 2009	December 31, 2008*
Agency Group F	17%	14%
Agency Group G	15%	14%
Agency Group H	10%	16%
Agency Group I	7%	14%
Agency Group J	1%	2%
Sub-total	**50%**	**60%**
Total other counterparties	50%	40%
	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 from non-performance by the Group's customers as at June 30, 2009. The Group does not expect any losses with respect to derivative financial assets attributable to credit risk.

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

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 22). Management monitors regularly expected cash flows. The Group expects that its principal future cash needs will be capital expenditures relating to dividends, acquisitions, 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 June 30, 2009 the Group had cash and cash equivalents and committed unutilized credit facilities totaling 164,135 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 including interest and excluding the impact of early prepayment options. Balances due within 12 months equal their carrying balances.

	Within 1 year	Between 1-2 years	Above 2 years
At June 30, 2009			
9.5% Senior Notes due 2013	91,292	91,292	1,189,193
PLN Bonds due 2013	37,500	37,500	556,301
Loans from related parties	-	-	552,052
Loan facility	5,786	5,786	111,300
Trade payables	292,865	44,605	6,034
Contingent consideration	-	268,176	-
Other liabilities and accruals	173,873	1,599	-
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	-

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

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 22) 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. The Group defines 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. 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. EBITDA is not a uniform or standardized measure and the calculation of EBITDA, accordingly, may vary significantly from company to company, and by itself the Group's presentation and calculation of EBITDA may not be comparable to that of other companies.

	June 30, 2009	**December 31, 2008**
Net debt	2,002,124	1,062,974
EBITDA	729,620	711,378
Net debt/EBITDA ratio	2.7	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 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.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 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-Gątarek-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 June 30, 2009 the Group input into the valuation model a market price of 78.50 based on the last available value date on June 30, 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 85.68 (based on a value date on August 11, 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 a 25% stake in the company. 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.

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

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 of 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%

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

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. Since reviewing the key assumptions included in the business plans as at March 31, 2009 the Group has not observed any indications for further amendments of the business plan.The revised business plan of the on-line cash generating unit returns a fair value less cost to sell which approximates to the carrying value of the cash-generating unit as of June 30, 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 29) the Group recognized as at March 11, 2009 a 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 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. The Group recognized a gain on consolidation of the associate of 110,690 and goodwill of 762,911 (see Note 29), which are impacted by the inclusion in the purchase consideration of the fair value of the contingent element.

The fair value of the consideration payable, goodwill recognized on the investment and the gain on consolidation of the 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 the associate of 53,851 and goodwill of 647,004.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(v) Estimated fair value of loans from related parties

Following the business combination with Neovision Holding (see Note 29), as part of the purchase price allocation the Group estimated as at March 11, 2009 fair value of loans from related parties recorded by Neovision Holding. The fair value of 913,560 was estimated assuming a discount rate of 9.5% and repayment of loans in full at their maturity. The Group believes that the assumed discount rate approximates cost of external financing that ITI Neovision would be able to rise on the market.

The fair value of loans from related parties, goodwill recognized on investment, gain on consolidation of associate and loss on loan to associate recognized on consolidation are sensitive to changes in the assumptions used in the valuation. Had the discount rate been estimated at 10.0%, the Group would have fair valued loans from related parties at 860,896 and recorded a goodwill of 761,997, gain on consolidation of associate of 117,513 and loss on loan to associate on consolidation of 34,002.

(vi) Estimated impairment of digital satellite pay television cash-generating unit

Beginning from the acquisition date, the Group tests annually whether the digital satellite pay television cash-generating unit, including goodwill, has suffered any impairment. During the year the Group monitors cash-generating units against impairment indicators through the review of actual financial and operating results. As of June 30, 2009 the Group assessed that the operating and financial results of digital satellite pay television cash-generating unit do not indicate impairment of the cash-generating unit.

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.

The chief operating decision-maker has been identified as the steering committee, which reviews regularly the Group's internal reporting. Management has determined the operating segments based on these reports. The committee considers the business from product and service perspective. The committee assesses the performance of TV channels aggregated into single television broadcasting and production segment, DTH platform and on-line operations. All other include mainly teleshopping services and content and technical services.

The steering committee assesses the performance of the operating segments based on a revenue and earnings before interest, tax, depreciation and amortization (EBITDA). Other information provided to the steering committee is measured in a manner consistent with that in the financial statements.

Operating segments are aggregated into a single operating segment if the segments have similar economic characteristics and have in particular a similar nature of products and services, type of customers, distribution methods and regulatory environment.

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

5. SEGMENT REPORTING (CONTINUED)

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 television broadcasting and production segment generates revenue mainly from advertising spot sales, sponsoring and cable and direct-to-home operators. The digital platform segment is mainly engaged in direct-to-home distribution of technologically advanced pay television services and generates revenue mainly from program subscription. The on-line segment primarily comprises Onet.pl, Poland's leading portal, revenue is generated mainly form internet advertising spot sales and user generated transactions.

Reconciliation of EBITDA to total profit before income tax:

	Six months ended June 30, 2009	Six months ended June 30, 2008
EBITDA	**391,956**	**373,714**
Depreciation of property, plant and equipment	(62,720)	(28,804)
Amortization of intangible assets	(16,250)	(11,158)
Impairment of fixed assets	-	1,885
Segment result	**312,986**	**335,637**
Investment income, net (see Note 8)	37,320	12,974
Financial expenses, net (see Note 8)	(183,046)	(11,922)
Share of loss of associate (see Note 29)	(39,218)	(555)
Profit before income tax	**128,042**	**336,134**

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

5. SEGMENT REPORTING (CONTINUED)

Six months ended June 30, 2009	Television Broadcasting and Production	Digital platform	On-line	All other	Other reconciling items	Total
Revenue from external customers	748,410	130,897	88,844	37,109	-	1,005,260
Inter-segment revenue	23,575	409	8,110	18,533	(40,756)	9,871
Total revenue	**771,985**	**131,306**	**96,954**	**55,642**	**(40,756)**	**1,015,131**
EBITDA	**327,548**	**(32,802)**	**16,993**	**7,912**	**72,305**	**391,956**
Segment result	**295,586**	**(65,107)**	**4,345**	**5,857**	**72,305**	**312,986**
Investment income/(expenses), net (see Note 8)	70,338	6,007	2,889	173	(42,087)	37,320
Financial income/ (expenses), net (see Note 8)	(192,417)	1,071	(9,512)	(204)	18,016	(183,046)
Share of income/ (loss) of associate (see Note 29)	-	(39,325)	107	-	-	(39,218)
Profit/ (loss) before income tax	**173,507**	**(97,354)**	**(2,171)**	**5,826**	**48,234**	**128,042**
Income tax charge (see Note 25)	-	-	-	-	(36,615)	(36,615)
Profit/ (loss) for the period	**173,507**	**(97,354)**	**(2,171)**	**5,826**	**11,619**	**91,427**
Capital expenditures	15,933	53,509	43,416	150	-	113,008
Depreciation of property, plant and equipment	27,178	28,170	5,687	1,686	-	62,721
Amortization of intangible assets	4,784	4,135	6,961	369	-	16,249
Significant non-cash expenses	8,886	-	1,504	287	1,419	12,096
Share option plan	8,886	-	1,504	287	1,419	12,096
As at June 30, 2009						
Segment assets including:	**1,207,594**	**1,360,910**	**1,698,585**	**32,848**	**(15,984)**	**4,283,953**
Investment in associates	-	1,049	205	-	-	1,254

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

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

5. SEGMENT REPORTING (CONTINUED)

Six months ended June 30, 2008	**Television Broadcasting and Production**	**On-line**	**All Other**	**Other reconciling items**	**Total**
Revenue from external customers	818,243	91,081	41,867	-	951,191
Inter-segment revenue	2,298	3,933	5,560	(11,791)	-
Total revenue	**820,541**	**95,014**	**47,427**	**(11,791)**	**951,191**
EBITDA	**355,064**	**25,395**	**12,297**	**(19,042)**	**373,714**
Segment result	**326,988**	**15,585**	**10,221**	**(17,157)**	**335,637**
Investment income/ (expenses), net (see Note 8)	9,384	2,245	(198)	1,543	12,974
Financial income/ (expenses), net (see Note 8)	(7,772)	1,723	(199)	(5,674)	(11,922)
Share of loss of associate	-	-	-	(555)	(555)
Profit/ (loss) before income tax	**328,600**	**19,553**	**9,824**	**(21,843)**	**336,134**
Income tax charge (see Note 25)	-	-	-	(65,100)	(65,100)
Profit/ (loss) for the period	**328,600**	**19,553**	**9,824**	**(86,943)**	**271,034**
Impairment of fixed assets	-	-	-	(1,885)	(1,885)
Capital expenditures	50,124	10,961	413	-	61,498
Depreciation of property, plant and equipment	22,257	4,916	1,630	-	28,803
Amortization of intangible assets	5,819	4,894	446	-	11,159
Significant non-cash expenses	12,859	4,783	447	3,053	21,142
Share option plan	12,859	4,783	447	3,053	21,142
As at December 31, 2008					
Segment assets including:	1,273,587	1,659,423	23,086	797,078	3,753,174
Investment in associates	-	98	-	119,978	120,076

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

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

6. REVENUE

	Six months ended June 30, 2009	Six months ended June 30, 2008
Revenue from advertising spot sales	651,444	741,332
Subscription fees	223,859	72,243
Revenue from sponsoring	65,821	69,191
Revenue from sales of goods	24,284	20,565
Other revenue	49,723	47,860
	1,015,131	**951,191**

Subscription fees include subscriptions receivable by TVN from DTH and cable operators, subscription receivable by ‘n’ platform from consumers and internet transaction based fees. Other revenue includes mainly sales of licenses. Included in revenues are revenues from related parties in the amount of 18,441 (six months ended June 30, 2008: 24,075) (see Note 31).

7. OPERATING EXPENSES

	Six months ended June 30, 2009	Six months ended June 30, 2008
Amortization of locally produced content	246,372	243,656
Amortization of acquired programming rights and co-production	128,008	61,683
Staff expenses	98,422	78,625
Share options granted to board members and employees	12,096	21,142
Depreciation, amortization and impairment charges	78,970	38,077
Marketing and research	35,510	35,349
Royalties	35,874	34,165
Broadcasting expenses	45,361	25,187
Cost of services and goods sold	15,451	14,119
Rental	22,332	13,521
Impaired accounts receivable	2,048	(453)
Other	92,391	50,483
	812,835	**615,554**

Included in the amortization of acquired programming rights and co-production for the six months ended June 30, 2009 are fees for broadcasting television channels incurred by digital platform ‘n’ in the total amount of 49,856 (six months ended June 30, 2008: nil).

Included in the above operating expenses are operating lease expenses for the six months ended June 30, 2009 of 85,735 (six months ended June 30, 2008: 50,223).

Amortization of locally produced content for the six months ended June 30, 2009 has been reduced by grants received in the total amount of 583 (six months ended June 30, 2008: 1,227).

Included in depreciation, amortization and impairment charges is an amount of impairment reversal of 1,885 for the six months ended June 30, 2008.

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

7. OPERATING EXPENSES (CONTINUED)

Included in the above operating expenses is an aggregate amount of research and development expenditure of 603 recognized as an expense in the six months ended June 30, 2009 (six months ended June 30, 2008: 683).

Included in other operating expenses are transaction costs of 16,608 related to the investment in the 'n' DTH platform (see Note 29).

