INTERIM REPORT OF TVN GROUP FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2013

TABLE OF CONTENTS

This Interim Report of TVN Group was authorized by the Management Board of TVN S.A. on August 21, 2013.

Markus Tellenbach President of the Board	John Driscoll Vice-President of the Board	Piotr Korycki Member of the Board
Maciej Maciejowski Member of the Board	Edward Miszczak Member of the Board	Adam Pieczyński Member of the Board
Piotr Tyborowicz Member of the Board		

Warsaw, August 21, 2013

DEFINITIONS

We have prepared this interim report as required by Section 4.16 of the Indentures for our 10.75% Senior Notes and the 7.875% Senior Notes, dated November 19, 2009 and November 19, 2010 respectively. 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**", **"TVN Capital 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 and continue to indirectly hold 25% stake following its sale to Ringier Axel Springer Media AG in November 2012; "**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 controlled since March 11, 2009 till its contribution on November 30, 2012 to a merged DTH platform combining 'n' and Cyfra+ in which we hold 32% stake, "**TVN Finance II**" refers to our subsidiary, TVN Finance Corporation II AB, a limited liability company under the laws of Sweden; "**TVN Finance III**" refers to our subsidiary, TVN Finance Corporation III AB, a limited liability company under the laws of Sweden; "**PTH**" refers to Polish Television Holding, previously Strateurop International B.V.; **"TVN Media"** refers to TVN Media Sp. z o.o., a company which was created through the separation of Sales, Marketing and Brand Management departments from the TVN S.A. organizational structure; **"Stavka"** refers to Stavka Sp. z o.o. holder of the license for terrestrial broadcasting of the TTV channel. We acquired 25% shares of the company in September 2011 and additional 26% in December 2011; "**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, excluding TVN Group; "**DTH Poland Holding**" refers to DTH Poland Holding Coöperatief U.A., formerly Neovision Holding B.V.; "**Neovision Holding**" refers to Neovision Holding B.V. (currently DTH Poland Holding Coöperatief U.A.), a company registered in Amsterdam, the Netherlands and the sole shareholder of ITI Neovision; **"Onet Holding**" refers to Onet Holding Sp. z o.o. (up to April 2, 2013 r. Vidalia Investments Sp. z o.o.), the company holding 100% stake in Grupa Onet.pl; "**TVN Online Investments Holding B.V.**" (up to November 21, 2012 refers to Grupa Onet Poland Holding B.V.) refers to our subsidiary holding 25% stake in Onet Holding; "**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 news and current affairs channel; "**TVN Turbo**" refers to our thematic channel aimed at male viewers; "**TVN Meteo**" refers to our weather channel; "**TVN Style**" refers to our thematic channel focused on life styles, health and beauty, aimed at female viewers; "**iTVN**" refers to our Polish language channel that broadcasts to viewers of Polish origin residing abroad; "**Telezakupy Mango 24**" refers to our teleshopping channel and "**NTL Radomsko**" refers to the local television channel. We purchased these channels in 2007 and 2005, respectively; "**TVN CNBC**" 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 decided to cease broadcasting and to transfer its content to online presence only on March 25, 2011; "**TTV**" refers to an interactive social-intervention channel co-owned and co-produced by TVN which was launched on January 2, 2012; "**TVN Player**" refers to our video on demand platform launched in August 2011; "**TVN24.pl**" refers to our Internet news vortal launched in March 2007; "**Onet.pl**" refers to the Internet portal Onet.pl; "**Onet VOD**" refers to video-on-demand Internet service launched on February 14, 2010, by Onet.pl; "**Zumi.pl**" refers to our interactive yellow pages portal, launched in April 2007; "**Plejada.pl**" refers to multimedia Internet vortal being a joint project of TVN and Onet.pl., launched in March 2008; "**nC+"** refers to Poland's leading Premium Pay-TV platform being a result of the merger of 'n' platform owned by TVN Group and Cyfra+ DTH platform owned by Groupe Canal+, where TVN holds 32% stake in the combined operation; "**TNK**" refers to a pre-paid digital television service in standard definition, “Telewizja na kartę”, owned and operated by ITI Neovision, launched in October 2008; ”**TNK HD**” refers to a pre-paid digital television service in high definition launched on May 17, 2010 by ITI Neovision; “**NNK**”, refers to “n na kartę”, rebranded in June 2011 version of TNK HD; “**10.75% Senior Notes**” refer to the 10.75% Senior Notes that TVN Finance Corporation II AB issued on November 19, 2009, March 10, 2010 and April 30, 2010; “**7.875% Senior Notes**” refer to the 7.875% Senior Notes that TVN Finance Corporation III AB issued on November 19, 2010; “**Indentures**” refers to the indenture dated November 19, 2009 governing the 10.75% Senior Notes and the indenture dated November 19, 2010 governing the 7.875% Senior Notes; “**Promissory Notes**” refers to the two promissory notes in the aggregate principal amount of EUR 40,000 we issued on March 10, 2010. On April 30, 2010, these Promissory Notes were exchanged for like principal amount of 10.75% Senior Notes and cancelled; “**PLN Bonds**” refers to a PLN 500,000 bond issued by TVN S.A. on June 23, 2008 and fully redeemed by June 14, 2011;”**Revolving guarantee facility**” refers to a PLN 250,000 revolving guarantee facility agreement with Bank Pekao S.A. which expired on May 16, 2013, “**Revolving credit facility and cash loan**” refers collectively to a PLN 300,000 revolving credit and EUR 25,000 cash loan facilities signed with Bank Pekao S.A. on June 10, 2013, “**guarantors**” refers collectively to the Company, TVN Media, Mango Media, TVN Finance Corporation III AB (in relation to our 10.75% Senior Notes) and TVN Online Investments Holding B.V. (up to November 21, 2012 Grupa Onet Poland Holding B.V.) and “**guarantor**” refers to each of them individually and “**Shares**” refers to our existing ordinary shares traded on the Warsaw Stock Exchange; ; “**EBITDA**” is defined as a profit /(loss) for the period, 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, interest income, finance expense, foreign exchange gains and losses and income taxes, “**adjusted EBITDA**” is defined as EBITDA before share of profit/loss of associates, “**adjusted rolling EBITDA**” used for calculation of consolidated net debt to adjusted rolling EBITDA ratio, is defined as EBITDA calculated for the last twelve months jointly for continuing and discontinued operations and excludes one-off transaction results and share of net results of associates."

INTRODUCTION

The Company 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 broadcaster in Poland. We currently own and operate ten television channels that have different forms of distribution. We broadcast three free to air (FTA) channels: TVN, TVN 7 and TTV and seven thematic pay channels: TVN 24, TVN Style, TVN Turbo, TVN CNBC, TVN Meteo, ITVN and local NTL Radomsko distributed via cable and satellite operators. TVN, our principal free-to-air channel, is recognized in the Polish market as a leading television broadcaster of high quality entertainment as well as comprehensive independent news and current affairs programs. TVN 7 is an entertainment channel that complements TVN by broadcasting feature films, television series and game shows. TTV is our youngest channel focused on an interactive social-intervention content, co-owned and co-produced by TVN. TVN 24 is the first 24-hour news and current affairs television channel in Poland. TVN Style is a thematic channel focused on life styles, health and beauty, aimed at female viewers. TVN Turbo is a genre thematic channel aimed at male viewers. TVN CNBC is our business news channel, launched in cooperation with CNBC Europe. TVN Meteo is Poland's first dedicated weather channel. ITVN is a television channel that targets viewers of Polish origin living abroad. This channel is available in Europe, North America and Australia. NTL Radomsko is a local television channel addressed to residents of Radomsko and the surrounding areas. Our channels maximize their operational efficiencies by sharing programming content, infrastructure and know-how.

Additionally we launched TVN Player which is our ad-supported internet VOD service, which allows viewing of both video content produced by our company (or in our name), and other movies or series that were shown previously in our TV channels. TVN Player is the answer for changing way of television content consumption. Even if Poland is still at the beginning of growth in non-linear content exploitation, TVN Player is an excellent vehicle to cover this segment of the market in the upcoming future.

We are the owner of TVN Media - the largest advertising sales house on the Polish market. Premium TV is a part of TVN Media and specializes in offering commercial representation to other broadcasters.

We also operate in teleshopping segment through Telezakupy Mango 24, which is the only all-day teleshopping channel in Poland.

The Group together with Groupe Canal+ S.A. jointly operates a Polish leading premium direct-to-home ("DTH") digital satellite platform nC+, which offers technologically advanced pay television services. The Group holds 32% interest in nC+ platform.

The TVN Group in its online activities is a partner to Ringier Axel Springer Media AG ("RAS"), which through Grupa Onet.pl S.A. operates Onet.pl - Poland's leading portal operating services such as: OnetVOD, Zumi.pl, Sympatia.pl, OnetBlog and OnetLajt. The Group holds 25% interest in Onet Holding.

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.

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

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

IMPACT OF CHANGES IN OUR STRUCTURE ON THE REPORTED RESULTS

On December 18, 2011 we signed an agreement with Groupe Canal+ concerning the merger of 'n' platform and Canal+ DTH platform "Cyfra+" resulting in the creation of the second largest DTH operator in Poland, serving approximately 2.5 million clients. On November 30, 2012 we completed a strategic partnership transaction with Groupe Canal Plus resulting in the combination of the Cyfra+ and 'n' platforms in nC+ platform. As a result we exchanged our 100% stake in 'n' for a 32% stake in the combined operation.

On June 4, 2012, we reached an agreement with Ringier Axel Springer Media AG, with its registered office in Zurich, Switzerland to form a strategic partnership for Grupa Onet.pl S.A. To form the partnership we contributed our 100% stake in Grupa Onet.pl to a wholly owned subsidiary of RAS, which was subsequently established under the name of Vidalia Investments Sp. z o.o. (currently Onet Holding Sp. z o.o., "Onet Holding") for consideration consisting of cash for 75% of the shares in Grupa Onet.pl and 25% of shares in Onet Holding in exchange for the remaining shares in Grupa Onet.pl. On November 6, 2012 we completed the sale of Grupa Onet.pl S.A.'s shares.

THE PRINCIPAL EVENTS OF THE THREE MONTHS ENDED JUNE 30, 2013

OPERATIONAL RESULTS:

- According to TVN estimates based on Starlink data the television advertising market (airtime only) in Poland in the three months ended June 30, 2013 decreased by 3.8% compared to the corresponding period of 2012.

- Our share in the net television advertising market (airtime and sponsoring), according to TVN estimates based on Starlink data, increased to 35.7% in three months ended June 30, 2013 from 34.6% in the corresponding period of 2012.

- All our channels in total increased its audience share in all categories. All-day nationwide audience share increased to 22.6%, from 21.0%, all-day basic commercial target group audience share increased to 24.0%, from 21.9%, all-day key target group audience share increased to 26.1%, from 25.5%, *prime time* basic commercial target group audience share increased to 23.8%, from 22.1%, *prime time* key target group audience share increased to 26.7%, from 26.1%, *peak time* basic commercial target group audience share increased to 23.8%, from 21.9% and *peak time* key target group audience share increased to 26.5%, from 25.9% in the corresponding period of 2012 according to Nielsen Audience Measurement.

- Our TVN 24 increased its audience share in six out of seven categories. All-day nationwide audience share increased to 3.2%, from 2.9%, all-day basic commercial target group audience share increased to 2.5%, from 2.2%, all-day key target group audience share increased to 4.7%, from 4.2%, *prime time* key target group audience share increased to 3.0%, from 2.9%, *peak time* basic commercial target group audience share increased to 1.4%, from 1.3% and *peak time* key target group audience share increased to 3.0%, from 2.9% in the corresponding period of 2012 according to NAM. TVN 24 maintained its prime time basic commercial audience share at 1.3%.

- Our TVN 7 increased its audience share in all categories. All-day nationwide audience share increased to 3.7%, from 2.3%, all-day basic commercial target group audience share increased to 3.8%, from 2.6%, all-day key target group audience share increased to 3.3%, from 2.6%, *prime time* basic commercial target group audience share increased to 3.3%, from 2.4%, *prime time* key target group audience share increased to 3.3%, from 2.6%, *peak time* basic commercial target group audience share increased to 3.2%, from 2.4% and *peak time* key target group audience share increased to 3.2%, from 2.8% in the corresponding period of 2012 according to NAM.

- Our TVN Style channel increased its audience share in all categories. All-day nationwide audience share increased to 0.7%, from 0.6%, all-day basic commercial target group audience share increased to 1.0%, from 0.8%, all-day key target group audience share increased to 1.5%, from 1.3%, *prime time* basic commercial target group audience share increased to 0.8%, from 0.6%, *prime time* key target group audience share increased to 1.2%, from 0.9%, *peak time* basic commercial target group audience share increased to 1.0%, from 0.8% and *peak time* key target group audience share increased to 1.2%, from 1.0% in the corresponding period of 2012 according to NAM.

- Our TTV channel increased its audience share in all categories. All-day nationwide audience share increased to 1.0%, from 0.2%, all-day basic commercial target group audience share increased to 1.0%, from 0.2%, prime time basic commercial target group audience share increased to 0.9%, from 0.2%, peak time basic commercial target group audience share increased to 0.7%, from 0.1% in the corresponding period of 2012 according to NAM.

PRINCIPAL EVENTS:

- Annual General Shareholders Meeting held on April 15, 2013 decided to designate the achieved profits for dividends payment. The total number of shares entitled to the dividend determined on the dividends day (April 22, 2013) amounted to 343,876,421 (not in thousands). Provided that the dividend payable per one share amounts to PLN 0.64 the dividend fund amounts to PLN 220,080,909.44 (not in thousands). Dividend payment is divided into two installments (1) paid on May 8, 2013 in the amount of PLN 99,724,162.09 (not in thousands) (PLN 0.29 per share, not in thousands) and (2) on November 5, 2013 in the amount of PLN 120,356,747.35 (not in thousands) (PLN 0.35 per share, not in thousands).

- On June 10, 2013 TVN, TVN Media sp. z o.o. and the Bank Pekao S.A. had signed an agreement on revolving credit facility and cash loan. Pursuant to this agreement the Bank provided the Companies with a revolving credit facility in the amount of PLN 300,000 and granted a cash loan in the amount of EUR 25,000 (PLN 106,428 - euro amount converted into złoty at the rate of PLN 4.2571 per €1.00). The PLN 300,000 revolving credit facility is a back-up facility which will serve as a replacement to the PLN 250,000 revolving guarantee facility which expired in May 2013, and the PLN 100,000 accounts receivable facility. The EUR 25,000 cash loan replaces the liquidity previously used to pay off the outstanding amount of the mortgage loan arranged for the purchase of MBC building.

FINANCIAL RESULTS:

- Our Group reported revenue decreased by PLN 11,343, or 2.5% to PLN 440,457, from PLN 451,800 in the corresponding period of 2012.

- Our TV segment decreased its revenue by PLN 9,765, or 2.2% to PLN 433,880, from PLN 443,645 in the corresponding period of 2012.

- Our operating profit increased by PLN 11,552, or 9.2% to PLN 137,253, from PLN 125,701 in the corresponding period of 2012.

- Our EBITDA increased by PLN 14,376, or 10,1% to PLN 157,417, from PLN 143,041 in the corresponding period of 2012. Our EBITDA margin increased to 35.7% from 31.7% in the corresponding period of 2012.

- Our adjusted EBITDA (excluding share of profit of associates) amounted to PLN 171,019 comparing to PLN 143,041 in the corresponding period of 2012. Our adjusted EBITDA margin increased to 38.8% from 31.7% in the corresponding period of 2012.

- We recorded a loss for the period of PLN 32,136 compared to a loss for the period of PLN 234,092 in the corresponding period of 2012 impacted by a loss of discontinued operations. Consequently, we recorded a loss attributable to the owners of TVN S.A., of PLN 29,909, compared to a loss attributable to the owners of TVN S.A. of PLN 230,602 in the corresponding period of 2012 impacted by a loss of discontinued operations.

- Our consolidated net debt to adjusted rolling EBITDA ratio as of June 30, 2013 was 4.2. Net debt calculation includes restricted cash of PLN 807,216 related to the disposal of Grupa Onet, whilst cash balance does not include restricted cash. As of June 30, 2013 we held in total PLN 267,008 of cash and cash equivalents.

THE PRINCIPAL EVENTS OF THE SIX MONTHS ENDED JUNE 30, 2013

OPERATIONAL RESULTS:

- According to TVN estimates based on Starlink data the television advertising market (airtime only) in Poland in the six months ended June 30, 2013 decreased by 5.8% compared to the corresponding period of 2012.

- Our share in the net television advertising market (airtime and sponsoring), according to TVN estimates based on Starlink data, increased to 35.1% in six months ended June 30, 2013 from 34.2% in the corresponding period of 2012.

- All our channels in total increased its audience share in four out of seven categories. All-day nationwide audience share increased to 21.9%, from 20.8%, all-day basic commercial target group audience share increased to 23.0%, from 21.7%, *prime time* basic commercial target group audience share increased to 23.0%, from 22.3%, *peak time* basic commercial target group audience share increased to 23.0%, from 22.0% in the corresponding period of 2012 according to NAM.

- Our TVN 7 increased its audience share in all categories. All-day nationwide audience share increased to 3.6%, from 2.2%, all-day basic commercial target group audience share increased to 3.7%, from 2.6%, all-day key target group audience share increased to 3.3%, from 2.9%, *prime time* basic commercial target group audience share increased to 3.2%, from 2.5%, *prime time* key target group audience share increased to 3.1%, from 2.7%, *peak time* basic commercial target group audience share increased to 3.1%, from 2.5% and *peak time* key target group audience share increased to 3.1%, from 2.9% in the corresponding period of 2012 according to NAM.

- Our TVN Style increased its audience share in all categories. All-day nationwide audience share increased to 0.7%, from 0.5%, all-day basic commercial target group audience share increased to 0.9%, from 0.7%, all-day key target group audience share increased to 1.1%, from 0.9%, *prime time* basic commercial target group audience share increased to 0.7%, from 0.5%, *prime time* key target group audience share increased to 1.1%, from 0.8%, *peak time* basic commercial target group audience share increased to 0.7%, from 0.6% and *peak time* key target group audience share increased to 1.1%, from 0.9% in the corresponding period of 2012 according to NAM.

- Our TTV channel increased its audience share in all categories. All-day nationwide audience share increased to 0.9%, from 0.1%, all-day basic commercial target group audience share increased to 0.8%, from 0.1%, prime time basic commercial target group audience share increased to 0.7%, from 0.1%, peak time basic commercial target group audience share increased to 0.7%, from 0.1% in the corresponding period of 2012 according to NAM.

PRINCIPAL EVENTS:

- On February 27, 2013, our Management Board has reduced the amount of the revolving guarantee facility valid till May 16, 2013 signed with Bank Pekao S.A. on December 17, 2010 from PLN 400,000 to PLN 300,000. The agreement after amendments was a PLN 250,000 multicurrency guarantee facility available in EUR, USD and/ or PLN and it expired on May 16, 2013. Simultaneously on February 28, 2013 TVN and TVN Media have entered into agreement with Bank Pekao S.A. regarding revolving facility in the amount of up to PLN 100,000 effective from and including February 28, 2013 till August 28, 2013 with possible extension to February 28, 2014, that enables advance financing of trade receivables, documented by VAT/commercial invoices. Revolving facility was terminated on June 25, 2013.

- On March 4, 2013 our Management Board has signed with TVN Media an agreement on cooperation in the acquisition of advertising, in particular concluding contracts for advertising, sponsorship, product placement and classifieds by TVN Media on behalf of TVN S.A. The agreement is valid from January 1, 2013 until December 31, 2013.

- On March 18, 2013 our Supervisory Board granted its consent to the Management Board of TVN taking actions related to the early redemption and refinancing of all of the 10.75% Senior Notes issued by TVN Finance Corporation II AB (publ) due in 2017. For the purposes of refinancing the Notes, the Supervisory Board granted its consent to the issuance by TVN Finance Corporation III AB (publ) of Senior Notes with an aggregate principal amount from EUR 450,000 to EUR 500,000, a coupon rate of 6% to 7.25% per annum and a maturity date falling no later than on 31 December 2020. On March 20, 2013 Moody's and S&P assigned a provisional debt rating to the proposed new Senior Notes of TVN Group in line with the TVN's corporate credit rating (B1 from Moody's and B+ from S&P). On March 22, 2013 The Management of TVN announced that it postponed the offering of its proposed Senior Notes due to increased market uncertainty around the Cyprus financial crisis situation. TVN could not achieve the tight yield targets necessary to justify paying the cost associated with the early redemption of the existing Notes.

- On March 12, 2013 our Management Board proposed a dividend payment for the year 2012 of either PLN 0.72 (not in thousands) per share to be paid on December 9, 2013, in situation that TVN executes refinancing of Senior Notes maturing in 2017 before the General Shareholder Meeting conveyed for April 15, 2013 or PLN 0.59 (not in thousands) per share to be paid on May 8, 2013, in case the Company does not execute refinancing of Senior Notes before the General Shareholder Meeting conveyed for April 15, 2013. Following the postponement of refinancing Company's indebtedness for the purpose of optimal management of Company's liquidity, the Management Board resolved to correct the motion on allocation of profits achieved by the Company in the financial year 2012 and to recommend a dividend payment of PLN 0.64 (not in thousands) per share to be paid in instalments with proposed dividends payment on May 8, 2013 in the amount of PLN 0.29 (not in thousands) per share and proposed dividends payment on November 5, 2013 in the amount of PLN 0.35 (not in thousands) per share.

- On March 18, 2013 the Supervisory Board appointed current Members of the Management Board of TVN S.A. to perform their duties within the Management Board of TVN S.A. for the next joint three-year term of office commencing as of the day of TVN Annual General Shareholders Meeting approving TVN's financial statement for the fiscal year 2012 held on April 15, 2013.

FINANCIAL RESULTS:

- Our Group reported revenue decreased by PLN 33,053, or 4.0% to PLN 783,603, from PLN 816,656 in the corresponding period of 2012.

- Our TV segment decreased its revenue by PLN 29,806, or 3.7% to PLN 769,875, from PLN 799,681 in the corresponding period of 2012.

- Our operating profit increased by PLN 16,059, or 8.1% to PLN 213,861, from PLN 197,802 in the corresponding period of 2012.

- Our EBITDA increased by PLN 22,567, or 9.7% to PLN 255,413, from PLN 232,846 in the corresponding period of 2012. Our EBITDA margin increased to 32.6% from 28.5% in the in the corresponding period of 2012.

- Our adjusted EBITDA (excluding share of profit of associates) amounted to PLN 256,125 comparing to PLN 232,846 in the corresponding period of 2012. Our adjusted EBITDA margin increased to 32.7% from 28.5% in the corresponding period of 2012.

- We recorded a loss for the period of PLN 78,047 compared to a loss for the period of PLN 52,983 in the corresponding period of 2012 impacted by a loss of discontinued operations. Consequently, we recorded a loss attributable to the owners of TVN S.A., of PLN 73,727, compared to a loss attributable to the owners of TVN S.A. of PLN 45,675 in the corresponding period of 2012 impacted by a loss of discontinued operations.

- Our consolidated net debt to adjusted rolling EBITDA ratio as of June 30, 2013 was 4.2. Net debt calculation includes restricted cash of PLN 807,216 related to the disposal of Grupa Onet, whilst cash balance does not include restricted cash. As of June 30, 2013 we held in total PLN 267,008 of cash and cash equivalents

SUMMARY HISTORICAL FINANCIAL DATA

The following table sets out our consolidated financial information as of and for the three and six months ended June 30, 2013, for the three and six months ended June 30, 2012 and our audited consolidated financial information as of December 31, 2012. You should read the information in conjunction with the interim condensed consolidated financial statements and sections on Financial Condition and Results of Operations presented in this interim report.

For your convenience we have converted presented positions of our results of operations set in following tables into euro in accordance with rules enumerated below:

- złoty amounts as of June 30, 2013 have been converted into euro at a rate of PLN 4.3292 per €1.00 (the National Bank of Poland, or "NBP", exchange rate on June 30, 2013).
- złoty amounts for the three months ended June 30, 2013 have been converted into euro at a rate of PLN 4.2541 per €1.00 (arithmetic average of the NBP exchange rates on April 30, 2013, May 31, 2013 and June 30, 2013).
- złoty amounts for the six months ended June 30, 2013 have been converted into Euro at a rate of PLN 4.2140 per €1.00 (arithmetic average of the NBP exchange rates on January 31, 2013, February 28, 2013, March 31, 2013, April 30, 2013, May 31, 2013 and June 30, 2013).

- złoty amounts as of December 31, 2012 have been converted into euro at a rate of PLN 4.0882 per €1.00 (the National Bank of Poland, or "NBP", exchange rate on December 31, 2012).
- złoty amounts for the three months ended June 30, 2012 have been converted into euro at a rate of PLN 4.2741 per €1.00 (arithmetic average of the NBP exchange rates on April 30, 2012, May 31, 2012 and June 30, 2012).
- złoty amounts for the six months ended June 30, 2012 have been converted into Euro at a rate of PLN 4.2246 per €1.00 (arithmetic average of the NBP exchange rates on January 31, 2012, February 29, 2012, March 31, 2012, April 30, 2012, May 31, 2012 and June 30, 2012).

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.

Consolidated financial information as of and for the three months ended June 30, 2013 and 2012.

Income statement data

	2012 PLN	2012 EUR	2013 PLN	2013 EUR
Revenue	451,800	105,706	440,457	103,537
Operating profit	125,699	29,409	137,253	32,264
Loss before income tax	(21,055)	(4,926)	(39,637)	(9,317)
Loss attributable to the owners of TVN S.A.	**(230,603)**	**(53,953)**	**(29,909)**	**(7,031)**

Cash flow data

	2012 PLN	2012 EUR	2013 PLN	2013 EUR
Net cash generated by operating activities	116,982	27,370	179,250	42,136
Net cash generated by investing activities	968	226	45,969	10,806
Net cash used in financing activities	(197,626)	(46,238)	(373,141)	(87,713)
Decrease in cash and cash equivalents	**(79,676)**	**(18,641)**	**(147,922)**	**(34,772)**

Earnings per share data

	2012 PLN	2012 EUR	2013 PLN	2013 EUR
Weighted average number of ordinary shares in issue (not in thousands)	343,876,421	343,876,421	343,876,421	343,876,421
Weighted average number of potential ordinary shares in issue (not in thousands)	343,889,504	343,889,504	343,950,125	343,950,125
Losses per share attributable to the owners of TVN S.A. (not in thousands)	(0.13)	(0.03)	(0.09)	(0.02)
Diluted losses per share attributable to the owners of TVN S.A. (not in thousands)	(0.13)	(0.03)	(0.09)	(0.02)
Dividend paid or declared per share (not in thousands)	0.1	0.02	0.64	0.15

Other data

	2012 PLN	2012 EUR	2013 PLN	2013 EUR
EBITDA*	**143,041**	**33,467**	**157,417**	**37,004**
EBITDA margin	31.7%	31.7%	35.7%	35.7%
Operating margin	27.8%	27.8%	31.2%	31.2%

Balance sheet data

	As at December 31, 2012 PLN	As at December 31, 2012 EUR	As at June 30, 2013 PLN	As at June 30, 2013 EUR
Total assets	4,966,287	1,214,786	4,722,851	1,090,929
Current assets	2,020,466	494,219	1,783,868	412,055
Non-current liabilities	3,203,936	783,703	3,130,720	723,164
Current liabilities	403,284	98,646	529,137	122,225
Shareholders' equity	1,359,067	332,437	1,062,994	245,541
Share capital	68,775	16,823	68,775	15,886
Non-controlling interest	(16,390)	(4,009)	(20,710)	(4,784)

Consolidated financial information as of and for the six months ended June 30, 2013 and 2012.

Income statement data

	2012 PLN	2012 EUR	2013 PLN	2013 EUR
Revenue	816,656	193,310	783,603	185,952
Operating profit	197,802	46,821	213,861	50,750
Profit / (loss) before income tax	182,130	43,111	(105,665)	(25,075)
(Loss)/ profit attributable to the owners of TVN S.A.	**(45,675)**	**(10,811)**	**(73,727)**	**(17,496)**

Cash flow data

	2012 PLN	2012 EUR	2013 PLN	2013 EUR
Net cash generated from operating activities	130,835	30,970	295,100	70,028
Net cash (used in) / generated by investing activities	(52,036)	(12,317)	45,002	10,679
Net cash used in financing activities	(197,789)	(46,818)	(379,414)	(90,037)
Decrease in cash and cash equivalents	**(118,990)**	**(28,166)**	**(39,312)**	**(9,329)**

Earnings per share data

	2012 PLN	2012 EUR	2013 PLN	2013 EUR
Weighted average number of ordinary shares in issue (not in thousands)	343,876,421	343,876,421	343,876,421	343,876,421
Weighted average number of potential ordinary shares in issue (not in thousands)	343,969,061	343,969,061	343,932,417	343,932,417
(Losses) / earnings per share attributable to the owners of TVN S.A. (not in thousands)	(0.13)	(0.03)	(0.21)	(0.05)
Diluted earnings/ (losses) per share attributable to the owners of TVN S.A. (not in thousands)	(0.13)	(0.03)	(0.21)	(0.05)
Dividend paid or declared per share (not in thousands)	0.1	0.02	0.64	0.15

Other data

	2012 PLN	2012 EUR	2013 PLN	2013 EUR
EBITDA*	**232,846**	**55,117**	**255,413**	**60,611**
EBITDA margin	28.5%	28.5%	32.6%	32.6%
Operating margin	24.2%	24.2%	27.3%	27.3%

Balance sheet data

	As at December 31, 2012 PLN	As at December 31, 2012 EUR	As at June 30, 2013 PLN	As at June 30, 2013 EUR
Total assets	4,966,287	1,214,786	4,722,851	1,090,929
Current assets	2,020,466	494,219	1,783,868	412,055
Non-current liabilities	3,203,936	783,703	3,130,720	723,164
Current liabilities	403,284	98,646	529,137	122,225
Shareholders' equity	1,359,067	332,437	1,062,994	245,541
Share capital	68,775	16,823	68,775	15,886
Non-controlling interest	(16,390)	(4,009)	(20,710)	(4,784)

*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, interest income, finance expenses, foreign exchange gains and losses, income taxes. The reconciling item between EBITDA and reported operating profit/ (loss) is depreciation and amortization expense and impairment charges and reversals on property, plant and equipment and intangible assets. 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, 2013, 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.

We prepare our financial statements in złoty or “PLN”.

Our interests in TVN Media, Tivien Sp. z o.o., El-Trade Sp. z o.o., NTL Radomsko Sp. z o.o., Mango Media Sp. z o.o., Thema Film Sp. z o.o., TVN Finance Corporation II, TVN Finance Corporation III, TVN Holding S.A., Stavka Sp. z o.o. and TVN Online Investments Holding BV are fully consolidated in accordance with IFRS.

Our interest in Onet Holding Sp. z o.o. Group (including Onet Holding Sp. z o.o. and its subsidiaries - Grupa Onet.pl S.A., DreamLab Onet.pl Sp. z o.o., OnetMarketing Sp. z o.o. (up to July 11, 2013 SunWeb Sp. z o.o), Canal+ Cyfrowy S.A. Group (including Canal+ Cyfrowy S.A. and its subsidiaries – ITI Neovision S.A. (up to July 12, 2013 ITI Neovision Sp. z o.o.), Cyfrowy Dom Sp. z o.o., Neovision UK Ltd. and DTH Poland Holding B.V. and a joint venture MGM Chanel Poland Ltd.) are accounted for under equity method.

Our fiscal year ends on December 31.

TELEVISION BROADCASTING AND PRODUCTION

Revenue

This segment primarily derives revenue from commercial advertising. During the three and six months ended June 30, 2013, we derived 70.1% and 69.4%, respectively, of our total Group revenue from commercial television advertising, compared to 69.4% and 70.3% in the corresponding periods of 2012.

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, as measured by NAM in respect to audience shares and profile indicators, and the industry practice in respect to pricing. 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 GRP.

Rate-card pricing. Advertising priced on a rate-card basis is applied to advertisements sold to be scheduled at a specific time. The cost of such advertising is usually higher than the cost per GRP sale method as it is based on the specific key target audience viewership in a particular slot, the length of the advertisement, the time of day, and the season during which the advertisement is shown. Rate-card prices are set on a monthly basis and reflect our audience profile and size in a particular advertising timeslot.

Cost per GRP pricing. Advertising priced on a cost per GRP basis allows the customer to specify the number of GRPs that he wants to achieve. We schedule the timing 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 time. 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. The table below shows the percentages of our advertising revenues that were based on rate card pricing and cost per GRP pricing for the periods presented.

	Three months ended June 30,			Six months ended June 30,		
	2011	2012	2013	2011	2012	2013
Our Rate-card pricing	47%	40%	39%	52%	40%	40%
Our Cost per GRP pricing	53%	60%	61%	48%	60%	60%

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, 2013, we tended to sell over 99.7% and 99.8%, respectively, of peak time advertising spots on our TVN channel and over 83.8% and 85.4%, 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 discounts and rebates.

Carriage fees from satellite and cable operators (otherwise called subscription fees)

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, 2013, 12.1% and 13.8%, respectively, of our total Group revenue came from such fees compared with 12.2% and 13.3% in the corresponding periods of 2012. 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 television broadcasting and production 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 telecommunications companies.

Expenses

Programming costs

Operating expenses of our television broadcasting and production segment consist primarily of amortization of television programming costs. These costs accounted for 48.9% and 47.6% of our Group operating expenses in the three and six months ended June 30, 2013, respectively, compared with 50.9% and 49.1% in the corresponding periods of 2012. Amortization expense includes amortization of production costs for television programming 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, 2013, we commissioned and produced locally through third parties 82.3% and 80.7%, respectively, of programming content on our TVN channel, compared with 77.9% and 78.8% in the corresponding periods of 2012. During the three and six months ended June 30, 2013, we acquired 17.7% and 19.3%, respectively, of our programming content from third parties, compared with 22.1% and 21.2% in the corresponding periods of 2013. Amortization is based on the estimated number of showings and the type of programming content.

Other costs

Other costs of television broadcasting and production consist of broadcasting costs, which mainly represent rental costs of satellite and terrestrial transmission capacity (both analog and digital), staff expenses and royalties payable to unions of authors, artists and professionals in the entertainment industry and the Polish Film Institute, depreciation of television and broadcasting equipment, marketing and research costs, rental and maintenance costs of our premises and consulting fees for technical, financial and legal services.

TELESHOPPING

Revenue

Revenue in teleshopping primarily includes the sale of goods/teleshopping which accounted for approximately 1.4% and 1.6%, respectively, of our Group revenue in the three and six months ended June 30, 2013, compared with 1.7% and 2.0% in the corresponding periods of 2012. We generate revenue from sales of products offered in a particular show on Telezakupy Mango 24, our dedicated teleshopping channel or on other television channels as well as on the Mango Media Internet site.

Expenses

Teleshopping's expenses consist primarily of costs of services and goods sold.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

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 or negative rate in times of recession. We cannot predict the likelihood that these trends will continue. In particular, we cannot predict what effect the global economic crisis may continue to 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.

The Polish economy is expected to experience 1% GDP growth in 2013 and 2% in 2014, according to a forecast by the World Bank expressed in its "EU11 Regular Economic Report" issued in June 2013. Based on Starlink data, net television advertising expenditure (airtime only) in Poland was down by 5.8% in the first half of 2013 compared to the first half of 2012.

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 is mostly sold through centralized media buyers who receive volume rebates and agency commissions on sales made through them, most advertising 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.

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 the second and fourth quarters attracting a greater number of viewers than the first and third quarters, 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, 2012, we generated approximately 23.2% of our television segment total advertising revenue in the first quarter, 28.1% in the second quarter, 19.1% in the third quarter and 29.6% in the fourth quarter.

Availability of attractive programming content to maximize audience share. 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 key 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 NAM, our channels captured an average of 22.6% and 21.9%, respectively, of Poland's nationwide all-day audience in the three and six months ended June 30, 2013, and our TVN channel achieved 19.1% and 18.7%, respectively, of our key target audience during *peak time* in the three and six months ended June 30, 2013. We believe our substantial market share of Poland's television viewing audience results from offering attractive programming, which enables us to obtain a larger total audience, as measured by the higher number of gross rating points ("GRPs") in a more efficient manner. This 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 key 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. Further, 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.

Launch of new channels. The success of our thematic channels depends in large part on their ability to profile and target specific audiences that are attractive to advertisers. Accordingly, from time to time, we have launched new channels and disposed of existing channels in response to demand from advertisers. Since January 1, 2006, we have acquired the Telezakupy Mango 24 channel, launched the TVN CNBC channel, disposed of our interest in the Discovery Historia channel and ceased operating the TVN Med, TVN Lingua and TVN Warszawa channels. On January 2, 2012 we launched TTV an interactive social-intervention channel co-owned and co-produced by TVN. In so doing we have sought to increase the size and to improve the profile of our audience by attracting more viewers from our target demographic groups in order to increase total net and improve year-on-year results.

