INTERIM REPORT OF TVN CAPITAL GROUP FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2013

PUBLICATION DATE: NOVEMBER 8, 2013

TABLE OF CONTENTS

This Interim Report of TVN Group was authorized by the Management Board of TVN S.A. on November 7, 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, November 7, 2013

DEFINITIONS

We have prepared this interim report as required by Section 4.16 of the Indentures for our 7.875% Senior Notes dated November 19, 2010 and 7.375% Senior Notes dated September 16, 2013. 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; "**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 and finally redeemed on October 16, 2013; "**7.875% Senior Notes**" refer to the 7.875% Senior Notes that TVN Finance Corporation III AB issued on November 19, 2010; "**7.375% Senior Notes**" refer to the 7.375% Senior Notes that TVN Finance Corporation II AB issued on September 16, 2013; "**Indentures**" refers to the indenture dated November 19, 2009 governing the 10.75% Senior Notes, the indenture dated November 19, 2010 governing the 7.875% Senior Notes and the indenture dated September 16, 2013 governing the 7.375% 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), TVN Online Investments Holding B.V. (up to November 21, 2012 Grupa Onet Poland Holding B.V.) and TVN Media sp. z o. o. (in relation to our 7.375% Senior Notes) 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 and including dividends from 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 but includes dividends from 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 Poland's leading private commercial television broadcaster. We own some of the most recognized and most respected brands in the Polish market. We are also the most valuable media brand in Poland and the most opinion-forming broadcaster on the Polish media market. We currently have and operate ten television channels and one teleshopping channel. TVN, our principal free-to-air channel, is the most successful commercial television station in Poland in terms of audience share and advertising revenue. Our thematic channels include our 24 hour news channel, TVN24, the most viewed thematic news channel in Poland, and TVN Style, the most viewed thematic women's lifestyle channel. In an increasingly fragmented Polish television broadcasting market, we have managed to sustain overall audience share over the last few years due to our diversified and high-quality programming content. Our channels increased their combined all-day commercial target audience share in the nine months ended September 30, 2013 by 1.2 percentage points, compared to the nine months ended September 30, 2012.

Three of our channels, TVN, TVN 7 and TTV, are present on the DTT and have been benefitting from the process of the digitalization of the terrestrial signal. TVN 7 and TTV have been gaining significant audience share. TVN 7 was previously only available on cable networks and all DTH platforms. TTV is our newly-launched DTT channel that commenced its operations in January 2012.

Our channels maximize their operational efficiencies by sharing programming content, infrastructure and know-how. As a direct result of our high quality and innovative programming, for the first nine months of the year 2013, our channels had approximately 22.7% of the all-day commercial target audience share, and received approximately 35.0% of total gross television advertising expenditure, net of discounts or rebates ("total net television advertising expenditure", airtime and sponsoring).

We have successfully diversified our revenues by adding subscription revenues from subscription license fees from our thematic channels, which are distributed through cable and DTH operators.

Moreover, in August 2011, we launched an innovative product, TVN Player, our ad-supported internet VOD, which allows viewing of both video content produced by us as well as other movies or series previously aired on our channels.

We are the owner of TVN Media, which is the largest advertising sales house on the Polish market. Our ownership of TVN Media allows us to offer to advertisers advertising airtime of both the TVN Group as well as of other broadcasters through television and over the Internet. Given the importance of advertising on thematic channels, we have separated our operations related to such channels, which are referred to as "Premium TV". Premium TV is a well-recognized brand used in connection with our sales activities.

Recently we have concluded two strategic transactions. On December 18, 2011, ITI signed a strategic cooperation agreement with Groupe Canal+ as a result of which Groupe Canal+ became a minority owner of TVN. Simultaneously, our satellite platform 'n' was contributed to the Cyfra+ platform with the objectives of creating the leading premium pay TV operator in Poland, called nC+, and providing significant synergies and opportunities for growth over next few years of operation. We own a 32% stake in the combined nC+.

On June 4, 2012 we entered into a strategic partnership with Ringier Axel Springer, which involved the sale of all of our shares in Grupa Onet.pl for cash consideration of PLN 956.0 million and 25% of the shares in Onet Holding. Such structure allows us to further participate in Onet's development and resulting benefits.

FORWARD-LOOKING STATEMENTS

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

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

All references to euro or €, U.S. dollar or $ and złoty or PLN are in thousands, except share and per share data, or unless otherwise stated.

PART I

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

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

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. Due to the fact that the transaction was completed on November 30, 2012, we have included certain operating information for this business for the first 11 months of 2012, as for this period its results are presented as discontinued operations in the consolidated income statement.

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. As a consequence operating results of Grupa Onet.pl for the first 10 months of 2012 are presented as discontinued operations in the consolidated income statement.

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

OPERATIONAL RESULTS:

- According to TVN estimates the television advertising market in Poland in the three months ended September 30, 2013 decreased by 3.3% compared to the corresponding period of 2012 (airtime only).

- Our share in the net television advertising market, according to TVN estimates, increased to 34.5% in three months ended September 30, 2013 from 33.5% in the corresponding period of 2012 (airtime and sponsoring).

- All our channels in total increased its audience share in all-day nationwide audience share to 20.7% from 20.4% and in all-day basic commercial target group audience share increased to 21.9%, from 21.2%.

- Our TVN 7 increased its audience share in all categories. All-day nationwide audience share increased to 3.6%, from 2.7%, all-day basic commercial target group audience share increased to 3.5%, from 2.9%, all-day key target group audience share increased to 2.8%, from 3.1%, *prime time* basic commercial target group audience share increased to 3.3%, from 3.0%, *prime time* key target group audience share increased to 3.2%, from 2.7%, *peak time* basic commercial target group audience share increased to 3.2%, from 2.8%, *peak time* key target group audience share increased to 3.0%, from 2.6% 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 1.1%, from 0.4%, all-day basic commercial target group audience share increased to 1.3%, from 0.4%, prime time basic commercial target group audience share increased to 1.1%, from 0.3%, peak time basic commercial target group audience share increased to 1.1%, from 0.3% in the corresponding period of 2012 according to NAM.

- Our Internet video on demand platform tvnplayer.pl had 946 thousands real users and 22.1 million page views in August 2013. Average monthly time spent per real user on tvnplayer.pl in August 2013 was ca. 6 hours, according to Megapanel PBI/Gemius.

PRINCIPAL EVENTS:

- On September 5, 2013 our Supervisory Board adopted a resolution with regards to the granting of consent to the change of the terms of the refinancing of 10.75% Senior Notes issued by TVN Finance Corporation II AB (publ) due in 2017. The change of terms of the 10.75% Senior Notes refinancing involved, among others, a decrease in the amount of the issuance by TVN Finance Corporation III AB (publ) of the new notes for the purposes of the 10.75% Senior Notes refinancing to a maximum amount between EUR 400,000 and 450,000, and a change of the amount of the new notes coupon to the range from 6% to 8% p.a.

- On September 6, 2013 our Management Board announced the terms of the issue of the Senior Notes in the aggregate principal amount of EUR 430,000, which bear fixed interest of 7.375% per annum, with the interest payable semi-annually (on 15 June and 15 December) payable for the first time on 15 December 2013, and will mature on 15 December 2020. 7.375% Senior Notes were issued for a price equal to 100% of their principal amount for a total consideration of EUR 430,000. TVN used the proceeds from the issuance of 7.375% Senior Notes to repurchase all of the outstanding 10.75% Senior Notes due in 2017 issued by TVN Finance Corporation II AB (publ) in the aggregate principal outstanding amount of EUR 557,653 and to pay any applicable “make-whole” premium, accrued and unpaid interest, as well as certain fees and expenses associated with the offering of 7.375% Senior Notes. The remainder of the purchase price for 10.75% Senior Notes was financed from the proceeds from the sale of shares in Grupa Onet.pl S.A. The transaction contributed to the reduction of the gross debt of the TVN Group and prolongs the maturity of the refinanced portion of its debt from 2017 to 2020.