8. INVESTMENT INCOME AND FINANCE EXPENSE

Investment income, net	**Six months ended June 30, 2009**	**Six months ended June 30, 2008**
Foreign exchange gains, net	41,401	7,811
Fair value gains/(losses) on financial instruments:		
- foreign exchange options – settlement of instrument	*21,414*	*-*
- foreign exchange options not designated as hedging instruments	*(12,409)*	*-*
	9,005	-
Interest income from available for sale financial assets (see Note 15)	5,297	-
Accrued interest income on loan to associate (see Note 29)	4,181	136
Fair value loss on loan to associate recognized on consolidation (See Note 29)	(26,486)	-
Other interest income	3,922	5,027
	37,320	**12,974**

Finance expense, net		
Foreign exchange losses/(gains) on Senior Notes	63,683	(52,585)
Foreign exchange gains on loans from related parties	(14,034)	-
Fair value losses/(gains) on financial instruments:		
- embedded option (see Note 17, 22)	-	(21,091)
- foreign exchange options – fair value hedges (Note 17)	*126,121*	*32,804*
- foreign exchange options – early settlement of instrument	*(101,014)*	*-*
- foreign exchange options – portion not designated as hedging instrument (see Note 17)	*-*	*4,447*
	25,107	37,251
Interest expense on 9.5% Senior Notes (see Note 22)	52,095	43,661
Interest expense on PLN Bonds due 2013 (see Note 22)	23,099	-
Interest expenses on loans from related parties (see Note 22)	14,273	-
Interest expense on loan facility and overdraft (see Note 22)	3,930	-
Guarantee fees to related party (see Note 31(vii))	2,191	1,213
Bank and other charges	5,448	563
Unwinding of interest on contingent consideration (see Note 29)	7,254	-
Cost of repurchase of Senior Notes (including pre-issuance costs written off)*	-	2,910
	183,046	**11,922**

* 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 22).

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

(i) Earnings per share for profit attributable to the owners of TVN S.A.

Basic

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

	Six months ended June 30, 2009	**Six months ended June 30, 2008**
Profit attributable to the owners of TVN S.A. (in thousands)	119,922	271,034
Weighted average number of ordinary shares in issue	342,140,108	348,070,245
Basic earnings per share	**0.35**	**0.78**

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.

	Six months ended June 30, 2009	**Six months ended June 30, 2008**
Profit attributable to the owners of TVN S.A. (in thousands)	119,922	271,034
Weighted average number of ordinary shares in issue	342,140,108	348,070,245
Adjustment for share options	177,563	5,322,644
Weighted average number of potential ordinary shares for diluted earnings per share	342,317,671	353,392,889
Diluted earnings per share	**0.35**	**0.77**

(ii) Earnings per share for adjusted profit attributable to the owners of TVN S.A.

The Group presents adjusted 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 profit adjusted for this item enables a reader to better understand the Group's operating and financial performance.

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

Basic

	Six months ended June 30, 2009	Six months ended June 30, 2008
Profit attributable to the owners of TVN S.A. (in thousands)	119,922	271,034
Impact on profit, net of tax of fair value gain on embedded option (in thousands)	-	(17,084)
Adjusted profit attributable to the owners of TVN S.A. (in thousands)	119,922	253,950
Weighted average number of ordinary shares in issue	342,140,108	348,070,245
Adjusted basic earnings per share	**0.35**	**0.73**

Diluted

	Six months ended June 30, 2009	Six months ended June 30, 2008
Profit attributable to the owners of TVN S.A. (in thousands)	119,922	271,034
Impact on profit, net of tax of fair value gain on embedded option (in thousands)	-	(17,084)
Adjusted profit attributable to the owners of TVN S.A. (in thousands)	119,922	253,950
Weighted average number of ordinary shares in issue	342,140,108	348,070,245
Adjustment for share options	177,563	5,322,644
Weighted average number of potential ordinary shares for diluted earnings per share	342,317,671	353,392,889
Adjusted diluted earnings per share	**0.35**	**0.72**

10. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment	**June 30, 2009**	**December 31, 2008**
Freehold land	34,784	34,784
Buildings	189	163
Leasehold improvements	38,980	37,806
Television, broadcasting and other technical equipment	204,060	183,792
Set top decoders and satellite dishes	282,960	-
Vehicles	29,719	29,724
Furniture and fixtures	10,373	8,544
Assets under construction	78,573	52,587
	679,638	**347,400**

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

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The balance of the property, plant and equipment as of June 30, 2009 includes the following items of property, plant and equipment acquired in a business combination on March 11, 2009 (see Note 29):

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
	297,996*

* established provisionally

11. GOODWILL

January 1, 2008	952,657	
June 30, 2008	**952,657**	
January 1, 2009	952,657	
Business combination with Neovision Holding (see Note 29)	762,911	*
June 30, 2009	**1,715,568**	

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

On-line	802,205	
Digital platform (see Note 29)	762,911	*
Thematic television channels	131,704	
Television production unit	12,423	
Teleshopping unit	6,325	
	1,715,568	

* established provisionally

12. BRAND

January 1, 2008	693,688	
June 30, 2008	**693,688**	
January 1, 2009	693,688	
Business combination with Neovision Holding (see Note 29)	88,200	*
Amortization of “n” brand	(2,679)	*
June 30, 2009	**779,209**	

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

12. BRAND (CONTINUED)

The carrying amount of brands as of June 30, 2009 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)	85,521 *
Mango (teleshopping cash generating unit)	50,260
	779,209

* established provisionally

13. PROGRAMMING RIGHTS

	June 30, 2009	December 31, 2008
Acquired programming rights:		
- television broadcasting and production	*194,263*	*172,707*
- digital platform	*43,089*	*-*
	237,352	172,707
News archive	12,227	12,453
Co-productions	11,526	14,306
Productions	159,276	147,951
	420,381	**347,417**
Less current portion of programming rights	(240,829)	(192,676)
Non-current portion of programming rights	**179,552**	**154,741**

Changes in acquired programming rights

	Six months ended June 30, 2009	Six months ended June 30, 2008
Net book value as at January 1	172,707	187,263
Additions	91,499	58,788
Acquired in a business combination *	46,161	-
Amortization	(73,015)	(60,772)
Net book value as at June 30	**237,352**	**185,279**

* established provisionally

14. FINANCIAL INSTRUMENTS BY CATEGORY

June 30, 2009	Loans and receivables	Financial assets at fair value through profit or loss	Financial assets available-for-sale	Total
Assets as per balance sheet				
Available-for-sale financial assets	-	-	7,588	7,588
Derivative financial instruments	-	11,337	-	11,337
Trade and other receivables	323,989	-	-	323,989
Cash and cash equivalents	127,448	-	-	127,448
	451,437	**11,337**	**7,588**	**470,362**

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

14. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

June 30, 2009	Other financial liabilities	Total
Liabilities as per balance sheet		
9.5% Senior Notes due 2013	922,622	922,622
PLN Bonds due 2013	498,931	498,931
Loans from related party	498,314	498,314
Loan facility	109,917	109,917
Accrued interest on borrowings	6,748	6,748
Non-current trade payables	50,219	50,219
Current trade payables	291,500	291,500
Contingent consideration	236,750	236,750
Other liabilities and accruals*	173,872	173,872
	2,788,873	**2,788,873**

* This amount excludes the following items which are not financial liabilities: VAT and other taxes payable, employee benefits, deferred income.

December 31, 2008	Loans and receivables	Derivatives used for hedging	Financial assets at fair value through profit or loss	Financial assets available-for-sale	Total
Assets as per balance sheet					
Available-for-sale financial assets	-	-	-	323,204	323,204
Derivative financial instruments	-	120,515	29,350	-	149,865
Trade and other receivables	305,834	-	-	-	305,834
Loans to associate	179,138	-	-	-	179,138
Cash and cash equivalents	184,867	-	-	-	184,867
	669,839	**120,515**	**29,350**	**323,204**	**1,142,908**

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

14. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

December 31, 2008	Other financial liabilities	Total
Liabilities as per balance sheet		
9.5% Senior Notes due 2013	855,432	855,432
PLN Bonds due 2013	498,593	498,593
Loan facility	109,875	109,875
Accrued interest on borrowings	7,658	7,658
Overdraft facility	48,733	48,733
Non-current trade payables	6,951	6,951
Current trade payables	141,905	141,905
Other liabilities and accruals*	133,032	133,032
	1,802,179	**1,802,179**

* This amount excludes the following items which are not financial liabilities: VAT and other taxes payable, employee benefits, deferred income.

15. AVAILABLE FOR SALE FINANCIAL ASSETS

	Six months ended June 30, 2009	Six months ended June 30, 2008
Beginning of the period	323,204	7,588
Additions	27,025	-
Sales	(347,270)	-
Fair value change through equity	(668)	-
Interest credited to profit or loss (see Note 8)	5,297	-
End of the period	**7,588**	**7,588**
Less: non-current portion	(7,588)	(7,588)
Current portion	**-**	**-**

Available for sale financial assets include:

	June 30, 2009	December 31, 2008
Securities quoted on active markets:		
- Treasury bills PLN	-	315,616
Securities not quoted on active markets:		
- Polskie Media S.A.	7,588	7,588
	7,588	**323,204**

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, 2009 based on financial information available from the annual financial statements of Polskie Media for the year ended December 31, 2008 and industry sales multiples. The Group assessed that there is no impairment of the carrying value as of June 30, 2009. 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.

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

16. TRADE RECEIVABLES

	June 30, 2009	December 31, 2008
Trade receivables	283,116	290,487
Less: provision for impairment of receivables	(10,980)	(9,993)
Trade receivables – net	272,136	280,494
Accrued revenue - discounts to ‘n’ customers	28,276	-
Receivables from related parties (Note 31 (iii))	23,577	25,340
	323,989	**305,834**

The fair values of trade receivables, because of their short-term nature, are estimated to approximate their carrying values.
The carrying amounts of the Group’s trade receivables are denominated in the following currencies:

	June 30, 2009	December 31, 2008
PLN	294,305	292,549
USD	20,019	11,008
EUR	9,068	1,763
GBP	476	503
CAD	78	-
AUD	43	11
	323,989	**305,834**

Provision for impairment of receivables was created individually for non-related trade receivables that were overdue more than 60 days or in relation to individual customers who are in unexpectedly difficult financial situations.

Movements on the provision for impairment of trade receivables are as follows:

	Six months ended June 30, 2009	Six months ended June 30, 2008
Beginning of the period	9,993	8,238
Provision for receivables impaired, net change	2,039	(453)
Receivables written off as uncollectible	(1,052)	(247)
End of the period	**10,980**	**7,538**

The creation and release of provisions for impaired receivables have been included in selling expenses in the income statement.

As of June 30, 2009, trade receivables of 141,908 were past due but not impaired. The balance relates to a number of customers with no recent history of default. The ageing analysis of these trade receivables is as follows:

	June 30, 2009	December 31, 2008
Up to 30 days	92,652	114,989
31-60 days	16,684	14,915
Over 60 days	26,153	12,417
	135,489	**142,321**

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

16. TRADE RECEIVABLES (CONTINUED)

The Group defines credit exposure as total outstanding receivables. Maximum exposure to credit risk is the total balance of trade receivables. Maximum exposure to credit risk as of June 30, 2009 was 323,989 (December 31, 2008: 305,834).

17. DERIVATIVE FINANCIAL ASSETS

	June 30, 2009	December 31, 2008
Foreign exchange options EUR	-	126,120
Foreign exchange options USD	11,337	23,745
	11,337	**149,865**

The fair value of the prepayment options embedded in the Senior Notes as of June 30, 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 22), 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 June 30, 2009.

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 15,045, maturity dates between September 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 June 30, 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. A currency option with the notional value of USD 12,354 matured on June 22, 2009 resulting in a gain of 9,864 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 8).

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

	June 30, 2009	December 31, 2008
Bank rated Aa1	11,337	23,745
Banks rated A2	-	126,120
	11,337	**149,865**

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

17. DERIVATIVE FINANCIAL ASSETS (CONTINUED)

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 June 30, 2009 amounted to 11,337 (December 31, 2008: 149,865).