OTHER FACTORS AFFECTING OUR RESULTS OF OPERATIONS

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 loss (post-tax) impact on the major euro and U.S. dollar denominated balance sheet items as of June 30, 2013 of a euro and U.S. dollar appreciation of 5% against the złoty, with all other variables held constant and without taking into account derivative financial instruments entered into for hedging purposes, is an additional PLN 102,021 loss from continuing operations.

We entered into USD foreign exchange forward contracts in order to limit the impact of exchange rate movements on firm commitments relating to the acquisition of programming rights assets, EUR foreign exchange swap contracts in order to limit the impact of exchange rate movements on early repayment of the Mortgage Loan and cash inflow related to the Cash Loan and EUR foreign exchange forward contracts in order to limit the impact on the our subscription revenue from DTH and cable operators of PLN/EUR exchange rate movements.

We have designated these foreign exchange forward contracts and foreign exchange swap contracts for cash flow hedge accounting.

Acquisitions and disposals

On December 18, 2011 the Group along with ITI Media Group Limited (its intermediate parent entity) concluded agreements to effect the strategic co-operation with Groupe Canal+ S.A. ("Canal+ Group") and the merger of the business of ITI Neovision Sp. z o.o. ("ITI Neovision"), the 'n' platform operator, with Canal+ Cyfrowy S.A., the Cyfra+ platform operator ("Cyfra+"). The purpose of the transaction is to combine the Polish Pay-TV operations of 'n' and Cyfra+ creating a digital DTH platform nC+ owned by Canal+ Group and TVN. On November 30, 2012 the transaction was finalized and the Group's control over ITI Neovision has been exchanged for an investment in 32% of shares in nC+.

In addition on December 18, 2011, ITI Media Group Limited as a seller, Groupe Canal+ as a purchaser and International Trading and Investments Holdings S.A. as the guarantor of ITI Media Group Limited's obligations concluded the share purchase agreement relating a 40% stake in N-Vision B.V., with its registered office in Amsterdam, the Netherlands ("N-Vision") (the entity holding an indirect 52.45% stake in TVN S.A.).

On June 4, 2012 the Group concluded a share purchase agreement with Ringier Axel Springer Media AG ("RAS") relating to Grupa Onet.pl S.A. ("Grupa Onet.pl"). The Agreement provided for the disposal of 100% of the shares in Grupa Onet.pl to a wholly owned subsidiary of RAS, which was subsequently established under the name of Vidalia Investments Sp. z o.o. (currently Onet Holding Sp. z o.o., "Onet Holding"), for consideration consisting of cash for 75% of shares in Grupa Onet.pl and 25% of shares in Onet Holding in exchange for the remaining shares in Grupa Onet.pl. On November 6, 2012, following the antitrust regulatory approval of the transaction, the Group and RAS finalized the transaction.

On August 1, 2012 we sold our share in the share capital of Film Miasto Sp. z o.o. for a consideration of PLN 2. We recognized a loss on this transaction in the amount of PLN 16.

Taxation

We are subject to corporate taxation in Poland. The corporate tax rate in Poland is 19% on our taxable income, which can and does differ significantly from our reported profit before tax due to, for example, the treatment of certain costs under the Polish tax laws versus the treatment of those costs for financial reporting purposes. Taxable items that enter our tax return either before or after they are accounted for in our IFRS financial reporting are treated as deferred tax assets or liabilities. Deferred tax assets represent those costs that, for tax purposes, we have not been able to deduct on our local tax return to date, however they will be deductible in the future. Deferred tax liabilities generally represent costs that have been deducted for tax purposes but are still deferred on our IFRS balance sheet, therefore as the tax deduction has been taken the Company will have financial reporting expense in the future but no additional tax deductions. Therefore 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 mainly relate to the tax deductible losses, the tax value of brands recognized by TVN Media, unrealized foreign exchange differences and currently non-deductible provisions and accruals. The recognition of deferred tax assets depends on our assessment of the likelihood of future taxable profits with respect to which deductible temporary differences and tax-loss carry forwards can be applied.

FINANCIAL CONDITION

Our property, plant and equipment decreased by PLN 24,476 or 5.9% to PLN 390,069 as of June 30, 2013, from PLN 414,545 as of December 31, 2012 resulting mainly from its depreciation.

Our goodwill maintained the level of PLN 144,127 as of June 30, 2013. Our brands maintained the level of PLN 30,612 as of June 30, 2013.

Our other intangible assets decreased by PLN 4,998, or 8.4%, to PLN 54,283 as of June 30, 2013, from PLN 59,281 as of December 31, 2012 resulting mainly from its amortisation.

Our current and non-current programming rights inventory increased by PLN 1,468, or 0.3%, to PLN 432,209 as of June 30, 2013, from PLN 430,741 as of December 31, 2012. The increase is mainly due to slightly higher acquired programming rights and capitalised local production cost.

Our investment in associates decreased by PLN 3,690 or 0.2%, to 1,861,954 as of June 30, 2013, from PLN 1,865,644 as of December 31, 2012 due to negative impact of dividend declared by nC+ of PLN 7,439 (received on July 31, 2013) and to share of losses of associate nC+ of PLN 4,686 partly compensated by share of other comprehensive income of associate nC+ of PLN 4,461 and share of profits of associate Onet Holding of PLN 3,974.

Our derivative financial assets increased to PLN 1,658 as of June 30, 2013, from PLN 0 as of December 31, 2012. The increase results primarily from new forward foreign currency transactions we entered into in order to limit the impact of exchange rate movements on firm commitments relating to the acquisition of programming rights assets.

Our prepayments and other assets decreased by PLN 28,503, or 24,0%, to PLN 90,442 as of June 30, 2013, from PLN 118,945 as of December 31, 2012. The decrease results mainly from the last part of payment from the sale of Onet to RAS in the amount of the PLN 38,005.

Our restricted cash decreased by PLN 108,127, or 11.8%, to PLN 807,216 as of June 30, 2013, from PLN 915,343 as of December 31, 2012. The decrease results mainly from the repurchase of a part of our Senior Notes in February, March and June 2013, which amounted to PLN 160,005 and our outstanding payment to ITI Group for MBC building in the amount of PLN 34,630, partly offset by a positive impact of PLN/EUR exchange rate on cash held in EUR of PLN 48,503, and the last part of payment received from RAS for sale of Onet in the amount of PLN 38,005.

Our bank deposits with maturity over three months decreased to PLN 0 as of June 30, 2013 compared to PLN 50,000 as of December 31, 2012.

Our share capital was maintained at the level of PLN 68,775 as of June 30, 2013. Our share premium maintained the level of PLN 672,876 as of June 30, 2013.

Our non-current borrowings decreased by PLN 52,604 or by 1.7% to PLN 3,099,051 as of June 30, 2013, from PLN 3,151,655 as of December 31, 2012. This decrease results mainly from the full repayment of the mortgage loan on May 31, 2013, partly offset by increase in the Senior Notes.

Our 10.75% Senior Notes, excluding accrued interest, amounted to the principal amount of PLN 2,457,483 as of June 30, 2013, compared to the principal amount of PLN 2,424,303 as of December 31, 2012. Our 7.875% Senior Notes, excluding accrued interest, amounted to the principal amount of PLN 716,257 as of June 30, 2013, compared to the principal amount of PLN 715,435 as of December 31, 2012. These decreases result primarily from a repurchase of a part of our Senior Notes in February, March and June 2013, partially offset by negative impact of higher PLN/EUR exchange rate as of June 30, 2013 in comparison to PLN/EUR exchange rate on December 31, 2012.

Our current trade payables decreased by PLN 28,428 or by 16.7% to PLN 141,555 as of June 30, 2013, from PLN 169,983 as of December 31, 2012. This decrease results primarily from settlement of our outstanding payment to ITI Group for MBC building.

Our other liabilities and accruals increased by PLN 152,006 or 82.1%, to PLN 337,073 as of June 30, 2013, from PLN 185,067 as of December 31, 2012. The increase results mainly from dividend payable of PLN 120,357.

RESULTS OF OPERATIONS

Three Months Ended June 30, 2013 Compared to Three Months Ended June 30, 2012

Revenue. Our revenue decreased by PLN 11,343, or 2.5%, to PLN 440,457 in the three months ended June 30, 2013, from PLN 451,800 in the corresponding period of 2012. This decrease resulted mainly from a decrease in advertising revenue of PLN 4,587 and lower other revenues reflecting primarily impact of revenues from Orange Warsaw Festival in TV segment in June 2012 while these revenues did not repeat during the three months ended June 30, 2013.

Our advertising revenue decreased by PLN 4,587, or 1.5%, to PLN 309,696 during the three months ended June 30, 2013, from PLN 314,283 in the corresponding period of 2012. This decrease results mainly from lower demand for advertising in our main general TVN channel due to weaker advertising market partly offset by better performance of our thematic channels – mainly TVN7 and TTV growing due to digital terrestrial television expansion.

Our other revenue decreased by PLN 4,896, or 17.3%, to PLN 23,466 during the three months ended June 30, 2013, from PLN 28,362 in the corresponding period of 2012. This decrease results mainly from an absence of revenue from Orange Warsaw Festival in TV segment, unlike in June 2012, and lower transportation fees in teleshopping segment related to lower sales volume.

Our sale of goods decreased by PLN 1,846, or 23.4% to PLN 6,058 during the three months ended June 30, 2013, from PLN 7,904 in the corresponding period of 2012. This decrease results mainly from lower sales volumes generated by our teleshopping unit.

Our carriage fees decreased by PLN 1,799, or 3.3% to PLN 53,336 in the three months ended June 30, 2013 from PLN 55,135 in the corresponding period of 2012. This increase results partly from decrease in subscriber bases of thematic channels reflecting effect of roll-out of digital terrestrial television, partly compensated by additional revenue from HD channels.

Our sponsoring revenue increased by PLN 1,785, or 3.9% to PLN 47,901 in the three months ended June 30, 2013 from PLN 46,116 in the corresponding period of 2012. This increase results mainly from higher sponsoring revenue coming from TVN main channel and TVN24 news channel.

Cost of revenue. Cost of revenue decreased by PLN 27,077, or 10.6%, to PLN 228,809 in the three months ended June 30, 2013, from PLN 255,886 in the corresponding period of 2012. The decrease reflects an impact of savings of PLN 17,833 made on costs of local content production as well as on amortisation of acquired programming rights lower of PLN 6,430.

As a percentage of revenue, our cost of revenue decreased in the three months ended June 30, 2013, to 51.9%, compared to 56.6% in the corresponding period of 2012.

Selling expenses. Our selling expenses decreased by PLN 4,588 to PLN 27,026 for the three months ended June 30, 2013, from PLN 31,614 in the corresponding period of 2012 mainly due to lower expenses on marketing and research.

As a percentage of revenue, our selling expenses decreased to 6.1% in the three months ended June 30, 2013, from 7.0% in the corresponding period of 2012.

General and administration expenses. Our general and administration expenses decreased by PLN 4,553, or 12.0%, to PLN 33,414 in the three months ended June 30, 2013, compared with PLN 37,967 in the corresponding period of 2012 mainly due to lower staff expenses.

As a percentage of revenue, our general and administration expenses decreased to 7.6% in the three months ended June 30, 2013 from 8.4% in the corresponding period of 2012.

Share of loss of associates. Share of loss of associates increased to PLN 13,602 in the three months ended June 30, 2013 compared to PLN 0 in the corresponding period of 2012.

Operating profit. Operating profit increased by PLN 11,552, or 9.2%, to PLN 137,253 in the three months ended June 30, 2013, from an operating profit of PLN 125,701 in the corresponding period of 2012. Our operating margin increased to 31.2% from 27.8% in the corresponding period of 2012.

Interest income. We recorded an interest income of PLN 3,463 in the three months ended June 30, 2013, compared to an interest income of PLN 5,449 in the corresponding period of 2012.

Finance expense. We recorded finance expense of PLN 96,880 for the three months ended June 30, 2013, compared to finance expense of PLN 95,284 in the corresponding period of 2012. The increase results mainly from premium costs relating to repurchase of a part of our Senior Notes of PLN 5,559 and higher bank and other charges of PLN 3,262,and partly compensated with lower by PLN 7,760 interest expense on foreign exchange forward contracts.

Foreign exchange losses, net. We recorded foreign exchange losses, net of PLN 83,473 for the three months ended June 30, 2013, compared to foreign exchange losses, net of PLN 56,922 in the corresponding period of 2012. These losses consist of foreign exchange losses on our Senior Notes of PLN 111,574 in the three months ended June 30, 2013, compared to foreign exchange losses on our Senior Notes of PLN 77,261 in the corresponding period of 2012; fair value hedge impact of PLN 0 in the three months ended June 30, 2013, compared to fair value hedge gain of PLN 24,274 in the corresponding period of 2012; as well as other foreign exchange gains of PLN 28,101 including mainly positive impact of foreign exchange gain relating to our restricted cash in the three months ended June 30, 2013 comparing to other foreign exchange losses of PLN 3,935 in the corresponding period of 2012.

Loss before income tax. Our loss before income tax for the three months ended June 30, 2013 was PLN 39,637 compared to a loss before income tax of PLN 21,056, in the corresponding period of 2012. This increase was primarily due to higher foreign exchange losses, net that we recognized in the three months ended June 30, 2013, as compared with foreign exchange losses recognized in the three months ended June 30, 2012 and due to share of loss of associates impacting our operating profit recognized in the three months ended June 30, 2013 partly compensated with lower costs of revenue supported with lower selling and G&A expenses.

Income tax. For the three months ended June 30, 2013, we recorded a total income tax benefit of PLN 7,501, compared to an income tax benefit of PLN 17,240 in the corresponding period of 2012 mostly due to the loss before income tax we recognized in the three months ended June 30, 2013.

Loss for the period. Our loss amounted to PLN 32,136 in the three months ended June 30, 2013, compared to a loss of PLN 234,092 in the corresponding period of 2012 impacted by a loss of discontinued operations.

Loss attributable to the owners of TVN S.A. Consequently, our loss attributable to the owners of TVN S.A. was PLN 29,909 in the three months ended June 30, 2013, compared to a loss of PLN 230,602 in the corresponding period of 2012.

RESULTS BY BUSINESS SEGMENT

Our business comprises two business segments: television broadcasting and production and teleshopping. 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 the purpose of making financial decisions and allocating resources. Following the changes in the composition of operating segments we have restated the corresponding items of segment information for comparative periods.

The table below sets forth the summarized financial results by segment for the three months ended June 30, 2013 and 2012:

	Television Broadcasting & Production		**Teleshopping**		**Other reconciling items**		**Total**	
	Three months ended June 30, 2013	**Three months ended June 30, 2012**	**Three months ended June 30, 2013**	**Three months ended June 30, 2012**	**Three months ended June 30, 2013**	**Three months ended June 30, 2012**	**Three months ended June 30, 2013**	**Three months ended June 30, 2012**
Revenue from external customers	432,934	442,346	7,523	9,454	-	-	440,457	451,800
Inter-segment revenue	946	1,299	0	172	(946)	(1,471)	-	-
Total revenue	**433,880**	**443,645**	**7,523**	**9,626**	**(946)**	**(1,471)**	**440,457**	**451,800**
Operating profit/(loss)	152,592	126,900	(1,548)	(969)	(13,791)	(230)	137,253	125,701
EBITDA**	**172,702**	**144,189**	**(1,494)**	**(910)**	**(13,791)**	**(238)**	**157,417**	**143,041**
EBITDA margin**	**39.8%**	**32.5%**	**-**	**-**	**-**	**-**	**35.7%**	**31.7%**

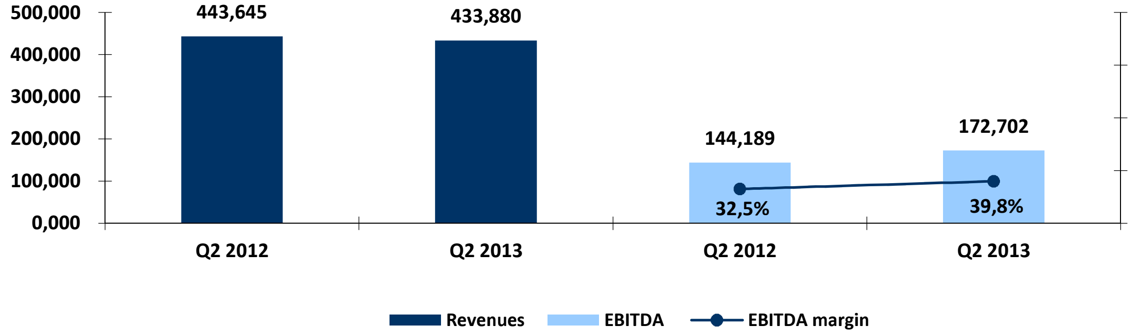
Operating profit/(loss)	152,592	126,900	(1,548)	(969)	(13,791)	(230)	137,253	125,701
Depreciation, amortization and impairment charges	20,110	17,289	54	59	-	(8)	20,164	17,340
EBITDA**	**172,702**	**144,189**	**(1,494)**	**(910)**	**(13,791)**	**(238)**	**157,417**	**143,041**

* Other reconciling items on EBITDA level for the three months ended June 30, 2013 include mainly share of losses in associates and other costs.

** 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, interest income, finance expenses, foreign exchange gains and losses, income taxes. The reconciling item between EBITDA and reported operating profit is depreciation and amortization expense and impairment charges and reversals on property, plant and equipment and intangible assets. 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.

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, 2013 and 2012:



	Three months ended June 30,					
		2013			2012	
	Revenue	EBITDA	EBITDA %	Revenue	EBITDA	EBITDA %
TVN channels	404,092	181,158	44.8%	420,509	151,226	36.0%
Other	29,788	(8,456)	-	23,136	(7,037)	-
Total segment	**433,880**	**172,702**	**39.8%**	**443,645**	**144,189**	**32.5%**

Television broadcasting and production revenue in the three months ended June 30, 2013, decreased by PLN 9,765 to PLN 433,880, compared to PLN 443,645 in the corresponding period of 2012.

Our TVN channels revenue decreased by PLN 16,417, or 3.9%, in the three months ended June 30, 2013. This decrease was primarily due to weaker advertising sales revenue of our TVN main channel and TVN24 news channel partly compensated by TVN 7 and TTV channels performance.

Our other revenue in the television, broadcasting and production segment increased by PLN 6,652, or 28.8%, in the three months ended June 30, 2013, mainly due to TVN Player performance.

Our TVN channels' EBITDA increased by PLN 29,932, or 19.8%, to PLN 181,158 in the three months ended June 30, 2013, from PLN 151,226 in the corresponding period of 2012. TVN channels' EBITDA margin increased to 44.8% from 36.0% in the corresponding period of 2012.

EBITDA of television, broadcasting and production segment presented as 'Other' decreased by PLN 1,419, or 20.2% mostly due to costs related to development of Premium TV.

Teleshopping

The table below sets forth the summarized financial results of our Teleshopping segment for the three months ended June 30, 2013 and 2012.

	Three months ended June 30,					
	2013			2012		
	Revenue	EBITDA	EBITDA %	Revenue	EBITDA	EBITDA %
Mango Media	7,523	(1,494)	-	9,626	(910)	-
Total segment	**7,523**	**(1,494)**	**-**	**9,626**	**(910)**	**-**

Teleshopping revenue decreased by PLN 2,103, or 21.8%, to PLN 7,523 in the three months ended June 30, 2013, from PLN 9,626 in the corresponding period of 2012 primarily due to lower sales volumes generated by Mango Media.

Segment EBITDA decreased by PLN 584, to a loss at EBITDA level of PLN 1,494 in the three months ended June 30, 2013 from a loss at EBITDA level of PLN 910 in the corresponding period of 2012.

Other reconciling items

Other reconciling items consist primarily of consolidation eliminations and adjustments not allocated to segments. Other reconciling items had a negative impact on our revenue of PLN 946 in the three months ended June 30, 2013, compared to a negative impact of PLN 1,471 in the corresponding period of 2012. Other reconciling items on EBITDA level include mainly share of losses in associates and other costs.

RESULTS OF OPERATIONS

Six Months Ended June 30, 2013 Compared to Six Months Ended June 30, 2012

Revenue. Our revenue decreased by PLN 33,053, or 4.0%, to PLN 783,603 in the six months ended June 30, 2013, from PLN 816,656 in the corresponding period of 2012. This decrease resulted mainly from a decrease in advertising revenue of PLN 28,415 and from decrease in other revenues by PLN 6,407 combined with lower sales volumes generated by our teleshopping unit resulting in sale of goods revenue weaker of PLN 3,441. These decreases were partly offset by an increase in sponsoring coming mainly from our TVN main channel and TVN24 news channel.

Our advertising revenue decreased by PLN 28,415, or 4.9%, to PLN 545,787 during the six months ended June 30, 2013, from PLN 574,202 in the corresponding period of 2012. This decrease results mainly from the decline in advertising revenue derived by our main TVN channel partly compensated by better performance of TVN 7 and TTV mainly due to growing reach of digital terrestrial television.

Our other revenues decreased by PLN 6,407, or 13.8%, to PLN 40,047 during the six months ended June 30, 2013, from PLN 46,454 in the corresponding period of 2012. This decrease reflects mainly absence of revenue from Orange Warsaw Festival in TV segment, unlike in June 2012, and lower transportation fees in teleshopping segment related to lower sales volume.

Our sale of goods decreased by PLN 3,441, or 21.1% to PLN 12,869 in the six months ended June 30, 2013 from PLN 16,310 in the corresponding period of 2012. This decrease resulted mainly from lower sales volumes generated by our teleshopping unit.

Our carriage fees decreased by PLN 562, or 0.5% to PLN 108,448 in the six months ended June 30, 2013 from PLN 109,010 in the corresponding period of 2012. This decrease results mainly from lower number of subscribers of DTH and cable operators as a result of DTT roll-out, partly compensated by additional revenue from HD channels.

Our sponsoring revenue increased by PLN 5,772, or 8.2% to PLN 76,452 in the six months ended June 30, 2013 from PLN 70,680 in the corresponding period of 2012. This increase resulted mainly from higher sponsoring revenue coming from TVN main channel and TVN24 news channel.

Cost of revenue. Cost of revenue decreased by PLN 38,306, or 8.0%, to PLN 442,774 in the six months ended June 30, 2013, from PLN 481,080 in the corresponding period of 2012. The decrease results mostly from cost saving initiatives across within programming and broadcasting expenses, mainly on local content production of PLN 29,233 and amortisation of acquired programming rights and co-production of PLN 5,001.

As a percentage of revenue, our cost of revenue decreased in the six months ended June 30, 2013, to 56.5%, compared to 58.9% in the corresponding period of 2012.

Selling expenses. Our selling expenses decreased by PLN 5,461, or 8.7%, to PLN 57,055 for the six months ended June 30, 2013, from PLN 62,516 in the corresponding period of 2012 mainly due to lower expenses on marketing and research.

As a percentage of revenue, our selling expenses decreased to 7.3% in the six months ended June 30, 2013, from 7.7% in the corresponding period of 2012.

General and administration expenses. Our general and administration expenses decreased by PLN 8,130, or 10.7%, to PLN 67,775 in the six months ended June 30, 2013, compared with PLN 75,905 in the corresponding period of 2012 mainly due to lower staff expenses.

As a percentage of revenue, our general and administration expenses decreased to 8.6% in the six months ended June 30, 2013 from 9.3% in the corresponding period of 2012.

Share of loss of associates. The share of loss of associates amounted to PLN 712 in the six months ended June 30, 2013, which is the net result of a loss of PLN 4,686 recognized by nC+ partially offset by a profit of PLN 3,974 recorded by Onet Holding compared to PLN 0 in the corresponding period of 2012.

Operating profit. Operating profit increased by PLN 16,059, or 8.1%, to PLN 213,861 in the six months ended June 30, 2013, from an operating profit PLN 197,802 in the corresponding period of 2012. Our operating margin increased to 27.3% from 24.2% in the corresponding period of 2012.

Interest income. We recorded interest income of PLN 8,317 for the six months ended June 30, 2013, compared to interest income of PLN 11,597 in the corresponding period of 2012.

Finance expense. We recorded finance expense of PLN 190,780 for the six months ended June 30, 2013, compared to finance expense of PLN 183,478 in the corresponding period of 2012. The increase results primarily from a premium costs relating to repurchase of a part of our Senior Notes of PLN 11,000 and higher bank and other charges of PLN 4,066, partly compensated with lower by PLN 10,416 interest expense on foreign exchange forward contracts.

Foreign exchange losses, net. We recorded foreign exchange losses, net of PLN 137,063 for the six months ended June 30, 2013, compared to foreign exchange gains, net of PLN 156,209 in the corresponding period of 2012. We recorded foreign exchange losses on our 10.75% Senior Notes of PLN 138,559 in the six months ended June 30, 2013, compared to foreign exchange gains and fair value hedge impact on our 10.75% Senior Notes of PLN 119,864 in the corresponding period of 2012. We recorded foreign exchange losses on our 7.875% Senior Notes and fair value hedge impact of PLN 42,208 in the six months ended June 30, 2013, compared to foreign exchange gains and fair value hedge impact on our 7.875% Senior Notes of PLN 35,241 in the corresponding period of 2012. Additionally we recorded other foreign exchange gains of PLN 43,704 mainly composed of gains relating to our restricted cash comparing to other financial exchange gains of PLN 1,104 in the corresponding period of 2012.

Profit/ (loss) before income tax. Our loss before income tax for the six months ended June 30, 2013 was PLN 105,665 compared to a profit before income tax of PLN 182,130, in the corresponding period of 2012. This decrease was primarily due to higher foreign exchange losses, net that we recognized in the six months ended June 30, 2013, as compared with foreign exchange gains recognized in the six months ended June 30, 2012.

Income tax. For the six months ended June 30, 2013, we recorded a total income tax benefit of PLN 27,618, compared to an income tax charge of PLN 19,987 in the corresponding period of 2012 mainly due to loss before income tax recognized in the six months ended June 30, 2013 comparing to profit before income tax recognized in the corresponding period of 2012.

Loss for the period. Our loss amounted to PLN 78,047 in the six months ended June 30, 2013, compared to a loss of PLN 52,983 in the corresponding period of 2012.

Loss attributable to the owners of TVN S.A. Consequently, our loss attributable to the owners of TVN S.A. was PLN 73,727 in the six months ended June 30, 2013, compared to a loss of PLN 45,675 in the corresponding period of 2012.

RESULTS BY BUSINESS SEGMENT

Our business comprises two major business segments: television broadcasting and production and teleshopping. 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 the purpose of making financial decisions and allocating resources.

The table below sets forth the summarized financial results by segment for the six months ended June 30, 2013 and 2012:

	Television Broadcasting & Production		Teleshopping		Other reconciling items		Total	
	Six months ended June 30, 2013	Six months ended June 30, 2012	Six months ended June 30, 2013	Six months ended June 30, 2012	Six months ended June 30, 2013	Six months ended June 30, 2012	Six months ended June 30, 2013	Six months ended June 30, 2012
Revenue from external customers	767,930	796,997	15,673	19,659	-	-	783,603	816,656
Inter-segment revenue	1,945	2,684	13	172	(1,958)	(2,856)	-	-
Total revenue	**769,875**	**799,681**	**15,686**	**19,831**	**(1,958)**	**(2,856)**	**783,603**	**816,656**
Operating profit/(loss)	217,981	200,937	(2,826)	(2,063)	(1,294)	(1,072)	213,861	197,802
EBITDA**	**259,425**	**235,854**	**(2,718)**	**(1,930)**	**(1,294)***	**(1,078)***	**255,413**	**232,846**
EBITDA margin**	**33.7%**	**29.5%**	**-**	**-**	**-**	**-**	**32.6%**	**28.5%**

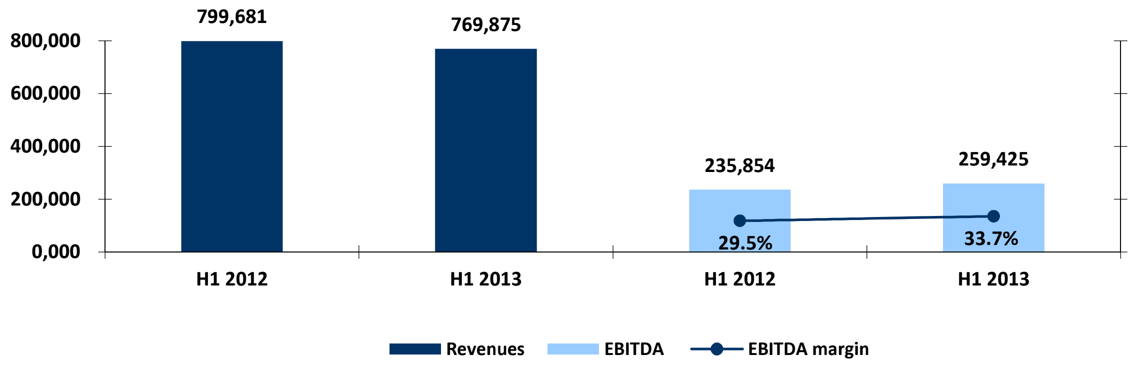
Operating profit/(loss)	217,981	200,937	(2,826)	(2,063)	(1,294)	(1,072)	213,861	197,802
Depreciation, amortization and impairment charges	41,444	34,917	108	133	-	(6)	41,552	35,044
EBITDA**	**259,425**	**235,854**	**(2,718)**	**(1,930)**	**(1,294)**	**(1,078)**	**255,413**	**232,846**

* Other reconciling items on EBITDA level the six months ended June 30, 2013 include mainly share of losses of associates (PLN 712) and other costs. Other reconciling items on EBITDA level for the six months ended June 30, 2012 include mainly other costs.

** 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, interest income, finance expenses, foreign exchange gains and losses, income taxes. The reconciling item between EBITDA and reported operating profit is depreciation and amortization expense and impairment charges and reversals on property, plant and equipment and intangible assets. 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

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, 2013 and 2012:



	Six months ended June 30,					
		2013			2012	
	Revenue	EBITDA	EBITDA %	Revenue	EBITDA	EBITDA %
TVN channels	719,725	280,349	39.0%	757,537	250,772	33.1%
Other	50,150	(20,924)	-	42,144	(14,918)	-
Total segment	**769,875**	**259,425**	**33.7%**	**799,681**	**235,854**	**29.5%**

Television broadcasting and production revenue in the six months ended June 30, 2013, decreased by PLN 29,806 to PLN 769,875, compared to PLN 799,681 in the corresponding period of 2012.

Our TVN channels revenue decreased by PLN 37,812, or 5.0%, in the six months ended June 30, 2013. This decrease was primarily due to weaker advertising sales revenue of our TVN main channel partly compensated by TVN 7 and TTV channels performance.

Our other revenue in the television, broadcasting and production segment increased by PLN 8,006, or 19.0%, in the six months ended June 30, 2013, mainly due to TVN Player performance.

Our TVN channels' EBITDA increased by PLN 29,577, or 11.8%, to PLN 280,349 in the six months ended June 30, 2013, from PLN 250,772 in the corresponding period of 2012. TVN channels' EBITDA margin increased to 39.0% from 33.1% in the corresponding period of 2012.

EBITDA of television, broadcasting and production segment presented as 'Other' decreased by PLN 6,006, or 40.3% mostly due to costs related to development of Premium TV.

Teleshopping

The table below sets forth the summarized financial results of our Teleshopping segment for the six months ended June 30, 2013 and 2012.

	Six months ended June 30,					
	2013			2012		
	Revenue	EBITDA	EBITDA %	Revenue	EBITDA	EBITDA %
Mango Media	15,686	(2,718)	-	19,831	(1,930)	-
Total segment	**15,686**	**(2,718)**	**-**	**19,831**	**(1,930)**	**-**

Teleshopping revenue decreased by PLN 4,145, or 20.9%, to PLN 15,686 in the six months ended June 30, 2013, from PLN 19,831 in the corresponding period of 2012 primarily due to lower sales volumes generated by Mango Media.

Segment EBITDA decreased by PLN 788, to a loss at EBITDA level of PLN 2,718 in the six months ended June 30, 2013 from a loss at EBITDA level of PLN 1,930 in the corresponding period of 2012.

Other reconciling items

Other reconciling items consist primarily of consolidation eliminations and adjustments not allocated to segments. Other reconciling items had a negative impact on our revenue of PLN 1,958 in the six months ended June 30, 2013, compared to a negative impact of PLN 2,856 in the corresponding period of 2012. Other reconciling items on EBITDA level in the six months ended June 30, 2013 include mainly share of profits of associates. Other reconciling items on EBITDA level in the corresponding period of 2012 include mainly other costs.

LIQUIDITY AND CAPITAL RESOURCES

HISTORICAL OVERVIEW

The table below summarizes our consolidated cash flow for the six months ended June 30, 2013 and 2012.

	Six months ended June 30,		
	2012	2013	2013
	PLN	PLN	EUR [(1)]
Cash generated from operations......................................	159,124	301,536	71,556
Net cash generated from operating activities....................	130,835	295,100	70,028
Net cash (used in)/ generated from investing activities...	(52,036)	45,002	10,679
Net cash used in financing activities………………………	(197,789)	(379,414)	(90,037)
Decrease in cash and cash equivalents…….	(118,990)	(39,312)	(9,329)

(1) For the convenience of the reader, we have converted złoty amounts for the six months ended June 30, 2013 into euro at the rate of PLN 4.2140 per €1.00 (arithmetic average of the National Bank of Poland, or "NBP", exchange rates on subsequently January 31, 2013, February 28, 2013, March 31, 2013, April 30, 2013, May 31, 2013 and June 30, 2013) 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 FLOW FOR THE SIX MONTHS ENDED JUNE 30, 2013 AND 2012

Cash Generated from Operations

Cash generated from operations increased by PLN 142,412, or 89.5% to PLN 301,536 in the six months ended June 30, 2013, from PLN 159,124 in the corresponding period of 2012. The increase results mainly from lower cash payments to acquire programming rights, which amounted to PLN 71,806 in the six months ended June 30, 2013 compared to an amount of PLN 176,161 for the corresponding period in 2012 and positive changes in working capital, which amounted to PLN 45,556 in the six months ended June 30, 2013 compared to a negative amount of PLN 43,808 in the six months ended June 30, 2012.

Net Cash Generated by Operating Activities

Net cash generated by operating activities includes all cash generated from operations and also reflects cash paid for taxes. Net cash generated by operating activities amounted to PLN 295,100 in the six months ended June 30, 2013, compared to PLN 130,835 generated by operating activities for the corresponding period in 2012. The increase was mainly a result of cash generated from operations higher by PLN 142,412 and decrease of tax paid by PLN 21,853.

Net Cash generated from Investing Activities

Net cash generated from investing activities amounted to PLN 45,002 in the six months ended June 30, 2013, in comparison to net cash used in investing activities of PLN 52,036 in the corresponding period of 2012. The net cash generated from/(used in) investing activities consists mainly of payments to acquire property, plant and equipment of PLN 47,267 (including PLN 34,630 of payment to ITI Group for MBC building) as well as payments to acquire intangible assets of PLN 2,656. These payments were partly offset by cash inflow from bank deposits with maturity over three months of PLN 50,000 and the last part of proceeds from sale of Onet to Ringier Axel Springer of PLN 38,005.

Net Cash Used in Financing Activities

Net cash used in financing activities amounted to PLN 379,414 in the six months ended June 30, 2013, compared to net cash used in financing activities of PLN 197,789 in the corresponding period of 2012. In the six months ended June 30, 2013, we recorded a cash outflow related to the partial repurchase of our Senior Notes of PLN 160,005 and to interest paid of PLN 159,336. We also repaid our Mortgage Loan with cash outflow of PLN 111,071, paid the first instalment of our dividend with cash outflow of PLN 99,724 and paid PLN 6,096 bank charges related to revolving credit facility and cash loan acquisition. These outflows were partially offset with net transfers from restricted cash of PLN 156,818.

Total cash and cash equivalents, that we held as of June 30, 2013 amounted to PLN 267,008 in comparison to PLN 421,520 as of June 30, 2012. As of June 30, 2013 we did not hold cash and cash equivalents on bank deposit with maturity above three months comparing to PLN 34,090 bank deposits with maturity over three months denominated in Euro as of June 30, 2012.

Sources of our cash flows

We do not rely on our subsidiaries as sources of cash flow, except for our subsidiary, TVN Media, which is expected to transfer cash to the Company in the form of dividends or through their participation in our cash pooling arrangement. Therefore, possible repayment of outstanding loans or dividend distributions by our subsidiaries, apart from TVN Media, does not impact our ability to meet our liquidity requirements.