- On September 16, 2013 TVN Finance Corporation III AB, a wholly owned subsidiary of TVN S.A., issued 7.375% Senior Notes in an aggregate principal amount of EUR 430,000 in accordance with the previously determined terms of the issue. Moody’s Investors Service assigned ‘B1’ debt rating and Standard & Poor's assigned its ‘B+’ debt rating.

- On September 16, 2013 TVN Finance II AB (publ), a wholly owned subsidiary of TVN S.A., have called 10.75% Senior Notes due in 2017. In irrevocable notice of redemption published in Financial Times and the Wall Street Journal the holders were informed about the redemption price equal to 100% of the principal amount plus applicable premium defined in the Indenture document and accrued but unpaid interest to the redemption date scheduled on October 16, 2013. On September 16, 2013 we have also transferred the amount representing the total redemption price to the paying agent – the Bank of New York Mellon in order to finalize the redemption and settle the payments with 10.75% Senior Notes holders at the redemption date scheduled on October 16, 2013. TVN

Finance Corporation II AB (publ) had repurchased all of 10.75% Senior Notes due in 2017 on October 16, 2013 and the Notes were redeemed.

- On September 18, 2013 the Chairman of the National Broadcasting Council granted a broadcasting licence to the Company for a consecutive ten-year period to broadcast its main television channel "TVN". The new broadcasting licence was granted on terms corresponding to those stated in the current broadcasting licence of 15 April 2004. The new broadcasting licence will be in force from April 15, 2014, i.e. the day after the expiry date of the current broadcasting licence, to April 14, 2024.

FINANCIAL RESULTS:

- Our Group reported revenue decreased by PLN 993, or 0.3% to PLN 309,921, from PLN 310,914 in the corresponding period of 2012.

- Our TV segment decreased its revenue by PLN 1,179, or 0.4% to PLN 303,108, from PLN 304,287 in the corresponding period of 2012.

- Our operating profit decreased by PLN 1,879, or 2.8% to PLN 64,851, from PLN 66,730 in the corresponding period of 2012.

- Our EBITDA decreased by PLN 2,120, or 2,5% to PLN 82,565, from PLN 84,685 in the corresponding period of 2012. Our EBITDA margin decreased to 26.6% from 27.2% in the corresponding period of 2012.

- Our adjusted EBITDA (excluding share of loss of associates, including dividends from associates) amounted to PLN 91,240 comparing to PLN 84,685 in the corresponding period of 2012. Our adjusted EBITDA margin increased to 29.4% from 27.2% in the corresponding period of 2012.

- We recorded a loss for the period of PLN 171,380 compared to a profit for the period of PLN 57,429 in the corresponding period of 2012. Consequently, we recorded a loss attributable to the owners of TVN S.A., of PLN 169,813, compared to a profit attributable to the owners of TVN S.A. of PLN 61,967 in the corresponding period of 2012.

- Our consolidated net debt to adjusted rolling EBITDA ratio as of September 30, 2013 was 4.4. Net debt calculation as at September 30, 2013 includes receivable of PLN 164,987 related to the redemption of the 10.75% Senior Notes repurchased earlier in the year and held by the Company. As of September 30, 2013 we held in total PLN 254,630 of cash and cash equivalents including bank deposits with maturity over 3 months.

THE PRINCIPAL EVENTS OF THE NINE MONTHS ENDED SEPTEMBER 30, 2013

OPERATIONAL RESULTS:

- According to TVN estimates the television advertising market in Poland in the nine months ended September 30, 2013 decreased by 5.1% compared to the corresponding period of 2012 (airtime only).

- Our share in the net television advertising market, according to TVN estimates, increased to 35.0% in nine months ended September 30, 2013 from 34.3% in the corresponding period of 2012 (airtime and sponsoring).

- All our channels in total increased its audience share in all-day nationwide audience share to 21.5% from 20.6%, all-day basic commercial target group audience share increased to 22.7%, from 21.5%, prime time basic commercial target group audience share increased to 22.8%, from 22.4% and peak time basic commercial target group audience share increased to 22.8%, from 22.1% 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 2.4%, all-day basic commercial target group audience share increased to 3.6%, from 2.7%, all-day key target group audience share increased to 3.5%, from 2.9%, *prime time* basic commercial target group audience share increased to 3.2%, from 2.7%, *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 2.6% and *peak time* key target group audience share increased to 3.1%, from 2.8% 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 0.8%, from 0.2%, peak time basic commercial target group audience share increased to 0.8%, from 0.2% 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 0.9%, from 0.8%, all-day key target group audience share increased to 1.3%, from 1.2%, *prime time* basic commercial target group audience share increased to 0.7%, from 0.6%, *prime time* key target group audience share increased to 1.1%, from 0.9%, *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 1.0% in the corresponding period of 2012 according to NAM.

- Our Internet video on demand platform tvnplayer.pl had 946 thousands real users and 22.1 million page views in August 2013. Average monthly time spent per real user on tvnplayer.pl in August 2013 was ca. 6 hours, according to Megapanel PBI/Gemius.

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.

- 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 installments 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.

- 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 34,046, or 3.0% to PLN 1,093,524, from PLN 1,127,570 in the corresponding period of 2012.

- Our TV segment decreased its revenue by PLN 30,985, or 2.8% to PLN 1,072,983, from PLN 1,103,968 in the corresponding period of 2012.

- Our operating profit increased by PLN 14,178, or 5.4% to PLN 278,711, from PLN 264,533 in the corresponding period of 2012.

- Our EBITDA increased by PLN 20,447, or 6,4% to PLN 337,978, from PLN 317,531 in the corresponding period of 2012. Our EBITDA margin increased to 30.9% from 28.2% in the corresponding period of 2012.

- Our adjusted EBITDA (excluding share of profit of associates, including dividends from associates) amounted to PLN 347,364 comparing to PLN 317,531 in the corresponding period of 2012. Our adjusted EBITDA margin increased to 31.8% from 28.2% in the corresponding period of 2012.

- We recorded a loss for the period of PLN 249,427 compared to a profit for the period of PLN 4,446 in the corresponding period of 2012. Consequently, we recorded a loss attributable to the owners of TVN S.A., of PLN 243,539, compared to a profit attributable to the owners of TVN S.A. of PLN 16,292 in the corresponding period of 2012.

- Our consolidated net debt to adjusted rolling EBITDA ratio as of September 30, 2013 was 4.4. Net debt calculation as at September 30, 2013 includes receivable of PLN 164,987 related to the redemption of the 10.75% Senior Notes repurchased earlier in the year and held by the Company. As of September 30, 2013 we held in total PLN 254,630 of cash and cash equivalents including bank deposits with maturity over 3 months.