18. PREPAYMENTS AND OTHER ASSETS

	June 30, 2009	December 31, 2008
Prepayments for programming	30,084	17,580
Inventory, less provided for	23,725	11,758
Employee settlements	3,360	3,543
Technical support	3,100	3,576
VAT and other non-CIT taxes receivables	13,555	3,133
Other	36,604	16,877
	110,428	**56,467**
Less: current portion of other assets	**(105,068)**	**(51,286)**
Non-current portion of other assets	**5,360**	**5,181**

19. CASH AND CASH EQUIVALENTS

	June 30, 2009	December 31, 2008
Cash at bank and in hand	127,448	131,316
Short-term treasury bills	-	53,551
	127,448	**184,867**

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

	June 30, 2009	December 31, 2008
Bank rated AAA	46,304	84,420
Bank rated A-	81,144	46,896
	127,448	**131,316**

20. 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 June 30, 2009 was 349,517,914 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 June 30, 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)]	20,394,715	5.84%	20,394,715	5.99%
Cadizin Trading&Investment [(1)]	8,204,477	2.35%	8,204,477	2.41%
ITI Impresario[(1)]	1,400	0.00%	1,400	0.00%
Other shareholders	131,404,785	37.59%	131,404,785	38.61%
Treasury shares	9,157,107	2.62%	-	-
Total	**349,517,914**	**100.00%**	**340,360,807**	**100.00%**

[(1)] Entities controlled by ITI Group.

Included in the total number of shares in issue as at June 30, 2009 held by other shareholders is 2,500 shares of C1 and C2 series not registered by the Court.

During the six months ended June 30, 2009 2,500 shares of C1 and C2 series were issued under the stock option plan for an amount of 25 (in thousands).

The total number of shares as of June 30, 2009 includes 9,157,107 treasury shares (see Note 21). According to the Polish Commercial Companies Code the Company cannot exercise voting rights related to TVN treasury shares.

On May 15, 2009 Annual General Shareholders' Meeting adopted resolutions on redemption of treasury shares and decrease of share capital. On July 3, 2009 these resolutions were registered by the Court. As a result, share capital of the Company consists of 340,360,807 shares, including 2,500 shares issued under the stock option plan, which are pending registration.

21. 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 six months ended June 30, 2009). Redemption of the treasury shares was registered by the Court on July 3, 2009.

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

22. BORROWINGS

	June 30, 2009	December 31, 2008
9.5 Senior Notes due 2013	922,622	855,432
Interest accrued on Senior Notes due 2013	3,804	3,551
PLN Bonds	498,931	498,593
Interest accrued on PLN Bonds	1,644	2,156
Loan facility	109,917	109,875
Interest accrued on loan facility	1,300	1,951
Loans from related parties (see Note 29,31 (iv)) *	498,314	-
Overdraft facility	-	48,733
	2,036,532	**1,520,291**
Less: current portion of borrowings	(6,748)	(56,391)
Non-current portion of borrowings	**2,029,784**	**1,463,900**

* Including accrued interest

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%.

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.

22. BORROWINGS (CONTINUED)

The fair value of the Senior Notes, excluding accrued interest, as at June 30, 2009 is estimated to be PLN 754,357 or EUR 168,775 (PLN 753,535 or EUR 180,600 as at December 31, 2008). Fair value of the Senior Notes reflects their market price quoted by Reuters based on the last value date on June 30, 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 7.83%.

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 June 30, 2009 was estimated to be PLN 501,486. 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.

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

22. BORROWINGS (CONTINUED)

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 June 30, 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., Mango Media Sp. z o.o. and ITI Neovision Sp. z o.o., subsidiaries of TVN S.A. As of June 30, 2009 163,313 of the facility had been used.

23. OTHER LIABILITIES AND ACCRUALS

	June 30, 2009	December 31, 2008
Employee benefits	38,791	45,175
VAT and other taxes payable	49,595	29,639
Deferred income	36,424	21,647
Accrued production costs	22,125	14,908
Sales and marketing related costs	6,283	2,050
Satellites	3,165	6,236
Other liabilities and accrued costs	142,299	109,838
	298,682	**229,493**

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

24. NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

Reconciliation of net profit to cash generated from operations

	Note	Six months ended June 30, 2009	Six months ended June 30, 2008
Net profit		91,427	271,034
Tax charge		36,615	65,100
Share options granted to board members and employees	**7**	12,096	21,142
Depreciation, amortization and impairment charges	**7**	78,970	38,077
Amortization of acquired programming rights and co-production	**7**	78,152	61,683
Impaired accounts receivable	**7**	2,048	(453)
Loss on sale of property, plant and equipment		178	42
Investment income and finance expense, net	**8**	145,726	(1,052)
Share of loss of associate		39,218	555
Gain on consolidation of associate	**29**	(110,690)	-
Transaction costs related to acquisition of associate, expensed	**7,29**	3,273	-
Loss on sale of joint venture	**30**	1,924	-
Guarantee fee	**8**	(3,488)	(2,426)
Payments to acquire programming rights		(112,168)	(47,439)
Change in local production balance		(11,325)	(46,456)
Changes in working capital excluding digital platform:			
Trade receivables		52,618	(303)
Prepayments and other assets		(889)	(8,065)
Trade payables		65,264	37,830
Other short term liabilities and accruals		3,684	9,786
		120,677	39,248
Changes in working capital - digital platform		(91,010)	-
Total changes in working capital		29,667	39,248
Cash generated from operations		**281,623**	**399,055**

Non-cash transactions

	Note	Six months ended June 30, 2009	Six months ended June 30, 2008
Barter revenue, net		(4,897)	844
Share options granted to board members and employees	**7**	12,096	21,142

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

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

25. TAXATION

	Six months ended June 30, 2009	Six months ended June 30, 2008
Current tax charge	(55,231)	(61,822)
Deferred tax credit/(charge)	18,616	(3,278)
	(36,615)	**(65,100)**

Reconciliation of accounting (loss)/profit to tax charge	**Six months ended June 30, 2009**	**Six months ended June 30, 2008**
Profit before income tax	125,374	336,134
Income tax charge at the enacted statutory rate of 19%	(23,821)	(63,865)
Tax impact of employee share option plan costs not deductible for tax purposes (see Note 7)	(2,298)	(4,017)
Impact of tax deduction claimed and deferred in relation to operations in special economic zone	16,515	4,184
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	(11,148)	-
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	809	(1,402)
Tax for the period	**(36,615)**	**(65,100)**

Movements in deferred tax asset	**Six months ended June 30, 2009**	**Six months ended June 30, 2008**
Balance at beginning of period	34,515	12,637
(Credit)/debit for the period *	(169)	2,073
Balance at end of period	**34,346**	**14,710**

Movements in deferred tax liability	**Six months ended June 30, 2009**	**Six months ended June 30, 2008**
Balance at beginning of period	(165,679)	(166,578)
Acquisition of subsidiary**	(16,758)	-
Deferred tax credited to equity, net	127	-
Debit/(charge) for the period	18,784	(5,351)
Balance at end of period	**(163,526)**	**(171,929)**

* 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

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

26. TRADE PAYABLES

	June 30, 2009	December 31, 2008
Acquired programming rights payables	122,897	65,375
Property, plant, equipment and intangible assets payables	14,855	33,885
Other trade payables	182,012	44,510
Related party payables (see Note 31(iii))	21,955	5,086
	341,719	**148,856**
Less: current portion of trade payables	**(291,500)**	**(141,905)**
Non-current portion of acquired programming rights payables	**50,219**	**6,951**

27. 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 13,284. 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. On March 25, 2009 the tax authorities appealed to the Supreme Administrative Court against the Group's base VAT claim.

28. 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 June 30, 2009. These commitments are scheduled to be paid as follows:

Due in 2009	106,681
Due in 2010	260,737
Due in 2011	301,487
Due in 2012	280,492
Due in 2013	208,024
Due in 2014 and thereafter	43,343
	1,200,764

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

28. COMMITMENTS (CONTINUED)

(ii) Total future minimum payments relating to operating lease agreements signed as at June 30, 2009:

	Related parties	Non-related parties	Total
Due in 2009	13,264	14,798	28,062
Due in 2010	26,517	21,444	47,961
Due in 2011	25,858	17,451	43,309
Due in 2012	25,858	15,506	41,364
Due in 2013	25,858	10,772	36,630
Due in 2014 and thereafter	58,888	15,189	74,077
	176,243	**95,160**	**271,403**

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 June 30, 2009.

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

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	38,694
Due in 2010	87,704
Due in 2011	82,750
Due in 2012	50,046
Due in 2013	33,960
Due in 2014 and thereafter	96,236
	389,390

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 3,197 to settle sundry amounts payable recorded as of June 30, 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 June 30, 2009, the Group assumed contractual commitments of 142,645 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 June 30, 2009 the remaining commitment amounted to 129,689.

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

29. INVESTMENT IN POLISH DIGITAL SATELLITE PAY TELEVISION "N"

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' digital satellite television 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 a 25% share of the 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.

Investment in associate	**Six months ended June 30, 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 other associates	267	15
End of the period	**1,254**	**120,076**

* Including amortization of 'n' brand

Loans receivable from associate	**Six months ended June 30, 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	(279,026)	-
End of the period	**-**	**179,138**

29. INVESTMENT IN POLISH DIGITAL SATELLITE PAY TELEVISION "N" (CONTINUED)

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, has strengthed 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 average revenue per subscriber. The amount of the supplemental payment is subject to a EUR 60.0 million 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 summarizes the consideration for acquisition:

Amounts transferred (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**
Fair value of investment in Neovision Holding (including loans) before the business combination	435,350
Total Consideration for 51% stake in Neovision Holding	**888,114**
- part of consideration relating to equity investment	440,219

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

Loans repaid by the Group to ITI Media Group	(215,755)
Less: cash acquired in the subsidiary as at March 11, 2009	114,429
Acquisition of subsidiary, net of cash acquired	**(101,326)**

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

29. INVESTMENT IN POLISH DIGITAL SATELLITE PAY TELEVISION "N" (CONTINUED)

The potential undiscounted amount of all future payments that the Group could be required to make under this arrangement is between EUR 0 and EUR 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 762,911 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 the net identifiable liabilities of Neovision Holding:

Brand (see Note 12)	88,200
Other intangible assets	13,821
Property, plant and equipment (see Note 10)	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 25)	(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 11)	**762,911**
Consideration relating to equity investment	**440,219**

Included in trade and other receivables is the balance of trade receivables at fair value of 43,694 with the gross contractual amount of 48,696 and estimated expected uncollectible amount of 5,002.

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 detail 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.

29. INVESTMENT IN POLISH DIGITAL SATELLITE PAY TELEVISION "N" (CONTINUED)

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 the 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 six months ended June 30, 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 investment expense (see Note 8).

The direct costs relating to the acquisition amounted to 16,608 and included mainly legal, valuation and professional consulting fees and were expensed in the income statement in general and administration expenses.

In the period between March 11, 2009 and June 30, 2009 the Group recognized post-acquisition revenue of 130,717 and a net loss of 50,491 in respect to ITI Neovision Group.

If the acquisition had occurred on January 1, 2009 the Group, would have recognized consolidated revenue of 1,089,499 and a consolidated net loss of 35,096 for the six months ended June 30, 2009.

30. GROUP COMPANIES

These consolidated financial statements as at June 30, 2009 comprise the parent company and the following subsidiaries (the Group), joint ventures and associates:

	Country of incorporation	June 30, 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
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.

On May 29, 2009 the Group sold to Discovery Communications Europe Limited its share in the share capital of Discovery TVN Limited for the consideration of GBP 1 (not in thousands).

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

31. RELATED PARTY TRANSACTIONS

(i) Revenue:

	Six months ended June 30, 2009	Six months ended June 30, 2008
ITI Neovision *	8,065	20,347
ITI Group	8,330	3,715
MGM Channel Poland	2,035	-
Poland Media Properties	11	13
	18,441	**24,075**

* 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 29).

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 2,728 (six months ended June 30, 2008: 1,904) from advertising services rendered for ITI Neovision through advertising agencies.

(ii) Operating expenses:

	Six months ended June 30, 2009	Six months ended June 30, 2008
ITI Group	19,300	14,407
ITI Neovision *	1,493	2,848
Poland Media Properties	1,496	269
	22,289	**17,524**

* 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 29).