Future Liquidity and Capital Resources

We expect that our principal future cash needs will be to fund dividends, capital expenditure relating to television and broadcasting facilities, the launch or acquisition of new channels and debt service on the 10.75% Senior Notes, the 7.875% Senior Notes, Cash Loan and Revolving Credit Facility which may be used in the future. We believe that our existing cash balances and cash generated from our operations will be sufficient to fund these needs. We may from time to time seek to purchase our outstanding debt through one or more cash purchases, in open market transactions, privately negotiated or otherwise, either directly or indirectly through one or more agents. The amounts involved may be material.

Financing Activities

The table below sets forth the components of our gross debt, cash and cash equivalents, of June 30, 2013:

	Value	Coupon/ effective interest	Maturity
7.875% Senior Notes (nominal value(1))………………	716,257	7.875%	2018
10.75% Senior Notes (nominal value(2))………………	2,457,483	10.75%	2017
Accrued interest on long term debt…………………	40,073	-	-
Total debt…………………………	**3,213,813**	**-**	**-**
Cash at bank and in hand……………	267,008	-	-
Bank deposits with maturity over three months	0		
Cash and cash equivalents and bank deposits with maturity over three months………	**267,008**	-	-
Restricted cash (3)	**807,216**		
Net debt ………………………	**2,139,589**	**-**	**-**

(1) This value represents outstanding nominal value of our 7.875% Senior Notes, which amounts to EUR 175,000 issued in November 2010 multiplied by the rate of PLN 4.3292 per EUR 1.00 (the NBP exchange rate, złoty per euro, as of June 30, 2013). In 2013, we acquired EUR 9,552 principal amount of 7.875% Notes in market transactions and the current outstanding principal amount of the 7.875% Notes is EUR 165,448.

(2) This value represents outstanding nominal value of our 10.75% Senior Notes, which amounts to EUR 593,000 (EUR 405,000 issued in November 2009, EUR 148,000 issued in March 2010 and EUR 40,000 issued in April 2010) multiplied by the rate of PLN 4.3292 per EUR 1.00 (the NBP exchange rate, złoty per euro, as of June 30, 2013). In 2013, we acquired EUR 25,347 principal amount of 10.75% Senior Notes in market transactions and the current outstanding principal amount of the 10.75% Notes is EUR 567,653.

(3) Restricted cash represents mainly cash proceeds of “Asset Sales”, as defined in the 10.75% Senior Notes Indenture and the 7.875% Senior Notes Indenture in connection with the sale of Onet, the use of which is restricted by those indentures unless and until applied in ways prescribed by those indentures or until the issuer thereunder has offered to repurchase the notes issued thereunder.

The ratio of consolidated net debt defined as total borrowings (nominal amount of principal and accrued interest thereon), net of cash and cash equivalents and bank deposits with maturity over three months, to our consolidated shareholders’ equity (including non-controlling interest) was 2.1x as of June 30, 2013 and 1.5x as of December 31, 2012.

Our consolidated net debt (defined as above) to adjusted rolling EBITDA ratio amounted to 4.2 as of June 30, 2013.

Adjusted rolling EBITDA from continuing and discontinued operations (excluding impacts of: impairment of Onet goodwill, loss on disposal of Onet Group, gain on exchange of Pay TV assets, impairment of our investment in Mango Media and share of profit of associates) is calculated for the last twelve months and is defined as profit/(loss) for the period from both: continuing and discontinued operations, 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, interest income, finance expense, foreign exchange gains and losses and income taxes.

Our total current liabilities amounted to PLN 529,137 at June 30, 2013, compared to PLN 403,284 at December 31, 2012.

Our borrowed funds excluding accrued interest as of June 30, 2013, consisted the principal amount of PLN 2,457,483 of indebtedness represented by the 10.75% Senior Notes and the principal amount of PLN 716,257 of indebtedness represented by 7.875% Senior Notes.

10.75% Senior Notes

TVN Finance Corporation II AB, our wholly-owned Swedish subsidiary, issued 10.75% Senior Notes in an aggregate principal amount of EUR 405,000 pursuant to an indenture, dated November 19, 2009. The 10.75% Senior Notes were sold at a purchase price equal to 98.696% for a total consideration of EUR 399,719. Interest on the 10.75% Senior Notes is payable semi-annually (on May 15 and November 15) at a rate of 10.75% per annum, beginning May 15, 2010. The 10.75% Senior Notes mature on November 15, 2017.

We received PLN 1,579,660 or EUR 386,140 in proceeds from the issue of our 10.75% Senior Notes, net of offering expenses. Of these proceeds, we used PLN 907,399 or EUR 221,809 to redeem our 9.5% Senior Notes, including the redemption premium, and PLN 110,000 or EUR 27,030 to repay the outstanding balance under our Loan Facility. All additional liquidity generated by the issue for an amount of PLN 136,873 or EUR 32,696 was invested in the German government treasury securities and for an amount of PLN 247,993 or EUR 59,320 in the German government treasury bills. The treasury securities were sold on February 18, 2010 and proceeds from the sale were deposited in EUR denominated bank deposits. Part of the treasury bills, in amount of EUR 27,600, was sold on April 28, 2010. The remaining amount of proceeds from the issue of our 10.75% Senior Notes, PLN 124,269, has been or will be used for general corporate purposes.

On March 10, 2010, in order to complete the acquisition of the remaining shares in Neovision Holding, we issued, via our wholly owned subsidiary, TVN Finance Corporation II AB, additional 10.75% Senior Notes bonds with a total nominal value of EUR 148,000. The 10.75% Senior Notes issued in March 2010 have the same terms as and are issued on a *pari passu* basis with the EUR 405,000 10.75% Senior Notes issued on November 19, 2009.

In addition, on March 10, 2010, we issued two promissory notes in an aggregate principal amount of EUR 40,000 in connection with our acquisition of the remaining 49% interest in Neovision Holding. The Promissory Notes were issued by TVN S.A. for the benefit of ITI Media and were paid into an escrow account pursuant to an escrow agreement among us, ITI Media and The Bank of New York Mellon, as escrow agent. The Promissory Notes had substantially similar economic terms as the 10.75% Senior Notes. On April 30, 2010, these Promissory Notes were exchanged for a like principal amount of 10.75% Senior Notes, following which the Promissory Notes were cancelled.

Following repurchase of EUR 25,347 principal amount of 10.75% Senior Notes in February, March and June 2013, as of June 30, 2013, EUR 567,653 in aggregate principal amount of 10.75% Senior Notes were outstanding.

Change of Control

The 10.75% Senior Notes have a put option, which may be exercised by the holders of the 10.75% Senior Notes at a purchase price of 101% of the principal amount plus accrued and unpaid interest if a change of control takes place and rating decline. A 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 II AB.

Optional redemption

The following early repayment options are included in the 10.75% Senior Notes:

- we may redeem all or part of the 10.75% Senior Notes on or after November 15, 2013 at a redemption price ranging from 100.000% to 105.375%;
- the 10.75% Senior Notes may be redeemed, at our option, in whole but not in part, at any time, at a price equal to 100% of the aggregate principal amount plus accrued and unpaid interest, if any, up to the redemption date as a result of certain defined changes in tax laws or official interpretations regarding such laws;
- if a change of control over the Company occurs, each registered holder of 10.75% Senior Notes will have the right to require us to repurchase all or any part of such holder's 10.75% Senior Notes at a purchase price in cash equal to 101% of the principal amount plus accrued and unpaid interest, if any, to the date of purchase.

We assessed that the above early repayment options are closely related to the economic characteristics of the host contract (the 10.75% Senior Notes) as the options' exercise prices are close on each exercise date to the amortized cost of the 10.75% Senior Notes. Consequently, we did not separate the embedded derivatives related to the above early repayment options.

In addition, at any time prior to November 15, 2013, we also have an option to redeem the 10.75% Senior Notes in whole, but not in part, at a price equal to 100% of the principal amount plus the applicable premium and accrued but unpaid interest, if any, as of and up to the redemption date. Applicable premium means the greater of 1% of the principal, and the excess of (i) the present value of the redemption price of the 10.75% Senior Notes on November 15, 2013, plus interest due through November 15, 2013 computed using the Bund Rate plus 50 bps (Bund rate is yield to maturity on obligations of the Federal Republic of Germany with a constant maturity where the maturity approximates the period from the redemption date to November 15, 2013 - but not shorter than a period of one year) and (ii) the outstanding principal of the 10.75% Senior Notes on the redemption date.

We separated the embedded derivatives with respect to these prepayment options, but did not recognize the instrument as at June 30, 2013 as they were assessed to have a negligible value.

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 10.75% Senior Notes may declare all the outstanding 10.75% 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 10.75% Senior Notes will become due and payable without any declaration or other act by the holders of the 10.75% Senior Notes.

7.875% Senior Notes

On November 19, 2010 TVN Finance Corporation III AB, our wholly owned subsidiary issued 7.875% Senior Notes with a total nominal value of EUR 175,000. The 7.875% Senior Notes were sold at par value for a total consideration of EUR 175,000. Interest on 7.875% Senior Notes is payable semi-annually (on May 15 and November 15) at a rate of 7.875% per year, beginning May 15, 2011. The 7.875% Senior Notes mature on November 15, 2018.

We used the net proceeds of the 7.875% Senior Notes in the amount of approximately EUR 128,000 to refinance all of the PLN 500,000 principal amount of outstanding PLN Bonds maturing in 2013, in the amount of approximately EUR 36,000 to refinance our Loan Facility presently used solely for bank guarantees, and in the amount of approximately EUR 11,000 to pay fees and expenses associated with the 7.875% Senior Notes offering, with the reminder to increase the liquidity.

Following repurchase of EUR 9,552 principal amount of 7.875% Senior Notes in February, March and June 2013, as of June 30, 2013, EUR 165,448 in aggregate principal amount of 7.875% Senior Notes were outstanding.

Change of Control

The 7.875% Senior Notes have a put option, which may be exercised by the holders of the 7.875% Senior Notes at a purchase price of 101% of the principal amount plus accrued and unpaid interest if a change of control takes place and rating decline. A 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 III AB.

Optional redemption

The following early repayment options are included in the 7.875% Senior Notes:

- we may redeem all or part of the 7.875% Senior Notes on or after November 15, 2013 at a redemption price ranging from 100.000% to 105.906%;
- the 7.875% Senior Notes may be redeemed, at our option, in whole but not in part, at any time, at a price equal to 100% of the aggregate principal amount plus accrued and unpaid interest, if any, up to the redemption date as a result of certain defined changes in tax laws or official interpretations regarding such laws;
- if a change of control over the Company occurs, each registered holder of 7.875% Senior Notes will have the right to require us to repurchase all or any part of such holder's 7.875% Senior Notes at a purchase price in cash equal to 101% of the principal amount plus accrued and unpaid interest, if any, to the date of purchase.

We assessed that the above early repayment options are closely related to the economic characteristics of the host contract (the 7.875% Senior Notes) as the options' exercise prices are close on each exercise date to the amortized cost of the 7.875% Senior Notes. Consequently, we did not separate the embedded derivatives related to the above early repayment options.

In addition, at any time prior to November 15, 2013, we also have an option to redeem the 7,875% Senior Notes in whole, but not in part, at a price equal to 100% of the principal amount plus the applicable premium and accrued but unpaid interest, if any, as of and up to the redemption date. Applicable premium means the greater of 1% of the principal, and the excess of (i) the present value of the redemption price of the 7.875% Senior Notes on November 15, 2013, plus interest due through November 15, 2013 computed using the Bund Rate plus 50 bps (Bund rate is yield to maturity on obligations of the Federal Republic of Germany with a constant maturity where the maturity approximates the period from the redemption date to November 15, 2013 - but not shorter than a period of one year) and (ii) the outstanding principal of the 7.875% Senior Notes on the redemption date.

We separated the embedded derivatives with respect to these prepayment options, but did not recognize the instrument as at June 30, 2013 as they were assessed to have a negligible value.

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 7.875% Senior Notes may declare all the outstanding 7.875% 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 7.875% Senior Notes will become due and payable without any declaration or other act by the holders of the 7.875% Senior Notes.

Mortgage Loan

On December 13, 2012 the Group entered into a facility agreement for the amount of EUR 26,000 in order to partially finance the acquisition of MBC Building. The Mortgage Loan was fully repaid on May 31, 2013.

Revolving Credit Facility and Cash Loan

On June 10, 2013 the Group entered into an agreement with Bank Pekao S.A. pursuant to which the bank provided the Group with a Revolving Credit Facility in the amount of 300,000 and granted a Cash Loan in the amount of EUR 25,000. The Revolving Credit Facility replaced the PLN 250,000 Revolving Guarantee Facility which expired in May 2013 and the PLN 100,000 Revolving Accounts Receivable Facility which was terminated in June 2013. The Cash Loan replenished the liquidity used to repay the Mortgage Loan.

Revolving Credit Facility and Cash Loan are secured by a mortgage on the MBC Building and on the set of all receivables of the Company and TVN Media with registered and financial pledge and with assignment on collateral. Revolving Credit Facility and Cash Loan are also secured by the assignment of insurance policies of MBC Building and of insurance of receivables of the Company and TVN Media. Revolving Credit Facility and Cash Loan are also fully guaranteed by Group's subsidiaries that are guarantors of the 10.75% and 7.875% Senior Notes.

Revolving Credit Facility and Cash Loan mature within three years starting from the date of conclusion of the agreement, the period may be extended to four years under certain circumstances.

Revolving Credit Facility can be used by the Company in form of a revolving credit line, overdraft or for bank guarantees and letters of credit.

As at June 30, 2013 the Revolving Credit Facility and the Cash Loan have not been used.

Revolving Guarantee Facility

On December 17, 2010 the Group entered into a Revolving Guarantee Facility agreement with Bank Pekao S.A. The agreement after amendments was a PLN 250,000 multicurrency guarantee facility available in EUR, USD and/ or PLN and it expired on May 16, 2013.

As of June 30, 2013 the bank guarantees issued before the agreement expiry date have remained under the Revolving Guarantee Facility at 248,342

Revolving Accounts Receivable Facility

On February 28, 2013 the Group entered into a revolving accounts receivable facility agreement with Bank Pekao S.A. in the amount of up to PLN 100,000. The revolving accounts receivable facility enabled advance financing of trade receivables documented by VAT/ commercial invoices. The revolving accounts receivable facility was terminated on June 25, 2013.

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, 2013 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						
	For 6 months	For 12 months					
	2013	2014	2015	2016	2017	thereafter	Total
	PLN	PLN	PLN	PLN	PLN	PLN	PLN
Operating leases							
Satellite transponder leases	16,317	42,645	39,794	39,644	39,287	35,561	213,248
Other technical leases………	6,381	12,762	12,762	12,762	12,762	-	57,429
Operating leases – other……	6,851	10,160	7,671	4,628	-	-	29,310
Programming rights……………	105,036	111,117	88,617	73,875	72,095	-	450,740
Total cash commitments …..	**134.585**	**176,684**	**148,844**	**130,909**	**124,144**	**35,561**	**750,727**

We have no significant off-balance sheet arrangements.

TREND INFORMATION

The principal trends of which we are aware and which we believe will affect our revenue and profitability in the medium term are growth in the television and Internet advertising markets in Poland and growth in the pay television market. We are exposed to fluctuations in the exchange rates of złoty to both the euro and the U.S. dollar. Our 10.75% Senior Notes and the 7.85% Senior Notes are denominated in euro, and a large proportion of our programming costs are denominated in U.S. dollar. During the first six months of 2013 the złoty has depreciated against the euro and the U.S. dollar compared to the fourth quarter of 2012 but it has slightly appreciated year-on-year as compared to the six months of 2012. We cannot exclude that volatility of złoty exchange rates may continue in the market.

The inflation rate in Poland in June 2013 was 0.2% compared with 4.3% in June 2012, 1.0% in March 2013, 2.4% in December 2012, 3.8% in September 2012. 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.

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, be used to pay dividends.

The General Shareholders Meeting of TVN held on April 15, 2013 decided to pay a dividend of PLN 0.64 (not in thousands) per share from the results of the Company for the year ended December 31, 2012 with payment in two installments (the first dividends installment paid on May 8, 2013 amounting to PLN 0.29 (per share, not in thousands) per share and the second to be paid on November 5, 2013 is PLN 0.35 (per share, not in thousands).

As of the Dividend Day on April 22, 2013, on which the list of shareholders entitled to the dividend had been determined, the total amount of the shares of TVN S.A. amounted to 343,876,421 (not in thousands). The dividend fund in total will amount to PLN 220,080,909.44 (not in thousands). the first installment of dividends payment was paid on May 8, 2013, and amounted to PLN 99,724,162.09 (not in thousands) (PLN 0.29 per share, not in thousands);

The second installment of dividends payment will be paid on November 5, 2013, and will amount to PLN 120,356,747.35 (not in thousands) (PLN 0.35 per share, not in thousands).

PART II

ADDITIONAL INFORMATION

1. Our Comment on Previously Published Forecasts

We did not publish any forecasts.

2. TVN Group Organizational Structure

TVN Group comprises the following entities as of June 30, 2013:

Entity	Country of incorporation and residence	June 30, 2013 Ownership (%)	December 31, 2012 Ownership (%)
TVN S.A	Poland	n/a	n/a
Subsidiaries			
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
Thema Film Sp. z o.o.	Poland	100	100
TVN Finance Corporation II AB	Sweden	100	100
TVN Finance Corporation III AB	Sweden	100	100
TVN Online Investments Holding B.V. (1)	The Netherlands	100	100
TVN Holding S.A.	Poland	100	100
TVN Media Sp. z o.o.	Poland	100	100
Stavka Sp. z o.o.	Poland	51	51
Joint ventures			
Polski Operator Telewizyjny Sp. z o.o	Poland	50	50
Associates			
Canal+ Cyfrowy S.A. Group (2)	Poland	32	32
Onet Holding Sp. z o.o. Group (3)	Poland	25	25

(1) Up to November 21, 2012 Grupa Onet Poland Holding B.V.

(2) Canal+ Cyfrowy S.A. Group includes Canal+ Cyfrowy S.A., its subsidiaries (ITI Neovision S.A. (up to July 12, 2013 ITI Neovision Sp. z o.o.), Cyfrowy Dom Sp. z o.o., Neovision UK Ltd, DTH Poland Holding B.V.) and a joint venture (MGM Chanel Poland Ltd)

(3) Onet Holding Sp. z o.o. Group includes Onet Holding Sp. z o.o. (up to April 2, 2013 Vidalia Investments Sp. z o.o.), its subsidiaries (Grupa Onet.pl S.A., DreamLab Onet.pl Sp. z o.o., OnetMarketing Sp. z o.o. (up to July 11, 2013 SunWeb Sp. z o.o.)) and an associate (Polskie Badania Internetu Sp. z o.o.)

3. CHANGES IN THE STRUCTURE OF THE TVN GROUP

Changes in the TVN Group's structure are described in details in Part I - Management's discussion and analysis of financial condition and results of operations – Other factors affecting our results of operations – Acquisitions and disposals.

4. SHAREHOLDERS OWNING AT LEAST 5% OF OUR SHARES AS OF THE DATE OF THIS INTERIM REPORT

The following table and graph presents shareholders that to our best knowledge own at least 5% of our shares as of as of August 22, 2013 - the date of this interim report publication.

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 and on the list of shareholders entitled to participate in the General Shareholders Meeting of TVN held on April 15, 2013 provided by Central Securities Depository Office.

Shareholder	Number of Shares	% of Share Capital	Number of Votes	% of votes
Polish Television Holding B.V. (1) (2)	180,355,430	52.45%	180,355,430	52.45%
Cadizin Trading&Investment (2)	5,415,781	1.57%	5,415,781	1.57%
ING OFE. (3)	28,000,000	8.14%	28,000,000	8.14%
Aviva OFE (3)	22,959,165	6.68%	22,959,165	6.68%
OFE PZU "Złota Jesień" (3)	19,000,000	5.53%	19,000,000	5.53%
Other shareholders	88,146,045	25.63%	88,146,045	25.63%
TOTAL:	**343,876,421**	**100.00%**	**343,876,421**	**100.00%**

(1) Polish Television Holding B.V. has pledged the majority of the Company's shares.
(2) Entities controlled by ITI Group.
(3) As of March 30, 2013 - based on the list of shareholders entitled to participate in the General Shareholders Meeting of TVN held on April 15, 2013 provided by Central Securities Depository Office

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 22, 2013.

Name	Total number of options granted up to August 22, 2013 (not in thousands)	Total number of options vested up to August 22, 2013 (not in thousands)	Total number of options vested and held as of August 22, 2013 (not in thousands)
Markus Tellenbach	-	-	-
John Driscoll	-	-	-
Piotr Korycki	187,945	187,945	103,100
Maciej Maciejowski	78,570	78,570	38,520
Edward Miszczak	526,290	526,290	148,735
Adam Pieczyński	314,115	314,115	94,965
Piotr Tyborowicz	336,030	336,030	262,980

The following table presents TVN S.A. shares (not in thousands) owned directly or indirectly by our Management Board as of, August 22, 2013 and changes in their holdings since the date of publication of our previous quarterly report on May 8, 2013. 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 8, 2013	Increases	Decreases	Balances as of August 22, 2013
Markus Tellenbach	-	-	-	-
John Driscoll	-	-	-	-
Piotr Korycki	-	-	-	-
Maciej Maciejowski	-	-	-	-
Edward Miszczak	184,011	-	-	184,011
Adam Pieczyński	-	-	-	-
Piotr Tyborowicz	-	-	-	-

5.2 SUPERVISORY BOARD MEMBERS

The following table presents TVN S.A. shares (not in thousands) held by the Supervisory Board members, as of August 22, 2013, and changes in their holdings since the date of publication of our previous quarterly report on May 8, 2013. 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 8, 2013	Increases	Decreases	Balances as of August 22, 2013
Wojciech Kostrzewa	120,000	-	-	120,000
Bertrand Meheut	-	-	-	-
Arnold Bahlmann	-	-	-	-
Rodolphe Belmer	-	-	-	-
Michał Broniatowski		-	-	
Paweł Gricuk	-	-	-	-
Sophie Guieysse	-	-	-	-
Wiesław Rozłucki	-	-	-	-
Bruno Valsangiacomo	1,597,325	-	-	1,597,325
Piotr Walter	-	-	-	-
Aldona Wejchert	591,634	-	-	591,634
Total:	**2,308,959**	-	-	**2,308,959**

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, 2013

During the three months ended June 30, 2013, we did not enter into any material transactions with related parties that are not on regular market conditions.

8. DISCUSSION ON GUARANTEES GRANTED TO THIRD PARTIES BY TVN GROUP DURING THE THREE MONTHS ENDED JUNE 30, 2013

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

- TVN S.A. granted guarantees for liabilities of ITI Neovision, subsidiary of Canal+ Cyfrowy S.A., our related party and the owner of DTH platform ‘n’, in total of PLN 240,265 as of June 30, 2013
- TVN Media granted guarantees for TVN S.A. liabilities in total of PLN 520,575 as of June 30, 2013

The last guarantee expiries in 2016. The guarantees are granted on market conditions.

Additionally, TVN S.A. and TVN Media provided each other guarantees of up to PLN 90,000 for obligations resulting from daily clearings between the parties of the cash pooling system.

RISK FACTORS

This section describes the significant risks and uncertainties affecting us and our business, both continuing and discontinued operations, as the latter will continue to impact our financial results through the TVN share in profit or loss of the related associates. 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.

RISKS RELATED TO OUR BUSINESS

Our operating results depend on general economic conditions and would be affected by a deterioration in the Polish and global economy

We conduct our operations in Poland, where substantially all of our revenue is generated. The Polish economy has reacted adversely to weakening economic conditions and turmoil in the global financial markets that have taken place in the last several years. Such turmoil has resulted in a tightening of credit, lower levels of liquidity and a widespread withdrawal of investment funding in Poland's neighboring countries across Central and Eastern Europe. This had an adverse impact on their economic growth and caused many of these countries to fall into recession. As a consequence of such global economic crisis, Polish GDP increased by 1.6% in 2009, 3.9% in 2010, 4.3% in 2011 and 2.0% in 2012, as compared to a 6% GDP growth in each of 2006 and 2007, according to data from the Polish Central Statistical Office (Główny Urząd Statystyczny or "GUS"). The unfavorable trends in the Polish economy resulted in a deterioration of the employment market and an increase in unemployment rates (from 9.5% in December 2008 to 13.2% in June 2013, according to data from GUS). Additionally, significant fluctuation of currency exchange rates and reduced availability of funding may adversely impact both retail customers and companies, decreasing their confidence levels in the economy and in their own financial health. Therefore, macroeconomic factors applicable to Poland may have a material impact on our business, financial condition, results of operations and cash flow.

The results of our operations depend to a large extent on advertising revenue, and demand for advertising is affected by general and regional economic conditions. Adverse economic conditions in the region generally and a downturn in the Polish economy specifically have had a negative impact on the Polish advertising industry. According to Starlink, total net advertising expenditures declined by about 6.6% in the six months ended June 30, 2013, compared to the six months ended June 30, 2012 and by 5.2% in 2012, compared 2011, which has had an adverse impact on our revenue and results of operations. Even if the Polish economy has not suffered declines as deep as those experienced in other neighboring countries, our advertising customers, many of whom are global companies, have reduced their global or regional advertising budgets in recent years and, if they continue to do so or they perceive that local weaknesses still exist, demand for local advertising could be adversely affected. Declines in the level of business activity of our advertising customers may in the future have a material adverse effect on our revenue and results of operations.

Any decrease in our advertising revenue may result in a decreased quality of our programming or force us to reduce the amount of programs that we make available, either through direct production or acquisition. A decrease in our program quality or a reduction in number of programs we offer could cause us to lose audience share, either to our competitors or to alternative entertainment and leisure activities, which would make us less attractive to potential advertisers and sponsors, which in turn may have a material impact on business, financial condition, results of operations and cash flow.

Our operating results are dependent on the importance of television and the Internet as advertising media

We generate the majority of our revenue from the sale of advertising airtime and sponsoring slots on television channels in Poland. For the first half of the year ended June 30, 2013, we derived 69.7% of our total revenue from television advertising spot sales. In the advertising market, television competes with various other advertising media, such as the Internet, newspapers, magazines, radio and outdoor advertising (such as billboard advertising, logo signs and transit advertising). According to Starlink data, net expenditures on television advertising in Poland accounted for approximately 50% of total net advertising spending in the first half of the year ended June 30, 2013. However, there can be no assurances that the television advertising market will maintain its current position in the Polish advertising market or that changes in the regulatory environment or improvements in technology will not favor other advertising media or other television broadcasters. A further increase in competition from online advertising (and from other advertising media) in Poland and 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 business, financial condition, results of operations and cash flow.

Our ability to generate advertising revenue depends on our technical reach, the pricing of advertising time, the demand for advertising time, our audience share, the audience profile, 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. Moreover, advertising revenues may be affected by one-time events such as the UEFA Euro Championship in Poland in June 2012 (which, despite expectations, failed to stimulate advertising spending). Any decline in the appeal of television generally, or our channels 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 face intense competition in all of the market segments in which we operate, and we cannot guarantee that in the future subscribers and advertisers will choose to purchase or to continue purchasing the services we provide rather than those provided by our competitors

In Poland, the television broadcasting market is highly competitive and we cannot guarantee that we will be successful in generating sufficient advertising revenue in the future in light of the competition we face. We compete for programming content and audience share with other Polish private television channels, the state-owned and operated terrestrial television channels and other television channels distributed via cable and digital platforms. We compete for television advertising revenue on the basis of our television channels' broadcast reach, popularity of programming, audience structure and the pricing of advertising airtime. Other television channels may change their content or format, or upgrade their technology (to high definition, for example), to compete directly with our channels for audiences and advertisers.

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 EU, with better brand recognition and resources than us. Our primary competitors for TV advertising revenue in Poland are the other TV broadcasters, POLSAT and TVP. TVP is a state-owned broadcaster, which is publicly funded and which fulfills a public service broadcasting mandate. As a result of this public service broadcasting mandate, TVP is not permitted to interrupt individual programs with commercial spots. Any change to this restriction on TVP's ability to broadcast advertising could increase the competition we face from TVP and reduce our advertising revenue.

Also, new entrants may be attracted to the Polish TV market for several reasons, including changes in laws and regulations. For example, the Broadcasting Law has been amended to allow for greater product placement in TV programs and movies broadcast in Poland as well as expand other permitted advertising activities. Regulatory changes such as these proposed amendments could attract additional TV broadcasters to the Polish TV broadcasting market. Finally, the increasing success in Poland of DTH, cable and DTT providers will likely result in the increasing fragmentation of Polish TV viewing audiences, which may make it more difficult for us to persuade advertisers to purchase airtime on our channels. Due in part to fragmentation in the Polish TV market, the all-day audience share in commercial target group for our main channel, TVN main channel, decreased from 16.4% in 2010 to 14.4% in the six months ended June 30, 2013. This trend was offset by an increase in our thematic channel audience share from 6.0% to 8.7% over the same period. We believe this contributed to maintaining our advertising market share, which in 2010 amounted to 35.4% and in the six months ended June 30, 2013 was 35.1%. Loss of subscribers and advertisers to our competitors would have a material adverse effect on our business, financial condition, results of operations and cash flow.

The Polish Internet market is also highly competitive. It 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. Competitors to our TVN Player, such as IPLA, OnetVOD, 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.

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. We cannot assure you that we will continue to be able to compete effectively 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 market could adversely affect our business, financial condition, results of operations and cash flow.

We may not be able to produce or acquire programming content that is appealing to our audience and such content may not be available on commercially favorable terms or at all

The commercial success of our television channels depends substantially on our ability to develop, produce or acquire programming that satisfies audience tastes and attracts high audience shares. The audience share for the programs we broadcast directly affects the attractiveness of our channels to existing and potential advertisers, as well as the price that we can charge for advertising airtime. We also generate revenue through the production and sale of programming to third parties in Poland and, to a lesser extent, internationally. The price that we are able to charge potential purchasers of the programs we produce directly correlates with the audience acceptance of these programs, as the third party purchasers are reliant on audience acceptance of this content to generate advertising revenue.

We cannot assure you that we will continue to develop, produce or acquire successful content. Programming preferences change frequently, and we constantly face the challenge of anticipating what programs and formats will be successful and at what times. It is likely that our revenue from advertising would decrease if we were to suffer a decrease in audience market share. We may be unable to attract high audience shares if we are not able to successfully anticipate program demand or changes in programming tastes, or if our competitors anticipate such demand or changes in tastes more effectively than we do. The costs of acquiring content attractive to our audiences may increase as a result of increased competition. Any such increase could have a material adverse effect on our business, financial condition, results of operations and cash flow.

We face competition from other forms of media content and non-media leisure activities

Due to a variety of factors including advances in technology, our businesses are subject 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, as well as non-media related leisure activities and providers. Technological advancements, such as VOD, 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 both media-related and non-media-related 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 or to changes in consumer preferences, this competition could have an adverse effect on our competitive position and revenue.

We rely on intellectual property and proprietary rights, including in respect of content, which may not be adequately protected under current laws or which may be subject to unauthorized use

Our products are largely comprised of content in which we own, or have license to, the intellectual property rights, delivered through a variety of media, including among others broadcast programming, interactive television services and the Internet. We rely on trademark, copyright and other intellectual property laws to establish and protect our rights over this content. However, we cannot be certain that our intellectual property rights will not be challenged, invalidated or circumvented or that we will successfully renew our intellectual property rights to our content. Even if our intellectual property rights applied, there can be no assurance that the highest levels of security and anti-piracy measures will prevent piracy. Third parties may be able to copy, infringe or otherwise profit from our rights or content which we own or license, without our, or the right holders', authorization. Media piracy occurs in many parts of the world, including Poland, and is made easier by technological advances and the conversion of media content into digital formats, which facilitates the creation, transmission and sharing of high quality unauthorized copies, on videotapes and DVDs, from pay-per-view through set top boxes and through unlicensed broadcasts on free TV and the Internet. In addition, the lack of Internet-specific legislation relating to trademark and copyright protection creates an additional challenge for us in protecting our intellectual property rights. The unauthorized use of our content may adversely affect our business by diminishing our reputation in the market, making our media content, including legitimate content, less attractive to advertisers which could, in turn, lead to decreased revenue from our legitimate products.

Even if our intellectual property rights remain intact, we cannot assure upon that security and anti-piracy measures will prevent unauthorized access to our services and piracy of our content. We use various security and anti-piracy measures, including encryption and copy-protection techniques, but there can be no assurance that such measures will be effective and will prevent unauthorized access.

We are primarily responsible for enforcing our intellectual property rights with respect to content, which could result in significant expenses and losses of indeterminate amounts of revenue.

Furthermore, a significant part of our revenue is derived from products and services marketed under our “TVN” brand name. We rely upon a combination of trademark and copyright laws, database protections and contractual arrangements, where appropriate, to establish and protect our intellectual property rights. We may be required to bring claims against third parties in order to protect our intellectual property rights, and we may not succeed in protecting such rights. As a result, we may not be able to use intellectual property that is material to the operation of our businesses.

Failure to maintain the historical reputation of our brand or impairment of our key intellectual property rights would adversely affect our businesses

Some of our intellectual property rights, including our key trademarks, which are well known in the TV broadcasting market, are important to our businesses. The brand name “TVN” and currently used figurative trademark are extremely important assets.

If we are unable to maintain the reputation of and value associated with our “TVN” brand name, we may not be able to successfully retain and attract customers. Any damage to our reputation or to the value associated with our “TVN” brand name could have a material adverse effect on our business, financial condition, results of operations and cash flow.

We may be adversely affected by claims of third parties connected with the potential unauthorized use of intellectual property rights

Within our business activity, we use substantial amounts of copyrighted works that are either developed by us or licensed by third parties. Although we have entered into the respective license or similar agreements with third parties, including agreements with collective copyrighted management organizations, authorizing us to use such copyrighted works, there is a risk that we are using some of the copyrighted works without the respective legal title and may be subject to third-party claims in this respect. Any alleged breach could expose us to liability claims from third parties. In addition, we might be required to obtain a license or acquire new solutions that allow us to conduct our business in a manner that does not breach such third party rights and we may be forced to expend significant time, resources and money in order to defend ourselves against such allegations. The diversion of management’s time and resources along with potentially significant expenses that could be involved could materially adversely affect our business, financial condition, results of operations and prospects. Moreover, if there are many such claims or if the outstanding royalties which we may be required to pay are substantial, this may have a material adverse effect on our business, financial condition, results of operations and cash flow.

In addition, the European Commission noted in its review of the implementation by the member states of Directive 2004/48/EC of the European Parliament and the Council of April 29, 2004 on the enforcement of intellectual property rights, the potential need to increase the responsibility of intermediaries in relation to the prevention of the infringement of intellectual property rights. This could potentially lead to new legislation or other legal initiatives causing intermediaries, like us, to be subject to extended liability for successful claims for injunctions, damages and/or criminal responsibility for such infringement. While it is at this stage uncertain whether such legislation or other regulatory initiatives will in fact come into place and, if so, the likely time frame for this, should it come into place, it could have an adverse effect on our business, financial condition, results of operations and cash flow.

We may not be able to source programming content from external suppliers, particularly U.S. studios, if they perceive us or the Polish market as failing to satisfactorily protect against unauthorized uses of media content

Unauthorized copying and piracy are prevalent in Poland. Content we source from external content suppliers, particularly U.S. studios, may be subject to piracy either through us or through a third party, which may have an adverse effect on our business and financial performance by diminishing our reputation in the market and impairing our ability to contract on favorable terms with those and other external content suppliers.

Certain of our external content suppliers, perhaps supported by trade associations, are sensitive to the risk of piracy relating to their products. For example, the American Motion Picture Marketing Association and the American Motion Picture Export Association monitor the progress and efforts made by various countries to limit or prevent piracy. In the past, some of these trade associations have enacted voluntary embargoes on motion picture exports to certain countries in order to pressure the governments of those countries to become more aggressive in preventing motion picture piracy. In addition, the U.S. government has publicly considered implementing trade sanctions against specific countries that, in its opinion, do not make appropriate efforts to prevent copyright infringements of U.S. produced motion pictures. There can be no assurance that voluntary industry embargoes or U.S. government trade sanctions or similar arrangements will not be enacted with respect to Poland. If enacted, such actions could impact our market share and the amount of revenue that we realize by reducing the availability of external programming and attractive content to audiences, which would have an adverse effect on our advertising revenue and financial performance.

We do not have guaranteed access to television programs and are dependent on our relationships and cooperation with program providers

The success of our business depends on, among other things, the quality and variety of the television programming delivered to our viewers. We do not produce all of the programming content that we broadcast and depend upon other broadcasters for programming. We have licensing agreements with several third parties for the distribution of their programs via our television channels. These licenses are often renewed on a yearly basis which gives broadcasters considerable power to renegotiate the fees we pay to license their programs, especially if their programs command high audience shares, and may result in an increase in our programming costs. In addition, program providers may elect to distribute their programming through other distributio'n' platforms, such as satellite, digital terrestrial broadcasting or Internet-based platforms, or may enter into exclusive arrangements with other distributors.