SUMMARY HISTORICAL FINANCIAL DATA

The following tables set out our consolidated financial information as of and for the three and nine months ended September 30, 2013, for the three and nine months ended September 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 September 30, 2013 have been converted into euro at a rate of PLN 4.2163 per €1.00 (the effective National Bank of Poland, or "NBP", exchange rate on September 30, 2013).
- złoty amounts for the three months ended September 30, 2013 have been converted into euro at a rate of PLN 4.2415 per €1.00 (arithmetic average of the effective NBP exchange rates on July 31, 2013, August 31, 2013 and September 30, 2013).
- złoty amounts for the nine months ended September 30, 2013 have been converted into euro at a rate of PLN 4.2231 per €1.00 (arithmetic average of the effective NBP exchange rates on January 31, 2013, February 28, 2013, March 31, 2013, April, 30, 2013, May 31, 2013, June 30, 2013, July 31, 2013, August 31, 2013 and September 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 effective National Bank of Poland, or "NBP", exchange rate on December 31, 2012).
- złoty amounts for the three months ended September 30, 2012 have been converted into euro at a rate of PLN 4.1354 per €1.00 (arithmetic average of the effective NBP exchange rates on July 31, 2012, August 31, 2012 and September 30, 2012).
- złoty amounts for the nine months ended September 30, 2012 have been converted into euro at a rate of PLN 4.1948 per €1.00 (arithmetic average of the effective NBP exchange rates on January 31, 2012, February 29, 2012, March 31, 2012, April, 30, 2012, May 31, 2012, June 30, 2012, July 31, 2012, August 31, 2012 and September 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.

Unaudited consolidated financial information as of and for the three months ended September 30, 2013 and 2012.

Income statement data

	2012 PLN	2012 EUR	2013 PLN	2013 EUR
Revenue	310,914	75,184	309,921	73,069
Operating profit	66,731	16,137	64,851	15,290
Profit/ (loss) before income tax	53,727	12,992	(174,160)	(41,061)
Profit/ (loss) attributable to the owners of TVN S.A.	**61,967**	**14,985**	**(169,813)**	**(40,036)**

Cash flow data

	2012 PLN	2012 EUR	2013 PLN	2013 EUR
Net cash generated by operating activities	61,560	14,886	111,872	26,376
Net cash used in investing activities	(87,262)	(21,101)	(4,871)	(1,148)
Net cash used in financing activities	(11)	(3)	(126,094)	(29,729)
Decrease in cash and cash equivalents	**(25,713)**	**(6,218)**	(19,093)	(4,501)

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	343,965,982	343,965,982
Weighted average number of potential ordinary shares in issue (not in thousands)	343,876,421	343,876,421	344,968,815	344,968,815
Earnings/ (losses) per share attributable to the owners of TVN S.A. (not in thousands)	0.18	0.04	(0.49)	(0.12)
Diluted earnings/ (losses) per share attributable to the owners of TVN S.A. (not in thousands)	0.18	0.04	(0.49)	(0.12)
Dividend paid or declared per share (not in thousands)	-	-	0.64	0.15

Other data

	2012 PLN	2012 EUR	2013 PLN	2013 EUR
EBITDA*	**84,685**	**20,478**	**82,565**	**19,466**
EBITDA margin	27.2%	27.2%	26.6%	26.6%
Operating margin	21.5%	21.5%	20.9%	20.9%

Balance sheet data

	As at December 31, 2012 PLN	As at December 31, 2012 EUR	As at September 30, 2013 PLN	As at September 30, 2013 EUR
Total assets	4,966,287	1,214,786	3,991,316	946,639
Current assets	2,020,466	494,219	1,061,202	251,690
Non-current liabilities	3,203,936	783,703	2,577,549	611,330
Current liabilities	403,284	98,646	518,417	122,955
Shareholders' equity	1,359,067	332,437	895,350	212,397
Share capital	68,775	16,823	68,858	16,331
Non-controlling interest	(16,390)	(4,009)	(22,278)	(5,284)

Unaudited consolidated financial information as of and for the nine months ended September 30, 2013 and 2012.

Income statement data

	2012 PLN	2012 EUR	2013 PLN	2013 EUR
Revenue	1,127,570	268,802	1,093,524	258,939
Operating profit	264,533	63,062	278,711	65,997
Profit/ (loss) before income tax	235,857	56,226	(279,825)	(66,261)
Profit/ (loss) attributable to the owners of TVN S.A.	**16,292**	**3,884**	**(243,539)**	**(57,668)**

Cash flow data

	2012 PLN	2012 EUR	2013 PLN	2013 EUR
Net cash generated by operating activities	192,395	45,865	406,972	96,368
Net cash used in/ generated from investing activities	(139,298)	(33,207)	40,131	9,503
Net cash used in financing activities	(197,800)	(47,154)	(505,508)	(119,701)
Decrease in cash and cash equivalents	**(144,703)**	**(34,496)**	**(58,405)**	(13,830)

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	343,906,603	343,906,603
Weighted average number of potential ordinary shares in issue (not in thousands)	343,901,287	343,901,287	344,094,086	344,094,086
Earnings/ (losses)per share attributable to the owners of TVN S.A. (not in thousands)	0.05	0.01	(0.71)	(0.17)
Diluted earnings/ (losses) per share attributable to the owners of TVN S.A. (not in thousands)	0.05	0.01	(0.71)	(0.17)
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*	**317,531**	**75,696**	**337,978**	**80,031**
EBITDA margin	28.2%	28.2%	30.9%	30.9%
Operating margin	23.5%	23.5%	25.5%	25.5%

Balance sheet data

	As at December 31, 2012 PLN	As at December 31, 2012 EUR	As at September 30, 2013 PLN	As at September 30, 2013 EUR
Total assets	4,966,287	1,214,786	3,991,316	946,639
Current assets	2,020,466	494,219	1,061,202	251,690
Non-current liabilities	3,203,936	783,703	2,577,549	611,330
Current liabilities	403,284	98,646	518,417	122,955
Shareholders' equity	1,359,067	332,437	895,350	212,397
Share capital	68,775	16,823	68,858	16,331
Non-controlling interest	(16,390)	(4,009)	(22,278)	(5,284)

*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 September 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 nine months ended September 30, 2013, we derived 66.4% and 68.7%, respectively, of our total Group revenue from commercial television advertising, compared to 68.5% and 69.8%, respectively, in the corresponding period of 2012 of our total revenue.

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 September 30,			Nine months ended September 30,		
	2011	**2012**	**2013**	**2011**	**2012**	**2013**
Our Rate-card pricing	44%	39%	53%	50%	41%	44%
Our Cost per GRP pricing	56%	61%	47%	50%	59%	56%

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 nine months ended September 30, 2013, we tended to sell over 99.6% and 99.7%, respectively, of peak time advertising spots on our TVN channel and over 91.4% and 86.4%, 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 nine months ended September 30, 2013, 16.6% and 14.6%, respectively, of our total Group revenue came from such fees compared with 17.3% and 14.4% 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 44.3% and 46.6% of our Group operating expenses in the three and nine months ended September 30, 2013, respectively, compared with 46.9% and 48.5% 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 nine months ended September 30, 2013, we commissioned and produced locally through third parties 77.4% and 79.6%, respectively, of programming content on our TVN channel, compared with 74.5% and 77.3% in the corresponding periods of 2012. During the three and nine months ended September 30, 2013, we acquired 22.6% and 20.4%, respectively, of our programming content from third parties, compared with 25.5% and 22.7% in the corresponding periods of 2012. 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 2.1% and 1.8%, respectively, of our Group revenue in the three and nine months ended September 30, 2013, compared with 2.1% 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 TVN data, net television advertising expenditure (airtime only) in Poland was down by 5.1% in the nine months of 2013 compared to the nine months 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 20.7% and 21.5%, respectively, of Poland's nationwide all-day audience in the three and nine months ended September 30, 2013, and our TVN channel achieved 17.2% and 18.2%, respectively, of our key target audience during *peak time* in the three and nine months ended September 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 September 30, 2013 of 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 102,996 loss.

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 redemption of the 10.75% Senior Notes, 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 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.

Acquisitions and disposals

Combination of Polish Pay-TV businesses

On December 18, 2011 TVN 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.).

Onet.pl sale

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.