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:

	June 30, 2009	December 31, 2008
Receivables:		
ITI Group	7,730	4,532
ITI Neovision	-	20,808
MGM Channel Poland	15,847	-
	23,577	**25,340**

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

31. RELATED PARTY TRANSACTIONS (CONTINUED)

	June 30, 2009	December 31, 2008
Payables:		
ITI Group	5,225	4,978
MGM Channel Poland	16,677	-
Poland Media Properties	53	63
ITI Neovision	-	45
	21,955	**5,086**

(iv) Non-current loans from related parties

	June 30, 2009	December 31, 2008
Loan from Strateurop *	298,544	-
Loan from N-Vision *	199,770	-
	498,314	**-**

* Including accrued interest.

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 42,704, 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 2,418.

(vi) Lease commitments with related parties

See Note 28 for further details.

(vii) Other

ITI Holdings has provided guarantees in the amount of US$ 25,000 to Warner Bros. International Television Distribution, US$ 8,000 to DreamWorks, EUR 4,750 to UEFA, US$ 3,812 to MGM, US$ 3,024 to Universal in respect of programming rights purchased and broadcast by the Group and EUR 1,900 to Eutelsat and 1,229 to IBM in respect of rental of satellite capacity and other services. During the six months ended June 30, 2009, the Group recorded finance costs of 2,191 relating to these guarantees (during the six months ended June 30, 2008: 1,213).

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 29).

Non current liabilities include an amount of 236,750 being the net present value of contingent consideration of 60,000 EUR related to the acquisition of Neovision holding Group (see Note 29).

32. 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)

	Six months ended June 30, 2009		Six months ended June 30, 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 9.40	(2,500)	PLN 9.67	(2,110,849)
At 30 June	PLN 10.79	**12,642,216**	PLN 10.79	**12,776,306**

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	383,560	PLN 8.66	Vested
C2	1,667,330	PLN 9.58	Vested
C3	3,479,210	PLN 10.58	Vested
	5,530,100		

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	Vested
E4	2,833,670	PLN 11.68	until January 1, 2010
	7,112,116		

On May 15, 2009 the shareholders' meeting approved an extension of the TVN Incentive Schemes exercise period to December 31, 2014.

Between July 1, 2009 and the date when these financial statements were prepared, no options were exercised.

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

33. EXCHANGE RATES AND INFLATION

	PLN Exchange Rate to U.S. Dollar	PLN Exchange Rate to Euro
June 30, 2009	3.1733	4.4696
December 31, 2008	2.9618	4.1724
June 30, 2008	2.1194	3.3542

The movement in the consumer price index for the six months ended June 30, 2009 amounted to 3.4% (2.9% for the six months ended June 30, 2008).

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Report on review of financial statements

To the Supervisory Board and Shareholders of TVN S.A.:

Introduction

We have reviewed the accompanying interim condensed separate balance sheet of TVN S.A. (the 'Company') as of June 30, 2009 and the related condensed separate statements of income, comprehensive income, changes in shareholders' equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of these interim condensed separate financial statements in accordance with International Accounting Standard 34, 'Interim financial reporting'. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed separate financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim financial reporting'.

PricewaterhouseCoopers Sp. z o.o.

PricewaterhouseCoopers Sp. z o.o.

Warsaw, Poland
August 12, 2009

MANAGEMENT REPRESENTATIONS

These interim condensed separate financial statements of TVN S.A. as of and for the six months ended June 30, 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 S.A. as of and for the six months ended June 30, 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 August 12, 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

Warsaw, August 12, 2009

TVN S.A.

Interim Condensed Separate Financial Statements
As of and for the six months ended June 30, 2009

TVN S.A.

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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 the operation of a digital satellite television, internet and teleshopping.

TVN S.A. (the "Company") and its subsidiaries ("TVN Group", the "Group") operate or jointly operate eleven television channels in Poland: TVN, TVN 7, TVN 24, TVN Meteo, TVN Turbo, ITVN, TVN Style, TVN CNBC Biznes, TVN Warszawa, 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 digital satellite television '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 Miszczak, Vice-President
- Jan Łukasz Wejchert, Vice-President
- Tomasz Berezowski (resigned May 13, 2009)
- Olgierd Dobrzyński (resigned May 13, 2009)
- Waldemar Ostrowski (resigned May 13, 2009)
- Adam Pieczyński (resigned May 13, 2009)
- Jarosław Potasz (resigned May 13, 2009)
- Piotr Tyborowicz (resigned May 13, 2009)

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. Wiertnicza 166
  02-952 Warszawa
- Thema Film Sp. z o.o.
  ul. Powsińska 4
  02-920 Warszawa
- Mango Media Sp. z o.o.
  ul. Hutnicza 59
  81-061 Gdynia
- Tivien Sp. z o.o.
  ul. Augustówka 3
  02-981 Warszawa

Digital satellite pay television

- ITI Neovision Sp. z o.o.
  ul. Kłobucka 23
  02-699 Warszawa
- Neovision Holding B.V.
  De Boelelaan 7
  NL-1083 Amsterdam
  The Netherlands
- Cyfrowy Dom Sp. z o.o.
  ul. Kłobucka 23
  02-699 Warszawa
- Neovision UK Ltd
  Carmelite 50 Victoria Embankment
  London EC4Y 0DX, UK

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

- MGM Channel Poland Ltd
  Carmelite, 50 Victoria Embankment
  London EC4Y 0DX, UK

- Polski Operator Telewizyjny Sp. z o.o.
  ul. Huculska 6
  00-730 Warszawa

10. Associates

- Polskie Badania Internetu Sp. z o.o.
  Al. Jerozolimskie 65/79
  00-697 Warszawa

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

	Note	Six months ended June 30, 2009	Six months ended June 30, 2008
Revenue	**5**	792,249	840,847
Cost of revenue	**6**	(412,992)	(425,928)
Selling expenses	**6**	(43,100)	(43,936)
General and administration expenses	**6**	(55,490)	(59,065)
Other operating (expense)/income, net	**6**	(2,687)	748
Operating profit		**277,980**	**312,666**
Investment income, net	**7**	71,215	8,580
Finance expense, net	**7**	(192,321)	(7,669)
Profit before income tax		**156,874**	**313,577**
Income tax charge	**21**	(33,134)	(64,415)
Profit for the period		**123,740**	**249,162**
Earnings per share (not in thousands)			
- basic	**8**	0.36	0.72
- diluted	**8**	0.36	0.71

Supplementary disclosure of impact of embedded option valuation:

Profit for the period		123,740	249,162
Impact on profit, net of tax of fair value gain on embedded option	7	-	(18,579)
Adjusted profit for the period		**123,740**	**230,583**

The Company presents adjusted 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 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)

	Note	Six months ended June 30, 2009	Six months ended June 30, 2008
Profit for the period		**123,740**	**249,162**
Other comprehensive income:			
Available-for-sale assets	**12**	(6,987)	1,141
Income tax relating to components of other comprehensive income	**21**	1,327	(217)
Other comprehensive (expense)/income for the period, net of tax		(5,660)	924
Total comprehensive income for the period		**118,080**	**250,086**

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 June 30, 2009	As at December 31, 2008
ASSETS			
Non-current assets			
Property, plant and equipment		247,843	263,970
Goodwill		144,127	144,127
Other intangible assets		22,776	25,213
Non-current programming rights		162,717	154,741
Investments in subsidiaries and joint ventures	**9,10**	1,907,867	1,432,789
Investments in associates	**10**	-	214,432
Loan to associate	**10**	-	179,138
Available-for-sale financial assets	**12**	77,334	77,682
Other non-current related party loans	**24(v)**	610,373	95,228
Other non-current assets		4,733	4,744
		3,177,770	**2,592,064**
Current assets			
Current programming rights		217,390	189,501
Trade receivables	**13**	267,210	267,411
Available-for-sale financial assets	**12**	-	278,819
Derivative financial assets	**14**	11,337	149,865
Prepayments and other assets		37,681	32,783
Cash and cash equivalents	**15**	43,230	124,523
		576,848	**1,042,902**
TOTAL ASSETS		**3,754,618**	**3,634,966**
EQUITY			
Shareholders' equity			
Share capital	**16**	69,904	69,903
Share premium		605,776	605,805
Treasury shares	**17**	(100,000)	(37,428)
8% obligatory reserve		23,301	23,152
Other reserves		104,546	98,230
Accumulated profit		808,178	878,612
		1,511,705	**1,638,274**
LIABILITIES			
Non-current liabilities			
Loan from related party	**18,24(iii)**	1,014,705	940,849
PLN Bonds due 2013	**18**	498,931	498,593
Loan facility	**18**	109,917	109,875
Deferred tax liability		10,274	31,163
Non-current trade payables		11,672	6,951
Contingent consideration	**10**	236,751	-
Other non-current liabilities		1,355	1,200
		1,883,605	**1,588,631**
Current liabilities			
Current trade payables		133,310	118,686
Corporate income tax payable	**21**	21,022	40,199
Accrued interest on borrowings	**18,24(iii)**	7,192	8,073
Overdraft facility	**18**	-	48,723
Other liabilities and accruals	**19**	197,784	192,380
		359,308	**408,061**
Total liabilities		**2,242,913**	**1,996,692**
TOTAL EQUITY AND LIABILITIES		**3,754,618**	**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 for the period	-	-	-	-	-	924	249,162	250,086
Issue of shares	2,110,849	422	37,253	-	(17,268)	-	-	20,407
Share issue cost	-	-	(80)	-	-	-	-	(80)
Dividend declared and paid	-	-	-	-	-	-	(171,180)	(171,180)
Dividend cost	-	-	-	-	-	-	(16)	(16)
Share option plan charge for the period (1)	-	-	-	-	20,915	-	-	20,915
Appropriation of 2007 profit – transfer to 8% obligatory reserve	-	-	-	251	-	-	(251)	-
Balance at June 30, 2008	**349,383,824**	**69,877**	**603,500**	**23,152**	**89,681**	**924**	**722,475**	**1,509,609**

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

	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 (expense)/income for the period	-	-	-	-	-	-	(5,660)	123,740	118,080
Issue of shares [(2)]	2,500	1	42	-	-	(18)	-	-	25
Purchase of treasury shares [(3)]	-	-	-	(62,572)	-	-	-	-	(62,572)
Dividend declared [(4)]	-	-	-	-	-	-	-	(194,005)	(194,005)
Dividend cost	-	-	-	-	-	-	-	(20)	(20)
Cost of share options plan	-	-	(71)	-	-	-	-	-	(71)
Share option plan charge for the period [(1)]	-	-	-	-	-	11,994	-	-	11,994
Appropriation of 2008 profit – transfer to 8% obligatory reserve	-	-	-	-	149	-	-	(149)	-
Balance at June 30, 2009	**349,517,914**	**69,904**	**605,776**	**(100,000)**	**23,301**	**119,139**	**(14,593)**	**808,178**	**1,511,705**

(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 25).

(2) During six months ended June 30, 2009 2,500 (not in thousands) of C1 and C2 series shares were issued and fully paid as a result of the exercise of share options granted under the TVN incentive schemes.

(3) During the six months ended June 30, 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 June 30, 2009 (see Note 16). The redemption of 9,157,107 treasury shares was registered by the court on July 3, 2009.

(4) The dividend declared and paid in 2009 amounted to 0.57 per share (not in thousands).

Included in accumulated profit as of June 30, 2009 is an amount of 471,750 designated for a share buyback (see Note 17) and an amount of 334,598 being the accumulated profit of TVN S.A. which is distributable. With the registration of the redemption of the treasury shares on July 3, 2009 (see note 16) the balance of accumulated profit designated for a share buyback is 371,750. 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.