Our inability to obtain or retain attractively priced competitive programs for broadcast on our channels, our websites and on our VOD online platform – TVN Player – could reduce our audience share or reduce demand for our existing and future services, thereby limiting our ability to maintain or increase revenues from our channels and these services. The loss of programs could have a material adverse effect on our business, financial condition, results of operations and cash flow.

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, 2013, we had total outstanding debt of PLN 3,173,740 (nominal value). Our debt service obligations and our leverage may limit our ability to contract new debt on favorable terms and may restrict our ability to finance potential acquisitions or new developments, which could have an adverse effect on our business, financial condition, results of operations and cash flow.

In addition, our commercial and financial flexibility is restricted as a result of the obligations contained in the indentures governing our Senior Notes, as they each contain 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 or the covenants contained in our indentures may result in either acceleration of the repayment of the 10.75% Senior Notes, 7.875% Senior Notes or the PTH Notes, may result in our insolvency.

Technology in the market in which we operate is constantly changing and any failure by us to anticipate and adapt to such changes could render the services we provide undesirable or obsolete

The television broadcasting industry may be affected by rapid and significant changes in technology. We cannot assure you that we will be able to adapt the services we provide to keep up with this rapid development, or that the technologies we currently employ will not become obsolete. We face constant pressure to adapt to changes in the way programming content is distributed and viewed.

This rapid evolution of technology means we cannot guarantee that we will correctly predict and therefore devote appropriate amounts of capital and resources to develop the necessary technologies. If new developments in the television or media 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 have the resources to make such an investment. We may not be able to obtain the additional debt or equity required to finance the capital expenditures necessary on reasonable terms or at all. Additionally, the new or enhanced technologies, services or products we introduce may fail to achieve sufficient market acceptance or experience technical difficulties. We may not recover the investments we have made or may make to deploy these technologies, services and products.

The introduction of new technologies and broadcasting distribution systems other than analog terrestrial broadcasting, such as digital terrestrial broadcasting, DTH, cable distribution systems, the Internet, VOD and the availability of television programming on portable digital devices, have fragmented television audiences in more developed markets and could adversely affect our ability to retain audience share and attract advertisers as such technologies penetrate our markets. New technologies that enable viewers to choose when and what content to watch, as well as to fast-forward or skip advertisements, may cause changes in consumer behavior and advertising expenditures that could impact our business. These technologies are gaining in popularity and ease of use and the resulting audience fragmentation could lead to a general decline in our TV advertising revenue. In addition, compression techniques and other technological developments allow for an increase in the number of channels that may be broadcast in our markets and expanded programming offerings that may be offered to highly targeted audiences. Reductions in the cost of launching additional channels could encourage the development of increasingly targeted niche programming on various distribution platforms. We must identify ways to maintain audience and advertiser demand for the channels we broadcast. Any failure to adapt to the changing lifestyles and preferences of our target audiences and adjust our broadcasting business model to capitalize on technological advances could have a material adverse effect on our business, financial condition, results of operations and cash flow.

Even if we dedicate considerable resources to continue to diversify our revenues, we may not be successful in generating significant revenue

We continue to diversify our revenues by launching new services. The development cycles for the technologies involved in providing these new services may be long and require significant investments by us. While we believe we need to continue to provide new services that are attractive to our users, we need to do so in a way that generates revenue for such services. In addition, any failure to keep up with advancements in technology or offer new services in line with our competitors may adversely affect our ability to both retain existing viewers and advertising customers and to attract new viewers and advertising customers. If we do not offer new competitive services or if the revenue from these new services does not exceed the costs of providing such services, we may experience a material adverse effect on our business, financial condition, results of operations and cash flow.

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

Our business and operations may grow in part through acquisitions. The acquisition and integration of businesses that we may acquire may pose significant risks to our existing operations, including:

- additional demands placed on our senior management, who are also responsible for managing our existing operations;
- increased overall operating complexity of our business, requiring greater personnel and other resources
- difficulties of expanding beyond our core expertise in the event that we acquire ancillary businesses;
- significant initial cash expenditures to acquire and integrate new businesses; and
- in the event that debt is incurred to finance acquisitions, additional debt service costs related thereto as well as limitations that may arise under our existing indebtedness.

To manage our growth effectively and achieve pre-acquisition performance objectives, we will need to integrate any new acquisitions, implement financial and management controls and produce required financial statements in those operations. The integration of new businesses may also be difficult due to differing cultures or management styles, poor internal controls and an inability to establish control over cash flows. If any acquisition and integration is not implemented successfully, our ability to manage our growth will be impaired and we may have to make significant additional expenditures to address these issues, which could harm our financial position, results of operations and cash flows. Furthermore, even if we are successful in integrating new businesses, expected synergies and cost savings may not materialize, resulting in lower than expected cash flows and profit margins.

In addition, prospective competitors may have greater financial resources than we do, and increased competition for target companies may reduce the number of potential acquisitions that are available on acceptable terms.

Our failure to manage the IT and staff necessary for the continued growth and diversification of our sources of revenue could harm us

We are continuing to grow and to diversify our sources of revenue. Ensuring that we have control over the growth process requires investment in both the development of our infrastructure as well as our employee base. Our activities depend on information technology ("IT") infrastructure to a large extent, at both transactional and reporting levels. Due to the fast pace of our development, we are forced continually to upgrade our existing IT solutions. These upgrades and improvements in most cases are likely to be complex and resource-consuming and therefore require careful dedication and management of resources. If we are unable to adapt our systems in a timely manner to accommodate our growth, it could adversely affect our business, financial condition, results of operations and cash flow.

In addition we may need to increase staff numbers. This growth requires significant time and resource commitments from our senior management. If we are unable to manage a large group of employees effectively or to anticipate our future growth and personnel needs, our business may be adversely affected.

Our ability to expand our business may be limited by certain non-competition agreements

The agreements that we entered into in connection with the nC+ and Grupa Onet.pl transactions contain non-competition clauses that limit our ability to engage in certain businesses that may be competitive to the business conducted by such companies. Such limitations may restrict our ability to diversify our business, which could have a material adverse effect on our business, financial condition, results of operations and cash flow.

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. We rely heavily on IT systems to manage advertising airtime, program broadcasting and relationships with our advertising customers and, 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 also 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.

If any of our IT systems fail, we could be prevented from effectively operating our business or we may be required to make significant capital expenditures to restore operations. If repairs were required, we may not be able to complete such repairs, or may not be able to do so in a timely manner. Further, we may be held liable by advertising customers for any disruptions or suspensions resulting from any failures in our information technology systems.

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.

Any such actions could materially 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 increased competition

Poland is migrating from analogue terrestrial broadcasting to digital terrestrial broadcasting. This migration was just completed on on July 23, 2013. We cannot predict the effect of the migration on our existing operations. This would likely result in an increase in the number of digital channels available in the Polish TV market, which could lead to a corresponding decrease in our audience share.

Although the migration process has just been completed, we may still 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 DTH platforms, may require us to acquire additional distribution and content rights or result in an increase of competition for existing distribution and content rights. We may not have access to sufficient resources to make such investments when required.

In June 2010, the National Broadcasting Council, which we refer to as "KRRiT", amended the TVN channel license, granting TVN new frequencies available on the Second Terrestrial Digital Multiplex ("MUX2"). The TVN channel is located on the MUX2 together with the following free-to-air commercial television channels: Polsat, TV4, TV Puls, TVN7, TV Puls 2, TV6 and Polsat Sport News. On July 7, 2010, the Office of Electronic Communications reserved frequencies for us on the MUX2 until July 2025. Furthermore on December 2, 2010, KRRiT issued a decision granting us the right to distribute the TVN7 channel on the MUX2 and on July 29, 2011, KRRiT issued a decision granting us the right to distribute the TTV channel on the MUX1. The process of switching off the analogue signal was completed on July 23, 2013. However, at this point we cannot assure you that the process of converting from analogue to digital terrestrial television will result in gaining additional audience share.

Our broadcasting licenses may not be renewed and may be subject to revocation and restrictive regulations may be enacted to comply with EU requirements

We hold several terrestrial and satellite broadcasting licenses. Like all television licenses in Poland, our Polish licenses have been issued for a fixed term. Our terrestrial analogue television license for the TVN channel was converted into a digital terrestrial license in June 2010, and will expire in 2014, while our satellite licenses will expire between 2013 and 2023. On January 15, 2013, we filed motions to extend the term of certain our licenses, including the license for TVN channel, to KRRiT. There can be no assurance that these licenses will be issued in a timely manner or at all. KRRiT, on 26 July 2013 took a resolution extending the license for the TVN channel until 2024; the resolution, however, only constitutes a basis for a decision of the Chairman of KRRiT and until such decision is received by us, the process of extending the licence is not completed.

The Broadcasting Law regulates the procedures and requirements for the renewal of expired licenses, but is unclear on whether licenses to current license holders will be automatically reissued following the expiry action of such licenses. Consequently, we cannot assure you that our broadcasting licenses will be reissued to us when their terms expire. The loss of any of our licenses or other authorizations or a material modification of the terms of any renewed 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 (i) new licenses will be issued, (ii) licenses awaiting approval will be approved, (iii) existing licenses will be extended on the same terms, or (iv) 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 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 may 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.

Broadcasting regulations are generally subject to periodic and on-going governmental review. 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 EU 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.

Under the Broadcasting Law, broadcasting licenses are generally non-transferable. The KRRiT may revoke a broadcasting license as a result of a direct or indirect change of control of the broadcaster. Pursuant to the official announcement of the KRRiT dated June 12, 2007, a broadcaster is required to submit a formal notification to the KRRiT providing information on any changes in information provided by the broadcaster in its initial license application, including any changes in the ownership structure of the broadcaster. This announcement further states that the term “change of control” is not defined under the Broadcasting Law and shall be interpreted within the meaning of the definition included in the Act on Competition and Consumer Protection dated February 16, 2007, as amended. Any potential change of control of a broadcaster will be analyzed by KRRiT on an individual basis.

Broadcasting regulations affect the content of our programming and advertising

We are subject to regulations promulgated under the Broadcasting Law, which governs, among other laws, regulations and applicable requirements, 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 the programming content be represented by programs originally produced in the Polish language (33% of the programming content broadcasted in a given quarter) and European programs (50% of the programming content broadcasted in a given quarter). There can be no assurance that more restrictive laws, rules, regulations or policies will not be adopted in the future, including further changes in order 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.

The Broadcasting Law limits the ownership of Polish television broadcasters

The Broadcasting Law limits the ability of non-residents of the EEA to acquire and own shares in Polish entities holding television-broadcasting licenses. Under our licenses, we have received a blanket consent from KRRiT which allows non-EEA residents to acquire our shares on the Warsaw Stock Exchange. 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, or our licenses 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.

Integration of the Cyfra+ business with ‘n’ business may not be effective

The nC+ merged entity combines the Cyfra+ and ‘n’ DTH platforms into a single DTH service provider. Realization of the benefits of the combination will require the integration of some or all of the sales and marketing, information technology systems and administrative operations of the two DTH platforms. If the two DTH platforms cannot be successfully integrated within a reasonable time, we may not be able to realize the anticipated benefits from the merged entity, which in turn may adversely impact dividends to be received from and the long term nature of our investment in nC+. Furthermore, even if the two DTH platforms are successfully integrated, they may not be able to realize the cost saving and other synergies that are anticipated from the merged entity, either in the amount or within the timeframe that is currently anticipated, and the costs of achieving these benefits may be higher than, and the timing may differ from, what is expected. The ability of merged entity to realize anticipated cost savings, synergies and revenue enhancements may be affected by a number of factors, including the following:

- the use of more cash or other financial resources on integration and implementation activities than expected; and
- increases in other expenses related to the merged entity, which may offset the cost savings from other synergies.

Failure in the successful integration of the two DTH platforms could have a material adverse effect on our business, financial condition, results of operations and cash flow.

Following the completion of the merger of nC+ and the sale of Grupa Onet.pl, we do not have control over these entities and therefore actions taken by our partners in respect of such entities could materially adversely affect our business

nC+ is 51% percent owned by Groupe Canal+, 17% owned by LGI and 32% owned by us. We are not the majority controlling shareholder in nC+ and are therefore dependent on our respective partners to cooperate with us in making decisions regarding the business of nC+ and the day-to-day operation of the DTH business operated by nC+. This means that we may be unable to prevent actions that we believe are not in the best interests of nC+ or our Group as a whole. Any such actions could materially adversely affect our business, results of operations, financial condition and cash flows.

Furthermore, we have successfully consummated the sale of Grupa Onet.pl to Ringer Axel Springer concerning the sale of Grupa Onet.pl. Since we are not the majority controlling shareholder of Onet Holding, the entity that owns Grupa Onet.pl, we are dependent on our partner to cooperate with us in making decisions regarding the business of Onet.pl and the day-to-day operation of the online business operated by Grupa Onet.pl. This means that we may be unable to prevent actions that we believe are not in the best interests of Grupa Onet.pl or our Group as a whole. Any such actions could materially adversely affect our business, results of operations, financial condition and cash flow.

Impairment of investment in associates may have an adverse impact on our financial results

As a result of the merger of the Cyfra+ and ‘n’ DTH platforms and the sale of Grupa Onet.pl, we carry on our balance sheet significant amounts of investments in associates. We assess annually whether there are any indicators those investments suffered any impairment. In such case we perform an impairment test by estimating the recoverable amount of the investment in associates based on value in use. If any of the key assumptions we use for impairment testing were to change unfavorably, this may result in impairment write-offs and consequently have an adverse impact on our financial results.

We are subject to risks relating to fluctuations in exchange rates

A substantial portion of our operating expenses, finance expenses and capital expenditures is, 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 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 or expense 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 may increase as a percentage of net sales, thereby decreasing our net margins and net profit. The effect of the currency appreciation is to increase the value of our indebtedness in relation to our ability to make payments on our indebtedness. Between early January 2013 and late June 2013, the zloty depreciated by approximately 6.4% against the euro, the currency in which most of our long-term debt is denominated. While we may seek to hedge our foreign currency exposure, we may be unable to enter into such hedging arrangements or may be unable to enter into them at a cost effective rate. Furthermore, in 2012 and in the first half of 2013 attention in global financial markets was further focused on the ability of several members of the group of countries using the euro to continue using the euro as their national currency. This has caused a higher degree of uncertainty in foreign exchange markets as to expectations about the value of the euro and it is possible that hedging foreign exchange exposure could become even more expensive or difficult in the future, which may affect our ability to remain in compliance with our current debt obligations.

Our success depends on attracting and retaining key personnel

The successful operation of our businesses as well as the successful implementation of our strategy is dependent on the experience of our management and the contributions of our key personnel. Our management team has significant experience in the Polish television broadcasting and has made an important contribution to our growth and success. Our future success depends in part on our ability to retain the current members of our management, as well as on our ability to attract and retain skilled employees able to effectively operate our businesses. There is intense competition for skilled personnel in the Polish and the global TV broadcasting industry. We cannot guarantee that we will be able to attract and retain such managers or skilled employees in the future. The loss of any of our key managers, or the inability to attract and appropriately train, motivate and retain qualified professionals, or any delay in doing so, could have a material adverse effect on our business, financial condition, results of operations and cash flow.

A lack of stability and frequent changes in tax regulations may have an adverse effect on our results of operations and financial condition

The Polish tax system is subject to change. Tax regulations are frequently amended, often to the detriment of the taxpayers. The frequent changes in regulations governing the taxation of business activities can be unfavorable to us and may, consequently, have a material adverse effect on our business, financial condition, results of operations and cash flow.

Furthermore, the lack of stability in Polish tax regulations may hinder our ability to effectively plan for the future and to implement our business plan. The instability of the Polish tax system stems not only from changes in the law, but also from varying interpretations of tax law made by tax authorities or administrative courts and, therefore, it cannot be excluded that tax authorities will make interpretations of the tax laws that may be unfavorable to us (as taxpayer and/or the tax remitter), or that individual interpretations of tax laws obtained will not be repealed, which, potentially, may have an adverse effect on our business, financial condition, results of operations and cash flow.

Taxes and other similar payments, including custom duties and foreign currency payments, may be audited by the tax authorities and, should any discrepancy be found, interest and penalties may be imposed. Also, customs authorities can audit promotional activities conducted by us in the context of their compliance with legal provisions regulating gambling. Although we take all the measures required to ensure that related party transactions are executed on an arm's length basis, no assurance can be given that there will be no disputes with the tax authorities in this respect, or that the tax authorities will arrive at different conclusions regarding the terms and legal consequences of our related party transactions and that we will be subject to certain additional tax liabilities. Moreover, there is a risk that the tax authorities may review the tax implications of the various transactions that we have entered into, many of which involved complex structures, and as a result of such review we may be required to dedicate time and resources with respect to such reviews or become subject to certain additional tax liabilities, which may have an adverse effect on our business, financial condition, results of operations and cash flow.

We may become involved in disputes and legal proceedings that, if determined unfavorably to us, could have a material adverse effect on our businesses, financial condition and results of operations

We are subject to various legal proceedings and claims, and may in the future become involved in commercial disputes as well as legal and arbitration disputes, with public authorities or private parties, which involve substantial claims for damages or other sanctions, for instance arising out of acquisitions or disposals of subsidiaries or out of other material contracts entered into by us. In the event of a negative outcome of any material proceeding, whether based on a judgment or a settlement agreement, we could be obligated to make substantial payments or accept other sanctions, which could have an adverse effect on our business, financial condition and results of operations. In addition, the costs related to litigation and arbitration proceedings may be significant.

We are party to a number of related party transactions

We currently depend on ITI Holdings for a number of services and therefore engage in a range of related party transactions. In the six months ended June 30, 2013 we entered into related party transactions for which we incurred costs from ITI Group and its related parties of PLN 17,453. These expenses comprise rent of office premises and the provision of certain management, sales, financial advisory and other services. In exchange for these payments, we received the benefit of general advisory services, the guarantee of certain of our contractual obligations, leases of office space, rental of equipment, purchases and sales of programming and the services of individuals who are affiliates of ITI Holdings.

Following the conclusion of the agreement to effect the strategic cooperation with Groupe Canal+ and the merger of our 'n' platform with Cyfra+ digital platform and the closing of the sale of Grupa Onet.pl shares to Ringier Axel Springer, we no longer control our online business previously operated by Grupa Onet.pl and our Pay-TV unit. In exchange for contributing these assets, we have entered into related party relationship with Cyfra+ (operator of nC+ DTH platform) and Onet Holding (owner of Grupa Onet.pl).

All transactions concluded between TVN Group entities and ITI Group entities require the consent of the supervisory board of the Company. Furthermore, transactions entered into by the TVN Group companies with related parties other than the ITI Group entities with a value of more than €5,000 and/or crucial to the entity's operations (excluding transactions with entities in which TVN owns 100% of shares) require the consent of the supervisory board of the Company, unless they have been approved by the supervisory board in the annual budget of the TVN Group. Ventures involving investments or their disposals, establishing of a company, and other joint ventures including purchases of programming licenses, with value exceeding PLN 100,000 made between the entities of the TVN Group require the approval of the supervisory board, unless they were included in the approved annual budget or are required under the terms governing the Existing Notes. Moreover, certain related party transaction with value in excess of €10,000 requires a fairness opinion, pursuant to the indentures governing our Senior Notes.

Nevertheless, there are risks that as circumstances or assumptions change, some of the services we receive from our related parties could be construed to be worth less than what we have agreed to pay.

It is possible that in the future the Polish tax authorities could determine that one or more of such related party transactions was not conducted on an arms' length basis or that statutorily required documentation was not sufficient or properly prepared. If Polish tax authorities were to make such a determination, they could assess income and/or tax-deductible expenses at values that differ from the values declared by us, and consequently, assess the values of the taxable base and the amounts of income tax due that are higher than were declared and paid. If so, we would be liable for additional tax amounts and interest on tax arrears, which could have a material adverse effect on our business, financial condition, results of operations or cash flows.

In addition, our dependence on ITI Holdings and its affiliates exposes us to the risk that the services and benefits they provide could be withdrawn in circumstances in which such services and benefits could be difficult or costly to replace. If ITI Holdings were unable or unwilling to provide the services required by TVN, we may incur additional costs or experience delays in finding replacement providers. Any such termination could therefore have an adverse impact on our business, financial condition, results of operations and cash flows.

RISKS RELATED TO THE 10.75% SENIOR NOTES AND THE 7.875% SENIOR NOTES

Our debt service obligations under the 10.75% Senior Notes and the 7.875% Senior Notes may restrict our ability to fund our operations

We are a highly leveraged company and have significant debt service obligations under the 10.75% Senior Notes and 7.875% Senior Notes. We cannot guarantee that we will be able to generate sufficient cash flow from operations to service our debt obligations on an ongoing basis. As of June 30, 2013 our total indebtedness amounted to PLN 3,173,740 (nominal value).

Our high leverage has important consequences for our business and results of operations, including but not limited to restricting our ability to obtain additional financing to fund future working capital, capital expenditures, business opportunities and other corporate requirements. We may also have a proportionally higher level of debt than certain of our competitors, which may put us at a competitive disadvantage.

Therefore, our flexibility in planning for, or reacting to, changes in our business, the competitive environment and the industry in which we operate may be limited. Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our debt obligations and would therefore have potentially harmful consequences for the development of our business and the implementation of our strategic plans.

Despite our substantial leverage, we may still be able to incur more debt under the Indenture, which could further exacerbate the risks described above. Any debt that we incur at a non-guarantor subsidiary level would be structurally senior to the Notes. Additionally, we could raise additional debt that could be secured or could mature prior to the Notes. Although the Indenture will contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances, the amount of indebtedness that could be incurred in compliance with those restrictions could be substantial. In addition, the Indenture will not prevent us from incurring obligations that do not constitute indebtedness under those agreements.

The issuers are special purpose vehicles that have no revenue generating operations of their own and will depend on cash received by us to make payments on the 10.75% Senior Notes and the 7.875% Senior Notes

The issuers are special purpose vehicles with the purpose of issuing the 10.75% Senior Notes and the 7.875% Senior Notes that were issued pursuant to the indentures governing the 10.75% Senior Notes and the 7.875% Senior Notes. The issuers have no operations of their own and will not be permitted to engage in any activities other than the issuance of the 10.75% Senior Notes and the 7.875% Senior Notes to the extent permitted under the indentures, the on-lending of the proceeds from the issuance of the 10.75% Senior Notes and the 7.875% Senior Notes to us, the servicing of their obligations under the 10.75% Senior Notes and the 7.875% Senior Notes and certain other activities expressly permitted by the indentures governing the 10.75% Senior Notes and the 7.875% Senior Notes. The issuers rely on payments under the intercompany loans made by the issuers to us to make payments of interest and principal when due on the 10.75% Senior Notes and the 7.875% Senior Notes. Other than the intercompany loans to us, the issuers have no assets.

We may be unable to refinance our existing debt financings or obtain favorable refinancing terms

We are subject to the normal risks associated with debt financings, including the risk that our cash flow will be insufficient to meet required payments of principal and interest on debt and the risk that indebtedness will not be able to be renewed, repaid or refinanced when due, or that the terms of any renewal or refinancing will not be as favorable as the terms of such indebtedness. This risk is exacerbated by the recent global economic downturn which has resulted in tightened lending requirements and in some cases the inability to refinance indebtedness. We also may need to raise capital in the future if our cash flow from operations is not adequate to meet our liquidity requirements or to pursue new projects. Depending on capital requirements, market conditions and other factors, we may need to raise additional funds through debt or equity offerings. If we were unable to refinance indebtedness on acceptable terms, or at all, we might be forced to dispose of assets on disadvantageous terms, or reduce or suspend operations, any of which would materially and adversely affect our financial condition and results of operations. If we cannot obtain financing for new projects, we would decline to pursue them and this may be disadvantageous to us or our competitive position.

Despite our current debt levels, we will be able to incur substantially more debt, which could increase the risks described in this section

We have the right to incur substantial debt in the future. Although the indentures will contain restrictions on the incurrence of additional debt, these restrictions will be subject to a number of qualifications and exceptions, and additional debt incurred in compliance with these restrictions could be substantial. If new debt is added to our current debt levels, the related risks that we now face would intensify.

Our cash flow and capital resources may not be sufficient for future debt service and other obligations

Our ability to make debt service payments under the 10.75% Senior Notes and 7.875% Senior Notes and other indebtedness, or to refinance any such indebtedness, will depend on our future operating performance and our ability to generate sufficient cash, which, to a certain extent, is subject to the success of our business strategy as well as factors that are not within our control, including general economic, financial, competitive, market, legislative, regulatory and other factors.

We cannot assure you that our business will generate sufficient cash flows from operations, that currently anticipated revenue growth, cost savings and operating improvements will be realized or that future debt and equity financing will be available to us in an amount sufficient to enable us to pay our debts when due or to fund our other liquidity needs.

If our future cash flows from operations and other capital resources are insufficient to pay our obligations as they mature or to fund our liquidity needs, we may be forced to:

- reduce or delay our business activities and capital expenditure;
- sell assets;
- obtain additional debt or equity capital; or
- restructure or refinance all or a portion of our debt, including the Notes, on or before maturity.

The type, timing and terms of any future financing, restructuring, asset sales or other capital raising transactions will depend on our cash needs and the prevailing conditions in the financial markets. We cannot assure you that we would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all. In such an event, we may not have sufficient assets to repay all of our debt.

Any failure to make payments on the 10.75% Senior Notes and 7.875% Senior Notes on a timely basis would likely result in a reduction of our credit rating, which could also harm our ability to incur additional indebtedness. In addition, the terms of our debt, including the 10.75% Senior Notes and 7.875% Senior Notes and the indentures, will limit, and any future debt may limit, our ability to pursue any of these alternatives. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business, financial condition and results of operations. If we are unsuccessful in any of these efforts, we may not have sufficient cash to meet our obligations.

Enforcement of civil liabilities and judgments against the issuers, the guarantors or us or any of our directors or officers may be difficult

The issuers are a Swedish public limited liability company and TVN S.A. is a Polish joint stock company and the remaining guarantors are incorporated under the laws of Poland and the Netherlands. Substantially all of our assets and all of our operations are located, and all of our revenues are derived, outside the United States. In addition, all of our directors and officers are non-residents of the United States, and all or a substantial portion of the assets of such persons are or may be located outside the United States. As a result, investors may be unable to effect service of process within the United States upon such persons, or to enforce judgments against them obtained in the United States courts, including judgments predicated upon the civil liability provisions of the United States federal and state securities laws. There is uncertainty as to whether the courts of Sweden, the Netherlands or Poland would enforce (i) judgments of United States courts obtained against us or such persons predicated upon the civil liability provisions of the United States federal and state securities laws or (ii) in original actions brought in such countries, liabilities against us or such persons predicated upon the United States federal and state securities laws.

The United States is not currently bound by a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitral awards (subject to certain conditions), rendered in civil and commercial matters with Sweden or the Netherlands. There is, therefore, doubt as to the enforceability of civil liabilities based upon U.S. securities laws in an action to enforce a U.S. judgment in Sweden. In addition, the enforcement in Sweden or in the Netherlands of any judgment obtained in a U.S. court based on civil liabilities, whether or not predicated solely upon U.S. federal securities laws, will be subject to certain conditions. There is also doubt that a court in Sweden or in the Netherlands would have the requisite power or authority to grant remedies sought in an original action brought in such jurisdiction on the basis of U.S. securities laws violations.

The insolvency laws to which we are subject may not be favorable to unsecured creditors and may limit your ability to enforce your rights under the 10.75% Senior Notes and the 7.875% Senior Notes and the guarantees. Enforcing your rights under the 10.75% Senior Notes and the 7.875% Senior Notes and the guarantees across multiple jurisdictions may prove difficult

The issuers of the 10.75% Senior Notes and the 7.875% Senior Notes is formed under the laws of Sweden. The guarantors of the the 10.75% Senior Notes and the 7.875% Senior Notes are organized under the laws of Poland and the Netherlands. In the event of bankruptcy, insolvency, administration or similar event, proceedings could be initiated in any of these jurisdictions. Your rights under the 10.75% Senior Notes and the 7.875% Senior Notes and the guarantees are likely to be subject to insolvency and administrative laws of several jurisdictions and there can be no assurance that you will be able to effectively enforce your rights in multiple bankruptcy, insolvency or other similar proceedings. Moreover, such multi-jurisdictional proceedings are typically complex and costly for creditors and often result in substantial uncertainty and delay in the enforcement of your rights.

The bankruptcy, insolvency, administration and other laws of the jurisdiction of organization of the issuers and the guarantors may be materially different from, or conflict with, each other and those in other jurisdictions with which you may be familiar, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest, the duration of proceeding and preference periods. The application of these laws, and any conflict between them, could call into question whether, and to what extent, the laws of any particular jurisdiction should apply, adversely affecting your ability to enforce your rights under the guarantees in these jurisdictions or limiting any amounts that you may receive.

Insolvency proceedings by, or against, the Issuer are likely to be based on Swedish insolvency laws. An unsecured claim under Swedish law will in a bankruptcy situation rank behind claims with a right of priority according to the Swedish Rights of Priority Act (*Sw. Förmånsrättslagen (1970:979)*).

If, following the insolvency of any of the Polish guarantors insolvency proceedings were initiated in Poland under Polish insolvency law, considering the unsecured nature of your claim against the Polish guarantors, their liabilities under the guarantees would be paid only after payment of those of their preferred claims under Polish insolvency law. Such preferred claims would include, among others, all claims which are secured, certain commercial transactions which are given priority under the applicable law, unpaid taxes, social security contributions, employee wages and insolvency procedure costs.

Notwithstanding the above, the guarantees issued by the Polish guarantors could be deemed (or could be declared, as appropriate) ineffective in relation to the bankruptcy estate of such guarantor if the motion for the declaration of bankruptcy of such guarantor is filed during the applicable hardening period, which may range from two to up to twelve months. Furthermore, the effectiveness of the guarantee will be subject to the limitations which arise under various provisions and principles of corporate law, which can require sister or subsidiary guarantors to receive adequate corporate benefit from the financing and govern fraudulent transfer laws.

If, following the insolvency of the guarantor incorporated under the laws of the Netherlands, insolvency proceedings were initiated in the Netherlands, under Dutch insolvency laws, considering the unsecured nature of your claim against such guarantor, its liabilities under the guarantee would be paid only after payment of those of its preferred claims under Dutch insolvency laws. Such preferred claims would include, among others, all claims which are secured, unpaid taxes, social security contributions, employee wages and insolvency procedure costs.

Fraudulent conveyance laws and other limitations on the guarantees securing the 10.75% Senior Notes and the 7.875% Senior Notes may also have a material adverse effect on the guarantees' validity and enforceability, and may not be as favorable to creditors as laws of other jurisdictions with which you are familiar

The guarantors of the 10.75% Senior Notes and the 7.875% Senior Notes are organized under the laws of Poland and the Netherlands. Although laws differ among various jurisdictions, in general, under fraudulent conveyance and other laws, in certain jurisdictions a court could subordinate or void any guarantee and, if payment had already been made under the relevant guarantee, require that the recipient return the payment to the relevant guarantor, if the court found that:

- the guarantee was incurred with actual intent or knowledge to hinder, delay or defraud current or future creditors or shareholders of the guarantor or, in certain jurisdictions, the recipient was aware that the guarantor was insolvent when it issued the guarantee;
- the guarantor did not receive fair consideration or reasonably equivalent value for the guarantee and the guarantor (i) was insolvent, was rendered insolvent, or increased its insolvency as a result of having granted the guarantee, (ii) in certain jurisdictions, was undercapitalized or became undercapitalized because of the guarantee or (iii) in certain jurisdictions, intended to incur, or believed that it would incur, indebtedness beyond its ability to pay at maturity;
- the guarantee was held not to be in the best interests or not to be for the corporate benefit of the guarantor; or
- the aggregate amounts paid or payable under the guarantee were in excess of the maximum amount permitted under applicable law.

The liability of each guarantor under its guarantee will be subject to certain limitations provided for in applicable law and will be limited in accordance with the provisions of the indentures to the amount that, among other things agreed in the indentures, will result in such guarantee not constituting a preference, fraudulent conveyance, improper corporate distribution or otherwise being set aside and not causing the guarantor to be insolvent. However, there can be no assurance as to what standard a court will apply in making a determination of the maximum liability of each guarantor. There is a possibility that the guarantee may be set aside notwithstanding the aforementioned limitations, in which case the entire liability may be extinguished.

The measure of insolvency for purposes of fraudulent conveyance laws varies depending on the law applied. Generally, however, a guarantor would be considered insolvent if it could not pay its debts as they become due and payable, it has no access to new credit and/or if its liabilities exceed its assets. If a court decided any guarantee was a fraudulent conveyance and voided the guarantee, or held it unenforceable for any other reason, you would cease to have any claim in respect of the guarantor and would be a creditor solely of the Issuer and the remaining guarantors. In the event that any guarantee is invalid or unenforceable, in whole or in part, or to the extent the agreed limitation of the guarantee obligations apply, the Notes would be effectively subordinated to all liabilities of the applicable guarantor, and if we cannot satisfy our obligations under the Notes or any guarantee is found to be a preference, fraudulent transfer or conveyance or is otherwise set aside, we cannot assure you that we can ever repay in full any amounts outstanding under the 10.75% Senior Notes and the 7.875% Senior Notes.

Additionally, in Poland, in accordance with Polish bankruptcy regulations, if the guarantor is declared bankrupt, legal transactions involving the disposal of the bankrupt's assets performed by it within one year before filing the bankruptcy petition would have no effect if they were performed gratuitously or for consideration which is significantly below that provided by the guarantor. Also, the guarantees issued by the Polish guarantors to secure the debt which is not yet due and payable may be ineffective towards the bankrupt's assets if issued within two months before the filing of the bankruptcy petition. Furthermore, acts in law performed for consideration by the bankrupt within six months before the filing of the bankruptcy petition are ineffective towards the bankrupt's assets if made by the bankrupt entity with its partners or shareholders, their representatives or spouses of the same, or affiliates, their partners or shareholders, representatives, or spouses of the same as well as with another company, in the event of being either a dominant company or partnership.

The above-mentioned risks exist in the case of a guarantee made for the benefit of a shareholder or an affiliate, especially if it is executed gratuitously.

With regard to the guarantor incorporated under the laws of the Netherlands, it is noted that the validity and enforceability of a guarantee may be successfully contested by a Dutch company (or its administrator in suspension of payments or its bankruptcy trustee) on the basis of an *ultra vires* claim, which will be successful if both (i) the granting of the guarantee does not fall within the scope of the objects clause as set out in the company's articles of association (*doeloverschrijding*) and (ii) the company's counterparty knew or ought to have known (without inquiry) of this fact.

Both the laws of Poland and the Netherlands, the jurisdictions in which the guarantors are organized, may limit their ability to guarantee debts to ensure that the granting of guarantees is in their corporate interest. If such limitations were not observed, the guarantees of the Notes would be subject to legal challenge. In connection with potential local law restrictions, the guarantees will contain language limiting the amount of debt guaranteed. However, it is not clear under Polish and Dutch law to what extent such contractual limitations can remove the risks connected with upstream, cross-stream and third party guarantees.

To the extent that Dutch law applies, a guarantee granted by a legal entity may, under certain circumstances, be nullified by any of its creditors, if (i) the guarantee was granted without prior existing legal obligation to do so (*onverplicht*), (ii) the creditor(s) concerned was/were prejudiced as a consequence of the granting of the guarantee (irrespective of whether a creditor's claim arose prior to or after the granting of the guarantee) and (iii) at the time the guarantee was granted both the legal entity and, unless the guarantee was granted for no consideration (*om niet*), the beneficiary of the guarantee knew or should have known that one or more of the entities' creditors would be prejudiced (*actio pauliana*).

Pursuant to Dutch insolvency law, the delegated judge (*rechter-commissaris*) may declare, at his or her discretion, a "stay/cooling-off period" (*afkoelingsperiode*) during the bankruptcy proceedings. Such order may be issued for a period of two months, which may be extended for another two months. As a result, inter alia, creditors may, during such period, be delayed from enforcing their rights.