Acquisition of the MBC Building

In December 2012 we acquired from MBC Real Estate, an affiliated subsidiary of the ITI Group, land and a building located in Warsaw at 166 Wiertnicza Street (the "MBC Building") for a total consideration of PLN 183,139. We repaid the Mortgage Loan in full on May 31, 2013. Prior to the acquisition, we had rented the building under a long term operating lease agreement for PLN 20,752 per year.

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 35,493 or 8.6% to PLN 379,052 as of September 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 September 30, 2013. Our brands maintained the level of PLN 30,612 as of September 30, 2013.

Our other intangible assets increased by PLN 5,473, or 9.2%, to PLN 64,754 as of September 30, 2013, from PLN 59,281 as of December 31, 2012 resulting mainly from higher broadcasting licences partly offset by lower software assets.

Our current and non-current programming rights inventory increased by PLN 5,562, or 1.3%, to PLN 436,303 as of September 30, 2013, from PLN 430,741 as of December 31, 2012. The increase is mainly due to higher capitalised local production cost.

Our investment in associates decreased by PLN 8,902 or 0.5%, to 1,856,742 as of September 30, 2013, from PLN 1,865,644 as of December 31, 2012 due to negative impact of dividend paid by nC+ of PLN 7,439 (received on July 31, 2013) and to share of losses of associate nC+ of PLN 7,298 partly compensated by share of profits of associate Onet Holding of PLN 5,351.

Our derivative financial assets increased to PLN 1,837 as of September 30, 2013, from PLN 0 as of December 31, 2012. The increase results primarily from new foreign currency forward 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 increased by PLN 121,143, or 101,8%, to PLN 240,088 as of September 30, 2013, from PLN 118,945 as of December 31, 2012. The increase results mainly from the receivable related to the redemption of the 10.75% Senior Notes being the nominal value of the previously acquired 10.75% Senior Notes due 2017 together with accrued interest and applicable premium on early repayment. The Group received cash from the redemption of the previously acquired Notes on October 16, 2013.

Our restricted cash decreased to PLN 0 as of September 30, 2013, from PLN 915,343 as of December 31, 2012. The decrease results from the partial repurchase of our 7.875% Senior Notes during nine months ended September 30, 2013, full repurchase of our 10.75% Senior Notes during nine months ended September 30, 2013, which in total amounted to PLN 948,585 and settlement of our outstanding VAT 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 29,866, 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 6,245 as of September 30, 2013 compared to PLN 50,000 as of December 31, 2012.

Our share capital increased to the level of PLN 68,858 as of September 30, 2013 compared to PLN 68,775 as of December 31, 2012. Our share premium increased to the level of PLN 680,266 as of September 30, 2013 compared to PLN 672,876 as of December 31, 2012. This increase results from shares issued under our stock option plan.

Our non-current borrowings decreased by PLN 608,471 or by 19.3% to PLN 2,543,184 as of September 30, 2013, from PLN 3,151,655 as of December 31, 2012. This decrease results from the partial repurchase of our 7.875% Senior Notes during nine months ended September 30, 2013, full repurchase of our 10.75% Senior Notes during nine months ended September 30, 2013, partially compensated by issuance of new 7.375% Senior Notes in September 2013.

Our 7.875% Senior Notes, excluding accrued interest, amounted to the principal amount of PLN 697,578 as of September 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 September 30, 2013 in comparison to PLN/EUR exchange rate on December 31, 2012. Our 10.75% Senior Notes, excluding accrued interest, amounted to the principal amount of PLN 0 as of September 30, 2013, compared to the principal amount of PLN 2,424,303 as of December 31, 2012 (10.75% Senior Notes were repurchased on September 16, 2013). Our 7.375% Senior Notes, excluding accrued interest, amounted to the principal amount of PLN 1,813,009 as of September 30, 2013, compared to the principal amount of PLN 0 as of December 31, 2012 (7.375% Senior Notes were issued on September 16, 2013).

Our current trade payables decreased by PLN 51,172 or by 30.1% to PLN 118,811 as of September 30, 2013, from PLN 169,983 as of December 31, 2012. This decrease results primarily from settlement of our outstanding VAT payment to ITI Group for MBC building.

Our other liabilities and accruals increased by PLN 163,095 or 88.1%, to PLN 348,162 as of September 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 September 30, 2013 Compared to Three Months Ended September 30, 2012

Revenue. Our revenue decreased by PLN 993, or 0.3%, to PLN 309,921 in the three months ended September 30, 2013, from PLN 310,914 in the corresponding period of 2012. This decrease resulted mainly from a decrease in advertising revenue of PLN 7,176 and lower revenue from carriage fees of PLN 2,299, offset by stronger revenue coming from sponsoring and higher other revenue reflecting primarily Premium TV performance.

Our advertising revenue decreased by PLN 7,176, or 3.4%, to PLN 205,777 during the three months ended September 30, 2013, from PLN 212,953 in the corresponding period of 2012. This decrease results mainly from lower 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 increased reach through digital terrestrial television.

Our sponsoring revenue increased by PLN 6,164, or 26.2% to PLN 29,691 in the three months ended September 30, 2013 from PLN 23,527 in the corresponding period of 2012. This increase results mainly from higher sponsoring revenue coming from TVN main channel and TVN24 news channel.

Our carriage fees decreased by PLN 2,299, or 4.3% to PLN 51,534 in the three months ended September 30, 2013 from PLN 53,833 in the corresponding period of 2012. This decrease results partly lower number of subscribers of our thematic channels reflecting effect of digital terrestrial television roll-out, partly compensated by additional revenue from our HD version channels.

Our other revenue increased by PLN 2,409, or 17.2%, to PLN 16,385 during the three months ended September 30, 2013, from PLN 13,976 in the corresponding period of 2012. This increase results mainly from strong Premium TV performance.

Cost of revenue. Cost of revenue decreased by PLN 5,515, or 2.9%, to PLN 183,653 in the three months ended September 30, 2013, from PLN 189,168 in the corresponding period of 2012. The decrease reflects mainly an impact of savings of PLN

3,512 made on costs of news production as well as on amortisation of acquired programming rights lower by PLN 3,471.

As a percentage of revenue, our cost of revenue decreased in the three months ended September 30, 2013, to 59.3%, compared to 60.8% in the corresponding period of 2012.

Selling expenses. Our selling expenses increased by PLN 7,315 to PLN 29,353 for the three months ended September 30, 2013, from PLN 22,038 in the corresponding period of 2012 mainly due to higher expenses on marketing and research and accrual of full-year bonuses in staff expenses.

As a percentage of revenue, our selling expenses increased to 9.5% in the three months ended September 30, 2013, from 7.1% in the corresponding period of 2012.

General and administration expenses. Our general and administration expenses decreased by PLN 2,048, or 6.3%, to PLN 30,497 in the three months ended September 30, 2013, compared with PLN 32,545 in the corresponding period of 2012 mainly due to lower rental costs.

As a percentage of revenue, our general and administration expenses decreased to 9.8% in the three months ended September 30, 2013 from 10.5% in the corresponding period of 2012.

In the above described operating expenses for the three months ended September 30, 2013 are included non-recurring costs of PLN 3,243 related to the termination of TVN CNBC channel (the nine months ended September 30, 2012: nil).

Share of loss of associates. Share of loss of associates increased to PLN 1,235 in the three months ended September 30, 2013 compared to PLN 0 in the corresponding period of 2012.

Operating profit. Operating profit decreased by PLN 1,879, or 2.8%, to PLN 64,851 in the three months ended September 30, 2013, from an operating profit of PLN 66,730 in the corresponding period of 2012. Our operating margin decreased to 20.9% from 21.5% in the corresponding period of 2012.

Interest income. We recorded an interest income of PLN 3,558 in the three months ended September 30, 2013, compared to an interest income of PLN 5,360 in the corresponding period of 2012, mainly due to lower interest rates.