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

	Note	Six months ended June 30, 2009	Six months ended June 30, 2008
Operating activities			
Cash generated from operations	**20**	322,056	361,443
Tax paid		(71,873)	(69,310)
Net cash generated from operating activities		**250,183**	**292,133**
Investing activities			
Increase of share capital of joint ventures		(75)	(100)
Acquisition of associate		-	(320,923)
Payments to acquire property, plant and equipment		(24,475)	(43,348)
Proceeds from sale of property, plant and equipment		132	361
Payments to acquire intangible assets		(7,299)	(4,953)
Purchase of available for sale financial assets	**12**	-	(37,155)
Sale of available for sales financial assets	**12**	282,870	-
Loans granted to subsidiary	**10**	(321,019)	(71)
Repayment of loans		1,438	-
Settlement of foreign exchange options		9,864	-
Interest received		7,609	4,918
Net cash used in investing activities		**(50,955)**	**(401,271)**
Financing activities			
Issue of shares	**16,25**	25	20,328
Share buyback, including expenses related	**17**	(62,572)	-
Dividend paid *		(185,120)	(161,518)
Dividend cost		(20)	-
Issue of PLN Bonds due in 2013		-	498,690
Increase in restricted cash		-	(1,324)
Early settlement of options	**14**	101,014	-
Overdraft facility	**18**	(48,723)	-
Interest paid		(81,230)	(40,762)
Net cash (used in)/ generated by financing activities		**(276,626)**	**315,414**
(Decrease)/ increase in cash and cash equivalents		**(77,398)**	**206,276**
Cash and cash equivalents at the start of the period		124,523	40,822
Effects of exchange rates changes		(3,895)	257
Cash and cash equivalents at the end of the period		**43,230**	**247,355**

* Dividend paid differs from the dividend declared due to tax payable by shareholders on dividend income, which was withheld by the Company and settled after the balance sheet date.

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

1. TVN

These interim condensed separate financial statements were authorized for issuance by the Management Board and Supervisory Board of TVN S.A. on August 12, 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 10).

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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 six months ended June 30, 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 or were early adopted by the Company.

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. The Company has not identified any assets qualifying for capitalization of interest and therefore the amendments had no impact on the financial statements of the Company.

(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 the revised standard as of January 1, 2009 in order to ensure that a 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 Company's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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 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.

(ix) IFRIC 12 – Service Concession Arrangements

The interpretation gives guidance on the accounting by operators for public-to-private service concession arrangements. This interpretation did not impact the Company's financial statements.

(x) IFRIC 16 – Hedges of a Net Investment in a Foreign Operation

The interpretation applies to an entity that hedges the foreign currency risk arising from its net investments in foreign operations and wishes to qualify for hedge accounting in accordance with IAS 39. This interpretation did not impact the Company's financial statements.

(xi) Amendments 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

The amendments to IFRS 1 allow first-time adopters, in their separate financial statements, to use a deemed cost option for determining the cost of an investment in a subsidiary, jointly controlled entity or associate. Additionally, when an entity reorganizes the structure of its group by establishing a new entity as its parent (subject to specific criteria), the amendments require the new parent to measure cost as the carrying amount of its share of the equity items shown in the separate financial statements of the original parent at the date of the reorganisation. These amendments did not impact the Company's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 interim condensed 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 interim condensed consolidated financial statements for the six months ended June 30, 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 July 1, 2009. The Company'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 Company's 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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

some changes are effective from July 1, 2009. The Company is currently assessing the impact of the changes on Company's financial statements.

(iv) Amendments to IFRS 2 Group Cash-settled Share-based Payment Transactions

The amendments were published on June 18, 2009. They clarify the accounting treatment for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when that entity has no obligation to settle the share-based payment transaction. The amendments are effective from annual periods starting on or after January 1, 2010. The amendments will not affect the 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:

- *IFRIC 15 – Agreements for the Construction of Real Estate*
- *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*
- *Amendments to IFRS 2 Group Cash-settled Share-based Payment Transactions*

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.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 settlement 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 14) 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).

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.

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

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 June 30, 2009 of a reasonably possible EUR appreciation of 15% against the zloty (5% with respect to balances as of June 30, 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:

	Six months ended June 30, 2009	**Six months ended June 30, 2008**
Assumed EUR appreciation against PLN:	15%	5%
Liabilities:		
9.65% loan from subsidiary due 2013 including accrued interest	(128,895)	(32,243)
Contingent consideration	(28,765)	-
Trade payables	(1,021)	(736)
Other	(1,402)	(95)
Assets:		
Loans to subsidiary	72,141	2,778
Cash and cash equivalents	134	34
Available for sale financial assets	10,704	1,425
Trade receivables	966	25
Embedded prepayment options	-	1,682

The estimated net profit (post-tax) impact on balances as of June 30, 2009 of a reasonably possible USD appreciation of 15% against the zloty (5% appreciation assumed for balances as of June 30, 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:

	Six months ended June 30, 2009	**Six months ended June 30, 2008**
Assumed USD appreciation against PLN:	15%	5%
Liabilities:		
Trade payables	(9,512)	(2,529)
Assets:		
Cash and cash equivalents	2,110	10
Trade receivables	446	131
Loans	416	-

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 June 30, 2009 are discussed in Note 14.

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 June 30, 2009, if WIBOR interest rates had been 50 b.p. higher/lower with all other variables held constant, post-tax profit for the period would have been 89 lower/higher.

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 June 30, 2009 if EURIBOR interest rates had been 50 b.p. higher/lower with all other variables held constant, post tax profit for the period would been 1,586 higher/lower.

As the loans to subsidiary are at a fixed annual interest rate the Company is exposed to fair value interest rate risk in this respect. Since the loans to subsidiary are carried at amortized cost, the changes in fair values of these instruments do not have direct impact on valuation of the instruments in the balance sheet.

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 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, foreign currency options with financial institutions that the Company believes are credit worthy based on current credit ratings (see Notes 14, 15). The Company does not consider its current concentration of credit risk as significant.

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

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 (60% of the total trade receivables as of June 30, 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 six months ended June 30, 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)	**June 30, 2009**	**December 31, 2008**
Receivables from advertising agencies	60%	72%
Receivables from individual customers	22%	18%
Receivables from related parties	18%	10%
	100%	**100%**

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

Trade receivables (net)	**June 30, 2009**	**December 31, 2008 ***
Agency A	9%	5%
Agency B	8%	4%
Agency C	7%	8%
Agency D	7%	8%
Agency E	6%	7%
Sub-total	**37%**	**32%**
Total other counterparties	63%	68%
	100%	**100%**

* 2008 figures represent comparative data for each Agency.

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

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

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)	June 30, 2009	December 31, 2008 *
Agency Group F	20%	16%
Agency Group G	17%	14%
Agency Group H	12%	18%
Agency Group I	8%	15%
Agency Group J	1%	3%
Total other counterparties	42%	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 June 30, 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 18). Management monitors regularly expected cash flows. The Company expects that its principal future cash needs will be capital expenditures relating to dividends, acquisitions, 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 June 30, 2009 the Company had cash and cash equivalents and committed unutilized credit facilities totaling 79,917 at its disposal (434,816 at December 31, 2008).

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 including interest and excluding the impact of early prepayment options. Balances due within 12 months equal their carrying balances.

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

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

	Within 1 year	Between 1-2 years	Above 2 years
At June 30, 2009			
9.65% loan from subsidiary due 2013	101,963	101,963	1,311,521
PLN Bonds	37,500	37,500	556,301
Loan facility	5,786	5,786	111,300
Trade payables	133,310	11,672	-
Contingent consideration	-	268,176	-
Other liabilities and accruals	107,817	-	-
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 18) 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.

	June 30, 2009	December 31, 2008
Net debt	1,630,575	1,249,809
EBITDA	611,798	640,602
Net debt/EBITDA ratio	2.7	2.0

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

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.

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

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-Gątarek-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 June 30, 2009 the Company input into the valuation model a market price of 78.50, based on the last available value date on June 30, 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 85.68 (based on a value date on August 11, 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 on-line 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%

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.

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

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. Since reviewing the key assumptions included in the business plans as at March 31, 2009 the Company has not observed any indications for further amendments of the business plan. The revised business plan of the subsidiary returns a fair value less cost to sell which approximates to the carrying value of the investment as of June 30, 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 10) the Company recognized as at March 11, 2009 a 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 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. Had the probability of achieving all payment conditions been assessed at 75%, the Company would have recognized a contingent payment of 177,336.

(iv) Estimated impairment of investment in digital satellite pay television

Beginning from the acquisition date, the Company tests annually whether investment in subsidiaries operating direct-to-home pay satellite television services has suffered any impairment. The Company tests the total aggregate carrying amount of investment in Neovision Holding and ITI Neovision. During the year the Company monitors investment against impairment indicators through the review of actual financial and operating results of ITI Neovision. As of June 30, 2009 the Company assessed that the operating and financial results of digital satellite platform operator do not indicate impairment of the investment.

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

5. REVENUE

	Six months ended June 30, 2009	Six months ended June 30, 2008
Revenue from advertising spot sales	578,279	664,647
Subscription fees	91,783	57,846
Revenue from sponsoring	70,221	70,022
Revenue from sales of goods and services	13,598	-
Other revenue	38,368	48,332
	792,249	**840,847**

Subscription fees include subscriptions receivable from DTH and cable operators and internet transaction based fees. Other revenue includes mainly audiotele revenues and sales of licenses. Included in revenues are revenues from related parties in the amount of 38,952 (six months ended June 30, 2008: 26,709) (see Note 24 (i)).

6. OPERATING EXPENSES

	Six months ended June 30, 2009	Six months ended June 30, 2008
Amortization of locally produced content	206,445	219,109
Amortization of acquired programming rights and co-production	62,028	60,842
Staff expenses	65,152	61,971
Share options granted to board members and employees	10,591	16,118
Royalties	30,252	37,474
Depreciation, amortization and impairment	34,215	28,333
Broadcasting expenses	24,877	23,232
Marketing and research	23,440	24,927
Rental	17,922	11,413
Cost of services and goods sold	6,477	6,160
Impaired accounts receivable	(1,413)	(788)
Other	34,283	39,390
	514,269	**528,181**

Included in the above operating expenses are operating lease expenses for the six months ended June 30, 2009 of 50,797 (six months ended June 30, 2008: 47,434).

Amortization of locally produced content for the six months ended June 30, 2009 has been reduced by grants received in the total amount of 583 (six months ended June 30, 2008: 962).

Included in depreciation, amortization and impairment charges is the amount of impairment reversal of 1,885 for the six months ended June 30, 2008.

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

7. INVESTMENT INCOME AND FINANCE EXPENSE

Investment income, net	**Six months ended June 30, 2009**	**Six months ended June 30, 2008**
Fair value gains/ (losses) on financial instruments:		
- foreign exchange options - settlement of instrument	*21,414*	-
- foreign exchange options not designated as hedging instruments	*(12,409)*	-
	9,005	-
Foreign exchange gains, net	30,336	1,101
Interest income on loans to related parties	19,859	3,243
Interest income from available for sale financial assets (see Note 12)	9,140	917
Other interest income	2,875	3,319
	71,215	**8,580**

Finance expense, net		
Foreign exchange losses/ (gains) on loan from related party	70,258	(55,080)
Fair value losses/(gains) on financial instruments:		
- embedded option (see Note 14)	-	(22,937)
- foreign exchange options – fair value hedges (see Note 14)	*126,121*	*34,263*
- foreign exchange options – early settlement of instrument	*(101,014)*	-
- foreign exchange options – portion not designated as hedging instrument (see Note 14)	-	*2,988*
	25,107	37,251
Interest expense on 9.65% loan from related party (see Note 24 (iii))	57,794	45,842
Interest expense on PLN Bonds (see Note 18)	23,099	-
Interest expense on loan facility and overdraft (see Note 18)	3,930	-
Guarantee fees to related party (see Note 24 (viii))	3,398	2,043
Bank charges	1,481	550
Unwinding of interest on contingent consideration	7,254	-
	192,321	**7,669**

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

(i) Earnings per share

Basic

Basic earnings per share are calculated by dividing the net profit by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased by the Company.

	Six months ended June 30, 2009	Six months ended June 30, 2008
Profit for the period (in thousands)	123,740	249,162
Weighted average number of ordinary shares in issue	342,140,108	348,070,245
Basic earnings per share	**0.36**	**0.72**

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.

	Six months ended June 30, 2009	Six months ended June 30, 2008
Profit for the period (in thousands)	123,740	249,162
Weighted average number of ordinary shares in issue	342,140,108	348,070,245
Adjustment for share options	177,563	5,322,644
Weighted average number of potential ordinary shares for diluted earnings per share	342,317,671	353,392,889
Diluted earnings per share	**0.36**	**0.71**

(ii) Earnings per share for adjusted profit

The Company presents adjusted 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 profit adjusted for this item enables a reader to better understand the Company's operating and financial performance.