In addition, pursuant to Dutch fraudulent conveyance rules (*actio pauliana*):

- any legal act performed without obligation by a bankrupt entity prior to the filing of a motion for bankruptcy, whereby such bankrupt entity was or should have been aware that such legal act would result in prejudice to its creditors, may be voided by the bankruptcy trustee; however, if such legal act was multilateral or (albeit unilateral) directed towards other parties and performed against some consideration, the bankruptcy trustee may only void such act if he can demonstrate that the other party was aware or should have been aware that such act would result in prejudice to other creditors of the bankrupt entity;
- for the purpose of the Dutch fraudulent conveyance rules, if a bankrupt entity has performed a legal act without obligation and for no consideration within one year prior to the filing of a motion for bankruptcy, the bankrupt entity is deemed to have been aware that such legal act would result in prejudice to its creditors; and
- for the purpose of the Dutch fraudulent conveyance rules, if a bankrupt entity has performed a legal act within one year prior to the filing of a motion for bankruptcy, and the bankrupt entity had not committed itself to perform such act prior to the commencement of that period, both the bankrupt entity and the other party are deemed to have been aware that such act would result in prejudice to the other creditors if the legal act belongs to certain categories (including contractual agreements for which the bankrupt entity did not receive consideration or in relation to which the value of the consideration paid by the bankrupt entity was significantly higher than the consideration received by it, payment of, or provision of security for an obligation that was not due and payable, legal acts performed amongst the bankrupt entity and its (supervisory) directors or their close relatives).

The 10.75% Senior Notes and the 7.875% Senior Notes are structurally subordinated to all obligations of our subsidiaries which are not guarantors of the 10.75% Senior Notes and the 7.875% Senior Notes

The 10.75% Senior Notes and the 7.875% Senior Notes are obligations of the issuers and are effectively subordinated to all debt and other obligations, including trade payables, of our subsidiaries which are not guarantors of the 10.75% Senior Notes and the 7.875% Senior Notes. As of June 30, 2013, our subsidiaries which are not guarantors of the 10.75% Senior Notes and the 7.875% Senior Notes had PLN 10,855 of total outstanding liabilities, consisting primarily of Stavka's commitment to KRRiT for broadcasting license.

The effect of this subordination is that, in the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding involving a subsidiary which is not a guarantor of the 10.75% Senior Notes or 7.875% Senior Notes, the assets of the affected entity could not be used to pay you until after all other claims against that subsidiary, including trade payables, have been fully paid.

Covenant restrictions under the indentures impose significant operating and financial restrictions on us and may limit our ability to finance our future operations and capital needs and to pursue business opportunities and activities

The indentures contain covenants that restrict our ability to finance future operations or capital needs or to take advantage of other business opportunities that may be in our interest. These covenants restrict our ability to, among other things:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- make investments or other restricted payments;
- pay dividends or make other distributions or repurchase or redeem our capital stock;
- create liens on assets to secure indebtedness;
- transfer or sell assets;
- engage in certain transactions with affiliates;
- enter into agreements that restrict our restricted subsidiaries' ability to pay dividends; and
- merge or consolidate with or into another company.

Events beyond our control, including changes in general business and economic conditions, may affect our ability to meet these requirements. A breach of any of these covenants could result in a default under the indentures.

We may not be able or required to repurchase the 10.75% Senior Notes and the 7.875% Senior Notes upon a change of control and rating decline

Upon the occurrence of a change of control triggering event, we will be required to make an offer to noteholders in cash to repurchase all or any part of your 10.75%Senior Notes and the 7.875% Senior Notes at 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of repurchase. If a change of control triggering event occurs, we may not have sufficient funds at that time to pay the purchase price for all tendered Senior Notes, particularly if that change of control triggering event triggers a similar repurchase requirement for, or results in the acceleration of, any of our other debt, or if any other of our then existing contractual obligations would allow us to make such required repurchases. Any debt agreements we enter into in the future may contain similar provisions. Certain transactions that constitute a change of control and rating decline under our existing and future debt instruments may not constitute a change of control and rating decline under the indentures governing the 10.75% Senior Notes and the 7.875% Senior Notes.

Market perceptions concerning the instability of the euro, the potential re-introduction of individual currencies within the Eurozone, or the potential dissolution of the euro entirely, could adversely affect the value of the Notes

As a result of the credit crisis in Europe, in particular in Portugal, Italy, Ireland, Greece and Spain, on February 2, 2012, the Treaty Establishing the European Stability Mechanism (the "ESM Treaty") was signed by each Member State of the Eurozone. The ESM Treaty includes a package of measures, including the provision of financial assistance to its signatories experiencing or being threatened by severe financing problems, where such financial assistance is necessary for the safeguarding of financial stability in the Eurozone as a whole, and entered into force on September 27, 2012. On March 2, 2012, a new fiscal compact, the Treaty on Stability, Coordination and Governance in the Economic Monetary Union (the "Fiscal Compact"), was signed by all Member States of the European Union (the "Member States") (except the Czech Republic and the United Kingdom) and will enter into force on the first day of the month following its ratification by the twelfth Eurozone country. To date, the European Council has received 10 ratification instruments from Eurozone countries.

The Fiscal Compact will place deficit restrictions on Member State budgets (other than the budgets of the United Kingdom and the Czech Republic), with associated sanctions for those Member States that violate the specified limits.

Despite these measures, concerns persist regarding the debt burden of certain Eurozone countries and their ability to meet future financial obligations, the overall stability of the euro and the suitability of the euro as a single currency given the diverse economic and political circumstances in individual member states. These and other concerns could lead to the reintroduction of individual currencies in one or more member states, or, in more extreme circumstances, the possible dissolution of the euro entirely. Should the euro dissolve entirely, the legal and contractual consequences for holders of euro-denominated obligations would be determined by laws in effect at such time. These potential developments, or market perceptions concerning these and related issues, could adversely affect the value of the Notes.

Any event of default under any of our debt instruments may limit our ability to repay our obligations under the 10.75% Senior Notes and the 7.875% Senior Notes

If there were an event of default under any of our debt instruments that was not cured or waived, the holders of the defaulted debt could terminate their commitments thereunder and cause all amounts outstanding with respect to such indebtedness to be due and payable immediately, which in turn could result in cross-defaults under our other debt instruments, including the 10.75% Senior Notes and the 7.875% Senior Notes. Our ability to make principal or interest payments when due on our indebtedness, including the 10.75% Senior Notes and the 7.875% Senior Notes, and to fund our ongoing operations, will depend on our future performance and our ability to generate cash, which to a certain extent is subject to general economic, financial, competitive, legislative, legal, regulatory and other factors, as well as other factors discussed in these "*Risk Factors*," many of which are beyond our control. Any such actions could force us into bankruptcy or liquidation, and we may not be able to repay our obligations under the 10.75% Senior Notes and the 7.875% Senior Notes in such an event.

Any default by our majority shareholder on its obligations to pay its indebtedness or its failure to otherwise comply with the various covenants in the instruments governing its indebtedness could ultimately lead to a change of control with respect to the Company and the funds borrowed under the Notes to become due and payable

PTH, our direct majority shareholder and a subsidiary of ITI Holdings, has substantial indebtedness, secured by a pledge over the Company's shares. PTH is dependent on dividends and other proceeds from the Company in order to service interest payments on its indebtedness. Accordingly, if the Company for any reason reduces, delays, fails or is otherwise unable to pay dividends or other payments to PTH, including pursuant to the terms of the 10.75% Senior Notes and the 7.875% Senior Notes, PTH could default on its obligations. Any default by PTH under the agreements governing its indebtedness could ultimately trigger a change of control under the 10.75% Senior Notes and the 7.875% Senior Notes as a result of the exercise of enforcement rights by PTH's creditors. A change of control triggering event would entitle the investors in the 10.75% Senior Notes and the 7.875% Senior Notes to require us to repurchase the 10.75% Senior Notes and the 7.875% Senior Notes at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of purchase and could result in us breaching our broadcasting license. We may not be able to repurchase the Notes upon a change of control and rating decline.

The interests of our principal shareholder may conflict with your interests as a holder of the 10.75% Senior Notes and the 7.875% Senior Notes

ITI Holdings, through other entities that it directly or indirectly controls (together, the "ITI Group"), together with Groupe Canal+, owned, as of August 22, 2013, 54.02% of our issued voting share capital. In addition several members of our supervisory board are also executives of ITI Holdings or of other companies in the ITI Group or of Groupe Canal+. As a result, ITI Holdings, Groupe Canal+ and these individuals, through their shareholdings or their positions on our supervisory board, have and will continue to have, directly or indirectly, the power 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 and to control the outcome of matters requiring action by shareholders. The interests of the ITI Group could conflict with interests of holders of the 10.75% Senior Notes and the 7.875% Senior Notes, particularly if we encounter financial difficulties or are unable to pay our debts when due. The ITI Group could also have an interest in pursuing acquisitions, divestitures, financings, dividend distributions or other transactions that, in their judgment, could enhance their equity investments although such transactions might involve risks to the holders of the 10.75% Senior Notes and the 7.875% Senior Notes.

You may face foreign exchange risks or tax consequences by investing in the 10.75% Senior Notes and the 7.875% Senior Notes

The 10.75% Senior Notes and the 7.875% Senior Notes are denominated and payable in euro. If investors measure their investment returns by reference to a currency other than euros, an investment in the 10.75% Senior Notes and the 7.875% Senior Notes will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the euro relative to the currency by reference to which investors measure the return on their investments because of economic, political and other factors over which we have no control. Depreciation of the euro against the currency by reference to which investors measure the return on their investments could cause a decrease in the effective yield of the 10.75% Senior Notes and the 7.875% Senior Notes below their stated coupon rates and could result in a loss to investors when the return on the 10.75% Senior Notes and the 7.875% Senior Notes is translated into the currency by reference to which the investors measure the return on their investments. Investment in the 10.75% Senior Notes and the 7.875% Senior Notes may also have important tax consequences.

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time

One or more independent credit rating agencies may assign credit ratings to the 10.75% Senior Notes and the 7.875% Senior Notes. The credit ratings address our ability to perform our obligations under the terms of 10.75% Senior Notes and the 7.875% Senior Notes and credit risks in determining the likelihood that payments will be made when due under 10.75% Senior Notes and the 7.875% Senior Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of 10.75% Senior Notes and the 7.875% Senior Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. In the event our debt or corporate credit ratings are suspended, withdrawn or lowered by the ratings agencies, our ability to raise additional indebtedness may be impaired and we may have to pay higher interest rates, which may have an adverse effect on our financial position, results of operations and cash flows.

Transfers of the Notes will be restricted, which may adversely affect the value of the 10.75% Senior Notes and the 7.875% Senior Notes

The 10.75% Senior Notes and the 7.875% Senior Notes have not been and will not be registered under the U.S. Securities Act or any U.S. state securities laws and we have not undertaken to effect any exchange offer for the 10.75% Senior Notes and the 7.875% Senior Notes in the future. You may not offer the Notes in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of, the U.S. Securities Act and applicable state securities laws, or pursuant to an effective registration statement. The 10.75% Senior Notes and the 7.875% Senior Notes and the Indenture will contain provisions that restrict the Notes from being offered, sold or otherwise transferred except pursuant to the exemptions available pursuant to Rule 144A and Regulation S, or other exemptions, under the U.S. Securities Act. Furthermore, we have not registered the 10.75% Senior Notes and the 7.875% Senior Notes under any other country's securities laws. It is your obligation to ensure that your offers and sales of the Notes within the United States and other countries comply with applicable securities laws.

An active trading market may not develop for the 10.75% Senior Notes and the 7.875% Senior Notes, in which case your ability to transfer the 10.75% Senior Notes and the 7.875% Senior Notes will be more limited

The 10.75% Senior Notes and the 7.875% Senior Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market, we cannot assure you that the Notes will remain listed.

We cannot assure you as to the liquidity of any market for the 10.75% Senior Notes and the 7.875% Senior Notes, the ability of holders of the 10.75% Senior Notes and the 7.875% Senior Notes to sell them or the price at which holders of the 10.75% Senior Notes and the 7.875% Senior Notes may be able to sell them.

The liquidity of any market for the 10.75% Senior Notes and the 7.875% Senior Notes depends on the number of holders of the Notes, prevailing interest rates, the market for similar securities and other factors, including general economic conditions and our own financial condition, performance and prospects, as well as recommendations of securities analysts. The initial purchasers have informed us that they intend to make a market in the Notes. However, they are not obliged to do so and may discontinue such market making at any time without notice. As a result, we cannot assure you that an active trading market for the 10.75% Senior Notes and the 7.875% Senior Notes will be maintained. The liquidity of, and trading market for, the 10.75% Senior Notes and the 7.875% Senior Notes may also be hurt by declines in the market for high yield securities generally. Such a general decline may be caused by a number of factors, including but not limited to the following:

- interest rates and inflation expectations;
- foreign currency exchange rates;
- the prospect of quantitative easing in the money supply of major reserve currencies;
- general economic and business trends;
- regulatory developments in our operating countries and the EU;
- the condition of the media industry in the countries in which we operate; and
- investor and securities analyst perceptions of us and other companies that investors deem comparable in the television broadcasting and online media industries.

Such a decline may affect any liquidity and trading of the Notes independent of our financial performance and prospects.

PART III

FINANCIAL INFORMATION

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

Interim Condensed Separate Financial Statements of TVN S.A.
as of and for the six months ended June 30, 2013

Interim Condensed Consolidated Financial Statements of TVN Group
as of and for the six months ended June 30, 2013

Interim Condensed Separate Financial Statements of TVN S.A.
as of and for the three and six months ended June 30, 2013

Interim Condensed Consolidated Financial Statements
as of and for the three and six months ended June 30, 2013

Report on Review of Interim Financial Statements

To the Shareholders and Supervisory Board 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, 2013, the related interim condensed separate income statement, interim condensed separate statement of comprehensive income, the interim condensed separate statement of changes in shareholders' equity and interim condensed separate cash flow statement for the six-month period then ended (the 'interim condensed financial statements'). Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed financial statements 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 financial statements is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers Sp. z o.o.

Warsaw, Poland
August 21, 2013

MANAGEMENT REPRESENTATIONS

These interim condensed separate financial statements of TVN S.A. (the “Company”) as of and for six months ended June 30, 2013 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 separate financial statements of TVN S.A. as of and for six months ended June 30, 2013 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.

In accordance with the requirements of the Decree of the Minister of Finance of February 19, 2009 on current and periodic information published by issuers of securities and the conditions for regarding information required by the law of a non-member state as equivalent the Management Board of TVN S.A. hereby represents that:

- to its best knowledge, the interim condensed separate financial statements and the comparative data have been prepared in accordance with the applicable accounting policies and that they give a true, fair and clear reflection of the Company’s financial position and its results of operations, and that the interim Directors’ Report gives a true view of the Company’s development, achievements, and position, including a description of the basic risks and threats;

- the registered audit company which reviewed the interim condensed separate financial statements was appointed in accordance with the legal regulations and said registered audit company and the individual registered auditors who performed the review fulfilled the conditions for issuing an unbiased and independent review report, in accordance with the applicable regulations and professional standards.

These interim condensed separate financial statements were authorized for issuance by the Management Board of TVN S.A. on August 21, 2013.

Markus Tellenbach President of the Board	John Driscoll Vice-President of the Board	Piotr Korycki Member of the Board
Maciej Maciejowski Member of the Board	Edward Miszczak Member of the Board	Adam Pieczyński Member of the Board
Piotr Tyborowicz Member of the Board		

Warsaw, August 21, 2013

TVN S.A.

Interim Condensed Separate Financial Statements
As of and for the six months ended June 30, 2013

TVN S.A.

Contents	Page

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, 2013	Six months ended June 30, 2012
Revenue	**4**	704,754	738,495
Cost of revenue	**5**	(457,086)	(495,774)
Selling expenses	**5**	(19,848)	(24,482)
General and administration expenses	**5**	(61,140)	(86,201)
Other operating income, net		7,220	1,613
Dividend and other net distribution from subsidiaries		8,932	7,353
Operating profit		**182,832**	**141,004**
Interest income	**6**	11,882	15,616
Finance expense	**6**	(196,455)	(203,657)
Foreign exchange (losses)/gains, net	**6**	(138,043)	151,976
(Loss)/ profit before income tax		**(139,784)**	**104,939**
Income tax benefit / (charge)	**15**	26,631	(26,203)
(Loss)/ profit for the period		**(113,153)**	**78,736**
(Losses)/ earnings per share (not in thousands)			
- basic		(0.33)	0.23
- diluted		(0.33)	0.23

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, 2013	Six months ended June 30, 2012
(Loss)/ profit for the period		**(113,153)**	**78,736**
Other comprehensive loss reclassifiable to profit or loss when specific conditions are met:			
Cash flow hedge - foreign exchange forward contracts and foreign exchange swap contracts		(2,971)	(607)
Available for sale financial assets		(1,327)	-
Income tax relating to components of other comprehensive loss	**15**	817	57
Other comprehensive loss for the period, net of tax		(3,481)	(550)
Total comprehensive (loss)/ income for the period		**(116,634)**	**78,186**

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, 2013	As at December 31, 2012
ASSETS			
Non-current assets			
Property, plant and equipment		384,177	411,014
Goodwill		144,127	144,127
Other intangible assets		41,659	44,430
Non-current programming rights		168,032	171,509
Investments in subsidiaries, associates and joint ventures	**7**	4,305,254	4,343,504
Non-current related party loans	**17 (v)**	42,486	28,037
Deferred tax asset		235,858	206,997
Other non-current assets		1,153	355
		5,322,746	**5,349,973**
Current assets			
Current programming rights		263,814	259,057
Trade receivables		311,588	166,233
Current related party loans	**17 (v)**	4,222	4,969
Available-for-sale financial assets	**9**	162,298	-
Derivative financial assets	**8**	1,658	-
Prepayments and other assets		36,540	19,900
Corporate income tax receivable		1,086	52,427
Restricted cash	**10**	807,216	915,343
Cash and cash equivalents		59,775	163,671
		1,648,197	**1,581,600**
TOTAL ASSETS		**6,970,943**	**6,931,573**
EQUITY			
Shareholders' equity			
Share capital	**11**	68,775	68,775
Share premium		672,876	672,876
8% obligatory reserve		23,301	23,301
Other reserves		94,237	97,718
Accumulated profit		2,128,869	2,462,103
		2,988,058	**3,324,773**
LIABILITIES			
Non-current liabilities			
Loans from related parties	**12, 17 (iii)**	3,246,215	3,054,798
Non-current Mortgage Loan	**12**	-	97,258
Non-current trade payables		7,920	13,050
Other non-current liabilities		10,740	16,455
		3,264,875	**3,181,561**
Current liabilities			
Current trade payables		158,428	169,680
Current Mortgage Loan	**12**	-	8,503
Derivative financial liabilities	**8**	3,106	-
Accrued interest on borrowings	**12, 17 (iii)**	45,113	42,771
Cash pooling liabilities	**17 (vii)**	289,869	97,729
Other liabilities and accruals	**13**	221,494	106,556
		718,010	**425,239**
Total liabilities		**3,982,885**	**3,606,800**
TOTAL EQUITY AND LIABILITIES		**6,970,943**	**6,931,573**

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

	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, 2012	**343,876,421**	**68,775**	**672,931**	**23,301**	**97,718**	**253**	**2,493,449**	**3,356,427**
Total comprehensive (loss)/ income for the period	-	-	-	-	-	(550)	78,736	78,186
Share issue cost(2)	-	-	(25)	-	-	-	-	(25)
Dividend declared and paid (1)	-	-	-	-	-	-	(34,388)	(34,388)
Balance at June 30, 2012	**343,876,421**	**68,775**	**672,906**	**23,301**	**97,718**	**(297)**	**2,537,797**	**3,400,200**

	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, 2013	**343,876,421**	**68,775**	**672,876**	**23,301**	**97,718**	**-**	**2,462,103**	**3,324,773**
Total comprehensive loss for the period	-	-	-	-	-	(3,481)	(113,153)	(116,634)
Dividend declared [(1)]	-	-	-	-	-	-	(220,081)	(220,081)
Balance at June 30, 2013	**343,876,421**	**68,775**	**672,876**	**23,301**	**97,718**	**(3,481)**	**2,128,869**	**2,988,058**

(1) The dividend declared in 2013 amounted to 0.64 per share (not in thousands) and it will be paid in two installments: the first installment was paid on May 8, 2013 in the amount of 99,724 (PLN 0.29 per share (not in thousands)) and the second installment will be paid on November 5, 2013 in the amount of 120,357 (PLN 0.35 per share (not in thousands)). The dividend declared and paid in 2012 amounted to 0.10 per share (not in thousands).

(2) Costs related to service of share options plan.

Included in accumulated profit as of June 30, 2013 is an amount of 2,127,039 which is distributable. The 10.75% Senior Notes due 2017 and 7.875% Senior Notes due 2018 impose certain restrictions on payment of dividends (See the consolidated financial statements).

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

	Note	Six months ended June 30, 2013	Six months ended June 30, 2012
Operating activities			
Cash generated from operations	**14**	113,574	128,285
Tax paid		(4,627)	(18,269)
Net cash generated from operating activities		**108,947**	**110,016**
Investing activities			
Proceeds from redemption of shares in subsidiaries	**7**	38,005	-
Payments to acquire property, plant and equipment		(46,059)	(49,593)
Proceeds from sale of property, plant and equipment		1,036	1,460
Payments to acquire intangible assets		(2,243)	(19,252)
Bank deposits with maturity over three months		-	40,910
Loans granted to subsidiary	**17 (v)**	(12,200)	(51,422)
Purchase of available-for-sale financial assets	**9**	(160,005)	-
Dividend received		1,493	134,646
Interest received		5,930	3,317
Net cash (used in)/ generated from investing activities		**(174,043)**	**70,942**
Financing activities			
Dividend paid		(99,724)	(34,388)
Repayment of the Mortgage Loan	**12**	(111,512)	-
Cash pooling with TVN Media		192,140	10,876
Restricted cash	**10**	156,818	-
Bank charges		(3,048)	-
Interest paid		(175,445)	(175,027)
Net cash used in financing activities		**(40,771)**	**(209,415)**
Decrease in cash and cash equivalents		**(105,867)**	**(28,457)**
Cash and cash equivalents at the start of the period		163,671	218,935
Effects of exchange rates changes		1,971	(837)
Cash and cash equivalents at the end of the period		**59,775**	**189,641**

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 the Supervisory Board of TVN S.A. on August 21, 2013.

TVN S.A. (the "Company",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 has its registered office at ul. Wiertnicza 166, 02-952 Warsaw, Poland.

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"). The ITI Holdings is ultimately, jointly controlled by the members of the Wejchert, Walter, Valsangiacomo and Kostrzewa families. ITI Group has been active in Poland since 1984 and is the one of the largest media and entertainment group in Poland.

The Company and its subsidiaries (the Group) are the leading integrated Polish media group, active in television broadcasting and production, as well as teleshopping. The Company operates eight television channels in Poland: TVN, TVN 7, TVN 24, TVN Meteo, TVN Turbo, ITVN, TVN Style, TVN CNBC, the Company's subsidiaries operate two television channels and one teleshopping channel in Poland: NTL Radomsko, TTV and Telezakupy Mango 24. The Group's channels broadcast news, information and entertainment shows, serials, movies and teleshopping. The Company together with Groupe Canal+ S.A. ("Canal+ Group") operate a Polish leading premium direct-to-home ("DTH") digital satellite platform nC+, which offers technologically advanced pay television services. The Company (through its subsidiary TVN Online Investments Holding) in its online activities is a partner to Ringier Axel Springer Media AG ("RAS"), which through Grupa Onet.pl S.A. operates Onet.pl, the leading internet portal in Poland.

The Company has a single operating segment - the television and broadcasting segment.

Advertising and sponsoring 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 subscription fees tends to be evenly spread between the quarters.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

These interim condensed separate financial statements are prepared on a going concern basis and in accordance with the International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). The accounting policies used in the preparation of the interim condensed separate financial statements as of and for the six months ended June 30, 2013 are consistent with those used in the separate financial statements as of and for the year ended December 31, 2012 except for standards, amendments to standards and IFRIC interpretations which became effective January 1, 2013. None of the standards, amendments to standards or IFRIC interpretations effective from January 1, 2013 had a significant impact on the Company's interim condensed separate financial statements.

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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

These interim condensed separate financial statements should be read together with the consolidated financial statements in order to obtain full information on the financial position, results of operations and changes in financial position of the Group as a whole. The interim condensed consolidated financial statements for period ended June 30, 2013 are published together with these interim condensed separate financial statements on http://investor.tvn.pl.

The Company's separate and consolidated financial statements for the year ended December 31, 2012 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 reclassified to conform to changes in presentation in the current period. No amendments have resulted in changes to previously presented net results or shareholders' equity.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

The 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) Estimated impairment of investments in associates

Investments in associates are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

As of June 30, 2013, the Company performed an impairment test of the investment in associate nC+. In the impairment test performed by the Company the recoverable amount of the investment in associate nC+ was determined based on value-in-use calculations. The calculation of value-in-use was based on discounted free cash flows and involved the use of estimates related to cash flow projections based on nC+ financial business plans.

The key financial assumptions used for discounting free cash flows were as follows:

Terminal growth	2.5%
Discount rate	10.0%

The test performed as of June 30, 2013 indicated that the investment in associate nC+ did not suffer any impairment. Management believes that any reasonably possible change in the key assumptions on which the calculation of value-in-use was based would not cause an impairment charge to be recognized.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(ii) Deferred tax assets and liabilities

On November 28, 2011, with the effect as of November 29, 2011, the Company contributed to TVN Media, the entirety of the tangible and intangible components of the Sales and Marketing Segment (including also internally generated TVN brands and employees) - being an organizationally and functionally separated unit within the business structure of the Company responsible for carrying out the sales, marketing and brand management functions - as a contribution in kind of an organized part of the enterprise in exchange for the acquisition of the increased share capital in TVN Media.

As a result of the reorganization, a temporary difference arose on the difference between the investment's book carrying value and its tax base. The Company did not recognize a related deferred tax liability in the amount of 403,710 (December 31, 2012: 403,710) as the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

As at June 30, 2013 the Company also did not recognize a deferred tax asset on tax loss carry-forwards of 726,000. Tax loss carry-forwards expire within five tax years. The related deferred tax asset in the amount of 137,940 (December 31, 2012: 137,940) was not recognized as the Company concluded that as at June 30, 2013 the realization of the related tax benefit is not probable.

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

4. REVENUE

	Six months ended June 30, 2013	Six months ended June 30, 2012
Revenue from advertising spot sales	491,718	521,684
Subscription fees	108,153	109,010
Revenue from sponsoring	67,910	58,623
Revenue from sales of services	16,066	27,230
Other revenue	20,907	21,948
	704,754	**738,495**

Subscription fees include subscriptions receivable from DTH and cable operators. Other revenue includes mainly audiotele revenues, rental revenues and sales of licenses.

5. OPERATING EXPENSES

	Six months ended June 30, 2013	Six months ended June 30, 2012
Amortization of locally produced content	200,937	221,444
Amortization of acquired programming rights and co-production	70,815	75,816
Royalties	58,323	63,309
Staff expenses	56,323	64,145
Depreciation and amortization	39,709	33,173
Broadcasting expenses	29,059	29,434
Marketing and research	18,215	20,033
Rental	13,721	16,671
Cost of services sold	12,679	21,599
Impaired accounts receivable	262	371
Other	38,031	60,462
	538,074	**606,457**

Included in the above operating expenses are operating lease expenses for the six months ended June 30, 2013 of 46,028 (six months ended June 30, 2012: 55,657).

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

6. INTEREST INCOME, FINANCE EXPENSE AND FOREIGN EXCHANGE GAINS/ (LOSSES), NET

Interest income	**Six months ended June 30, 2013**	**Six months ended June 30, 2012**
Interest income on loans to related parties (see Note 17 (v))	1,592	3,368
Interest income on foreign exchange forward contracts – cash flow hedges	317	196
Other interest income	2,297	5,518
Interest income on available for sale financial assets	1,684	-
Income from guarantee fees from related parties (see Note 17 (viii))	5,992	6,534
	11,882	**15,616**

Finance expense		
Interest expense on loans from related parties (see Note 17 (iii))	(181,570)	(187,722)
Interest expense on cash pooling transactions (see Note 17(vii))	(5,598)	(1,601)
Interest expense on Mortgage Loan (see Note 12)	(1,365)	-
Interest on foreign exchange forward contracts – fair value and cash flow hedges (see Note 8)	(553)	(10,969)
Guarantee fees to related parties (see Note 17 (viii))	(401)	(724)
Bank and other charges	(6,968)	(2,641)
	(196,455)	**(203,657)**

Foreign exchange (losses)/gains, net		
Foreign exchange (losses)/ gains on loans from related parties, including:	(185,228)	156,033
- *unrealized foreign exchange* (losses)/ gains *loans from related parties*	*(185,223)*	*119,679*
- *realized foreign exchange* (losses)/ gains *loans from related parties*	*(5)*	*2,716*
- *fair value hedge impact*	-	*33,638*
Other foreign exchange gains/ (losses), net	**47,185**	(4,057)
	(138,043)	**151,976**

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

7. INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

	June 30, 2013	December 31, 2012
TVN Media Sp. z o.o.	2,393,111	2,393,111
Canal+ Cyfrowy S.A.	1,556,160	1,556,160
TVN Online Investments Holding B.V.*	318,750	357,000
Mango Media Sp. z o.o.	28,862	28,862
Other investment in subsidiaries, joint ventures and associates	8,371	8,371
Total	**4,305,254**	**4,343,504**

* The recoverable value of TVN Online Investments Holding B.V. as at December 31, 2012 consisted of fair value of Onet Holding (previously Vidalia Investments) in the amount of 318,750 and remaining part of consideration for sale of Grupa Onet.pl in the amount of 38,250. TVN Online Investments Holding B.V. received the remaining part of the consideration on February 7, 2013, as the final sale price for a 75% stake in Grupa Onet.pl has been determined to be 956,005. In February 2013 TVN Online Investments Holding received a payment of 38,005 and transferred the amount to the Company in a form of redemption of shares. The carrying amount of the investment in TVN Online Investments Holding B.V. was reduced by 38,250 to its recoverable amount, The net impact on profit or loss was 245.

	Country of incorporation	June 30, 2013 Ownership %	December 31, 2012 Ownership %
Subsidiaries			
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
Thema Film Sp. z o.o.	Poland	100	100
TVN Finance Corporation II AB	Sweden	100	100
TVN Finance Corporation III AB	Sweden	100	100
TVN Online Investments Holding B.V. (1)	The Netherlands	100	100
TVN Holding S.A.	Poland	100	100
TVN Media Sp. z o.o.	Poland	100	100
Stavka Sp. z o.o.	Poland	51	51
Joint ventures			
Polski Operator Telewizyjny Sp. z o.o.	Poland	50	50
Associates			
Canal+ Cyfrowy Group (2)	Poland	32	32
Onet Holding Group (3)	Poland	25	25

(1) Up to November 21, 2012 Grupa Onet Poland Holding B.V.

(2) Canal+ Cyfrowy Group includes Canal+ Cyfrowy S.A., its subsidiaries (ITI Neovision S.A. (up to July 12, 2013 ITI Neovision Sp. z o.o.), Cyfrowy Dom Sp. z o.o., Neovision UK Ltd, DTH Poland Holding B.V.) and a joint venture (MGM Chanel Poland Ltd)

(3) Onet Holding.Group includes Onet Holding Sp. z o.o. (up to April 2, 2013 Vidalia Investments Sp. z o.o.), its subsidiaries (Grupa Onet.pl S.A., DreamLab Onet.pl Sp. z o.o., Onet Marketing Sp. z o.o. (up to July 11, 2013 SunWeb Sp. z o.o.)) and an associate (Polskie Badania Internetu Sp. z o.o.)

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

8. DERIVATIVE FINANCIAL INSTRUMENTS

	June 30, 2013	December 31, 2012
Derivative financial assets		
Foreign exchange forward contracts	1,658	-
	1,658	**-**
Derivative financial liabilities		
Foreign exchange swap contracts	2,411	-
Foreign exchange forward contracts	695	-
	3,106	**-**

The fair value of foreign exchange forward contracts and foreign exchange swap contracts as at June 30, 2013 was based on valuations performed by the Company's banks.

The Company entered into USD foreign exchange forward contracts in order to limit the impact of exchange rate movements on firm commitments relating to the acquisition of programming rights assets, EUR foreign exchange swap contracts in order to limit the impact of exchange rate movements on early repayment of the Mortgage Loan and cash inflow related to the Cash Loan (see Note 12) and EUR foreign exchange forward contracts in order to limit the impact on the Company's subscription revenue from DTH and cable operators of PLN/EUR exchange rate movements.

The Company has designated these foreign exchange forward contracts and foreign exchange swap contracts for cash flow hedge accounting. When designating a hedging relationship the interest elements and the spot prices of the forwards were split. The interest element is recognized in income statement in the period until maturity date of each foreign exchange forward contract and foreign exchange swap contract (see Note 6).

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

9. AVAILABLE FOR SALE FINANCIAL ASSETS

	June 30, 2013	December 31, 2012
Balance at the beginning of the period	-	-
Acquisition of the Notes	160,005	-
Interest income accrued	1,684	-
Interest income received	(2,938)	-
Foreign exchange differences	4,874	-
Fair value change credited/ (charged) to other comprehensive income	(1,327)	-
Balance at the end of the period	**162,298**	**-**

In February, March and June 2013 the Company purchased on the secondary market 10.75% Senior Notes due 2017 issued by its subsidiary TVN Finance Corporation II AB with a nominal value of EUR 25,347 for an amount of EUR 27,761 (including accrued interest) and 7.875% Senior Notes due 2018 issued by its subsidiary TVN Finance Corporation III AB with a nominal value of EUR 9,552 for an amount of EUR 10,334 (including accrued interest). 10.75% Senior Notes due 2017 and 7.875% Senior Notes due 2018 are collectively referred to as the “Notes”. Fair values of the Notes reflect their market price quoted by Reuters based on the last value date on June 30, 2013 (quoted price in active market - Level 1 in fair value hierarchy). The difference between the amortised cost and the fair value of the Notes purchased by the Company was recognized in other comprehensive income.

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

10. RESTRICTED CASH

	June 30, 2013	December 31, 2012
Restricted cash	807,216	915,343
	807,216	**915,343**

Restricted cash (credit rating – Standard and Poor's):

	June 30, 2013	December 31, 2012
Bank rated AA- *	807,216	880,713
Other **	-	34,630
	807,216	**915,343**

* Restricted cash related to the disposal of Onet Group, during the six months ended June 30, 2013 restricted cash was mainly used for the purchase of the Notes (see Note 9)

** Restricted cash related to the acquisition of MBC Building, bank rated BBB according to Fitch, no Standard and Poor's rating available

The carrying amounts of the Company's restricted cash is denominated in the following currencies:

	June 30, 2013	December 31, 2012
EUR	807,028	880,525
PLN	188	34,818
	807,216	**915,343**

11. SHARE CAPITAL (NOT IN THOUSANDS)

The total authorized number of ordinary shares is 428,003,023 with a par value of 0.20 per share. The total number of ordinary shares in issue as at June 30, 2013 was 343,876,421 (December 31, 2012: 343,876,421) with a par value of 0.20 per share.

The shareholders structure:

	June 30, 2013		December 31, 2012	
Shareholder	**Number of shares**	**% of share capital**	**Number of shares**	**% of share capital**
Polish Television Holding B.V. [(1)] [(2)]	180,355,430	52.45%	180,355,430	52.45%
Cadizin Trading&Investment [(1)]	5,415,781	1.57%	5,415,781	1.57%
Other shareholders	158,105,210	45.98%	158,105,210	45.98%
Total	**343,876,421**	**100.00%**	**343,876,421**	**100.00%**

[(1)] Entities controlled by ITI Group.

[(2)] Polish Television Holding B.V. has pledged the majority of the Company's shares.

All shares in issue as at June 30, 2013 and December 31, 2012 were fully paid and registered by the Court. Number of shares held by each shareholder is the same as the number of votes.

12. BORROWINGS

	June 30, 2013	December 31, 2012
Loans from related parties (see Note 17 (iii))	3,246,215	3,054,798
Interest accrued on loans from related parties (see Note 17 (iii))	45,113	42,659
Mortgage Loan	-	105,761
Interest accrued on Mortgage Loan	-	112
	3,291,328	**3,203,330**
Less: current portion of borrowings	(45,113)	(51,274)
Non-current portion of borrowings	**3,246,215**	**3,152,056**

12. BORROWINGS (CONTINUED)

Mortgage Loan

On December 13, 2012 the Company entered into a facility agreement for the amount of EUR 26,000 in order to partially finance the acquisition of MBC Building (the "Mortgage Loan"). The Mortgage Loan was repaid in full on May 31, 2013.

Revolving Credit Facility and Cash Loan

On June 10, 2013 the Company entered into an agreement with Bank Pekao S.A. pursuant to which the bank provided the Company with a Revolving Credit Facility in the amount of 300,000 and granted a Cash Loan in the amount of EUR 25,000. The Revolving Credit Facility will replace the PLN 250,000 Revolving Guarantee Facility which expired in May 2013 and the PLN 100,000 Revolving Accounts Receivable Facility which was terminated in June 2013. The Cash Loan will replenish the liquidity used to repay the Mortgage Loan.