Finance expense. We recorded finance expense of PLN 305,392 for the three months ended September 30, 2013, compared to finance expense of PLN 98,826 in the corresponding period of 2012. The increase results mainly from make-whole premium costs of PLN 149,356 and 7.375% bonds issuance costs write-off of PLN 56,640 related to early redemption of our 10.75% Senior Notes.

Foreign exchange gains, net. We recorded foreign exchange gains, net of PLN 62,823 for the three months ended September 30, 2013, compared to foreign exchange gains, net of PLN 80,463 in the corresponding period of 2012. These gains consist of foreign exchange gains on our Senior Notes of PLN 83,935 in the three months ended September 30, 2013, compared to foreign exchange gain on our Senior Notes of PLN 115,127 in the corresponding period of 2012; fair value hedge impact of PLN 0 in the three months ended September 30, 2013, compared to fair value hedge loss of PLN 36,924 in the corresponding period of 2012; as well as other foreign exchange losses of PLN 21,112 including mainly negative impact of foreign exchange loss relating to our restricted cash in the three months ended September 30, 2013 comparing to other foreign exchange gains of PLN 2,260 in the corresponding period of 2012.

Loss before income tax. Our loss before income tax for the three months ended September 30, 2013 was PLN 174,160 compared to a profit before income tax of PLN 53,727, in the corresponding period of 2012. This increase was primarily due to higher finance expense that we recognized in the three months ended September 30, 2013, as compared to finance expense recognized in the three months ended September 30, 2012.

Income tax. For the three months ended September 30, 2013, we recorded a total income tax benefit of PLN 2,780, compared to an income tax charge of PLN 4,782 in the corresponding period of 2012, mainly due to the loss before income tax we recognized in the three months ended September 30, 2013.

(Loss)/ profit for the period. Our loss amounted to PLN 171,380 in the three months ended September 30, 2013, compared to a profit of PLN 57,429 in the corresponding period of 2012 influenced by a profit of discontinued operations.

(Loss)/ profit attributable to the owners of TVN S.A. Consequently, our loss attributable to the owners of TVN S.A. was PLN 169,813 in the three months ended September 30, 2013, compared to a profit of PLN 61,967 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 and reconciliation of each segment result to EBITDA for the three months ended September 30, 2013 and 2012:

	Television Broadcasting & Production		**Teleshopping**		**Other reconciling items**		**Total**	
	Three months ended September 30, 2013	**Three months ended September 30, 2012**	**Three months ended September 30, 2013**	**Three months ended September 30, 2012**	**Three months ended September 30, 2013**	**Three months ended September 30, 2012**	**Three months ended September 30, 2013**	**Three months ended September 30, 2012**
Revenue from external customers	302,181	303,030	7,740	7,884	-	-	309,921	310,914
Inter-segment revenue	927	1,257	32	-	(959)	(1,257)	-	-
Total revenue	**303,108**	**304,287**	**7,772**	**7,884**	**(959)**	**(1,257)**	**309,921**	**310,914**
Operating profit/(loss)	67,225	72,052	(722)	(1,758)	(1,653)	(3,563)	64,850	66,731
EBITDA**	**84,885**	**89,945**	**(667)**	**(1,702)**	**(1,653)***	**(3,558)***	**82,565**	**84,685**
EBITDA margin**	**28.0%**	**29.6%**	**-**	**-**	**-**	**-**	**26.6%**	**27.2%**

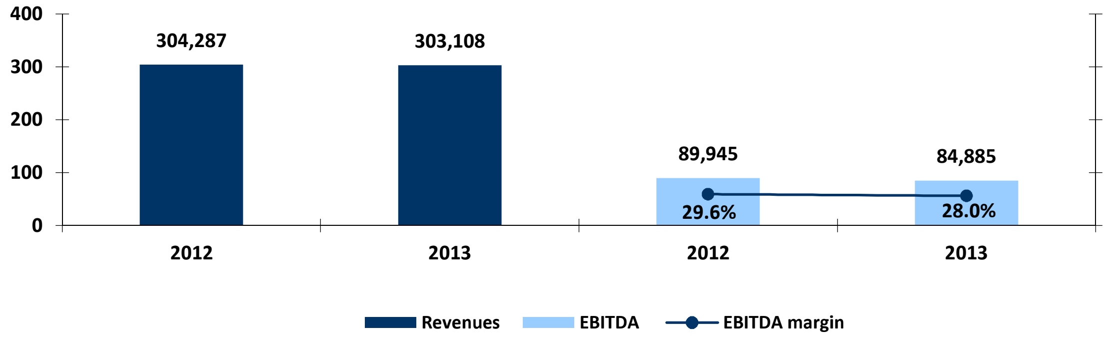
Operating profit/(loss)	67,225	72,052	(722)	(1,758)	(1,653)	(3,563)	64,850	66,731
Depreciation, amortization and impairment charges	17,660	17,893	55	56	-	5	17,715	17,954
EBITDA**	**84,885**	**89,945**	**(667)**	**(1,702)**	**(1,653)***	**(3,558)***	**82,565**	**84,865**

* Other reconciling items on EBITDA level for the three months ended September 30, 2013 include mainly share of losses in associates and other costs. Other reconciling items on EBITDA level for the three months ended September 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 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 September 30, 2013 and 2012:



	Three months ended September 30,					
	2013			2012		
	Revenue	EBITDA	EBITDA %	Revenue	EBITDA	EBITDA %
TVN channels	282,615	94,688	33.5%	287,700	95,326	33.1%
Other	20,493	(9,803)	-	16,587	(5,381)	-
Total segment	**303,108**	**84,885**	**28.0%**	**304,287**	**89,945**	**29.6%**

Television broadcasting and production revenue in the three months ended September 30, 2013, decreased by PLN 1,179, or 0,4% to PLN 303,108, compared to PLN 304,287 in the corresponding period of 2012.

Our TVN channels revenue decreased by PLN 5,085, or 1.8%, in the three months ended September 30, 2013. This decrease was primarily due to weaker advertising 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 3,906, or 23.5%, in the three months ended September 30, 2013, mainly due to TVN Player and Premium TV performance.

Our TVN channels' EBITDA decreased by PLN 638, or 0.7%, to PLN 94,688 in the three months ended September 30, 2013, from PLN 95,326 in the corresponding period of 2012. TVN channels' EBITDA margin increased to 33.5% from 33.1% in the corresponding period of 2012.

EBITDA of television, broadcasting and production segment presented as 'Other' decreased by PLN 4,422, or 82.2% and is still negative 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 September 30, 2013 and 2012.

	Three months ended September 30,					
	2013			2012		
	Revenue	**EBITDA**	**EBITDA %**	**Revenue**	**EBITDA**	**EBITDA %**
Mango Media	7,772	(667)	-	7,884	(1,702)	-
Total segment	**7,772**	**(667)**	**-**	**7,884**	**(1,702)**	**-**

Teleshopping revenue decreased by PLN 112, or 1.4%, to PLN 7,772 in the three months ended September 30, 2013, from PLN 7,884 in the corresponding period of 2012 primarily due to lower sales volumes generated by Mango Media.

Segment EBITDA increased by PLN 1,035, to a loss at EBITDA level of PLN 667 in the three months ended September 30, 2013 from a loss at EBITDA level of PLN 1,702 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 959 in the three months ended September 30, 2013, compared to a negative impact of PLN 1,257 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

Nine Months Ended September 30, 2013 Compared to Nine Months Ended September 30, 2012

Revenue. Our revenue decreased by PLN 34,046, or 3.0%, to PLN 1,093,524 in the nine months ended September 30, 2013, from PLN 1,127,570 in the corresponding period of 2012. This decrease resulted mainly from a decrease in advertising revenue of PLN 35,592 partly offset by an increase in sponsoring mainly from our TVN main channel and TVN24 news channel.