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

Basic

	Six months ended June 30, 2009	Six months ended June 30, 2008
Profit for the period (in thousands)	123,740	249,162
Impact on profit, net of tax of fair value gain on embedded option (in thousands)	-	(18,579)
Adjusted profit for the period (in thousands)	123,740	230,583
Weighted average number of ordinary shares in issue	342,140,108	348,070,245
Adjusted basic earnings per share	**0.36**	**0.66**

Diluted

	Six months ended June 30, 2009	Six months ended June 30, 2008
Profit for the period (in thousands)	123,740	249,162
Impact on profit, net of tax of fair value gain on embedded option (in thousands)	-	(18,579)
Adjusted profit for the period (in thousands)	123,740	230,583
Weighted average number of ordinary shares in issue	342,140,108	348,070,245
Adjustment for share options	177,563	5,322,644
Weighted average number of potential ordinary shares for diluted earnings per share	342,317,671	353,392,889
Adjusted diluted earnings per share	**0.36**	**0.65**

9. INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES

	June 30, 2009	December 31, 2008
Grupa Onet Poland Holding B.V.	1,102,500	1,102,500
Neovision Holding B.V. (see Note 10)	473,605	-
Grupa Onet.pl S.A.	271,874	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
Total	**1,907,867**	**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.

9. INVESTMENT IN SUBSIDIARIES AND JOINT VENTURES (CONTINUED)

	Country of incorporation	June 30, 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
El-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
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.

On May 29, 2009 the Company sold to Discovery Communications Europe Limited its share in the share capital of Discovery TVN Limited for the consideration of GBP 1 (not in thousands).

10. INVESTMENT IN POLISH DIGITAL SATELLITE PAY TELEVISION "N"

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' digital satellite television 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.

10. INVESTMENT IN POLISH DIGITAL SATELLITE PAY TELEVISION "N" (CONTINUED)

Investment in subsidiary	**Six months ended June 30, 2009**	**Year ended December 31, 2008 ***
Beginning of the period	214,432	-
Investment in Neovision Holding	251,710	211,818
Other direct costs **	7,463	2,614
End of the period	**473,605**	**214,432**

* the balance as of December 31, 2008 classified as 'investment in associate'

** recognized by June 30, 2009

Loans receivable from subsidiary	**Six months ended June 30, 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 ***	301,184	28,180
Other direct costs **	5,872	1,575
Interest accrued	16,403	5,767
Foreign exchange gains	4,042	35,807
End of the period	**506,639**	**179,138**

* the balance as of December 31, 2008 classified as 'loans receivable from associate'

** recognized by June 30, 2009

*** the value of loans extended in 2009 includes fair value adjustment of loans extended on acquisition. Total nominal value of loans extended in 2009 amounted 316,446.

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, has strengthened 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.

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

10. INVESTMENT IN POLISH DIGITAL SATELLITE PAY TELEVISION "N" (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 contingen 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 for acquisition:

Amounts transferred (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

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	316,446
Direct costs related to investment and loans extended	4,573
Loans granted to subsidiary	321,019

11. FINANCIAL INSTRUMENTS BY CATEGORY

June 30, 2009	**Loans and receivables**	**Derivatives used for hedging**	**Financial assets at fair value through profit or loss**	**Financial assets available-for-sale**	**Total**
Assets as per balance sheet					
Available-for-sale financial assets	-	-	-	77,334	77,334
Non-current related party loans	610,373	-	-	-	610,373
Derivative financial instruments	-	-	11,337	-	11,337
Trade receivables	267,210	-	-	-	267,210
Cash and cash equivalents	43,230	-	-	-	43,230
	920,813	**-**	**11,337**	**77,334**	**1,009,484**

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

11. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

June 30, 2009	Other financial liabilities	Total
Liabilities as per balance sheet		
Loan from related party	1,014,705	1,014,705
PLN Bonds due 2013	498,931	498,931
Loan facility	109,917	109,917
Accrued interest on borrowings	7,192	7,192
Non-current trade payables	11,672	11,672
Current trade payables	133,310	133,310
Contingent consideration	236,751	236,751
Other liabilities and accruals*	107,817	107,817
	2,120,295	**2,120,295**

December 31, 2008	Loans and receivables	Derivatives used for hedging	Financial assets at fair value through profit or loss	Financial assets available-for-sale	Total
Assets as per balance sheet					
Loan to associate	179,138	-	-	-	179,138
Available-for-sale financial assets	-	-	-	356,501	356,501
Non-current related party loans	95,228	-	-	-	95,228
Derivative financial instruments	-	120,515	29,350	-	149,865
Trade receivables	267,411	-	-	-	267,411
Cash and cash equivalents	124,523	-	-	-	124,523
	666,300	**120,515**	**29,350**	**356,501**	**1,172,666**

December 31, 2008	Other financial liabilities	Total
Liabilities as per balance sheet		
Loan from related party	940,849	940,849
PLN Bonds due 2013	498,593	498,593
Loan facility	109,875	109,875
Accrued interest on borrowings	8,073	8,073
Overdraft facility	48,723	48,723
Non-current trade payables	6,951	6,951
Current trade payables	118,686	118,686
Other liabilities and accruals*	115,721	115,721
	1,847,471	**1,847,471**

* This amount excludes following items which are not financial liabilities: VAT and other taxes payable, employee benefits, deferred income.

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

12. AVAILABLE FOR SALE FINANCIAL ASSETS

	June 30, 2009	December 31, 2008
Treasury bills PLN	-	278,819
9.5% Senior Notes due 2013	70,079	70,427
Polskie Media S.A.	7,255	7,255
Total	**77,334**	**356,501**

	Six months ended June 30, 2009	Six months ended June 30, 2008
Beginning of the period	356,501	7,255
Acquisition of 9.5% Senior Notes due in 2013	-	37,155
Sales	(282,870)	-
Foreign exchange differences	5,789	(2,436)
Interest income accrued	9,140	917
Interest income received	(4,239)	(1,593)
Fair value change transfer to equity	(6,987)	1,141
End of the period	**77,334**	**42,439**
Less: non-current portion	(77,334)	(42,439)
Current portion	**-**	**-**

On February 8, 2008 the Company purchased on the secondary market the Senior Notes issued by its subsidiary TVN Finance Corporation plc 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 EUR 158 (PLN 567). 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 EUR 354 (PLN 1,283). Fair value of the Senior Notes reflect its market price quoted by Reuters based on the last value date on June 29, 2009. The fair value change of the Senior Notes purchased by the Company was recognized directly in equity (loss of 6,378 for the six months ended June 30, 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, 2009 based on financial information available from the annual financial statements of Polskie Media for the year ended December 31, 2008 and industry sales multiples. The Company assessed that there is no impairment of the carrying value as of June 30, 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.

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

13. TRADE RECEIVABLES

	June 30, 2009	December 31, 2008
Trade receivables	223,595	248,234
Less: provision for impairment of receivables	(6,530)	(8,333)
Trade receivables – net	217,065	239,901
Receivables from related parties (Note 24 (iv))	50,145	27,510
	267,210	**267,411**

The fair values of trade receivables, because of their short-term nature, are estimated to approximate their carrying values.

The carrying amounts of the Company's trade receivables are denominated in the following currencies:

	June 30, 2009	December 31, 2008
PLN	255,465	261,796
EUR	7,954	639
USD	3,670	4,930
CAD	78	35
AUD	43	11
	267,210	**267,411**

Provision for impairment of receivables was created individually for non-related trade receivables that were overdue more than 60 days or in relation to individual customers who are in unexpectedly difficult financial situations.

Movements on the provision for impairment of trade receivables are as follows:

	Six months ended June 30, 2009	Six months ended June 30, 2008
Beginning of the period	8,333	7,588
Provision for receivables impaired, net change	(1,432)	(766)
Receivables written off as uncollectible	(371)	(198)
End of the period	**6,530**	**6,624**

The creation and release of provision for impaired receivables have been included in selling expenses in the income statement (Note 6).

As of June 30, 2009, trade receivables of 105,498 were past due but not impaired. The balance includes mainly receivables from related parties and relates to a number of customers with no recent history of default. The ageing analysis of these trade receivables is as follows:

	June 30, 2009	December 31, 2008
Up to 30 days	66,145	99,948
31-60 days	18,220	12,800
Over 60 days	21,133	16,055
	105,498	**128,803**

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

13. TRADE RECEIVABLES (CONTINUED)

The Company defines credit exposure as total receivables. Maximum exposure to credit risk is the total balance of trade receivables. Maximum exposure to credit risk as of June 30, 2009 was 267,210 (December 31, 2008: 267,411).

14. DERIVATIVE FINANCIAL ASSETS

	June 30, 2009	December 31, 2008
Foreign exchange options EUR	-	126,120
Foreign exchange options USD	11,337	23,745
Total	**11,337**	**149,865**

The fair value of the prepayment options embedded in the Senior Notes as of June 30, 2009 was nil (December 31, 2008: nil). The valuation of embedded prepayment options is described in Note 4(i).

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 June 30, 2009.

In 2008 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 15,045, maturity dates between September 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 June 30, 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. A currency option with the notional value of USD 12,354 matured on June 22, 2009 resulting in a gain of 9,864 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 7).

14. DERIVATIVE FINANCIAL ASSETS (CONTINUED)

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

	June 30, 2009	December 31, 2008
Bank rated Aa1	11,337	23,745
Banks rated A2	-	126,120
	11,337	**149,865**

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 June 30, 2009 amounted to 11,337 (December 31, 2008: 149,865).

15. CASH AND CASH EQUIVALENTS

	June 30, 2009	December 31, 2008
Cash at bank and in hand	43,230	85,853
Short-term treasury bills	-	38,670
	43,230	**124,523**

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

	June 30, 2009	December 31, 2008
Bank rated AAA	137	50,601
Bank rated A	43,093	35,252
	43,230	**85,853**

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 June 30, 2009 was 349,517,914 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 June 30, 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)	20,394,715	5.84%	20,394,715	5.99%
Cadizin Trading&Investment (1)	8,204,477	2.35%	8,204,477	2.41%
ITI Impresario(1)	1,400	0.00%	1,400	0.00%
Other shareholders	131,404,785	37.59%	131,404,785	38.61%
Treasury shares	9,157,107	2.62%	-	-
Total	**349,517,914**	**100.00%**	**340,360,807**	**100.00%**

(1) Entities controlled by ITI Group.

16. SHARE CAPITAL (NOT IN THOUSANDS) (CONTINUED)

Included in the total number of shares in issue as at June 30, 2009 held by other shareholders is 2,500 shares of C1 and C2 series not registered by the Court.

During the six months ended June 30, 2009 2,500 shares of C1 and C2 series were issued for an amount of PLN 25 (in thousands).

The total number of shares as of June 30, 2009 includes 9,157,107 treasury shares (see Note 17). According to the Polish Commercial Companies Code the Company cannot exercise voting rights related to TVN treasury shares.

On May 15, 2009 Annual General Shareholders' Meeting adopted resolutions on redemption of treasury shares and decrease of share capital. On July 3, 2009 these resolutions were registered by the Court. As a result share capital of the Company consists of 340,360,807 shares, including 2,500 shares issued under stock option plan, which are pending registration.

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 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 six months ended June 30, 2009). Redemption of the treasury shares was registered by the Court on July 3, 2009 (see Note 16).

18. BORROWINGS

	June 30, 2009	December 31, 2008
PLN Bonds due 2013	498,931	498,593
Interest accrued on PLN Bonds due 2013	1,644	2,156
Loan facility	109,917	109,875
Interest accrued on loan facility	1,300	1,951
Loans from related parties (see Note 24(iii))	1,014,705	940,849
Interest accrued on loans from related parties	4,248	3,966
Overdraft facility	-	48,723
	1,630,745	**1,606,113**
Less: current portion of borrowings	(7,192)	(56,796)
Non-current portion of borrowings	**1,623,553**	**1,549,317**

18. BORROWINGS (CONTINUED)

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 7.83%.