Revolving Credit Facility and Cash Loan are secured by a mortgage on the MBC Building and on the set of all receivables of the Company and TVN Media with registered and financial pledge and with assignment on collateral. Revolving Credit Facility and Cash Loan are also secured by the assignment of insurance policies of MBC Building and of insurance of receivables of the Company and TVN Media. Revolving Credit Facility and Cash Loan are also fully guaranteed by Group's subsidiaries that are guarantors of the Notes.

Revolving Credit Facility and Cash Loan mature within three years starting from the date of conclusion of the agreement, the period may be extended to four years under certain circumstances.

Revolving Credit Facility can be used by the Company in form of a revolving credit line, overdraft or for bank guarantees and letters of credit.

As at June 30, 2013 the Revolving Credit Facility and the Cash Loan have not been used.

Revolving Guarantee Facility

On December 17, 2010 the Company entered into a Revolving Guarantee Facility agreement with Bank Pekao S.A. The agreement after amendments was a PLN 250,000 multicurrency guarantee facility available in EUR, USD and/ or PLN and it expired on May 16, 2013.
As of June 30, 2013 the bank guarantees issued before the agreement expiry date have remained under the Revolving Guarantee Facility at 248,342 (December 31, 2012: 279,982).

Revolving Accounts Receivable Facility

On February 28, 2013 the Company entered into a Revolving Accounts Receivable Facility agreement with Bank Pekao S.A. in the amount of up to PLN 100,000. The Revolving Accounts Receivable Facility enabled advance financing of trade receivables documented by VAT/ commercial invoices. The Revolving Accounts Receivable Facility was terminated on June 25, 2013.

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

13. OTHER LIABILITIES AND ACCRUALS

	June 30, 2013	December 31, 2012
Dividend payable	120,357	-
Employee benefits	24,900	17,613
VAT and other taxes payable	21,954	3,317
Accrued production costs	13,720	9,415
Satellites	4,539	4,871
Sales and marketing related costs	740	927
Deferred income	130	161
Other liabilities and accrued costs	35,154	70,252
	221,494	**106,556**

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

14. NOTE TO THE CASH FLOW STATEMENT

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

	Note	Six months ended June 30, 2013	Six months ended June 30, 2012
(Loss)/ profit for the period		(113,153)	78,736
Tax (benefit)/ charge	15	(26,631)	26,203
Impairment		-	127,293
Depreciation and amortization	5	39,709	33,173
Amortization of acquired program rights and co-production	5	70,815	75,816
Payments to acquire programming rights		(71,806)	(84,305)
Impaired accounts receivable	5	262	371
Loss on sale of property, plant and equipment		320	44
Interest income	6	(11,882)	(15,615)
Finance expense	6	196,455	(203,657)
Foreign exchange losses/ (gains), net	6	138,043	(151,976)
Guarantee fee		(401)	(724)
Change in local production balance		(289)	3,497
Dividend income		(8,932)	(134,646)
Changes in working capital:			
Trade receivables		(145,617)	(26,394)
Prepayments and other assets		46,443	(21,557)
Trade payables		11,773	7,079
Other short term liabilities and accruals		(11,535)	7,634
		(98,936)	(33,238)
Cash generated from operations		**113,574**	**128,285**

Non-cash transactions

Barter revenue, net		544	514

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

15. TAXATION

	Six months ended June 30, 2013	Six months ended June 30, 2012
Current tax charge	(1,413)	2,218
Deferred tax benefit / (charge)	28,044	(28,421)
	26,631	**(26,203)**

Reconciliation of accounting (loss)/profit to tax benefit/ (charge)

	Six months ended June 30, 2013	Six months ended June 30, 2012
(Loss)/ profit before income tax	**(139,784)**	**104,939**
Income tax benefit/ (charge) at the enacted statutory rate of 19%	26,559	(19,938)
Impact of non taxable dividend income	284	25,583
Impact of impairment of investment in Onet	-	(24,186)
Net tax impact of other net expenses and losses not deductible for tax purposes and revenue not taxable	(212)	(7,662)
Tax for the period	**26,631**	**(26,203)**

The tax authorities may at any time inspect the books and records within 5 years from the end of the year when a tax declaration was submitted, and may impose additional tax assessments with penalty interest and penalties. The Company's management is not aware of any circumstances, which may give rise to a potential material liability in this respect.

Deferred income tax assets are recognized for tax loss carry-forwards and deductible temporary differences to the extent that the realization of the related tax benefit through future taxable profits is probable.

Management believes that it is probable that taxable profit will be available in the future against which the deductible temporary differences and tax loss carry-forwards can be utilized, and consequently has recognized deferred tax assets in the amount that reflects the assumed utilization of deductible temporary differences and tax losses. The deferred tax amounts were calculated using the enacted tax rate of 19% as at June 30, 2013.

Deferred tax assets not recognized are disclosed in Note 3 (ii).

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

16. COMMITMENTS

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

(i) Commitments to acquire programming

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

	June 30, 2013	December 31, 2012
Due in 2013	102,493	184,334
Due in 2014	111,117	113,792
Due in 2015	88,617	81,168
Due in 2016	73,875	68,914
Due in 2017	72,095	67,323
	448,197	**515,531**

(ii) Total future minimum payments relating to operating lease agreements.

Total future minimum payments relating to operating lease agreements signed as at June 30, 2013 were scheduled to be paid as follows:

	Related parties	Non-related parties	Total
Due in 2013	614	5,704	6,318
Due in 2014	50	9,191	9,241
Due in 2015	-	6,798	6,798
Due in 2016	-	4,260	4,260
	664	**25,953**	**26,617**

Total future minimum payments relating to operating lease agreements signed as at December 31, 2012 were scheduled to be paid as follows:

	Related parties	Non-related parties	Total
Due in 2013	169	13,444	13,613
Due in 2014	120	7,995	8,115
Due in 2015	71	5,848	5,919
Due in 2016	71	3,421	3,492
	431	**30,708**	**31,139**

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

16. COMMITMENTS (CONTINUED)

Contracts signed with related parties relate to lease of office space and television studios from Poland Media Properties S.A. ("Poland Media Properties") and Grupa Onet.pl. Poland Media Properties is a subsidiary of ITI Group.

Commitments in foreign currencies were calculated using exchange rates as at June 30, 2013 and December 31, 2012 respectively.

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 use of satellite capacity. Under these agreements the Company is obliged to pay annual fees as follows:

	June 30, 2013	December 31, 2012
Due in 2013	12,611	29,269
Due in 2014	36,293	33,905
Due in 2015	33,442	31,212
Due in 2016	33,292	31,070
Due in 2017	32,934	31,070
Due in 2018 and thereafter	15,446	14,586
	164,018	**171,112**

Additionally, the Company leases transmission sites and related services for an annual amount of 12,762 (the year ended December 31. 2012: 21,664).

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

17. RELATED PARTY TRANSACTIONS

(i) Revenue:

	Six months ended June 30, 2013	Six months ended June 30, 2012
TVN Media Sp. z o.o.	575,057	598,290
Canal+ Cyfrowy Group	41,765	26,245
Stavka Sp. z o.o.	5,200	12,115
ITI Group	3,708	2,857
Onet Holding Group*	997	603
Mango Media	609	561
El-Trade	61	61
Tivien	24	24
Film Miasto Sp. z o.o.	-	2
	627,421	**640,758**

* Previously Vidalia Investments Sp. z o.o.

Revenue from TVN Media Sp. z o.o. includes mainly revenue from sale of airtime, sponsorship, product placement.

Revenue from Canal+ Cyfrowy Group includes mainly subscription fees and revenue from technical services rendered.

Revenue from Onet Holding Group includes mainly revenue from sale of airtime, production and technical services.

Revenue from Mango Media includes mainly revenue from sale of airtime and satellite transmissions.

Revenue from Stavka Sp. z o.o. includes mainly revenue from license fees, production and technical services and sale of airtime brokerage fees.

Revenue from ITI Group includes mainly revenue from the exploitation of film rights, license fees, production and technical services rendered.

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

17. RELATED PARTY TRANSACTIONS (CONTINUED)

(ii) Operating expenses:

	Six months ended June 30, 2013	Six months ended June 30, 2012
TVN Media Sp. z o.o.	49,930	53,999
ITI Group	15,343	20,036
Tivien	5,626	7,508
Directors of ITI Group	1,615	1,636
Onet Holding Group	1,550	2,223
Canal+ Cyfrowy Group	905	673
NTL Radomsko	697	697
El-Trade	174	169
Stavka Sp. z o.o.	17	-
	75,857	**86,941**

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

Operating expenses from Onet Holding Group include mainly marketing and production services.

Operating expenses from Tivien comprise technical and production services.

Operating expenses from TVN Media Sp. z o.o. include mainly marketing services and license fees.

Operating expenses from Canal+ Cyfrowy Group include mainly technical and production services.

Directors of ITI Group provide consulting services to the Company.

(iii) Loans from related parties

	June 30, 2013	December 31, 2012
Loans from TVN Finance Corporation II AB	2,505,506	2,357,451
Loans from TVN Finance Corporation III AB	740,709	697,347
Interest accrued	45,113	42,659
	3,291,328	**3,097,457**

17. RELATED PARTY TRANSACTIONS (CONTINUED)

On November 19, 2009, March 10, 2010 and April 30, 2010 TVN Finance Corporation II AB, the Company's subsidiary, issued 10.75% Senior Notes due 2017 in the aggregate principal amount of EUR 405,000, EUR 148,000 and EUR 40,000 respectively. Following each issue of 10.75% Senior Notes due 2017, TVN Finance Corporation II AB granted to the Company loans with the nominal of EUR 405,000, EUR 148,000 and EUR 40,000 respectively, bearing interest at 11.90% p.a. and due for repayment on November 15, 2017. Interest on these loans is paid semi-annually. The loans are carried at amortized cost using an effective interest rate of 13.25%, 12.73% and 12.53% respectively.

On November 19, 2010, TVN Finance Corporation III AB, the Company's subsidiary, issued 7.875% Senior Notes due 2018 in the aggregate principal amount of EUR 175,000. Following the issue of 7.875% Senior Notes due 2018, TVN Finance Corporation III AB granted to the Company a loan with the nominal of EUR 175,000, bearing interest at 9.025% p.a. and due for repayment on November 15, 2018. Interest on this loan is paid semi-annually. The loan is carried at amortized cost using an effective interest rate of 9.85%.

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

17. RELATED PARTY TRANSACTIONS (CONTINUED)

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

	June 30, 2013	December 31, 2012
Receivables:		
TVN Media Sp. z o.o.	265,045	111,684
Canal+ Cyfrowy Group	13,584	14,739
Mango Media	4,027	3,422
ITI Group	3,206	7,955
Onet Holding Group	126	266
El-Trade	13	13
Stavka Sp. z o.o.	1,284	4,604
Tivien	4	4
	287,289	**142,687**
Payables:		
TVN Media Sp. z o.o.	29,264	10,527
ITI Group	14,559	40,963
Canal+ Cyfrowy Group	1,991	2,419
Tivien	765	1,007
Directors of ITI Group	740	1,333
Onet Holding Group	534	542
NTL-Radomsko	143	143
El-Trade	34	34
Stavka Sp. z o.o.	1	121
	48,031	**57,089**

Payables towards ITI Group as at December 31, 2012 include payables related to the acquisition of MBC Building.

(v) Related party loans

	June 30, 2013	December 31, 2012
Stavka Sp. z o.o.	46,229	32,455
Thema Film	479	551
	46,708	**33,006**

Loans granted to Stavka Sp. z o.o. have total nominal value of 43,456 (December 31, 2012: 31,256), bear interest between 7.5% and 9.1% and mature between September 22, 2014 and July 30, 2017.

17. RELATED PARTY TRANSACTIONS (CONTINUED)

(vi) Lease commitments with related parties

See Note 16 (ii) for further details.

(vii) Cash pooling liabilities

During the six months ended June 30, 2013 the Company recorded finance cost from cash pooling transactions with TVN Media of 5,598 (the six months ended June 30 2012:1,601).Cash pooling liabilities amount to 289,869 (at December 31, 2012: 97,729).

(viii) Other

As of June 30, 2013 the Company issued guarantees in amount of 240,265 on the Company's behalf relating to the liabilities of Canal+ Cyfrowy Group (December 31, 2012: 450,700) and in amount of 90,000 relating to the liabilities of TVN Media (December 31, 2012: 90,000). During the six months ended June 30, 2013 the Company recorded finance income related to these guarantees of 5,992 (the six months ended June 30, 2012: 6,534).

Prepayments and other assets include dividend receivable from Canal+ Cyfrowy Group in the amount of 6,026.

Other liabilities and accruals include dividend payable by the Company to ITI Group in the amount of 65,020.

18. 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 were granted under two share option plans:

(i) TVN Incentive Scheme I introduced on December 27, 2005,

(ii) TVN Incentive Scheme II introduced on July 31, 2006 as part of the acquisition of Grupa Onet.pl.

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

The stock option plan was service related.

During the six months ended June 30, 2013 no options were exercised (the six months ended June 30, 2012 nil).

The remaining options are exercisable at the prices indicated below (not in thousands):

Series	Number of options	Exercise price	Service vesting period
C1	252,490	PLN 8.66	Vested
C2	882,479	PLN 9.58	Vested
C3	2,043,266	PLN 10.58	Vested
E1	210,180	PLN 8.66	Vested
E2	260,500	PLN 9.58	Vested
E3	1,150,698	PLN 10.58	Vested
E4	4,326,989	PLN 11.68	Vested
	9,126,602		

The TVN Incentive Schemes expire on December 31, 2014.

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

19. FINANCIAL RISK MANAGEMENT

19.1 Capital risk management

The Company's objectives when managing capital risk 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 payable at the reporting date including accrued interest and cash pooling liabilities less cash and cash equivalents, bank deposits with maturity over three months and available-for-sale financial assets. EBITDA is calculated for the last twelve months and is defined as profit/(loss) for the period, as determined in accordance with IFRS, before depreciation and amortization (other than programming rights), impairment charges and reversals on property plant and equipment and intangible assets, interest income, finance expense, foreign exchange gains and losses and income taxes. The reconciling item between EBITDA and reported operating profit is depreciation and amortization expense and impairment charges and reversals on property, plant and equipment and intangible assets. EBITDA is not an IFRS measure and should not be considered as an alternative to IFRS measures of profit/ (loss) for the period, 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 Company's presentation and calculation of EBITDA may not be comparable to that of other companies.

	12 months ended June 30, 2013	**12 months ended December 31, 2012**
Net debt *	2,630,519	2,342,147
EBITDA	29,774	(18,590)
Dividend	(905,424)	(1,031,139)
Loss on exchange of Pay TV assets	365,898	365,898
Impairment of Onet	890,466	1,017,759
Impairment on investment in Mango	26,000	26,000
EBITDA after adjustments	406,714	359,928
Net debt to EBITDA ratio	6.5	6.5

* Net debt as at June 30, 2013 and December 31, 2012 includes restricted cash related to the disposal of Onet Group

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

This reported net debt to EBITDA ratio, excluding one-off transaction results, is a key financial management ratio, irrespective of whether existing or future contractual leverage ratios vary. This ratio is used as a benchmark for external comparative purposes, and is an important criteria, factored in by management, when taking almost any decision related to both present and future investing and financing decisions, in particular when assessing the Company's ability to acquire, dispose or exchange assets, and when raising, repaying or refinancing external debt.

Subject to changes in EUR/ PLN foreign exchange rate and the impact of any possible strategic investment or financing opportunities, the Company's goal is to lower both its gross and net debt to EBITDA ratios.

19.2 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 effective from cost and cash flow perspective.

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 guidelines 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 responsible for the Company's reporting 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 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 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.

There were no changes in the risk management policies since December 31, 2012.

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Market risk

Market risk related to bonds issued by the Company's subsidiary

On November 19, 2009 the Company, via its subsidiary TVN Finance Corporation II AB, issued EUR 405,000 of 10.75% Senior Notes due 2017, which are listed on the Luxembourg Stock Exchange. On March 10, 2010 the Company, via TVN Finance Corporation II AB, issued additional EUR 148,000 of 10.75% Senior Notes due 2017. On April 30, 2010 additional EUR 40,000 was issued. The Company does not account for the early prepayment options embedded in the 10.75% Senior Notes due 2017 and therefore the Company is not exposed to price risk in relation to embedded derivative instruments.

On November 19, 2010 the Company via its wholly owned subsidiary, TVN Finance Corporation III AB, issued EUR 175,000 Senior Notes with an annual interest rate of 7.875% ("7.875% Senior Notes due 2018") which are listed on the Luxembourg Stock Exchange. The cash proceeds obtained from the issuance of Senior Notes by the Company's subsidiaries were transferred to the Company through the related party loans (see Note 17 (iii)). The Company does not account for the early prepayment options embedded in the 7.875% Senior Notes due 2018 and therefore the Company is not exposed to price risk in relation to embedded derivative instruments.

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 and the Company's assets in respect of loans to subsidiaries, restricted cash, cash and cash equivalents and available-for-sale financial assets, all denominated in EUR and liabilities to suppliers of foreign programming rights, satellite costs and rental costs denominated in USD or EUR. Other assets, liabilities and costs are predominantly denominated in PLN.

The Company's policy in respect of management of foreign currency risks is to cover known risks in a cost efficient manner both from a cost and cash flow perspective, 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 (see Note 8). Regular and frequent reporting to management is required for all transactions and exposures.

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

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

The estimated profit for the period (post-tax) impact on balances as of June 30, 2013 and June 30, 2012 of a reasonably possible EUR appreciation of 5% against the Polish zloty, with all other variables held constant and without taking into account any derivative financial instruments entered into to mitigate EUR fluctuations, on the major EUR denominated items in the balance sheet amounts to a loss of 100,136 (a loss of 130,548 as of June 30, 2012) and is presented below:

	Six months ended June 30, 2013	Six months ended June 30, 2012
Assumed EUR appreciation against PLN:	5%	5%
Liabilities:		
Loans from subsidiaries including accrued interest	(136,482)	(134,407)
Trade payables	(485)	(432)
Other	(2,595)	(1,159)
Assets:		
Loans to subsidiaries	-	3,962
Bank deposits with maturity over three months	-	1,381
Available-for-sale financial assets	6,573	
Restricted cash	32,685	
Cash and cash equivalents	143	29
Trade receivables	25	78
	(100,136)	**(130,548)**

The estimated profit for the period (post-tax) impact on balances as of June 30, 2013 and June 30, 2012 of a reasonably possible USD appreciation of 5% against the Polish zloty, with all other variables held constant, and without taking into account any derivative financial instruments entered into to mitigate USD fluctuations, on the major USD denominated items in the balance sheet amounts to a loss of 2,229 (a loss of 2,481 as of June 30, 2012).

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 loans from related parties, the loans to subsidiaries (see Note 12) and the available-for-sale monetary financial assets.

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

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

As of June 30, 2013 the Company had available-for-sale monetary financial assets at carrying value of 162,298 (December 31, 2012: nil) which are exposed to fair value interest rate risk. The carrying value of these instruments is based on a price quoted by Reuters. If the price as at June 30, 2013 had been 50 b.p. higher/ lower, the other comprehensive loss would have been 612 lower/ higher. Details of available-for-sale financial assets held by the Company are disclosed in Note 9.

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Company did not consider it cost effective to hedge or otherwise seek to reduce interest rate risk as of June 30, 2013 and as of December 31, 2012.

Credit risk

Financial assets, which potentially expose the Company to concentration of credit risk, consist principally of trade receivables, related party receivables, loans granted to subsidiaries and available-for-sale financial assets. The Company places its cash and cash equivalents, restricted cash with financial institutions that the Company believes are credit worthy based on current credit ratings. The Company does not consider its current concentration of credit risk as significant.

The available-for-sale financial assets are issued by the Company's subsidiary, thus in effect the credit risk resulting from those assets is the Company's own credit risk.

The Company performs ongoing credit evaluations of its customers' financial condition and generally requires no collateral from its customers. Customers 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 credits 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.

Following the contribution of sales & marketing segments (including trade receivables from advertising agencies) to the subsidiary TVN Media, the Company signed with TVN Media an agreement on cooperation based on which TVN Media on its behalf and for the benefit of the Company contracts broadcasting of advertising, sponsorship, product placement and classifieds. Since November 29, 2011 the majority of the Company's sales is made through TVN Media (85% of the total trade receivables as of June 30, 2013) and relate to sales made through advertising agencies that manage advertising campaigns for advertisers and pay TVN Media once payment has been received from the customer. Therefore 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 credit concentration of the Group's trade receivables. 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 and TVN Media co-operate are subsidiaries and branches of large international companies of good reputation. To the extent that it is cost-efficient the Company and TVN Media mitigate credit exposure by use of a trade receivable insurance facility from a leading insurance company.

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

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

Trade receivables (net)	**June 30, 2013**	**June 30, 2012**
Receivables from other customers	8%	12%
Receivables from related parties	92%	88%
- TVN Media Sp. z o.o	85%	41%
- Canal+ Cyfrowy Group	4%	34%
- Other related parties	3%	13%
	100%	**100%**

* Please refer to the consolidated financial statements in order to obtain full information on the analysis of the Group's trade receivables.

Management does not expect any significant losses with respect to amounts included in the trade receivables from non-performance by the Company's customers as at June 30, 2013.

(ii) Liquidity risk

The Company maintains sufficient cash to meet its obligations as they become due. Management monitors regularly expected cash flows. The Company expects that its principal future cash needs will be capital and financing expenditures relating to dividends, capital investment in television and broadcasting facilities and equipment, debt service through its subsidiaries of 10.75% Senior Notes due 2017 and 7.875% Senior Notes due 2018 and and the launch of new thematic channels and internet services and investment in its subsidiaries. The Company believes that its cash balances and cash generated from operations will be sufficient to fund these needs. However, if 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, 2013 the Company had cash and cash equivalents totaling 59,775 at its disposal (cash and cash equivalents, of 163,671 as at December 31, 2012). As at June 30, 2013 the Company had also restricted cash in the amount of 807,216 (December 31, 2012: 915,343).

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

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

The table below analyses the Company's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The balances in the table are the contractual undiscounted cash flows 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	More than 2 years
At June 30, 2013			
Loans from subsidiaries	373,872	373,872	4,327,880
Trade payables	158,428	8,401	-
Cash pooling liabilities	289,869	-	-
Other liabilities and accruals	196,434	8,904	-
Guarantees*	339,842	-	-
	1,358,445	**391,177**	**4,327,880**
At December 31, 2012			
Loans from subsidiaries	353,060	353,060	4,263,486
Mortgage Loan	11,646	11,282	94,095
Trade payables	169,680	13,050	-
Cash pooling liabilities	97,729	-	-
Other liabilities and accruals	85,465	14,844	-
Guarantees*	65,105	306,377	178,859
	782,685	**698,613**	**4,536,440**

* Guarantees include guarantees issued on the Company's behalf relating to the liabilities of Canal+ Cyfrowy Group (see Note 17 (viii)), these guarantees are expected be transferred to Canal+ Cyfrowy Group

19.3. Fair value estimation

The fair value of available-for-sale financial assets traded in active markets is based on quoted market prices at the reporting date.

The fair value of foreign exchange forward contracts and foreign exchange swap contracts is determined based on valuations performed by the banks that hold the instruments.

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

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

19.4 Consideration of the current economic environment

The global liquidity crisis which commenced in the middle of 2007 which 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 stock market volatility which had abated somewhat, has returned as a result of the ongoing sovereign debt issues in a number of European countries and recent financial issues in the United States of America, contribute to unstable, and at times volatile financial markets.

Management remains unable to reliably estimate the effects on the Company's financial position of further deterioration in the liquidity of the financial markets and 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 businesses under the current circumstances.

20. EVENTS AFTER THE REPORTING PERIOD

In July 2013 the Company purchased on the secondary market 10.75% Senior Notes due 2017 issued by its subsidiary TVN Finance Corporation II AB with a nominal value of EUR 10,000 for an amount of EUR 10,867 (including accrued interest).

On August 5, 2013 the Company received the Cash Loan in the amount of EUR 25,000 (see Note 12).

MANAGEMENT REPRESENTATIONS

These interim condensed separate financial statements of TVN S.A. (the "Company") as of and for three and six months ended June 30, 2013 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 separate financial statements of TVN S.A. as of and for three and six months ended June 30, 2013 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 interim condensed separate financial statements were authorized for issuance by the Management Board of TVN S.A. on August 21, 2013.

Markus Tellenbach President of the Board	John Driscoll Vice-President of the Board	Piotr Korycki Member of the Board
Maciej Maciejowski Member of the Board	Edward Miszczak Member of the Board	Adam Pieczyński Member of the Board
Piotr Tyborowicz Member of the Board		

Warsaw, August 21, 2013

TVN S.A.

Interim Condensed Separate Financial Statements
As of and for the three and six months ended June 30, 2013

TVN S.A.

Contents	**Page**

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

	Six months ended June 30, 2013	Six months ended June 30, 2012	Three months ended June 30, 2013	Three months ended June 30, 2012
Revenue	704,754	738,495	395,696	401,730
Cost of revenue	(457,086)	(495,774)	(237,684)	(261,775)
Selling expenses	(19,848)	(24,482)	(8,144)	(10,363)
General and administration expenses	(61,140)	(86,201)	(29,814)	(50,227)
Other operating income/ (loss), net	7,220	1,613	7,968	(167)
Dividend and other net distribution from subsidiaries	8,932	7,353	8,932	(126,010)
Operating profit/ (loss)	**182,832**	**141,004**	**136,954**	**(46,812)**
Interest income	11,882	15,616	9,598	3,075
Finance expense	(196,455)	(203,657)	(103,454)	(102,001)
Foreign exchange (losses)/gains, net	(138,043)	151,976	(83,730)	(55,440)
(Loss)/ profit before income tax	**(139,784)**	**104,939**	**(40,632)**	**(201,178)**
Income tax benefit / (charge)	26,631	(26,203)	7,282	(6,065)
(Loss)/ profit for the period	**(113,153)**	**78,736**	**(33,350)**	**(207,243)**
(Losses)/ earnings per share (not in thousands)				
- basic	(0.33)	0.23	(0.56)	0.60
- diluted	(0.33)	0.23	(0,56)	0.60

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)

	Six months ended June 30, 2013	Six months ended June 30, 2012	Three months ended June 30, 2013	Three months ended June 30, 2012
(Loss)/ profit for the period	**(113,153)**	**78,736**	**(33,350)**	**(207,243)**
Other comprehensive loss reclassifiable to profit or loss when specific conditions are met:				
Cash flow hedge - foreign exchange forward contracts and foreign exchange swap contracts	(2,971)	(607)	(3,983)	(1,511)
Available for sale financial assets	(1,327)	-	(1,781)	-
Income tax relating to components of other comprehensive loss	817	57	1,078	287
Other comprehensive loss for the period, net of tax	(3,481)	(550)	(4,596)	(1,224)
Total comprehensive (loss)/ income for the period	**(116,634)**	**78,186**	**(37,946)**	**(208,467)**

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

	As at June 30, 2013	As at December 31, 2012
ASSETS		
Non-current assets		
Property, plant and equipment	384,177	411,014
Goodwill	144,127	144,127
Other intangible assets	41,659	44,430
Non-current programming rights	168,032	171,509
Investments in subsidiaries, associates and joint ventures	4,305,254	4,343,504
Non-current related party loans	42,486	28,037
Deferred tax asset	235,858	206,997
Other non-current assets	1,153	355
	5,322,746	**5,349,973**
Current assets		
Current programming rights	263,814	259,057
Trade receivables	311,588	166,233
Current related party loans	4,222	4,969
Available-for-sale financial assets	162,298	-
Derivative financial assets	1,658	-
Prepayments and other assets	36,540	19,900
Corporate income tax receivable	1,086	52,427
Restricted cash	807,216	915,343
Cash and cash equivalents	59,775	163,671
	1,648,197	**1,581,600**
TOTAL ASSETS	**6,970,943**	**6,931,573**
EQUITY		
Shareholders' equity		
Share capital	68,775	68,775
Share premium	672,876	672,876
8% obligatory reserve	23,301	23,301
Other reserves	94,237	97,718
Accumulated profit	2,128,869	2,462,103
	2,988,058	**3,324,773**
LIABILITIES		
Non-current liabilities		
Loans from related parties	3,246,215	3,054,798
Non-current Mortgage Loan	-	97,258
Non-current trade payables	7,920	13,050
Other non-current liabilities	10,740	16,455
	3,264,875	**3,181,561**
Current liabilities		
Current trade payables	158,428	169,680
Current Mortgage Loan	-	8,503
Derivative financial liabilities	3,106	-
Accrued interest on borrowings	45,113	42,771
Cash pooling liabilities	289,869	97,729
Other liabilities and accruals	221,494	106,556
	718,010	**425,239**
Total liabilities	**3,982,885**	**3,606,800**
TOTAL EQUITY AND LIABILITIES	**6,970,943**	**6,931,573**

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

	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, 2012	**343,876,421**	**68,775**	**672,931**	**23,301**	**97,718**	**253**	**2,493,449**	**3,356,427**
Total comprehensive (loss)/ income for the period	-	-	-	-	-	(550)	78,736	78,186
Share issue cost[2]	-	-	(25)	-	-	-	-	(25)
Dividend declared and paid [1]	-	-	-	-	-	-	(34,388)	(34,388)
Balance at June 30, 2012	**343,876,421**	**68,775**	**672,906**	**23,301**	**97,718**	**(297)**	**2,537,797**	**3,400,200**

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

	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, 2013	**343,876,421**	**68,775**	**672,876**	**23,301**	**97,718**	**-**	**2,462,103**	**3,324,773**
Total comprehensive loss for the period	-	-	-	-	-	(3,481)	(113,153)	(116,634)
Dividend declared [(1)]	-	-	-	-	-	-	(220,081)	(220,081)
Balance at June 30, 2013	**343,876,421**	**68,775**	**672,876**	**23,301**	**97,718**	**(3,481)**	**2,128,869**	**2,988,058**

(1) The dividend declared in 2013 amounted to 0.64 per share (not in thousands) and it will be paid in two installments: the first installment was paid on May 8, 2013 in the amount of 99,724 (PLN 0.29 per share (not in thousands)) and the second installment will be paid on November 5, 2013 in the amount of 120,357 (PLN 0.35 per share (not in thousands)). The dividend declared and paid in 2012 amounted to 0.10 per share (not in thousands).

(2) Costs related to service of share options plan.

Included in accumulated profit as of June 30, 2013 is an amount of 2,127,039 which is distributable. The 10.75% Senior Notes due 2017 and 7.875% Senior Notes due 2018 impose certain restrictions on payment of dividends (See the consolidated financial statements).

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

	Six months ended June 30, 2013	Six months ended June 30, 2012
Operating activities		
Cash generated from operations	113,574	128,285
Tax paid	(4,627)	(18,269)
Net cash generated from operating activities	**108,947**	**110,016**
Investing activities		
Proceeds from redemption of shares in subsidiaries	38,005	-
Payments to acquire property, plant and equipment	(46,059)	(49,593)
Proceeds from sale of property, plant and equipment	1,036	1,460
Payments to acquire intangible assets	(2,243)	(19,252)
Bank deposits with maturity over three months	-	40,910
Loans granted to subsidiary	(12,200)	(51,422)
Purchase of available-for-sale financial assets	(160,005)	-
Dividend received	1,493	134,646
Interest received	5,930	3,317
Net cash (used in)/ generated from investing activities	**(174,043)**	**70,942**
Financing activities		
Dividend paid	(99,724)	(34,388)
Repayment of the Mortgage Loan	(111,512)	-
Cash pooling with TVN Media	192,140	10,876
Restricted cash	156,818	-
Bank charges	(3,048)	-
Interest paid	(175,445)	(175,027)
Net cash used in financing activities	**(40,771)**	**(209,415)**
Decrease in cash and cash equivalents	**(105,867)**	**(28,457)**
Cash and cash equivalents at the start of the period	163,671	218,935
Effects of exchange rates changes	1,971	(837)
Cash and cash equivalents at the end of the period	**59,775**	**189,641**

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 the Supervisory Board of TVN S.A. on August 21, 2013.

TVN S.A. (the "Company",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 has its registered office at ul. Wiertnicza 166, 02-952 Warsaw, Poland.

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"). The ITI Holdings is ultimately, jointly controlled by the members of the Wejchert, Walter, Valsangiacomo and Kostrzewa families. ITI Group has been active in Poland since 1984 and is the one of the largest media and entertainment group in Poland.

The Company and its subsidiaries (the Group) are the leading integrated Polish media group, active in television broadcasting and production, as well as teleshopping. The Company operates eight television channels in Poland: TVN, TVN 7, TVN 24, TVN Meteo, TVN Turbo, ITVN, TVN Style, TVN CNBC, the Company's subsidiaries operate two television channels and one teleshopping channel in Poland: NTL Radomsko, TTV and Telezakupy Mango 24. The Group's channels broadcast news, information and entertainment shows, serials, movies and teleshopping. The Company together with Groupe Canal+ S.A. ("Canal+ Group") operate a Polish leading premium direct-to-home ("DTH") digital satellite platform nC+, which offers technologically advanced pay television services. The Company (through its subsidiary TVN Online Investments Holding) in its online activities is a partner to Ringier Axel Springer Media AG ("RAS"), which through Grupa Onet.pl S.A. operates Onet.pl, the leading internet portal in Poland.

The Company has a single operating segment - the television and broadcasting segment.

These interim condensed separate financial statements should be read in conjunction with the interim condensed separate financial statements as of and for the six months ended June 30, 2013 included in the interim report.

Advertising and sponsoring 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 subscription fees tends to be evenly spread between the quarters.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

These interim condensed separate financial statements are prepared on a going concern basis and in accordance with IAS 34 "Interim Financial Reporting". The accounting policies used in the preparation of the interim separate financial statements as of and for the three and six months ended June 30, 2013 are consistent with those used in the interim condensed separate financial statements as of and for the six months ended June 30, 2013.

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 annual full separate financial statements of the Company were prepared and audited as of and for the year ended December 31, 2012. The annual separate financial statements fully disclose the accounting policies applied by the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Group's consolidated financial statements and the Company's separate financial statements for the year ended December 31, 2012 prepared in accordance with IFRS as adopted by the EU and the interim consolidated financial statements and the interim condensed separate financial statements for the six months ended June 30, 2013 prepared in accordance with IAS 34 are available on http://investor.tvn.pl pwc

Report on Review of Interim Financial Statements

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

Introduction

We have reviewed the accompanying interim condensed consolidated balance sheet of TVN S.A. and its subsidiaries (the "TVN Group") as of June 30, 2013, the related interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in shareholders' equity and interim condensed consolidated cash flow statement for the six-month period then ended (the 'interim condensed consolidated financial statements'). 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 these interim condensed consolidated financial statements 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 is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting".

PricewaterhouseCoopers Sp. z o.o.

Warsaw, Poland
August 21, 2013

PricewaterhouseCoopers Sp. z o.o., Al. Armii Ludowej 14, 00-638 Warszawa, Poland
T: +48 (22) 523 4000, F: +48 (22) 523 4040, www.pwc.com

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, 2013 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, 2013 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.

In accordance with the requirements of the Decree of the Minister of Finance of February 19, 2009 on current and periodic information published by issuers of securities and the conditions for regarding information required by the law of a non-member state as equivalent the Management Board of TVN S.A. hereby represents that:

- to its best knowledge, the interim condensed consolidated financial statements and the comparative data have been prepared in accordance with the applicable accounting policies and that they give a true, fair and clear reflection of the Group's financial position and its results of operations, and that the interim Directors' Report gives a true view of the Group's development, achievements, and position, including a description of the basic risks and threats;

- the registered audit company which reviewed the interim condensed consolidated financial statements was appointed in accordance with the legal regulations and said registered audit company and the individual registered auditors who performed the review fulfilled the conditions for issuing an unbiased and independent review report, in accordance with the applicable regulations and professional standards.

These interim condensed consolidated financial statements were authorized for issuance by the Management Board of TVN S.A. on August 21, 2013.