Our advertising revenue decreased by PLN 35,592, or 4.5%, to PLN 751,563 during the nine months ended September 30, 2013, from PLN 787,155 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 their growing reach on digital terrestrial television.

Our sponsoring revenue increased by PLN 11,935, or 12.7% to PLN 106,143 in the nine months ended September 30, 2013 from PLN 94,208 in the corresponding period of 2012. This increase resulted mainly from higher sponsoring revenue coming from TVN main channel and TVN24 news channel.

Our carriage fees decreased by PLN 2,861, or 1.8% to PLN 159,982 in the nine months ended September 30, 2013 from PLN 162,843 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 versions of our channels.

Our sale of goods decreased by PLN 3,532, or 15.4% to PLN 19,403 in the nine months ended September 30, 2013 from PLN 22,935 in the corresponding period of 2012. This decrease resulted mainly from lower sales volumes generated by our teleshopping unit.

Our other revenue decreased by PLN 3,996, or 6.6%, to PLN 56,433 during the nine months ended September 30, 2013, from PLN 60,429 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.

Cost of revenue. Cost of revenue decreased by PLN 43,821, or 6.5%, to PLN 626,427 in the nine months ended September 30, 2013, from PLN 670,248 in the corresponding period of 2012. The decrease results mostly from cost saving initiatives in programming expenses, mainly on local content production of PLN 20,211 and news production of PLN 12,154.

As a percentage of revenue, our cost of revenue decreased in the nine months ended September 30, 2013, to 57.3%, compared to 59.4% in the corresponding period of 2012.

Selling expenses. Our selling expenses increased by PLN 1,856, or 2.2%, to PLN 86,409 for the nine months ended September 30, 2013, from PLN 84,553 in the corresponding period of 2012 mainly due to higher other selling expenses including costs of Premium TV activity partly offset by lower expenses on marketing and research.

As a percentage of revenue, our selling expenses increased to 7.9% in the nine months ended September 30, 2013, from 7.5% in the corresponding period of 2012.

General and administration expenses. Our general and administration expenses decreased by PLN 10,177, or 9.4%, to PLN 98,272 in the nine months ended

September 30, 2013, compared with PLN 108,449 in the corresponding period of 2012 mainly due to lower expenses relating to staff and rental.

As a percentage of revenue, our general and administration expenses decreased to 9.0% in the nine months ended September 30, 2013 from 9.6% in the corresponding period of 2012.

In the above described operating expenses for the nine months ended September 30, 2013 are included non-recurring costs of PLN 3,243 related to the termination of TVN CNBC channel.

Share of loss of associates. The share of loss of associates amounted to PLN 1,947 in the nine months ended September 30, 2013, which is the net result of a loss of PLN 7,298 recognized by nC+ partially offset by a profit of PLN 5,351 recorded by Onet Holding.

Operating profit. Operating profit increased by PLN 14,178, or 5.4%, to PLN 278,711 in the nine months ended September 30, 2013, from an operating profit PLN 264,533 in the corresponding period of 2012. Our operating margin increased to 25.5% from 23.5% in the corresponding period of 2012.

Interest income. We recorded interest income of PLN 11,876 for the nine months ended September 30, 2013, compared to interest income of PLN 16,957 in the corresponding period of 2012, mainly due to lower interest rates.

Finance expense. We recorded finance expense of PLN 496,171 for the nine months ended September 30, 2013, compared to finance expense of PLN 282,305 in the corresponding period of 2012. The increase results primarily from premium costs of PLN 160,356 and unamortised debt issuance cots write-off of PLN 60,882 related to early redemption of our 10.75% Senior Notes.

Foreign exchange losses, net. We recorded foreign exchange losses, net of PLN 74,241 for the nine months ended September 30, 2013, compared to foreign exchange gains, net of PLN 236,672 in the corresponding period of 2012. We recorded foreign exchange losses on our Senior Notes of PLN 96,832 in the nine months ended September 30, 2013, compared to foreign exchange gains on our Senior Notes of PLN 233,308 in the corresponding period of 2012; fair value hedge impact of PLN 0 in the nine months ended September 30, 2013, compared to negative fair value hedge impact of PLN 3,286 in the corresponding period of 2012 as well as other foreign exchange gains of PLN 22,591 including mainly positive impact of foreign exchange gain relating to our restricted cash in the nine months ended September 30, 2013 comparing to other foreign exchange gains of PLN 3,364 in the corresponding period of 2012.

(Loss)/ profit before income tax. Our loss before income tax for the nine months ended September 30, 2013 was PLN 279,825 compared to a profit before income tax of PLN 235,857, in the corresponding period of 2012. This decrease was primarily due to foreign exchange losses, net and increased finance expense that we recognized in the nine months ended September 30, 2013, as compared with significant foreign exchange gains and lower finance expense recognized in the nine months ended September 30, 2012.

Income tax. For the nine months ended September 30, 2013, we recorded a total income tax benefit of PLN 30,398, compared to an income tax charge of PLN 24,769 in the corresponding period of 2012 mainly due to loss before income tax recognized in the nine months ended September 30, 2013 comparing to profit before income tax recognized in the corresponding period of 2012.

(Loss)/ profit for the period. Our loss amounted to PLN 249,427 in the nine months ended September 30, 2013, compared to a profit of PLN 4,446 in the corresponding period of 2012 impacted by a loss from discontinued operations in the amount of PLN 206,642.

(Loss)/ profit attributable to the owners of TVN S.A. Consequently, our loss attributable to the owners of TVN S.A. was PLN 243,539 in the nine months ended September 30, 2013, compared to a profit of PLN 16,292 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 and reconciliation of each segment result to EBITDA for the nine months ended September 30, 2013 and 2012:

	Television Broadcasting & Production		Teleshopping		Other reconciling items		Total	
	Nine months ended September 30, 2013	Nine months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012
Revenue from external customers	1,070,111	1,100,027	23,413	27,543	-	-	1,093,524	1,127,570
Inter-segment revenue	2,872	3,941	45	172	(2,917)	(4,113)	-	-
Total revenue	**1,072,983**	**1,103,968**	**23,458**	**27,715**	**(2,917)**	**(4,113)**	**1,093,524**	**1,127,570**
Operating profit/(loss)	285,206	272,989	(3,548)	(3,821)	2,947	(4,635)	278,711	264,533
EBITDA**	**344,310**	**325,799**	**(3,385)**	**(3,632)**	**2,947***	**(4,636)***	**337,978**	**317,531**
EBITDA margin**	**32.1%**	**29.5%**	**-**	**-**	**-**	**-**	**30.9%**	**28.2%**

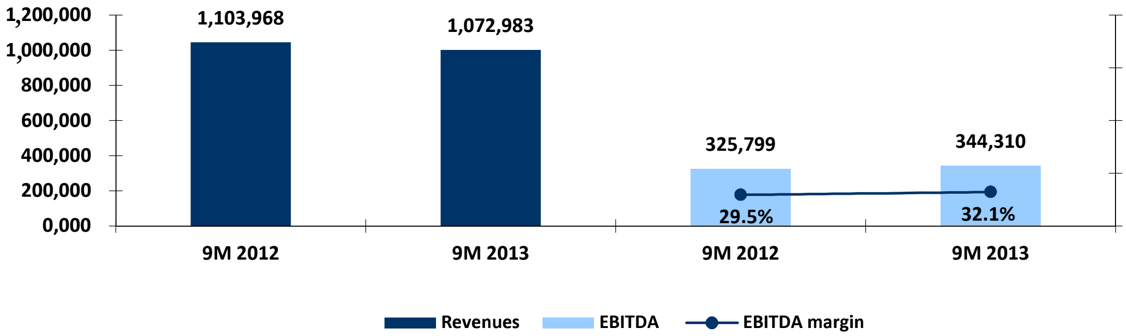
Operating profit/(loss)	285,206	272,989	(3,548)	(3,821)	2,947	(4,635)	278,711	264,533
Depreciation, amortization and impairment charges	59,104	52,810	163	189	-	1	59,267	52,998
EBITDA**	**344,310**	**325,799**	**(3,385)**	**(3,632)**	**2,947***	**(4,636)***	**337,978**	**317,531**