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 June 30, 2009 was estimated to be PLN 501,486. 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 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 June 30, 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., Mango Media Sp. z o.o. and ITI Neovision Sp. z o.o., subsidiaries of TVN S.A. As of June 30, 2009, 163,313 of the facility had been used.

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

19. OTHER LIABILITIES AND ACCRUALS

	June 30, 2009	December 31, 2008
VAT and other taxes payable	43,967	22,852
Employee benefits	31,726	39,851
Deferred income	14,274	13,956
Accrued production costs	8,168	14,908
Satellites	3,124	6,177
Sales and marketing related costs	640	1,976
Other liabilities and accrued costs	95,885	92,660
	197,784	**192,380**

20. NOTE TO THE CASH FLOW STATEMENT

Reconciliation of net profit to cash generated from operations

	Note	Six months ended June 30, 2009	Six months ended June 30, 2008
Net profit		123,740	249,162
Tax charge		33,134	64,415
Share options granted to board members and employees	**6**	10,591	16,118
Depreciation, amortization and impairment	**6**	34,215	28,333
Amortization of program rights and co-production	**6**	62,028	61,383
Payments to acquire programming rights		(77,923)	(47,439)
Impaired accounts receivable	**6**	(1,413)	(788)
Loss on disposal of property, plant and equipment		184	52
Investment income and finance expense, net	**7**	121,106	(911)
Guarantee fee paid	**7**	(3,758)	(2,726)
Change in local production balance		(14,390)	(46,518)
Loss on sale of joint venture		5	-
Changes in working capital:			
Trade receivables		1,614	(712)
Other receivables		(1,346)	(3,769)
Trade payables		38,585	36,671
Other short term liabilities and accruals		(4,316)	8,172
		34,537	40,362
Cash generated from operations		**322,056**	**361,443**

Investments in subsidiaries and associates

	Note	Six months ended June 30, 2009	Six months ended June 30, 2008
Neovision Holding – acquisition of associate		-	320,923
Neovision Holding – loans granted to subsidiary	**10**	321,019	-
		321,019	**320,923**

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

20. NOTE TO THE CASH FLOW STATEMENT (CONTINUED)

Non-cash transactions

Barter revenue/(cost), net		2,039	768
Share options granted to board members and employees	**6**	11,976	20,915

21. TAXATION

	Six months ended June 30, 2009	**Six months ended June 30, 2008**
Current tax charge	(52,696)	(57,509)
Deferred tax (charge)/benefit, net	19,562	(6,906)
	(33,134)	**(64,415)**

Reconciliation of accounting (loss)/profit to tax charge	**Six months ended June 30, 2009**	**Six months ended June 30, 2008**
Profit before income tax	156,874	313,577
Income tax benefit/(charge) at the enacted statutory rate of 19%	(29,806)	(59,580)
Tax impact of employee share option plan costs not deductible for tax purposes	(2,012)	(3,062)
Net tax impact of other net expenses not deductible for tax purposes	(1,316)	(1,773)
Tax for the period	**(33,134)**	**(64,415)**

22. 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 13,284. 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. On March 25, 2009 the tax authorities appealed to the Supreme Administrative Court against the Company's base VAT claim.

23. COMMITMENTS

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

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

23. COMMITMENTS (CONTINUED)

(i) Commitments to acquire programming

The Company has outstanding contractual payment commitments in relation to programming as of June 30, 2009. These commitments are scheduled to be paid as follows:

	Total
Due in 2009	65,309
Due in 2010	160,344
Due in 2011	188,859
Due in 2012	214,860
Due in 2013	208,024
Due in 2014 and thereafter	43,343
	880,739

(ii) Total future minimum payments relating to operating lease agreements signed as at June 30, 2009:

	Related parties	**Non-related parties**	**Total**
Due in 2009	10,209	10,682	20,891
Due in 2010	20,417	19,229	39,646
Due in 2011	19,758	15,830	35,588
Due in 2012	19,758	14,220	33,978
Due in 2013	19,758	9,487	29,245
Due in 2014 and thereafter	51,092	13,904	64,996
	140,992	**83,352**	**224,344**

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 June 30, 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	13,222
Due in 2010	36,760
Due in 2011	36,760
Due in 2012	16,086
	102,828

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

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

23. COMMITMENTS (CONTINUED)

(iii) Barter commitments

The Company has an outstanding commitment of service to broadcast advertising of 1,061 to settle sundry amounts payable recorded as of June 30, 2009 (712 at June 30, 2008). The service to broadcast advertising will be rendered under commercial terms and conditions and at market prices.

(iv) Other commitments

At June 30, 2009, the Company assumed contractual commitments of 2,385 to acquire property, plant and equipment and intangible assets (4,123 at June 30, 2008).

24. RELATED PARTY TRANSACTIONS

(i) Revenue:

	Six months ended June 30, 2009	Six months ended June 30, 2008
ITI Neovision *	20,157	17,439
ITI Group	7,433	3,389
Grupa Onet Poland Holding Group	6,635	383
Mango Media	4,632	3,169
El-Trade	61	61
Tivien	23	-
Poland Media Properties	11	14
Discovery TVN	-	2,254
	38,952	**26,709**

* ITI Neovision was an associate of the Company from June 25, 2008 and subsidiary of the Company from March 11, 2009 (see Note 10).

Revenue from ITI Neovision includes mainly revenue from license fees, production and technical services.

Additionally, the Company recognized revenue of 2,728 (1,904 in 2008) from advertising services rendered for ITI Neovision through advertising agencies.

Revenue from Grupa Onet Poland 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 included mainly revenue from television format license fees.

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

24. RELATED PARTY TRANSACTIONS (CONTINUED)

(ii) Operating expenses:

	Six months ended June 30, 2009	Six months ended June 30, 2008
ITI Group	13,552	17,421
Grupa Onet Poland Holding Group	7,176	3,444
Tivien	6,402	-
ITI Neovision *	1,153	2,636
NTL Radomsko	697	702
Poland Media Properties	624	269
El-Trade	347	258
Polski Operator Telewizyjny	241	-
	30,192	**24,730**

* ITI Neovision was an associate of the Company from June 25, 2008 and a subsidiary of the Company from March 11, 2009 (see Note 10).

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

	June 30, 2009	December 31, 2008
Loan from TVN Finance Corporation plc	1,014,705	940,849
Interest accrued	4,248	3,966
	1,018,953	**944,815**

The loan bears interest at 9.65% p.a. and is due for repayment December 15, 2013. Interest is paid semi-annually.

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

24. RELATED PARTY TRANSACTIONS (CONTINUED)

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

	June 30, 2009	December 31, 2008
Receivables:		
ITI Neovision Group	37,014	18,493
ITI Group	6,587	2,951
Grupa Onet Poland Holding Group	5,653	2,158
Mango Media	891	506
Discovery TVN	-	3,392
NTL-Radomsko	-	10
	50,145	**27,510**

	June 30, 2009	December 31, 2008
Payables:		
Grupa Onet Poland Holding Group	6,242	4,804
ITI Group	295	4,708
Poland Media Properties	53	63
El-Trade	37	17
Polski Operator Telewizyjny	51	37
Tivien	84	251
	6,762	**9,880**

(v) Non-current related party loans

	June 30, 2009	December 31, 2008
ITI Neovision	355,492	-
Neovision Holding	151,146	-
Grupa Onet Poland Holding	98,474	88,970
Mango Media	4,641	4,441
Thema Film	462	448
El-Trade	158	153
Discovery TVN Ltd	-	1,216
	610,373	**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.

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

24. RELATED PARTY TRANSACTIONS (CONTINUED)

On June 30, 2009 the following loans were receivable from Neovision Group:

Nominal value (EUR)	Effective interest rate	Maturity dates	Carrying value	Fair value
ITI Neovision				
4,532	7.07%	April 5, 2011	20,835	21,941
5,666	7.07%	July 19, 2011	26,049	27,431
8,180 *	9.50%	June 30, 2015	39,225	39,225
7,055 *	9.50%	June 30, 2015	32,973	32,973
2,034 *	9.50%	June 30, 2015	9,272	9,272
2,354 *	9.50%	June 30, 2015	10,631	10,631
4,344	8.61%	December 31, 2015	19,377	18,353
18,852	8.38%	December 31, 2015	81,859	79,655
25,073	8.65%	December 31, 2015	115,271	110,346
			355,492	**349,827**
Neovision Holding				
25,096	8.58%	December 31, 2015	112,149	106,360
8,957	8.38%	December 31, 2015	38,997	37,807
			151,146	**144,167**
			506,638	**493,994**

* Fair value of the loan is approximated by its carrying value

(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 23 (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 six months ended June 30, 2009, the Company recorded finance costs of 1,845 relating to these guarantees (during the six months ended June 30, 2008: 1,213).

Additionally in the six months ended June 30, 2009 the Company recorded the cost of 1,283 from Grupa Onet and 270 from Mango Media relating to the guarantees provided (during the six months ended June 30, 2008: Grupa Onet 830, Mango Media 0).

Non current liabilities include an amount of 236,750 being the net present value of contingent consideration of 60,000 EUR related to the acquisition of Neovision Holding Group (see Note 10).

25. 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):

	Six months ended June 30, 2009		Six months ended June 30, 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 9.40	(2,500)	PLN 9.67	(2,110,849)
At 30 June	PLN 10.79	**12,642,216**	PLN 10.79	**12,776,306**

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	383,560	PLN 8.66	Vested
C2	1,667,330	PLN 9.58	Vested
C3	3,479,210	PLN 10.58	Vested
	5,530,100		

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	Vested
E4	2,833,670	PLN 11.68	until January 1, 2010
	7,112,116		

On May 15, 2009 the shareholders meeting approved an extension of the TVN Incentive Schemes period to December 31, 2014.

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

25. SHARE-BASED PAYMENTS (CONTINUED)

Between July 1, 2009 and the date when these financial statements were prepared, no options were exercised.

26. EXCHANGE RATES AND INFLATION

	PLN Exchange Rate to U.S. Dollar	**PLN Exchange Rate to Euro**
June 30, 2009	3.1733	4.4696
December 31, 2008	2.9618	4.1724
June 30, 2008	2.1194	3.3542

The movement in the consumer price index for the six months ended June 30, 2009 amounted to 3.4% (2.9% for the six months ended June 30, 2008).

MANAGEMENT REPRESENTATIONS

These interim condensed consolidated financial statements of TVN S.A. and its subsidiaries (the "TVN Group") as of and for the three and six months ended June 30, 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 and six months ended June 30, 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 August 12, 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

Warsaw, August 12, 2009

TVN Group

Interim Condensed Consolidated Financial Statements
As of and for the three and six months ended June 30, 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 television, internet and teleshopping.