Markus Tellenbach President of the Board	John Driscoll Vice-President of the Board	Piotr Korycki Member of the Board
Maciej Maciejowski Member of the Board	Edward Miszczak Member of the Board	Adam Pieczyński Member of the Board
Piotr Tyborowicz Member of the Board		

Warsaw, August 21, 2013

TVN Group

Interim Condensed Consolidated Financial Statements
As of and for the six months ended June 30, 2013

TVN Group

Contents **Page**

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

	Note	Six months ended June 30, 2013	Six months ended June 30, 2012
Continuing operations			
Revenue	**5**	783,603	816,656
Cost of revenue	**6**	(442,774)	(481,080)
Selling expenses	**6**	(57,055)	(62,516)
General and administration expenses	**6**	(67,775)	(75,905)
Share of losses of associates	**17**	(712)	-
Other operating (expenses)/ income, net		(1,426)	647
Operating profit		**213,861**	**197,802**
Interest income	**7**	8,317	11,597
Finance expense	**7**	(190,780)	(183,478)
Foreign exchange (losses)/ gains, net	**7**	(137,063)	156,209
(Loss)/ profit before income tax		**(105,665)**	**182,130**
Income tax benefit/ (charge)	**14**	27,618	(19,987)
(Loss)/ profit for the period from continuing operations		**(78,047)**	**162,143**
Discontinued operations			
Loss for the period from discontinued operations	**16**	**-**	**(215,126)**
Loss for the period		**(78,047)**	**(52,983)**
Loss attributable to:			
Owners of the parent		(73,727)	(45,675)
Non-controlling interest		(4,320)	(7,308)
		(78,047)	**(52,983)**

(Losses)/ earnings per share from continuing and discontinued operations attributable to the owners of TVN S.A. (not in thousands)

Basic (losses)/ earnings per share		
- from continuing operations	(0.21)	0.49
- from discontinued operations	-	(0.62)
	(0.21)	**(0.13)**
Diluted (losses)/ earnings per share		
- from continuing operations	(0.21)	0.49
- from discontinued operations	-	(0.62)
	(0.21)	**(0.13)**

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

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

	Note	Six months ended June 30, 2013	Six months ended June 30, 2012
Loss for the period		**(78,047)**	**(52,983)**
Other comprehensive income/ (loss) reclassifiable to profit or loss when specific conditions are met:			
Cash flow hedge – foreign exchange forward contracts and foreign exchange swap contracts	**8**	(2,971)	(575)
Income tax relating to components of other comprehensive loss	**14**	565	56
Share of other comprehensive income of associates	**17**	4,461	-
Other comprehensive income/ (loss) for the period, net of tax		2,055	(519)
Total comprehensive loss for the period		**(75,992)**	**(53,502)**
Total comprehensive loss attributable to:			
Owners of the parent		(71,672)	(46,194)
Non-controlling interest		(4,320)	(7,308)
		(75,992)	**(53,502)**
Total comprehensive (loss)/ income attributable to owners of the parent:			
- from continuing operations		(71,672)	168,900
- from discontinued operations		-	(215,094)
		(71,672)	**(46,194)**

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, 2013	As at December 31, 2012
ASSETS			
Non-current assets			
Property, plant and equipment		390,069	414,545
Goodwill		144,127	144,127
Brand		30,612	30,612
Other intangible assets		54,283	59,281
Non-current programming rights		168,031	171,510
Investments in associates	**17**	1,861,954	1,865,644
Deferred tax asset	**14**	288,695	259,690
Other non-current assets		1,212	412
		2,938,983	**2,945,821**
Current assets			
Current programming rights		264,178	259,231
Trade receivables		353,366	317,239
Derivative financial assets	**8**	1,658	-
Prepayments and other assets		90,442	118,945
Corporate income tax receivable		-	51,144
Restricted cash	**9**	807,216	915,343
Bank deposits with maturity over three months		-	50,000
Cash and cash equivalents		267,008	308,564
		1,783,868	**2,020,466**
TOTAL ASSETS		**4,722,851**	**4,966,287**
EQUITY			
Shareholders' equity			
Share capital	**10**	68,775	68,775
Share premium		672,876	672,876
8% obligatory reserve		23,301	23,301
Other reserves and deficits		(449,930)	(451,985)
Accumulated profit		768,682	1,062,490
		1,083,704	**1,375,457**
Non-controlling interest		(20,710)	(16,390)
		1,062,994	**1,359,067**
LIABILITIES			
Non-current liabilities			
Non-current borrowings	**11**	3,099,051	3,151,655
Deferred tax liability	**14**	5,816	15,200
Non-current trade payables		7,920	13,050
Other non-current liabilities		17,933	24,031
		3,130,720	**3,203,936**
Current liabilities			
Current trade payables		141,555	169,983
Current borrowings	**11**	40,073	48,234
Derivative financial liabilities	**8**	3,106	-
Corporate income tax payable		7,330	-
Other liabilities and accruals	**12**	337,073	185,067
		529,137	**403,284**
Total liabilities		**3,659,857**	**3,607,220**
TOTAL EQUITY AND LIABILITIES		**4,722,851**	**4,966,287**

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

	Number of shares (not in thousands)	Share capital	Share premium	8% obligatory reserve	Other reserves and deficits (*)	Accumulated profit	Total equity attributable to owners of the Company	Non-controlling interest	Total equity
Balance at January 1, 2013	**343,876,421**	**68,775**	**672,876**	**23,301**	**(451,985)**	**1,062,490**	**1,375,457**	**(16,390)**	**1,359,067**
Total comprehensive income/ (loss) for the period	-	-	-	-	2,055	(73,727)	(71,672)	(4,320)	(75,992)
Dividend declared [(1)]	-	-	-	-	-	(220,081)	(220,081)	-	(220,081)
Balance at June 30, 2013	**343,876,421**	**68,775**	**672,876**	**23,301**	**(449,930)**	**768,682**	**1,083,704**	**(20,710)**	**1,062,994**

(*) Other reserves and deficits

	Employee share option plan reserve	Cash flow hedging	Effect of acquisition of non-controlling interest	Total
Balance at January 1, 2013	**99,163**	**-**	**(551,148)**	**(451,985)**
Charge for the period	-	(2,971)	-	(2,971)
Deferred tax on charge for the period	-	565	-	565
Share of other comprehensive income of associates	-	4,461	-	4,461
Balance at June 30, 2013	**99,163**	**2,055**	**(551,148)**	**(449,930)**

(1) The dividend declared in 2013 amounted to 0.64 per share (not in thousands) and it will be paid in two installments: the first installment was paid on May 8, 2013 in the amount of 99,724 (0.29 per share (not in thousands)) and the second installment will be paid on November 5, 2013 in the amount of 120,357 (0.35 per share (not in thousands)). The dividend declared and paid in 2012 amounted to 0.10 per share (not in thousands).

Included in accumulated profit as of June 30, 2013 is an amount of 2,127,039 being the accumulated profit of TVN S.A. on a standalone basis which is distributable. The Notes (see Note 11) impose certain restrictions on payment of dividends.

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	Other reserves and deficits (*)	Accumulated profit	Total equity attributable to owners of the Company	Non-controlling interest	Total equity
Balance at January 1, 2012	**343,876,421**	**68,775**	**672,931**	**23,301**	**(451,785)**	**610,807**	**924,029**	**(558)**	**923,471**
Total comprehensive loss for the period	-	-	-	-	(519)	(45,675)	(46,194)	(7,308)	(53,502)
Share issue cost [(2)]	-	-	(25)	-	-	-	(25)	-	(25)
Dividend declared and paid [(1)]	-	-	-	-	-	(34,388)	(34,388)	-	(34,388)
Balance at June 30, 2012	**343,876,421**	**68,775**	**672,906**	**23,301**	**(452,304)**	**530,744**	**843,422**	**(7,866)**	**835,556**

(*) Other reserves and deficits

	Employee share option plan reserve	Cash flow hedging	Effect of acquisition of non-controlling interest	Total
Balance at January 1, 2012	**99,163**	**200**	**(551,148)**	**(451,785)**
Charge for the period	-	(575)	-	(575)
Deferred tax on charge for the period	-	56	-	56
Balance at June 30, 2012	**99,163**	**(319)**	**(551,148)**	**(452,304)**

(2) Costs related to service of share options plan.

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

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

	Note	Six months ended June 30, 2013	Six months ended June 30, 2012
Operating activities			
Cash generated from operations	**13**	301,536	159,124
Tax paid		(6,436)	(28,289)
Net cash generated by operating activities		**295,100**	**130,835**
Investing activities			
Proceeds from sale of subsidiaries	**17**	38,005	-
Payments to acquire property, plant and equipment		(47,267)	(74,365)
Proceeds from sale of property, plant and equipment		472	889
Payments to acquire intangible assets		(2,656)	(33,922)
Bank deposits with maturity over three months		50,000	40,910
Interest received		6,448	14,452
Net cash generated by/ (used in) investing activities		**45,002**	**(52,036)**
Financing activities			
Dividend paid		(99,724)	(34,388)
Acquisition of the Notes	**11**	(160,005)	-
Repayment of the Mortgage Loan	**11**	(111,071)	-
Restricted cash	**9**	156,818	-
Bank charges		(6,096)	-
Interest paid		(159,336)	(163,401)
Net cash used in financing activities		**(379,414)**	**(197,789)**
Decrease in cash and cash equivalents		**(39,312)**	**(118,990)**
Cash and cash equivalents at the start of the period		308,564	592,126
Transferred to disposal group classified as held for sale – Onet Group	**16**	-	(69,947)
Effects of changes in cash and cash equivalents of disposal group classified as held for sale – ITI Neovision Group	**16**	-	17,378
Effects of exchange rate changes		(2,244)	953
Cash and cash equivalents at the end of the period		**267,008**	**421,520**

According to the requirements of IFRS 5 the interim condensed consolidated cash flow statement for the six months ended June 30, 2012 is presented jointly for continuing and discontinued operations. Details of cash flows of discontinued operations for the six months ended June 30, 2012 are disclosed in Note 16.

1. TVN

These interim condensed consolidated financial statements were authorized for issuance by the Management Board and the Supervisory Board of TVN S.A. on August 21, 2013.

TVN S.A. (the “Company”, 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 has its registered office at ul. Wiertnicza 166, 02-952 Warsaw, Poland.

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 Holdings is ultimately, jointly controlled by the members of the Wejchert, Walter, Valsangiacomo and Kostrzewa families. ITI Group has been active in Poland since 1984 and is one of the largest media and entertainment groups in Poland.

The Group (the Company and its subsidiaries) is the leading integrated Polish media group, active in television broadcasting and production, as well as teleshopping. The Group operates or jointly operates ten television channels and one teleshopping channel in Poland: TVN, TVN 7, TVN 24, TVN Meteo, TVN Turbo, ITVN, TVN Style, TVN CNBC, NTL Radomsko, TTV and Telezakupy Mango 24. The Group’s channels broadcast news, information and entertainment shows, serials, movies and teleshopping. The Group together with Groupe Canal+ S.A. (“Canal+ Group”) operate a Polish leading premium direct-to-home (“DTH”) digital satellite platform nC+, which offers technologically advanced pay television services. The Group in its online activities is a partner to Ringier Axel Springer Media AG (“RAS”), which through Grupa Onet.pl S.A. operates Onet.pl, the leading internet portal in Poland.

Advertising and sponsoring 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 subscription fees tends to be evenly spread between the quarters.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

These interim condensed consolidated financial statements are prepared on a going concern basis and in accordance with the International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”). The accounting policies used in the preparation of the interim condensed consolidated financial statements as of and for the six months ended June 30, 2013 are consistent with those used in the consolidated financial statements as of and for the year ended December 31, 2012 except for standards, amendments to standards and IFRIC interpretations which became effective January 1, 2013. None of the standards, amendments to standards or IFRIC interpretations effective from January 1, 2013 had a significant impact on the Group’s interim condensed consolidated financial statements.

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.

The Group’s consolidated financial statements for the year ended December 31, 2012 prepared in accordance with IFRS as adopted by the EU are available on http://investor.tvn.pl.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2. Comparative financial information

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

The 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) Estimated impairment of brand allocated to teleshopping unit

The Group classifies the Mango brand acquired as an intangible asset with indefinite useful life and allocates brand to the teleshopping cash-generating unit. The Group tests annually whether the teleshopping cash-generating unit, including brand, 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, 2013 the Group assessed that the operating and financial results of the teleshopping cash-generating unit do not indicate further impairment.

(ii) Estimated impairment of investments in associates

Investments in associates are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Investments in associates are separate cash generating units.

As of June 30, 2013, the Group performed an impairment test of the investment in associate nC+. In the impairment test performed by the Group the recoverable amount of the investment in associate nC+ was determined based on value-in-use calculations. The calculation of value-in-use was based on discounted free cash flows and involved the use of estimates related to cash flow projections based on nC+ financial business plans.

The key financial assumptions used for discounting free cash flows were as follows:

Terminal growth	2.5%
Discount rate	10.0%

The test performed as of June 30, 2013 indicated that the investment in associate nC+ did not suffer any impairment. Management believes that any reasonably possible change in the key assumptions on which the calculation of value-in-use was based would not cause an impairment charge to be recognized.

As of June 30, 2013 the Group did not identify any indicators for impairment of its investment in associate Onet Holding.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(iii) Deferred tax assets

On November 28, 2011 the brands owned previously by TVN S.A. (including internally generated brands which were not recognized on the consolidated balance sheet) were contributed in kind to its new subsidiary TVN Media. As a result a temporary difference arose on the difference between the brands' book carrying value (of zero) and its new tax base. As at June 30, 2013 the Group recognized the deferred tax asset on this temporary difference to the extent that, based on the Group's judgment, the realization of the tax benefit is probable i.e., in the amount of 27,514 (December 31, 2012: 27,514) representing the tax amortization of brands to be realized within next twelve months. The Group assessed that the realization of the tax benefit resulting from the remaining amount of the temporary difference was not probable and therefore no deferred tax asset was recognized for subsequent years. As at June 30, 2013 the Group did not recognize a deferred tax asset in the amount of 204,064 (December 31, 2012: 217,821) related to the tax value of brands recognized by TVN Media.

As at June 30, 2013 the Group also did not recognize a deferred tax asset on tax loss carry-forwards of 726,126. Tax loss carry-forwards expire within five tax years. The related deferred tax asset in the amount of 137,964 (December 31, 2012: 137,964) was not recognized as the Group concluded that as at June 30, 2013 the realization of the related tax benefit is not probable.

4. SEGMENT REPORTING

The Group's principal activities are television broadcasting and production and teleshopping.

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 Management to make decisions about resources to be allocated and assess its performance.

The committee, which is composed of the Vice-President of the Management Board responsible for the Group's financial reporting and heads of the teams within the Group's financial department, reviews regularly the Group's internal reporting. Management has determined the operating segments based on these reports. The committee considers the business from a product and service perspective. The committee assesses the performance of TV channels and TV content sales and technical services business units aggregated into single television broadcasting and production segment and teleshopping segment.

The committee assesses the performance of the operating segments based on revenue and earnings before interest, tax, depreciation and amortization (EBITDA). For the Group's definition of EBITDA please refer to Note 21.1. Other information provided to the 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.

In 2013 there are two reportable segments: the television broadcasting and production segment and the teleshopping segment. In 2012 there were additionally two operating segments: the digital satellite pay television segment and the on-line segment; the operations of these two segments were disposed in 2012 (see Note 16) and are presented within discontinued operations.

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

4. 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 teleshopping segment generates revenue mainly from sales of products offered on Telezakupy Mango 24, a dedicated teleshopping channel, on other television channels and on the Mango Media Internet site.

Sales between segments are carried out at arm's length. The revenue from external customers reported to the committee is measured in a manner consistent with that in the income statement.

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 and revenues of all segments. Therefore, no geographic information has been included.

Reconciliation of EBITDA from continuing operations to (loss)/ profit before income tax from continuing operations:

	Six months ended June 30, 2013	Six months ended June 30, 2012
EBITDA from continuing operations	**255,413**	**232,846**
Depreciation of property, plant and equipment	(34,195)	(28,282)
Amortization of intangible assets	(7,357)	(6,762)
Operating profit from continuing operations	**213,861**	**197,802**
Interest income (see Note 7)	8,317	11,597
Finance expense (see Note 7)	(190,780)	(183,478)
Foreign exchange (losses)/ gains, net (see Note 7)	(137,063)	156,209
(Loss)/ profit before income tax from continuing operations	**(105,665)**	**182,130**

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

4. SEGMENT REPORTING (CONTINUED)

Six months ended June 30, 2013	**Television broadcasting and production**	**Teleshopping**	**Other reconciling items**		**Total**
Revenue from external customers	767,930	15,673	-		783,603
Inter-segment revenue	1,945	13	(1,958)		-
Revenue from continuing operations	**769,875**	**15,686**	**(1,958)**		**783,603**
EBITDA from continuing operations	**259,425**	**(2,718)**	**(1,294)**	*	**255,413**
Depreciation of property, plant and equipment	(34,105)	(90)	-		(34,195)
Amortization of intangible assets	(7,339)	(18)	-		(7,357)
Operating profit/ (loss) from continuing operations	**217,981**	**(2,826)**	**(1,294)**		**213,861**
Additions to property, plant and equipment and other intangible assets	12,754	221	-		12,975
As at June 30, 2013					
Segment assets including:	**1,717,091**	**46,294**	**2,959,466**	**	**4,722,851**
Investment in associates	-	-	1,861,954		1,861,954

* Other reconciling items on EBITDA level include mainly share of losses of associates (712) and other costs

** Other reconciling items to segment assets include: investment in associates (1,861,954), restricted cash (807,216), deferred tax assets (288,695), dividend receivable (6,026) and other assets and consolidation adjustments (deficit of 4,425)

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

4. SEGMENT REPORTING (CONTINUED)

Six months ended June 30, 2012	**Television broadcasting and production**	**Teleshopping**	**Other reconciling items**		**Total**
Revenue from external customers	796,997	19,659	-		816,656
Inter-segment revenue	2,684	172	(2,856)		-
Revenue from continuing operations	**799,681**	**19,831**	**(2,856)**		**816,656**
EBITDA from continuing operations	**235,854**	**(1,930)**	**(1,078)**	*	**232,846**
Depreciation of property, plant and equipment	(28,178)	(104)	-		(28,282)
Amortization of intangible assets	(6,739)	(29)	6		(6,762)
Operating profit/ (loss) from continuing operations	**200,937**	**(2,063)**	**(1,072)**		**197,802**
Additions to property, plant and equipment and other intangible assets	60,241	28	(209)		60,060
As at December 31, 2012					
Segment assets including:	**1,847,227**	**46,730**	**3,072,330**	**	**4,966,287**
Investment in associates	-	-	1,865,644		1,865,644

* Other reconciling items on EBITDA level include mainly other costs

** Other reconciling items to segment assets include: investment in associates (1,865,644), restricted cash (915,343), deferred tax assets (259,690), consideration receivable (38,250) and other assets and consolidation adjustments (deficit of 6,597)

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

5. REVENUE

	Six months ended June 30, 2013	Six months ended June 30, 2012
Revenue from advertising spot sales	545,787	574,202
Subscription fees	108,448	109,010
Revenue from sponsoring	76,452	70,680
Revenue from sales of goods	12,869	16,310
Other revenue	40,047	46,454
	783,603	**816,656**

Subscription fees include subscriptions receivable from DTH and cable operators. Other revenue includes mainly brokerage revenue, rental revenue and revenue generated from technical services, call television, text messages and sales of rights to programming content.

6. OPERATING EXPENSES

	Six months ended June 30, 2013	Six months ended June 30, 2012
Amortization of locally produced content	206,897	234,281
Amortization of acquired programming rights and co-production	70,815	75,816
Staff expenses	81,572	88,945
Depreciation and amortization	41,552	35,044
Broadcasting expenses	34,340	32,676
Royalties	25,426	27,825
Marketing and research	16,839	31,376
Rental	15,874	20,482
Cost of services and goods sold	14,310	17,520
Impaired accounts receivable	1,475	(623)
Other	58,504	56,159
	567,604	**619,501**

Included in the above operating expenses are operating lease expenses for the six months ended June 30, 2013 of 51,084 (the six months ended June 30, 2012: 57,356).

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

7. INTEREST INCOME, FINANCE EXPENSE AND FOREIGN EXCHANGE GAINS/ (LOSSES), NET

	Six months ended June 30, 2013	Six months ended June 30, 2012
Interest income		
Guarantee fees from related party (see Note 19 (v))	1,816	-
Interest income on foreign exchange forward contracts – cash flow hedges (see Note 8)	317	196
Other interest income	6,184	11,401
	8,317	**11,597**
Finance expense		
Interest expense on the Notes (see Note 11)	(166,721)	(169,353)
Interest expense on the Mortgage Loan (see Note 11)	(1,365)	-
Interest expense on foreign exchange forward contracts – fair value and cash flow hedges (see Note 8)	(553)	(10,969)
Premium on early repayment of the Notes (see Note 11)	(11,000)	-
Unamortized debt issuance costs of the Notes written off on early repayment (see Note 11)	(4,242)	-
Guarantee fees to related party	(401)	(724)
Bank and other charges	(6,498)	(2,432)
	(190,780)	**(183,478)**
Foreign exchange (losses)/ gains, net		
Foreign exchange (losses)/ gains on the Notes, including:	(180,767)	155,105
- unrealized foreign exchange (losses)/ gains on the Notes	*(180,766)*	*119,409*
- realized foreign exchange (losses)/ gains on the Notes	*(1)*	*2,058*
- fair value hedge impact	-	*33,638*
Other foreign exchange gains, net	43,704	1,104
	(137,063)	**156,209**

8. DERIVATIVE FINANCIAL INSTRUMENTS

	June 30, 2013	December 31, 2012
Derivative financial assets		
Foreign exchange forward contracts	1,658	-
	1,658	**-**
Derivative financial liabilities		
Foreign exchange swap contracts	2,411	-
Foreign exchange forward contracts	695	-
	3,106	**-**

The fair value of foreign exchange forward contracts and foreign exchange swap contracts as at June 30, 2013 was based on valuations performed by the Group's banks.

8. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

The Group entered into USD foreign exchange forward contracts in order to limit the impact of exchange rate movements on firm commitments relating to the acquisition of programming rights assets, EUR foreign exchange swap contracts in order to limit the impact of exchange rate movements on early repayment of the Mortgage Loan and cash inflow related to the Cash Loan (see Note 11) and EUR foreign exchange forward contracts in order to limit the impact on the Group's subscription revenue from DTH and cable operators of PLN/EUR exchange rate movements.

The Group has designated these foreign exchange forward contracts and foreign exchange swap contracts for cash flow hedge accounting. When designating a hedging relationship the interest elements and the spot prices of the forwards were split. The interest element is recognized in income statement in the period until maturity date of each foreign exchange forward contract and foreign exchange swap contract (see Note 7).

9. RESTRICTED CASH

	June 30, 2013	December 31, 2012
Restricted cash	807,216	915,343
	807,216	**915,343**

Restricted cash (credit rating – Standard and Poor's)**:**

	June 30, 2013	December 31, 2012
Bank rated AA- *	807,216	880,713
Other **	-	34,630
	807,216	**915,343**

* Restricted cash related to the disposal of Onet Group, during the six months ended June 30, 2013 restricted cash was mainly used for the repayment of the Notes (see Note 11)

** Restricted cash related to the acquisition of MBC Building, bank rated BBB according to Fitch, no Standard and Poor's rating available

The carrying amounts of the Group's restricted cash is denominated in the following currencies:

	June 30, 2013	December 31, 2012
EUR	807,028	880,525
PLN	188	34,818
	807,216	**915,343**

10. SHARE CAPITAL (NOT IN THOUSANDS)

The total authorized number of ordinary shares is 428,003,023 with a par value of 0.20 per share. The total number of ordinary shares in issue as at June 30, 2013 was 343,876,421 (December 31, 2012: 343,876,421) with a par value of 0.20 per share.

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

The shareholders structure:

	June 30, 2013		December 31, 2012	
Shareholder	**Number of shares**	**% of share capital**	**Number of shares**	**% of share capital**
Polish Television Holding B.V. (1) (2)	180,355,430	52.45%	180,355,430	52.45%
Cadizin Trading&Investment (1)	5,415,781	1.57%	5,415,781	1.57%
Other shareholders	158,105,210	45.98%	158,105,210	45.98%
Total	**343,876,421**	**100.00%**	**343,876,421**	**100.00%**

(1) Entities controlled by ITI Group.

(2) Polish Television Holding B.V. has pledged the majority of the Company's shares.

All shares in issue as at June 30, 2013 and December 31, 2012 were fully paid and registered by the Court. Number of shares held by each shareholder is the same as the number of votes.

11. BORROWINGS

	June 30, 2013	December 31, 2012
The Notes	3,099,051	3,054,397
Interest accrued on the Notes	40,073	39,619
Mortgage Loan	-	105,761
Interest accrued on Mortgage Loan	-	112
	3,139,124	**3,199,889**
Less: current portion of borrowings	(40,073)	(48,234)
Non-current portion of borrowings	**3,099,051**	**3,151,655**

The Notes

In 2009 and 2010 the Group issued EUR 593,000 Senior Notes with an annual interest rate of 10.75% (“10.75% Senior Notes due 2017”). The 10.75% Senior Notes due 2017 issued in 2009 and 2010 are carried at amortized cost using an effective interest rates of 11.3% - 12%, they pay interest semi-annually (on May 15 and November 15) beginning May 15, 2010 and mature on November 15, 2017.

In 2010 the Group issued EUR 175,000 Senior Notes with an annual interest rate of 7.875% (“7.875% Senior Notes due 2018”). The 7.875% Senior Notes due 2018 are carried at amortized cost using an effective interest rate of 8.6%, they pay interest semi-annually (on May 15 and November 15) beginning May 15, 2011 and mature on November 15, 2018.

The 10.75% Senior Notes due 2017 and 7.875% Senior Notes due 2018 (collectively referred to as the “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.

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

11. BORROWINGS (CONTINUED)

In February, March and June 2013 the Group repurchased 10.75% Senior Notes due 2017 with a nominal value of EUR 25,347 for an amount of EUR 27,761 (including accrued interest) and 7.875% Senior Notes due 2018 with a nominal value of EUR 9,552 for an amount of EUR 10,334 (including accrued interest). The Group has accounted for the repurchases as a de-recognition of the corresponding part of the Notes liability. The difference between the consideration paid and the carrying amount corresponding to the Notes repurchased was recognized in the income statement within finance expense (see Note 7). The nominal value of the remaining 10.75% Senior Notes due 2017 is EUR 567,653 and the nominal value of the remaining 7.875% Senior Notes due 2018 is EUR 165,448.

The fair value of the Notes, excluding accrued interest, was estimated to be:

	June 30, 2013		December 31, 2012	
	PLN	EUR	PLN	EUR
10.75% Senior Notes due 2017	2,647,938	611,646	2,688,008	657,504
7.875% Senior Notes due 2018	730,583	168,757	769,093	188,125
	3,378,521	**780,403**	**3,457,101**	**845,629**

Fair values of the Notes reflect their market price quoted by Reuters based on the last value date on June 30, 2013 and December 31, 2012 respectively. The Notes are quoted on the Luxembourg Stock Exchange.

The following early prepayment options are included in the Notes:

- the Group may redeem all or part of the 10.75% Senior Notes due 2017 on or after November 15, 2013 at a redemption price ranging from 105.375% to 100.000% and all or part of the 7.875% Senior Notes due 2018 on or after November 15, 2013 at a redemption price ranging from 105.906% to 100.000%
- the Notes may be redeemed, at the option of the Group, in whole but not in part, at any time, at a price equal to 100% of the aggregate principal amount plus accrued and unpaid interest, if any, up to the redemption date as a result of certain defined changes in tax laws or official interpretations regarding such laws
- if both a change of control over the Company and a rating decline occur, each registered holder of the Notes will have the right to require the Group to repurchase all or any part of such holder's Notes at a purchase price in cash equal to 101% of the principal amount plus accrued and unpaid interest, if any, to the date of purchase
- prior to November 15, 2013, the Group may on any one or more occasions redeem up to 35% of the original principal amount of the 7.875% Senior Notes due 2018 with the net cash proceeds of one or more public equity offerings at a redemption price of 107.875% of the principal amount plus accrued and unpaid interest, if any, up to the redemption date

11. BORROWINGS (CONTINUED)

- at any time prior to November 15, 2013, the Group has also an option to redeem the 10.75% Senior Notes due 2017 and the 7.875% Senior Notes due 2018 in whole, but not in part, at a price equal to 100% of the principal amount plus the applicable premium as of, and accrued but unpaid interest, if any, up to the redemption date. Applicable premium means the greater of 1% of the principal, and the excess of (i) the present value of the redemption price of the Notes on November 15, 2013 plus interest due through November 15, 2013 computed using a discount rate equal to the Bund Rate plus 50 basis points (Bund rate is yield to maturity on obligations of the Federal Republic of Germany with a constant maturity where the maturity approximates the period from the redemption date to November 15, 2013 - but not shorter than a period of one year) and (ii) the outstanding principal of the 10.75% Senior Notes due 2017 or the 7.875% Senior Notes due 2018 on the redemption date.

The Group does not account for early prepayment options embedded in the Notes because they are either closely related to the economic characteristics of the host contract or their fair value was assessed at a level close to nil.

Mortgage Loan

On December 13, 2012 the Group entered into a facility agreement for the amount of EUR 26,000 in order to partially finance the acquisition of MBC Building (the “Mortgage Loan”). The Mortgage Loan was repaid in full on May 31, 2013.

Revolving Credit Facility and Cash Loan

On June 10, 2013 the Group entered into an agreement with Bank Pekao S.A. pursuant to which the bank provided the Group with a Revolving Credit Facility in the amount of 300,000 and granted a Cash Loan in the amount of EUR 25,000. The Revolving Credit Facility will replace the PLN 250,000 Revolving Guarantee Facility which expired in May 2013 and the PLN 100,000 Revolving Accounts Receivable Facility which was terminated in June 2013. The Cash Loan will replenish the liquidity used to repay the Mortgage Loan.

Revolving Credit Facility and Cash Loan are secured by a mortgage on the MBC Building and on the set of all receivables of the Company and TVN Media with registered and financial pledge and with assignment on collateral. Revolving Credit Facility and Cash Loan are also secured by the assignment of insurance policies of MBC Building and of insurance of receivables of the Company and TVN Media. Revolving Credit Facility and Cash Loan are also fully guaranteed by Group’s subsidiaries that are guarantors of the Notes.

Revolving Credit Facility and Cash Loan mature within three years starting from the date of conclusion of the agreement, the period may be extended to four years under certain circumstances.

Revolving Credit Facility can be used in form of a revolving credit line, overdraft or for bank guarantees and letters of credit.

As at June 30, 2013 the Revolving Credit Facility and the Cash Loan have not been used.

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

11. BORROWINGS (CONTINUED)

Revolving Guarantee Facility

On December 17, 2010 the Group entered into a Revolving Guarantee Facility agreement with Bank Pekao S.A. The agreement after amendments was a PLN 250,000 multicurrency guarantee facility available in EUR, USD and/ or PLN and it expired on May 16, 2013.

As of June 30, 2013 the bank guarantees issued before the agreement expiry date have remained under the Revolving Guarantee Facility at 248,342 (December 31, 2012: 279,982).

Revolving Accounts Receivable Facility

On February 28, 2013 the Group entered into a Revolving Accounts Receivable Facility agreement with Bank Pekao S.A. in the amount of up to PLN 100,000. The Revolving Accounts Receivable Facility enabled advance financing of trade receivables documented by VAT/ commercial invoices. The Revolving Accounts Receivable Facility was terminated on June 25, 2013.

12. OTHER LIABILITIES AND ACCRUALS

	June 30, 2013	December 31, 2012
Dividend payable	120,357	-
Employee benefits	31,021	20,427
VAT and other taxes payable	22,723	3,789
Sales and marketing related costs	22,114	5,094
Accrued production and programming costs	18,110	14,039
Deferred income	10,524	7,282
Satellites	5,068	4,872
Other liabilities and accrued costs	107,156	129,564
	337,073	**185,067**

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

13. NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

Reconciliation of loss for the period to cash generated from operations

	Note	Six months ended June 30, 2013	Six months ended June 30, 2012
Loss for the period		(78,047)	(52,983)
Tax (benefit)/ charge		(27,618)	34,454
Depreciation, amortization and impairment		41,552	48,878
Impairment of goodwill		-	216,029
Amortization of acquired programming rights and co-production		70,815	116,337
Impaired accounts receivable		1,475	2,486
Loss on sale of property, plant and equipment		425	119
Interest income	**7, 16**	(8,317)	(15,205)
Finance expense	**7, 16**	190,780	185,329
Foreign exchange losses/ (gains), net	**7, 16**	137,063	(157,756)
Share of losses/ (profits) of associates	**16, 17**	712	(504)
Guarantee fee paid		(802)	(1,425)
Payments to acquire programming rights		(71,806)	(176,161)
Change in local production balance		(252)	3,334
Changes in working capital:			
Trade receivables		(37,602)	20,143
Prepayments and other assets		55,700	(59,314)
Trade payables		(750)	(11,347)
Other short term liabilities and accruals		28,208	6,710
		45,556	(43,808)
Cash generated from operations		**301,536**	**159,124**

Non-cash transactions

Barter revenue/ (costs), net	108	(281)

According to the requirements of IFRS 5 the interim condensed consolidated cash flow statement for the six months ended June 30, 2012 is presented jointly for continuing and discontinued operations. Details of cash flows of discontinued operations for the six months ended June 30, 2012 are disclosed in Note 16.

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

14. TAXATION

	Six months ended June 30, 2013	Six months ended June 30, 2012
Current tax charge	(10,206)	(900)
Deferred tax credit/ (charge)	37,824	(19,087)
	27,618	**(19,987)**
Reconciliation of accounting (loss)/ profit to tax credit/ (charge)		
(Loss)/ profit before income tax	**(105,665)**	**182,130**
Income tax credit/ (charge) at the enacted statutory rate of 19%	20,076	(34,605)
Impact of deferred tax asset recognized on tax value of brands recognized by TVN Media (see Note 3 (iii))	13,757	13,757
Impact of share of losses of associates	(135)	-
Net tax impact of expenses and losses not deductible for tax purposes, revenue not taxable and other adjustments	(6,080)	861
Tax for the period	**27,618**	**(19,987)**

The tax authorities may at any time inspect the books and records within 5 years from the end of the year when a tax declaration was submitted and may impose additional tax assessments with penalty interest and penalties. The Group's management is not aware of any circumstances which may give rise to a potential material liability in this respect.

Deferred income tax assets are recognized for tax loss carry-forwards and deductible temporary differences to the extent that the realization of the related tax benefit through future taxable profits is probable.

Management believes that it is probable that taxable profit will be available in the future against which the deductible temporary differences and tax loss carry-forwards can be utilized, and consequently has recognized deferred tax assets in the amount that reflects the assumed utilization of deductible temporary differences and tax losses. The deferred tax amounts were calculated using the enacted tax rate of 19% as at June 30, 2013.

Deferred tax assets not recognized are disclosed in Note 3 (iii).

	Six months ended June 30, 2013	Six months ended June 30, 2012
Movements in deferred tax asset		
Balance at beginning of period	259,690	43,056
Credit to the income statement	29,005	15,508
Transferred to disposal group classified as held for sale (see Note 16)	-	(13,369)
Balance at end of period	**288,695**	**45,195**
Movements in deferred tax liability		
Balance at beginning of period	(15,200)	(158,301)
Deferred tax credited to other comprehensive income, net	565	56
Credit/ (charge) to the income statement	8,819	(34,595)
Charge to the result of discontinued operations	-	(7,408)
Transferred to disposal group classified as held for sale (see Note 16)	-	122,251
Balance at end of period	**(5,816)**	**(77,997)**

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

15. 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. These commitments are scheduled to be paid as follows:

	June 30, 2013	December 31, 2012
Due in 2013	105,036	184,778
Due in 2014	111,117	113,792
Due in 2015	88,617	81,168
Due in 2016	73,875	68,914
Due in 2017	72,095	67,323
	450,740	**515,975**

(ii) Total future minimum payments relating to operating lease agreements

Total future minimum payments relating to operating lease agreements signed as at June 30, 2013 were scheduled to be paid as follows:

	Related parties	Non-related parties	Total
Due in 2013	632	6,219	6,851
Due in 2014	50	10,110	10,160
Due in 2015	-	7,671	7,671
Due in 2016	-	4,628	4,628
	682	**28,628**	**29,310**

Total future minimum payments relating to operating lease agreements signed as at December 31, 2012 were scheduled to be paid as follows:

	Related parties	Non-related parties	Total
Due in 2013	238	14,109	14,347
Due in 2014	189	8,376	8,565
Due in 2015	140	6,184	6,324
Due in 2016	140	3,446	3,586
	707	**32,115**	**32,822**

Contracts signed with related parties relate to lease of office space and television studios from Poland Media Properties S.A. ("Poland Media Properties") and Grupa Onet.pl. Poland Media Properties is a subsidiary of ITI Group.

Commitments in foreign currencies were calculated using exchange rates as at June 30, 2013 and December 31, 2012 respectively.