* Other reconciling items on EBITDA level the nine months ended September 30, 2013 include mainly share of losses of associates (PLN 1,947) and other costs. Other reconciling items on EBITDA level for the nine months ended September 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 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 nine months ended September 30, 2013 and 2012:



Nine months ended September 30,

	2013			2012		
	Revenue	**EBITDA**	**EBITDA %**	**Revenue**	**EBITDA**	**EBITDA %**
TVN channels	1,002,340	375,037	37.4%	1,045,237	346,098	33.1%
Other	70,643	(30,727)	-	58,731	(20,299)	-
Total segment	**1,072,983**	**344,310**	**32.1%**	**1,103,968**	**325,799**	**29.5%**

Television broadcasting and production revenue in the nine months ended September 30, 2013, decreased by PLN 30,985 to PLN 1,072,983, compared to PLN 1,103,968 in the corresponding period of 2012.

Our TVN channels revenue decreased by PLN 42,897, or 4.1%, to PLN 1,002,340 in the nine months ended September 30, 2013, from PLN 1,045,237 in the corresponding period of 2012. This decrease was 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 11,912, or 20.3%, to PLN 70,643 in the nine months ended September 30, 2013, from PLN 58,731 in the corresponding period of 2012. The increase was mainly due to increased Premium TV revenue and TVN Player performance.

Our TVN channels' EBITDA increased by PLN 28,939, or 8.4%, to PLN 375,037 in the nine months ended September 30, 2013, from PLN 346,098 in the corresponding period of 2012. TVN channels' EBITDA margin increased to 37.4% from 33.1% in the corresponding period of 2012.

EBITDA of television, broadcasting and production segment presented as 'Other' decreased by PLN 10,428, or 51.4% 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 nine months ended September 30, 2013 and 2012.

	Nine months ended September 30,					
	2013			2012		
	Revenue	EBITDA	EBITDA %	Revenue	EBITDA	EBITDA %
Mango Media	23,458	(3,385)	-	27,715	(3,632)	-
Total segment	**23,458**	**(3,385)**	**-**	**27,715**	**(3,632)**	**-**

Teleshopping revenue decreased by PLN 4,257, or 15.4%, to PLN 23,458 in the nine months ended September 30, 2013, from PLN 27,715 in the corresponding period of 2012 primarily due to lower sales volumes generated by Mango Media.

Segment EBITDA increased by PLN 247, to a loss at EBITDA level of PLN 3,385 in the nine months ended September 30, 2013 from a loss at EBITDA level of PLN 3,632 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 2,917 in the nine months ended September 30, 2013, compared to a negative impact of PLN 4,113 in the corresponding period of 2012. Other reconciling items on EBITDA level in the nine months ended September 30, 2013 include mainly share of losses of associates and other costs. 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 nine months ended September 30, 2013 and 2012.

	Nine months ended September 30,		
	2012	2013	2013
	PLN	PLN	EUR (1)
Cash generated from operations....................................	236,166	413,320	97,871
Net cash generated by operating activities.....................	192,395	406,972	96,368
Net cash (used in)/ generated by investing activities.......	(139,298)	40,131	9,503
Net cash used in financing activities……………………..	(197,800)	(505,508)	(119,701)
Decrease in cash and cash equivalents……	(144,703)	(58,405)	(13,830)

(1) For the convenience of the reader, we have converted złoty amounts for the nine months ended September 30, 2013 into euro at the rate of PLN 4.2231 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, June 30, 2013, July 31, 2013, August 31, 2013 and September 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 NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012

Cash Generated from Operations

Cash generated from operations increased by PLN 177,154, or 75.0% to PLN 413,320 in the nine months ended September 30, 2013, from PLN 236,166 in the corresponding period of 2012. The increase results mainly from lower cash payments to acquire programming rights, which amounted to PLN 105,668 in the nine months ended September 30, 2013 compared to an amount of PLN 244,065 for the corresponding period in 2012 and from positive changes in working capital, which amounted to PLN 89,415 in the nine months ended September 30, 2013, compared to a negative amount of PLN 60,210 in the nine months ended September 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 406,972 in the nine months ended September 30, 2013, compared to PLN 192,395 generated by operating activities for the corresponding period in 2012. The increase was mainly a result of cash generated from operations higher by PLN 177,154 and decrease of tax paid by PLN 37,423.

Net Cash Generated from Investing Activities

Net cash generated from investing activities amounted to PLN 40,131 in the nine months ended September 30, 2013, in comparison to net cash used in investing activities of PLN 139,298 in the corresponding period of 2012. The net cash generated from investing activities consists mainly of cash transferred from bank deposits with maturity over three months of PLN 43,755 and the last part of proceeds from sale of Onet to Ringier Axel Springer of PLN 38,005, partly offset by payments to acquire property, plant and equipment of PLN 51,891 including PLN 34,630 of VAT payment to ITI Group for MBC building.

Net Cash Used in Financing Activities

Net cash used in financing activities amounted to PLN 505,508 in the nine months ended September 30, 2013, compared to net cash used in financing activities of PLN 197,800 in the corresponding period of 2012.

Refinancing of our Senior Notes

In the nine months ended September 30, 2013 we partly repurchased our 10.75% Senior Notes (before the final repurchase of the outstanding in September 2013) and our 7.875% Senior Notes paying PLN 206,922. In September 2013 we repaid the outstanding of our remaining 10.75% Senior Notes with cash outflow of PLN 2,486,847. Both outflows were covered mainly by transfer from restricted cash of PLN 945,210 and from proceeds coming from issue of 7.375% Senior Notes of PLN 1,810,730. We also recognized a receivable of PLN 164,987 being the nominal value of the previously acquired 10.75% Senior Notes due 2017 together with accrued interest and applicable premium on early repayment. We received cash from the redemption of the previously acquired 10.75% Senior Notes in October 2013.

Other financial activities

In the nine months ended September 30, 2013 we paid PLN 271,958 of interest, we 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. We also acquired the proceeds from our cash loan facility of PLN 106,395.

Total cash and cash equivalents, that we held as of September 30, 2013 amounted to PLN 248,385 in comparison to PLN 420,445 as of September 30, 2012. As at September 30, 2013 we had cash and cash equivalents and bank deposits with maturity over three months totalling PLN 254,630 comparing to PLN 490,380 as of September 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 of the 7.875% Senior Notes and the 7.375% Senior Notes, Cash Loan and Revolving Credit Facility. 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, as of September 30, 2013:

	Value	Coupon/ effective interest	Maturity
7.375% Senior Notes (nominal value[1])…………………………	1,813,009	7.375%	2020
7.875% Senior Notes (nominal value[2])…………………………	697,578	7.875%	2018
Cash loan [3]………………………………………………………	105,408	3.9%	2016
Accrued interest on long term debt……………………………..	26,315	-	-
Total debt………………………………………………………	**2,642,310**	**-**	**-**
Cash at bank and in hand………………………………………	248,385	-	-
Bank deposits with maturity over three months	6,245		
Cash and cash equivalents and bank deposits with maturity over three months……………………………..	**254,630**	-	-
Receivable related to the redemption of the 10.75% Senior Notes [4]…………………………………	**164,987**		
Net debt ………………………	**2,222,693**	**-**	**-**

(1) This value represents outstanding nominal value of our 7.375% Senior Notes, which amounts to EUR 430,000 issued September 2013 multiplied by the rate of PLN 4.2163 per EUR 1.00 (the effective NBP exchange rate, złoty per euro, as of September 30, 2013).