TVN S.A. (the "Company") and its subsidiaries ("TVN Group", the "Group") operate or jointly operate eleven television channels in Poland: TVN, TVN 7, TVN 24, TVN Meteo, TVN Turbo, ITVN, TVN Style, TVN CNBC Biznes, TVN Warszawa, 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 digital satellite television '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 Miszczak, Vice-President
- Jan Łukasz Wejchert, Vice-President
- Tomasz Berezowski (resigned May 13, 2009)
- Olgierd Dobrzyński (resigned May 13, 2009)
- Waldemar Ostrowski (resigned May 13, 2009)
- Adam Pieczyński (resigned May 13, 2009)
- Jarosław Potasz (resigned May 13, 2009)
- Piotr Tyborowicz (resigned May 13, 2009)

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
- El-Trade Sp. z o.o.
  ul. Wiertnicza 166
  02-952 Warszawa
- Mango Media Sp. z o.o.
  ul. Hutnicza 59
  81-061 Gdynia
- NTL Radomsko Sp. z o.o.
  ul. 11 Listopada 2
  97-500 Radomsko
- Thema Film Sp. z o.o.
  ul. Powsińska 4
  02-920 Warszawa
- Tivien Sp. z o.o.
  ul. Augustówka 3
  02-981 Warszawa

Digital satellite pay television

- ITI Neovision Sp. z o.o.
  ul. Kłobucka 23
  02-699 Warszawa
- Cyfrowy Dom Sp. z o.o.
  ul. Kłobucka 23
  02-699 Warszawa
- Neovision Holding B.V.
  De Boelelaan 7
  NL-1083 Amsterdam
  The Netherlands
- Neovision UK Ltd.
  Carmelite 50 Victoria Embankment
  London EC4Y 0DX, UK

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

- MGM Channel Poland Ltd.
  Carmelite, 50 Victoria Embankment
  London EC4Y 0DX, UK

- Polski Operator Telewizyjny Sp. z o.o.
  ul. Huculska 6
  00-730 Warszawa

10. Associate

- Polskie Badania Internetu Sp. z o.o.
  Al. Jerozolimskie 65/79
  00-697 Warszawa

	Six months ended June 30, 2009	Six months ended June 30, 2008	Three months ended June 30, 2009	Three months ended June 30, 2008
Revenue	1,015,131	951,191	580,009	549,630
Cost of revenue	(607,485)	(471,325)	(344,058)	(249,931)
Selling expenses	(104,520)	(71,929)	(57,968)	(34,057)
General and administration expenses	(96,059)	(74,034)	(35,000)	(37,803)
Other operating (expense)/ income, net	(4,771)	1,734	(4,403)	(403)
Gain on consolidation of associate	110,690	-	-	-
Operating profit	**312,986**	**335,637**	**138,580**	**227,436**
Investment income, net	37,320	12,974	31,478	6,836
Finance (expense)/income, net	(183,046)	(11,922)	1,071	21,038
Share of (loss)/ profit of associate	(39,218)	(555)	228	(555)
Profit before income tax	**128,042**	**336,134**	**171,357**	**254,755**
Income tax charge	(36,615)	(65,100)	(29,604)	(47,161)
Profit for the period	**91,427**	**271,034**	**141,753**	**207,594**
Profit attributable to:				
Owners of the parent	119,922	271,034	148,993	207,594
Non-controlling interest	(28,495)	-	(7,240)	-
	91,427	**271,034**	**141,753**	**207,594**
Earnings per share for profit attributable to the owners of TVN S.A. (not in thousands)				
- basic	0.35	0.78	0.44	0.60
- diluted	0.35	0.77	0.44	0.59
Supplementary disclosure of impact of embedded option valuation				
Profit attributable to the owners of TVN S.A.	119,922	271,034	148,993	207,594
Impact on profit, net of tax of fair value gain on embedded option	-	(17,084)	-	(27,791)
Adjusted profit attributable to the owners of TVN S.A.	**119,922**	**253,950**	**148,993**	**179,803**

The Group presents adjusted 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 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.

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

	Six months ended June 30, 2009	**Six months ended June 30, 2008**	**Three months ended June 30, 2009**	**Three months ended June 30, 2008**
Profit for the period	**91,427**	**271,034**	**141,753**	**207,594**
Other comprehensive income:				
Available-for-sale assets	(668)	-	(411)	-
Income tax relating to components of other comprehensive income	127	-	78	-
Other comprehensive expense for the period, net of tax	(541)	-	(333)	-
Total comprehensive income for the period	**90,886**	**271,034**	**141,420**	**207,594**
Total comprehensive income attributable to:				
Owners of the parent	119,381	271,034	148,660	207,594
Non-controlling interests	(28,495)	-	(7,240)	-
	90,886	**271,034**	**141,420**	**207,594**

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 June 30, 2009	As at December 31, 2008
ASSETS		
Non-current assets		
Property, plant and equipment	679,638	347,400
Goodwill	1,715,568	952,657
Brand	779,209	693,688
Other intangible assets	72,767	56,796
Non-current programming rights	179,552	154,741
Investments in associates	1,254	120,076
Loan to associate	-	179,138
Available-for-sale financial assets	7,588	7,588
Deferred tax asset	34,346	34,515
Other non current assets	5,360	5,181
	3,475,282	**2,551,780**
Current assets		
Current programming rights	240,829	192,676
Trade receivables	323,989	305,834
Available-for-sale financial assets	-	315,616
Derivative financial assets	11,337	149,865
Prepayments and other assets	105,068	51,286
Corporate income tax receivable	-	1,250
Cash and cash equivalents	127,448	184,867
	808,671	**1,201,394**
TOTAL ASSETS	**4,283,953**	**3,753,174**
EQUITY		
Shareholders' equity		
Share capital	69,904	69,903
Share premium	605,776	605,805
Treasury shares	(100,000)	(37,428)
8% obligatory reserve	23,301	23,152
Other reserves	120,585	109,048
Accumulated profit	802,222	876,474
	1,521,788	**1,646,954**
Non-controlling interest	(338,532)	-
	1,183,256	**1,646,954**
LIABILITIES		
Non-current liabilities		
9.5% Senior Notes due 2013	922,622	855,432
PLN Bonds due 2013	498,931	498,593
Loans from related party	498,314	-
Loan facility	109,917	109,875
Deferred tax liability	163,526	165,679
Non-current trade payables	50,219	6,951
Contingent consideration	236,750	-
Other non-current liabilities	2,954	1,342
	2,483,233	**1,637,872**
Current liabilities		
Current trade payables	291,500	141,905
Corporate income tax payable	20,534	40,559
Accrued interest on borrowings	6,748	7,658
Overdraft facility	-	48,733
Other liabilities and accruals	298,682	229,493
	617,464	**468,348**
Total liabilities	**3,100,697**	**2,106,220**
TOTAL EQUITY AND LIABILITIES	**4,283,953**	**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	-	-	-	-	-	271,034	271,034	-	271,034
Issue of shares	2,110,849	422	37,253	-	(17,268)	-	20,407	-	20,407
Share issue cost	-	-	(80)	-	-	-	(80)	-	(80)
Dividend declared and paid	-	-	-	-	-	(171,180)	(171,180)	-	(171,180)
Dividend cost	-	-	-	-	-	(16)	(16)	-	(16)
Share option plan charge for the period (1)	-	-	-	-	21,142	-	21,142	-	21,142
Appropriation of 2007 profit – transfer to 8% obligatory reserve	-	-	-	251	-	(251)	-	-	-
Balance at June 30, 2008	**349,383,824**	**69,877**	**603,500**	**23,152**	**90,707**	**783,832**	**1,571,068**	**-**	**1,571,068**

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

	Number of shares (not in thousands)	Share capital	Share premium	Treasury shares	8% obligatory reserve	Other reserves (*)	Accumulated profit	Total attributable to owners of the Company	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	-	-	-	-	-	(541)	119,922	119,381	(28,495)	90,886
Issue of shares (2)	2,500	1	42	-	-	(18)	-	25	-	25
Purchase of treasury shares (3)	-	-	-	(62,572)	-	-	-	(62,572)	-	(62,572)
Dividend declared (4)	-	-	-	-	-	-	(194,005)	(194,005)	-	(194,005)
Dividend cost	-	-	-	-	-	-	(20)	(20)	-	(20)
Cost of share option plan	-	-	(71)	-	-	-	-	(71)	-	(71)
Share option plan charge for the period (1)	-	-	-	-	-	12,096	-	12,096	-	12,096
Acquisition of subsidiary	-	-	-	-	-	-	-	-	(310,037)	(310,037)
Appropriation of 2008 profit - transfer to 8% obligatory reserve	-	-	-	-	149	-	(149)	-	-	-
Balance at June 30, 2009	**349,517,914**	**69,904**	**605,776**	**(100,000)**	**23,301**	**120,585**	**802,222**	**1,521,788**	**(338,532)**	**1,183,256**

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

(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 six months ended June 30, 2009 2,500 (not in thousands) of C1 and C2 series shares were issued and fully paid as a result of the exercise of share options granted under the TVN incentive schemes.

(3) During the six months ended June 30, 2009, 6,200,937 (not in thousands) shares were purchased by the Company for redemption. These shares are included in the total number of shares in issue as of June 30, 2009. The redemption of 9,157,107 treasury shares was registered by the Court on July 3, 2009.

(4) The dividend declared and paid in 2009 amounted to 0.57 per share (not in thousands).

Included in accumulated profit as of June 30, 2009 is an amount of 471,750 designated for a share buyback and an amount of 334,598 being the accumulated profit of TVN S.A. on a stand-alone basis which is distributable. With the registration of the redemption of the treasury shares on July 3, 2009 the balance of accumulated profit designated for a share buyback is 371,750. The Senior Notes 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**
Issue of shares	(18)	-	(18)
Charge for the period	12,096	(668)	11,428
Deferred tax on charge for the period	-	127	127
Balance at June 30, 2009	**120,585**	**-**	**120,585**

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

	Six months ended June 30, 2009	**Six months ended June 30, 2008**
Operating activities		
Cash generated from operations	281,623	399,055
Tax paid	(72,730)	(71,798)
Net cash generated by operating activities	**208,893**	**327,257**
Investing activities		
Acquisition of subsidiary, net of cash acquired	(101,326)	-
Acquisition of associate	-	(320,923)
Loans granted to associate	(75,344)	-
Payments to acquire property, plant and equipment	(156,639)	(51,930)
Proceeds from sale of property, plant and equipment	156	371
Payments to acquire intangible assets	(14,991)	(8,536)
Bank deposit with maturity over 3 months	-	(48,360)
Purchase of available for sale financial assets	(27,025)	-
Sale of available-for-sale financial assets	347,270	-
Settlement of foreign exchange options	9,864	-
Interest received	4,686	5,092
Net cash used in investing activities	**(13,349)**	**(424,286)**
Financing activities		
Issue of shares	25	20,327
Dividend paid *	(185,120)	(161,518)
Dividend cost	(20)	-
Share buyback, including related expenses	(62,572)	-
Proceeds from related party borrowings	22,154	-
Issue of PLN Bonds due 2013	-	498,690
Repurchase of Senior Notes due 2013	-	(36,587)
Early settlement of options	101,014	-
Increase in restricted cash	-	(1,324)
Overdraft facility	(48,733)	-
Interest paid	(75,816)	(38,918)
Net cash (used in)/ generated by financing activities	**(249,068)**	**280,670**
(Decrease)/ increase in cash and cash equivalents	**(53,524)**	**183,641**
Cash and cash equivalents at the start of the period	184,867	110,372
Effects of exchange rate changes	(3,895)	257
Cash and cash equivalents at the end of the period	**127,448**	**294,270**

* Dividend paid differs from the dividend declared due to tax payable by shareholders on dividend income, which was withheld by the Group and settled after the balance sheet date.

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

1. TVN

These interim condensed consolidated financial statements were authorized for issuance by the Management Board and Supervisory Board of TVN S.A. on August 12, 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.

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 the associate. From March 11, 2009 the Group has fully consolidated the operations of Neovision Holding Group.

As a result of the acquisition, the financial results for the three and six months ended June 30, 2009 are not directly comparable to the results for the three and six months ended June 30, 2008.

On May 22, 2009 ITI Neovision purchased from Union des Associations Europeennes de Football ("UEFA") headquartered in Switzerland, license rights to broadcast in Poland Champions League matches during the 2009/2010, 2010/2011 and 2011/2012 seasons, for a total amount of EUR 48 million.

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.

Revenue from pay-TV services 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.

These interim condensed consolidated financial statements should be read in conjunction with the reviewed interim condensed consolidated financial statements for the six months ended June 30, 2009 which are part of the interim financial reporting.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

These interim condensed consolidated financial statements are prepared in accordance with 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 and six months ended June 30, 2009 are consistent with those used in the interim condensed consolidated financial statements as of and for the six months ended June 30, 2009.

IAS 34 requires minimum disclosures, which are based on the assumption that readers of the interim financial statements have access to the most recent annual financial statements and that the disclosures are material and not disclosed elsewhere in the financial reporting.

The most recent full consolidated financial statements of the Group were prepared and audited as of and for the year ended December 31, 2008. The accounting policies used by the Group are fully disclosed in annual consolidated financial statements as of December 31, 2008 with subsequent applications disclosed in the interim condensed consolidated financial statements as of and for the six months ended June 30, 2009.

The Group’s interim condensed consolidated financial statements as of and for the six months ended June 30, 2009 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.