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

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

15. COMMITMENTS (CONTINUED)

In addition to the lease agreements disclosed above, the Group has agreements with third parties for the use of satellite capacity. Under these agreements the Group is obliged to pay annual fees as follows:

	June 30, 2013	December 31, 2012
Due in 2013	16,317	35,506
Due in 2014	42,645	40,142
Due in 2015	39,794	37,449
Due in 2016	39,644	37,307
Due in 2017	39,287	37,307
Due in 2018 and thereafter	35,561	34,336
	213,248	**222,047**

Additionally, the Group leases transmission sites and related services for an annual amount of 12,762 (the year ended December 31. 2012: 21,664).

16. DISCONTINUED OPERATIONS

	Six months ended June 30, 2013	Six months ended June 30, 2012
Loss for the period		
ITI Neovision Group	-	(17,067)
Onet Group (including impairment of goodwill)	-	(198,059)
	-	**(215,126)**

ITI Neovision Group

On December 18, 2011 an agreement was concluded between the Group, ITI Media Group Limited and Canal+ Group to effect the strategic co-operation with Canal+ Group and to merge the Group's digital Pay TV business of ITI Neovision, the 'n' platform operator, with Canal+ Cyfrowy S.A., the Cyfra+ platform operator. The purpose of the transaction was to combine the Polish Pay-TV operations of 'n' and Cyfra+ creating a digital DTH platform nC+ controlled by Canal+ Group with a significant strategic shareholding by TVN.

Following conclusion of the above agreements the assets and liabilities related to ITI Neovision Group were presented as held for sale and the operations of ITI Neovision Group were presented as discontinued operations up to the date of the finalization of the transaction. On November 30, 2012 the transaction was finalized and the Group's control over ITI Neovision has been exchanged for an investment in nC+ (see Note 17).

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

16. DISCONTINUED OPERATIONS (CONTINUED)

Analysis of the result of discontinued operations – ITI Neovision Group

	Six months ended June 30, 2012
Revenue	391,445
Cost of revenue	(310,210)
Selling expenses	(67,280)
General and administration expenses	(23,364)
Other operating expenses, net	(1,014)
Operating loss	**(10,423)**
Interest income	753
Finance expense	(1,990)
Foreign exchange gains, net	1,932
Share of profit of associate	504
Loss before income tax	**(9,224)**
Income tax charge	(7,843)
Loss for the period from discontinued operations	**(17,067)**

According to the requirements of IFRS 5 depreciation and amortization of the disposal group classified as held for sale ceased on the reclassification date.

Cash flows of discontinued operations – ITI Neovision Group

	Six months ended June 30, 2012
Net cash used in operating activities	(20,159)
Net cash used in investing activities	(44,728)
Net cash generated by financing activities	47,509
	(17,378)

Onet Group

On June 4, 2012 the Group concluded a share purchase agreement with Ringier Axel Springer Media AG (“RAS”) relating to Grupa Onet.pl. The agreement provided for the disposal of 100% of the shares in Grupa Onet.pl to a wholly owned subsidiary of RAS, which was subsequently established under the name of Vidalia Investments Sp. z o.o. (currently Onet Holding Sp. z o.o., “Onet Holding”), for consideration consisting of cash for 75% of shares in Grupa Onet.pl and 25% of shares in Onet Holding in exchange for the remaining shares in Grupa Onet.pl.

Following conclusion of the above agreement the assets and liabilities related to Onet Group (Grupa Onet.pl and its subsidiaries) were presented as held for sale and the operations of Onet Group were presented as discontinued operations up to the date of the finalization of the transaction. The transaction was finalized on November 6, 2012 (see Note 17).

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

16. DISCONTINUED OPERATIONS (CONTINUED)

Analysis of the result of discontinued operations – Onet Group

	Six months ended June 30, 2012
Revenue	119,607
Cost of revenue	(47,134)
Selling expenses	(31,004)
General and administration expenses	(20,214)
Other operating income, net	730
Impairment of goodwill	(216,029)
Operating loss	**(194,044)**
Interest income	2,855
Finance income, net	139
Foreign exchange losses, net	(385)
Loss before income tax	**(191,435)**
Income tax charge	(6,624)
Loss for the period from discontinued operations	**(198,059)**

According to the requirements of IFRS 5 depreciation and amortization of the disposal group classified as held for sale ceased on the reclassification date.

Cash flows of discontinued operations – Onet Group

	Six months ended June 30, 2012
Net cash generated by operating activities	34,633
Net cash used in investing activities	(16,562)
Net cash used in financing activities	(133,508)
	(115,437)

17. INVESTMENTS IN ASSOCIATES

	Six months ended June 30, 2013	Year ended December 31, 2012
Beginning of period	1,865,644	-
Investment in associate nC+ recognized	-	1,556,160
Investment in associate Onet Holding recognized	-	318,750
Transaction costs capitalized	-	2
Share of losses of associate nC+	(4,686)	(12,324)
Share of profits of associate Onet Holding	3,974	3,056
Share of other comprehensive income of associate nC+	4,461	-
Dividend declared by nC+ *	(7,439)	-
End of period	**1,861,954**	**1,865,644**

* Dividend received on July 31, 2013

17. INVESTMENTS IN ASSOCIATES (CONTINUED)

nC+

On November 30, 2012 the strategic co-operation agreements with Canal+ Group (see Note 16) have been finalized and the combination of the Cyfra+ and 'n' platforms as a combined digital DTH platform nC+ has come into effect. TVN has transferred all the shares it held, directly or indirectly, in ITI Neovision by contributing them to the increased share capital of Cyfra+, in exchange for ordinary registered shares representing 32% of the share capital of Cyfra+. Canal+ Group holds shares representing 51% of the share capital of Cyfra+ and LGI Ventures B.V. ("UPC") holds the remaining 17% of the shares of Cyfra+.

The Group sees the investment in the combined nC+ platform as a long term capital investment aiming to create the largest digital platform in Poland, with an expanded premium customer base, which will benefit from the effects of scale and synergies resulting from the combination of ITI Neovision and Cyfra+.

The Group's investment in Canal+ Cyfrowy Group ("nC+") is held subject to the terms of a shareholders' agreement, which includes provisions regarding the composition of the management and supervisory boards and the appointment of their members, an exit strategy and a list of matters which require the consent of TVN. Canal+ Group has a call option to acquire TVN's 32% of nC+ at market value, which is exercisable during the three month periods beginning November 30, 2015 and November 30, 2016. Additionally, TVN and Canal+ Group each has the right following the call option periods to sell its interest in nC+ (with Canal+ Group having the right to require TVN to sell its shares in nC+ on the same terms) and if not exercised, TVN has the right to require nC+ to undertake an initial public offering.

The fair value of the combined platform nC+ as at the transaction closing date amounted to 4,863,000 based on the valuation performed by the Group's investment banks. Accordingly the Group's 32% stake in the combined platform amounted to 1,556,160. As a result of the completion of the transaction on November 30, 2012 the Group's control over ITI Neovision has been exchanged for an investment in nC+ in the amount of 1,556,160 which has been recognized on the consolidated balance sheet. As the Group has significant influence on, but not control over, the combined platform, the investment in nC+ is classified as investment in associate and accounted for using the equity method.

The provisionally determined fair values of assets and liabilities of the associate being a combined nC+ platform will be finalized within twelve months from the date of the transaction and the adjustments will be accounted for retrospectively (the adjustments, if any, will affect the share of profit/ loss of associate recognized in the period from the date of the loss of control over ITI Neovision Group) but will not affect the initial value of the investment in nC+ which fair value is already final.

17. INVESTMENTS IN ASSOCIATES (CONTINUED)

Onet Holding

On November 6, 2012 the transaction of disposal of the majority stake in Onet Group to RAS (see Note 16) has been finalized and TVN Online Investments Holding (previously Grupa Onet Poland Holding), a wholly–owned subsidiary of the Group, sold to Onet Holding (previously Vidalia Investments), a wholly owned subsidiary of RAS, Grupa Onet.pl shares jointly representing 100% of Grupa Onet.pl share capital for both cash consideration and shares in Onet Holding's share capital. The cash sale price for 75% of Grupa Onet.pl shares was 956,250. The cash sale price was subject to further adjustments reflecting Onet Group's financial condition. At the closing of the transaction 96% of the cash sale price was paid and the remainder of the cash sale price was recognized as a consideration receivable on the consolidated balance sheet within prepayments and other assets. The remainder of the cash sale price was paid on February 7, 2013 upon final determination of the cash sale price which amounted to 956,005 and hence on February 7, 2013 the Group received a payment from RAS in the amount of 38,005.

TVN Online Investments Holding contributed the remaining Grupa Onet.pl shares representing 25% of its share capital to Onet Holding in exchange for 25% shares in the Onet Holding's increased share capital representing, following the increase, 25% of Onet Holding's share capital. The stake of 25% in the increased share capital of Onet Holding was valued at 318,750.

After the transaction RAS holds 75% of Onet Holding's shares and TVN Online Investments Holding holds 25% of Onet Holding's shares. Onet Holding holds 100% of Grupa Onet.pl shares. The Group treats Onet Holding's shares as a long-term investment. As the Group has significant influence on, but not control over, Onet Holding, the investment is classified as investment in associate and accounted for using the equity method.

At the closing of the transaction TVN, TVN Online Investments Holding and RAS entered into the shareholders agreement relating to Onet Group regulating their cooperation with respect to Onet Holding and, indirectly, Onet Group. The shareholders agreement contains in particular a swap option for TVN to exchange a number of TVN's (its subsidiaries') shares in the Onet Holding for the shares in RAS (option valid if RAS conducts an IPO). Furthermore, under the shareholders agreement the following options are granted:

- the first put option for TVN (or its subsidiary) to sell all its shares in Onet Holding to RAS at any time during (i) the 90-day period commencing on January 1, 2016 or (ii) the 20 business day period commencing after Onet Holding's shareholders meeting has approved its financial statements for the most recently concluded financial year, whichever period ends later; and
- the call option for RAS to acquire the shares in Onet Holding's share capital from TVN (or its subsidiary) at any time during (i) the 90-day period commencing on January 1, 2017 or (ii) the 20 business day period commencing after Onet Holding's shareholders meeting has approved its financial statements for the most recently concluded financial year, whichever period ends later; and
- the second put option for TVN (or its subsidiary) to sell all its shares in Onet Holding to RAS at any time within 60 days following the expiry date of the call option period.

The shareholders agreement contains also the standard "joint-exit" clauses allowing TVN and RAS to sell jointly all their shares in Grupa Onet.pl held directly or indirectly (drag-along and tag-along rights). The shareholders agreement contains also a call option for RAS in the event that TVN no longer controls, directly or indirectly, its stake in Onet Holding.

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

17. INVESTMENTS IN ASSOCIATES (CONTINUED)

The valuation of assets and liabilities of the associate Onet Holding has been finalized and the adjustments have been accounted for retrospectively (the adjustments affected the share of profit of associate recognized in the period from the date of the loss of control over Onet Group). As a result of finalization of the purchase price allocation process a cumulative adjustment of 1,028 has been charged to the share of profit of associate recognized during the six months ended June 30, 2013. The adjustments did not affect the initial value of the investment in Onet Holding.

18. GROUP COMPANIES, JOINT VENTURES AND ASSOCIATES

These interim condensed consolidated financial statements as at June 30, 2013 comprised the Company and the following subsidiaries (the Group), joint ventures and associates:

	Country of incorporation	June 30, 2013 Ownership %	December 31, 2012 Ownership %
Subsidiaries			
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
Thema Film Sp. z o.o.	Poland	100	100
TVN Finance Corporation II AB	Sweden	100	100
TVN Finance Corporation III AB	Sweden	100	100
TVN Online Investments Holding B.V. (1)	The Netherlands	100	100
TVN Holding S.A.	Poland	100	100
TVN Media Sp. z o.o.	Poland	100	100
Stavka Sp. z o.o.	Poland	51	51
Joint ventures			
Polski Operator Telewizyjny Sp. z o.o.	Poland	50	50
Associates			
Canal+ Cyfrowy Group (2)	Poland	32	32
Onet Holding Group (3)	Poland	25	25

(1) Up to November 21, 2012 Grupa Onet Poland Holding B.V.

(2) Canal+ Cyfrowy Group includes Canal+ Cyfrowy S.A., its subsidiaries (ITI Neovision S.A. (up to July 12, 2013 ITI Neovision Sp. z o.o.), Cyfrowy Dom Sp. z o.o., Neovision UK Ltd, DTH Poland Holding B.V.) and a joint venture (MGM Chanel Poland Ltd)

(3) Onet Holding Group includes Onet Holding Sp. z o.o. (up to April 2, 2013 Vidalia Investments Sp. z o.o.), its subsidiaries (Grupa Onet.pl S.A., DreamLab Onet.pl Sp. z o.o., OnetMarketing Sp. z o.o. (up to July 11, 2013 SunWeb Sp. z o.o.)) and an associate (Polskie Badania Internetu Sp. z o.o.)

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

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

19. RELATED PARTY TRANSACTIONS

(i) Revenue:

	Six months ended June 30, 2013	Six months ended June 30, 2012
Canal+ Cyfrowy Group	37,578	-
ITI Group	4,958	3,450
Onet Holding Group	221	-
Wydawnictwo Pascal	26	22
	42,783	**3,472**

Revenue from Canal+ Cyfrowy Group includes mainly subscription fees and revenue from technical services rendered.

Revenue from the ITI Group includes mainly revenue from the exploitation of film rights, license fees, production, broadcasting and technical services rendered and services of broadcasting advertising, net of commissions.

(ii) Operating expenses:

	Six months ended June 30, 2013	Six months ended June 30, 2012
ITI Group	16,128	23,435
Onet Holding Group	1,963	-
Directors of ITI Group	1,615	1,636
Canal+ Cyfrowy Group	1,206	-
	20,912	**25,071**

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

Directors of ITI Group provide consulting services to the Group.

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

	June 30, 2013	December 31, 2012
Receivables:		
Canal+ Cyfrowy Group	14,199	14,791
ITI Group	6,693	11,326
Wydawnictwo Pascal	763	733
Onet Holding Group	296	511
	21,951	**27,361**
Payables:		
ITI Group	14,679	44,356
Canal+ Cyfrowy Group	2,378	2,564
Onet Holding Group	1,260	1,517
Directors of ITI Group	740	1,333
Wydawnictwo Pascal	10	1
	19,067	**49,771**

Payables towards ITI Group as at December 31, 2012 include payables related to the acquisition of MBC Building.

19. RELATED PARTY TRANSACTIONS (CONTINUED)

(iv) Lease commitments with related parties

See Note 15 for further details.

(v) Other

As of June 30, 2013 the Group issued guarantees in the total amount of 240,265 on the Group's behalf relating to the liabilities of Canal+ Cyfrowy Group (December 31, 2012: 629,559). During the six months ended June 30, 2013 the Group recorded finance income related to these guarantees of 1,816 (the six months ended June 30, 2012: nil).

Other liabilities and accruals include dividend payable by the Company to ITI Group in the amount of 65,020.

20. 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 were granted under two share option plans:

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

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

The stock option plan was service related.

During the six months ended June 30, 2013 no options were exercised (the six months ended June 30, 2012: nil).

The remaining options are exercisable at the prices indicated below (not in thousands):

Series	Number of options	Exercise price	Service vesting period
C1	252,490	PLN 8.66	Vested
C2	882,479	PLN 9.58	Vested
C3	2,043,266	PLN 10.58	Vested
E1	210,180	PLN 8.66	Vested
E2	260,500	PLN 9.58	Vested
E3	1,150,698	PLN 10.58	Vested
E4	4,326,989	PLN 11.68	Vested
	9,126,602		

The TVN Incentive Schemes expire on December 31, 2014.

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

21. FINANCIAL RISK MANAGEMENT

21.1. Capital risk management

The Group's objectives when managing capital risk 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 11) payable at the reporting date including accrued interest less cash and cash equivalents and bank deposits with maturity over three months held by all subsidiaries of the Group. EBITDA is calculated for the last twelve months. The Group defines EBITDA as profit /(loss) for the period, 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, interest income, finance expense, foreign exchange gains and losses and income taxes. The reconciling item between EBITDA and reported operating profit is depreciation and amortization expense and impairment charges and reversals on property, plant and equipment and intangible assets. EBITDA is not an IFRS measure and should not be considered as an alternative to IFRS measures of profit/ (loss) for the period, 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.

	Twelve months ended June 30, 2013	**Twelve months ended December 31, 2012**
Net debt *	2,139,589	2,046,485
EBITDA	647,251	434,050
Impairment of Onet goodwill	-	216,029
Loss on disposal of Onet Group	19,351	19,351
Gain on exchange of Pay TV assets	(196,618)	(196,618)
Impairment of teleshopping unit	25,973	25,973
Share of losses of associates	9,980	9,268
EBITDA after adjustments	505,937	508,053
Net debt to EBITDA ratio	4.2	4.0

* Net debt as at June 30, 2013 and December 31, 2012 includes restricted cash related to the disposal of Onet Group

The increase in net debt to EBITDA ratio is due primarily to the increase in EUR/ PLN foreign exchange rate.

Net debt, EBITDA and net debt to EBITDA ratio are calculated jointly for continuing and discontinued operations.

This reported net debt to EBITDA ratio, excluding one-off transaction results, is a key financial management ratio, irrespective of whether existing or future contractual leverage ratios vary. This ratio is used as a benchmark for external comparative purposes, and is an important criteria, factored in by management, when taking almost any decision related to both present and future investing and financing decisions, in particular when assessing the Group's ability to acquire, dispose or exchange assets, and when raising, repaying or refinancing external debt.

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

Subject to changes in EUR/ PLN foreign exchange rate and the impact of any possible strategic investment or financing opportunities, the Group's goal is to lower both its gross and net debt to EBITDA ratios.

21.2. 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 effective from cost and cash flow perspective.

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 guidelines to manage financial risk and liquidity, through determination of the financial risk factors to which the Group 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 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 responsible for the Group's financial reporting 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 the accounting implications of hedging strategies and verifies settlement of the transactions.

There were no changes in the risk management policies since December 31, 2012.

(i) Market risk

Market risk related to the Notes

The Notes are listed on the Luxembourg Stock Exchange. The price of the Notes depends on the Group's creditworthiness and on the relative performance of the bond market as a whole. The Group does not account for early prepayment options embedded in the Notes because they are either closely related to the economic characteristics of the host contract or their fair value was assessed at a level close to nil. The Notes are carried at amortized cost. The Group is therefore not exposed to changes in the market price of the Notes.

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

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 Notes, restricted cash, bank deposits with maturity over three months 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 assets, liabilities and costs are predominantly denominated in PLN.

The Group's policy in respect of management of foreign currency risks is to cover known risks in an efficient manner, both from a cost and cash flow perspective, 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 (see Note 8). Regular and frequent reporting to management is required for all transactions and exposures.

The estimated profit/ loss for the period from continuing operations (post-tax) impact on balances as of June 30, 2013 and June 30, 2012 of a reasonably possible EUR appreciation of 5% against the zloty, with all other variables held constant and without taking into account any derivative financial instruments entered into to mitigate EUR fluctuations, on the major EUR denominated items in the balance sheet amounts to a loss of 99,841 (a loss of 133,938 as of June 30, 2012) and is presented below:

	Six months ended June 30, 2013	**Six months ended June 30, 2012 ***
Assumed EUR appreciation against PLN:	5%	5%
Liabilities:		
The Notes including accrued interest	(130,159)	(134,216)
Trade payables	(538)	(436)
Other	(2,596)	(1,159)
Assets:		
Restricted cash	32,685	-
Cash and cash equivalents	635	354
Trade receivables	132	138
Bank deposits with maturity over three months	-	1,381
	(99,841)	**(133,938)**

* Excluding assets and liabilities of disposal groups classified as held for sale

The estimated profit/ loss for the period from continuing operations (post-tax) impact on balances as of June 30, 2013 and June 30, 2012 of a reasonably possible USD appreciation of 5% against the zloty, with all other variables held constant and without taking into account any derivative financial instruments entered into to mitigate USD fluctuations, on the major USD denominated items in the balance sheet amounts to a loss of 2,180 (a loss of 2,466 as of June 30, 2012).

The profit/ loss for the period from continuing operations impact of possible foreign currency fluctuations is partially limited by derivative instruments entered into by the Group. Details of foreign exchange forward contracts which the Group had on June 30, 2013 are discussed in Note 8.

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 Notes (see Note 11).

As the Notes are at a fixed interest rate, the Group is exposed to fair value interest rate risk in this respect if interest rates decline. Since the Notes are carried at amortised cost, the changes in fair values of these instruments do not have a direct impact on valuation of the Notes in the balance sheet.

The Group did not consider it cost effective to hedge or otherwise seek to reduce interest rate risk as of June 30, 2013 and as of December 31, 2012.

(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 with maturity over three months and restricted cash with financial institutions that the Group believes are credit worthy based on current credit ratings. 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.

The Group performs ongoing credit evaluations of its customers' financial condition and generally requires no collateral from its customers. Customers 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 (81% of the total trade receivables as of June 30, 2013 and 78% of the total trade receivables as of December 31, 2012) 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, 2013 (17% and 3%, respectively, of sales for the six months ended June 30, 2012). 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.

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

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

Trade receivables (net)	June 30, 2013	December 31, 2012
Receivables from advertising agencies	81%	78%
Receivables from individual customers	13%	13%
Receivables from related parties	6%	9%
	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, 2013	December 31, 2012 *
Agency A	11%	4%
Agency B	11%	7%
Agency C	10%	16%
Agency D	10%	9%
Agency E	5%	2%
Sub-total	**47%**	**38%**
Total other counterparties	53%	62%
	100%	**100%**

* 2012 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 (net)	June 30, 2013	December 31, 2012 *
Agency Group F	24%	19%
Agency Group G	19%	26%
Agency Group H	17%	15%
Agency Group I	5%	5%
Agency Group J	5%	5%
Sub-total	**70%**	**70%**
Total other counterparties	30%	30%
	100%	**100%**

* 2012 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, 2013 and December 31, 2012.

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

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Liquidity risk

The Group maintains sufficient cash to meet its obligations as they become due. Management monitors regularly expected cash flows. The Group expects that its principal future cash needs will be capital and financing expenditures relating to dividends, capital investment in television and broadcasting facilities and equipment, debt service on the Notes and the launch of new thematic channels and internet services. The Group believes that its cash balances and cash generated from operations will be sufficient to fund these needs. However, if the operating cash flows of the Group are negatively affected by a prolonged 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, 2013 the Group had cash and cash equivalents totaling 267,008 at its disposal (cash and cash equivalents and bank deposits with maturity over three months totaling 358,564 at December 31, 2012). As at June 30, 2013 the Group had also restricted cash in the amount of 807,216 (December 31, 2012: 915,343).

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, 2013			
Notes	320,586	320,586	4,031,611
Trade payables	141,555	7,920	-
Other liabilities and accruals	272,805	16,390	-
Guarantees *	240,265	-	-
	975,211	**344,896**	**4,031,611**
At December 31, 2012			
Notes	316,952	316,952	4,146,934
Mortgage Loan	11,646	11,282	94,095
Trade payables	169,983	13,050	-
Other liabilities and accruals	153,569	22,247	-
Guarantees *	55,464	216,377	357,718
	707,614	**579,908**	**4,598,747**

* Guarantees issued on the Group's behalf relating to the liabilities of Canal+ Cyfrowy Group (see Note 19 (v)), the guarantees are expected to be transferred to Canal+ Cyfrowy Group

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

21.3. Fair value estimation

The fair value of foreign exchange forward contracts and foreign exchange swap contracts is determined based on valuations performed by the banks that hold the instruments.

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

21.4. Consideration of the current economic environment

The global liquidity crisis which commenced in the middle of 2007 which 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 stock market volatility which had abated somewhat, has returned as a result of the ongoing sovereign debt issues in a number of European countries and recent financial issues in the United States of America, which contributes to unstable, and at times volatile financial markets.

Management remains unable to reliably estimate the effects on the Group's financial position of further deterioration in the liquidity of the financial markets and 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 businesses under the current circumstances.

22. EVENTS AFTER THE REPORTING PERIOD

In July 2013 the Group repurchased 10.75% Senior Notes due 2017 with a nominal value of EUR 10,000 for an amount of EUR 10,867 (including accrued interest).

On August 5, 2013 the Group received the Cash Loan in the amount of EUR 25,000 (see Note 11).

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, 2013 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, 2013 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 21, 2013.

Markus Tellenbach President of the Board	John Driscoll Vice-President of the Board	Piotr Korycki Member of the Board
Maciej Maciejowski Member of the Board	Edward Miszczak Member of the Board	Adam Pieczyński Member of the Board
Piotr Tyborowicz Member of the Board		

Warsaw, August 21, 2013

TVN Group

Interim Condensed Consolidated Financial Statements
As of and for the three and six months ended June 30, 2013

TVN Group

Contents **Page**

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

	Six months ended June 30, 2013	Six months ended June 30, 2012	Three months ended June 30, 2013	Three months ended June 30, 2012
Continuing operations				
Revenue	783,603	816,656	440,457	451,800
Cost of revenue	(442,774)	(481,080)	(228,809)	(255,886)
Selling expenses	(57,055)	(62,516)	(27,027)	(31,614)
General and administration expenses	(67,775)	(75,905)	(33,414)	(37,967)
Share of losses of associates	(712)	-	(13,603)	-
Other operating (expenses)/ income, net	(1,426)	647	(351)	(634)
Operating profit	**213,861**	**197,802**	**137,253**	**125,699**
Interest income	8,317	11,597	3,463	5,448
Finance expense	(190,780)	(183,478)	(96,879)	(95,282)
Foreign exchange (losses)/ gains, net	(137,063)	156,209	(83,474)	(56,921)
(Loss)/ profit before income tax	**(105,665)**	**182,130**	**(39,637)**	**(21,056)**
Income tax benefit/ (charge)	27,618	(19,987)	7,501	17,240
(Loss)/ profit for the period from continuing operations	**(78,047)**	**162,143**	**(32,136)**	**(3,816)**
Discontinued operations				
Loss for the period from discontinued operations	**-**	**(215,126)**	**-**	**(230,276)**
Loss for the period	**(78,047)**	**(52,983)**	**(32,136)**	**(234,092)**
Loss attributable to:				
Owners of the parent	(73,727)	(45,675)	(29,909)	(230,603)
Non-controlling interest	(4,320)	(7,308)	(2,227)	(3,489)
	(78,047)	**(52,983)**	**(32,136)**	**(234,092)**
(Losses)/ earnings per share from continuing and discontinued operations attributable to the owners of TVN S.A. (not in thousands)				
Basic (losses)/ earnings per share				
- from continuing operations	(0.21)	0.49	(0.09)	0.00
- from discontinued operations	-	(0.62)	-	(0.67)
	(0.21)	**(0.13)**	**(0.09)**	**(0.67)**
Diluted (losses)/ earnings per share				
- from continuing operations	(0.21)	0.49	(0.09)	0.00
- from discontinued operations	-	(0.62)	-	(0.67)
	(0.21)	**(0.13)**	**(0.09)**	**(0.67)**

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, 2013	Six months ended June 30, 2012	Three months ended June 30, 2013	Three months ended June 30, 2012
Loss for the period	**(78,047)**	**(52,983)**	**(32,136)**	**(234,092)**
Other comprehensive income/ (loss) reclassifiable to profit or loss when specific conditions are met:				
Cash flow hedge – foreign exchange forward contracts and foreign exchange swap contracts	(2,971)	(575)	(3,893)	(1,540)
Income tax relating to components of other comprehensive loss	565	56	740	287
Share of other comprehensive income of associates	4,461	-	1,458	-
Other comprehensive income/ (loss) for the period, net of tax	2,055	(519)	(1,695)	(1,253)
Total comprehensive loss for the period	**(75,992)**	**(53,502)**	**(33,831)**	**(235,345)**
Total comprehensive loss attributable to:				
Owners of the parent	(71,672)	(46,194)	(31,604)	(231,856)
Non-controlling interest	(4,320)	(7,308)	(2,227)	(3,489)
	(75,992)	**(53,502)**	**(33,831)**	**(235,345)**
Total comprehensive (loss)/ income attributable to owners of the parent:				
- from continuing operations	(71,672)	168,900	(31,604)	(1,550)
- from discontinued operations	-	(215,094)	-	(230,306)
	(71,672)	**(46,194)**	**(31,604)**	**(231,856)**

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, 2013	As at December 31, 2012
ASSETS		
Non-current assets		
Property, plant and equipment	390,069	414,545
Goodwill	144,127	144,127
Brand	30,612	30,612
Other intangible assets	54,283	59,281
Non-current programming rights	168,031	171,510
Investments in associates	1,861,954	1,865,644
Deferred tax asset	288,695	259,690
Other non-current assets	1,212	412
	2,938,983	**2,945,821**
Current assets		
Current programming rights	264,178	259,231
Trade receivables	353,366	317,239
Derivative financial assets	1,658	-
Prepayments and other assets	90,442	118,945
Corporate income tax receivable	-	51,144
Restricted cash	807,216	915,343
Bank deposits with maturity over three months	-	50,000
Cash and cash equivalents	267,008	308,564
	1,783,868	**2,020,466**
TOTAL ASSETS	**4,722,851**	**4,966,287**
EQUITY		
Shareholders' equity		
Share capital	68,775	68,775
Share premium	672,876	672,876
8% obligatory reserve	23,301	23,301
Other reserves and deficits	(449,930)	(451,985)
Accumulated profit	768,682	1,062,490
	1,083,704	**1,375,457**
Non-controlling interest	(20,710)	(16,390)
	1,062,994	**1,359,067**
LIABILITIES		
Non-current liabilities		
Non-current borrowings	3,099,051	3,151,655
Deferred tax liability	5,816	15,200
Non-current trade payables	7,920	13,050
Other non-current liabilities	17,933	24,031
	3,130,720	**3,203,936**
Current liabilities		
Current trade payables	141,555	169,983
Current borrowings	40,073	48,234
Derivative financial liabilities	3,106	-
Corporate income tax payable	7,330	-
Other liabilities and accruals	337,073	185,067
	529,137	**403,284**
Total liabilities	**3,659,857**	**3,607,220**
TOTAL EQUITY AND LIABILITIES	**4,722,851**	**4,966,287**

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	Other reserves and deficits (*)	Accumulated profit	Total equity attributable to owners of the Company	Non-controlling interest	Total equity
Balance at January 1, 2013	**343,876,421**	**68,775**	**672,876**	**23,301**	**(451,985)**	**1,062,490**	**1,375,457**	**(16,390)**	**1,359,067**
Total comprehensive income/ (loss) for the period	-	-	-	-	2,055	(73,727)	(71,672)	(4,320)	(75,992)
Dividend declared [(1)]	-	-	-	-	-	(220,081)	(220,081)	-	(220,081)
Balance at June 30, 2013	**343,876,421**	**68,775**	**672,876**	**23,301**	**(449,930)**	**768,682**	**1,083,704**	**(20,710)**	**1,062,994**

(*) Other reserves and deficits

	Employee share option plan reserve	Cash flow hedging	Effect of acquisition of non-controlling interest	Total
Balance at January 1, 2013	**99,163**	**-**	**(551,148)**	**(451,985)**
Charge for the period	-	(2,971)	-	(2,971)
Deferred tax on charge for the period	-	565	-	565
Share of other comprehensive income of associates	-	4,461	-	4,461
Balance at June 30, 2013	**99,163**	**2,055**	**(551,148)**	**(449,930)**

(1) The dividend declared in 2013 amounted to 0.64 per share (not in thousands) and it will be paid in two installments: the first installment was paid on May 8, 2013 in the amount of 99,724 (0.29 per share (not in thousands)) and the second installment will be paid on November 5, 2013 in the amount of 120,357 (0.35 per share (not in thousands)). The dividend declared and paid in 2012 amounted to 0.10 per share (not in thousands).

Included in accumulated profit as of June 30, 2013 is an amount of 2,127,039 being the accumulated profit of TVN S.A. on a standalone basis which is distributable. The Notes impose certain restrictions on payment of dividends.

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	Other reserves and deficits (*)	Accumulated profit	Total equity attributable to owners of the Company	Non-controlling interest	Total equity
Balance at January 1, 2012	**343,876,421**	**68,775**	**672,931**	**23,301**	**(451,785)**	**610,807**	**924,029**	**(558)**	**923,471**
Total comprehensive loss for the period	-	-	-	-	(519)	(45,675)	(46,194)	(7,308)	(53,502)
Share issue cost [2]	-	-	(25)	-	-	-	(25)	-	(25)
Dividend declared and paid [1]	-	-	-	-	-	(34,388)	(34,388)	-	(34,388)
Balance at June 30, 2012	**343,876,421**	**68,775**	**672,906**	**23,301**	**(452,304)**	**530,744**	**843,422**	**(7,866)**	**835,556**

(*) Other reserves and deficits

	Employee share option plan reserve	Cash flow hedging	Effect of acquisition of non-controlling interest	Total
Balance at January 1, 2012	**99,163**	**200**	**(551,148)**	**(451,785)**
Charge for the period	-	(575)	-	(575)
Deferred tax on charge for the period	-	56	-	56
Balance at June 30, 2012	**99,163**	**(319)**	**(551,148)**	**(452,304)**

(2) Costs related to service of share options plan.

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

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

	Six months ended June 30, 2013	Six months ended June 30, 2012
Operating activities		
Cash generated from operations	301,536	159,124
Tax paid	(6,436)	(28,289)
Net cash generated by operating activities	**295,100**	**130,835**
Investing activities		
Proceeds from sale of subsidiaries	38,005	-
Payments to acquire property, plant and equipment	(47,267)	(74,365)
Proceeds from sale of property, plant and equipment	472	889
Payments to acquire intangible assets	(2,656)	(33,922)
Bank deposits with maturity over three months	50,000	40,910
Interest received	6,448	14,452
Net cash generated by/ (used in) investing activities	**45,002**	**(52,036)**
Financing activities		
Dividend paid	(99,724)	(34,388)
Acquisition of the Notes	(160,005)	-
Repayment of the Mortgage Loan	(111,071)	-
Restricted cash	156,818	-
Bank charges	(6,096)	-
Interest paid	(159,336)	(163,401)
Net cash used in financing activities	**(379,414)**	**(197,789)**
Decrease in cash and cash equivalents	**(39,312)**	**(118,990)**
Cash and cash equivalents at the start of the period	308,564	592,126
Transferred to disposal group classified as held for sale – Onet Group	-	(69,947)
Effects of changes in cash and cash equivalents of disposal group classified as held for sale – ITI Neovision Group	-	17,378
Effects of exchange rate changes	(2,244)	953
Cash and cash equivalents at the end of the period	**267,008**	**421,520**

According to the requirements of IFRS 5 the interim condensed consolidated cash flow statement for the six months ended June 30, 2012 is presented jointly for continuing and discontinued operations. Details of cash flows of discontinued operations for the six months ended June 30, 2012 are disclosed in the interim condensed consolidated financial statements for the six months ended June 30, 2013 included in the interim report.

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 the Supervisory Board of TVN S.A. on August 21, 2013.

TVN S.A. (the "Company", 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 has its registered office at ul. Wiertnicza 166, 02-952 Warsaw, Poland.

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 Holdings is ultimately, jointly controlled by the members of the Wejchert, Walter, Valsangiacomo and Kostrzewa families. ITI Group has been active in Poland since 1984 and is one of the largest media and entertainment groups in Poland.

The Group (the Company and its subsidiaries) is the leading integrated Polish media group, active in television broadcasting and production, as well as teleshopping. The Group operates or jointly operates ten television channels and one teleshopping channel in Poland: TVN, TVN 7, TVN 24, TVN Meteo, TVN Turbo, ITVN, TVN Style, TVN CNBC, NTL Radomsko, TTV and Telezakupy Mango 24. The Group's channels broadcast news, information and entertainment shows, serials, movies and teleshopping. The Group together with Groupe Canal+ S.A. ("Canal+ Group") operate a Polish leading premium direct-to-home ("DTH") digital satellite platform nC+, which offers technologically advanced pay television services. The Group in its online activities is a partner to Ringier Axel Springer Media AG ("RAS"), which through Grupa Onet.pl S.A. operates Onet.pl, the leading internet portal in Poland.

These interim condensed consolidated financial statements should be read in conjunction with the interim condensed consolidated financial statements as of and for the six months ended June 30, 2013 included in the interim report.

Advertising and sponsoring 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 subscription fees tends to be evenly spread between the quarters.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

These interim condensed consolidated financial statements are prepared on a going concern basis and in accordance with the International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). 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, 2013 are consistent with those used in the interim condensed consolidated financial statements as of and for the six months ended June 30, 2013.

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 annual full consolidated financial statements of the Group were prepared and audited as of and for the year ended December 31, 2012. The consolidated financial statements as of and for the year ended December 31, 2012 fully disclose the accounting policies applied by the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Group's consolidated financial statements as of and for the year ended December 31, 2012 prepared in accordance with IFRS as adopted by the EU and interim condensed consolidated financial statements as of and for the six months ended June 30, 2013 prepared in accordance with IAS 34 are available on http://investor.tvn.pl.