(2) This value represents outstanding nominal value of our 7.875% Senior Notes, which amounts to EUR 165,448 issued in November 2010 multiplied by the rate of PLN 4.2163 per EUR 1.00 (the effective NBP exchange rate, złoty per euro, as of September 30, 2013).

(3) This value represents outstanding nominal value of our Cash Loan opened in June 2013 and used in August 2013, which amounts to EUR 25,000 multiplied by the rate of PLN 4.2163 per EUR 1.00 (the effective NBP exchange rate, złoty per euro, as of September 30, 2013).

(4) Receivable related to the redemption of the 10.75% Senior Notes represents the cash which The Group received in October 2013 from the redemption of the previously acquired 10.75% Senior Notes

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 2.5x as of September 30, 2013 and 1.5x as of December 31, 2012.

Our consolidated net debt (defined as above) to adjusted rolling EBITDA ratio amounted to 4.4x as of September 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 loss of associates, including dividends from 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 518,417 at September 30, 2013, compared to PLN 403,284 at December 31, 2012.

Our borrowed funds excluding accrued interest as of September 30, 2013, consisted of the principal amount of PLN 1,813,009 of indebtedness represented by the 7.375% Senior Notes, the principal amount of PLN 697,578 of indebtedness represented by 7.875% Senior Notes and the amount of 105,408 representing our total cash loan consideration.

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 off 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 in the amount of PLN 136,873 or EUR 32,696 was invested in the German government treasury securities and in the 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.

During the nine months ended September 30, 2013 the Group repurchased in the market 10.75% Senior Notes due 2017 with a nominal value of EUR 35,347 for an amount of EUR 38,628 (including accrued interest). The Group has accounted for the repurchases as a de-recognition of the corresponding part of the Notes liability. On September 16, 2013 we transferred the whole redemption price to the paying agent in order to repay the remaining 10.75% Senior Notes due 2017 with a nominal value of EUR 557,653 for an amount of EUR 617,348 (including accrued interest and premium for early repayment). As of September 30, 2013 all 10.75% Senior Notes due 2017 were repaid and discharged and the respective Notes liability was derecognized. On October 16, 2013 10.75% Senior Notes due 2017 were redeemed.

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 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.

During the nine months ended September 30, 2013 the Group repurchased in the market 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 nominal value of the remaining 7.875% Senior Notes due 2018 is EUR 165,448.

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 (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 do not account for early prepayment options embedded in the 7.875% Senior Notes because they are either closely related to the economic characteristics of the host contract or their fair value was accessed at a level close to nil.

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.

7.375% Senior Notes

On September 16, 2013 TVN Finance Corporation III AB, our wholly-owned subsidiary, issued 7.375% Senior Notes with a total nominal value of EUR 430,000. 7.375% Senior Notes bear fixed interest of 7.375% per annum, with the interest payable semi-annually (on 15 June and 15 December) payable for the first time on 15 December 2013, and will mature on 15 December 2020. 7.375% Senior Notes were issued for a price equal to 100% of their principal amount for a total consideration of EUR 430,000.

The proceeds received by TVN Finance Corporation III AB (publ) from the issuance of 7.375% Senior Notes were first transferred by way of a loan to TVN Media, which subsequently granted a loan to the Company. The involvement of TVN Media in the process enabled the utilization of the positive cash flow generated by TVN Media for the purposes of servicing the repayment of the interest accrued on 7.375% Senior Notes.

The TVN Group used the proceeds from the issuance of 7.375% Senior Notes to repurchase all of the outstanding 10.75% Senior Notes due in 2017 issued by TVN Finance Corporation II AB (publ) in the aggregate principal outstanding amount of EUR 557,653and to pay the “make-whole” premium, accrued and unpaid interest, as well as certain fees and expenses associated with the offering of 7.375% Senior Notes. The remainder of the purchase price for the above-mentioned 10.75% Senior Notes was financed from the proceeds from the sale of shares in Grupa Onet.pl S.A. The transaction contributed to the reduction of the gross debt of the TVN Group and prolonged the maturity of the refinanced portion of its debt from 2017 to 2020.

Change of Control

The 7.375% Senior Notes have a put option, which may be exercised by the registered holders of the 7.375% Senior Notes at a purchase price in cash equal to 101% of the principal amount of the 7.375% Senior Notes plus accrued and unpaid interest, if any, if a change of control event takes place. A change of control event is defined in the Indenture as the occurrence of one of the following events:

- any person or group of related persons, other than one or more Permitted Holders, as defined in the Indenture, become the beneficial owner, directly or indirectly, of more than 35% of the total voting power of the voting stock of the Company, and the occurrence of the Rating Decline, as defined in the Indenture;
- the Company and its Restricted Subsidiaries, as defined in the Indenture, taken as a whole dispose of all or substantially all of assets held thereby to a person other than a Restricted Subsidiary or one or more Permitted Holders and the occurrence of the Rating Decline, as defined in the Indenture;
- a plan is adopted relating to the liquidation or dissolution of the Company; or
- the Company, or the Company and one or more of its Restricted Subsidiaries, as defined in the Indenture, cease to directly own 100% of the shares of TVN Finance Corporation III AB.

Optional redemption

The following early repayment options are included in the 7.375% Senior Notes:

- prior to December 15, 2016 we may redeem up to 40% of the original principal amount of the 7.375% Senior Notes with the Net Cash Proceeds, as defined in the Indenture, of one or more Equity Offerings, as defined in the Indenture, at a redemption price of 107.375% of the principal amount of the notes, plus accrued and unpaid interest thereon, if any, to the redemption date, provided that at least 60% of the original principal amount of the notes remains outstanding after each such redemption and the redemption occurs within 180 days after the closing of such Equity Offering;
- prior to December 15, 2016 we may at any time during each 12-month period commencing on September 16, 2013 redeem up to 10% of the original principal amount of the 7.375% Senior Notes at a redemption price equal to 103% of the aggregate principal amount of the notes redeemed, plus accrued and unpaid interest thereon, if any, to the date of redemption;

- on or after December 15, 2016 we may redeem all or part of the 7.375% Senior Notes at a redemption price ranging from 100.000% to 103.688% plus accrued and unpaid interest thereon, if any, to the applicable redemption date;
- the 7.375% 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 if due to certain defined changes in tax laws or official interpretations regarding such laws TVN Finance Corporation III AB (publ) with respect to the 7.375% Senior Notes, or a Guarantor, with respect to its Notes Guarantee, (as such terms are defined in the Indenture) is or on the next interest payment date in respect of the 7.375% Senior Notes, would be, required to pay additional amounts on account of taxes in respect of any 7.375% Senior Notes.

We assessed that the above early repayment options are closely related to the economic characteristics of the host contract (Notes) as the options' exercise prices are close on each exercise date to the amortized cost of the 7.375% Senior Notes. Consequently, we did not separate the embedded derivatives related to the above early repayment options.

In addition, at any time prior to December 15, 2016, we also have an option to redeem the 7.375% Senior Notes in whole, but not in part, at a price equal to 100% of the principal amount of the notes plus the applicable premium and accrued but unpaid interest, if any, up to the redemption date. Applicable premium means, with respect to any 7.375% Senior Note on any redemption date, the greater of: (1) 1% of the principal amount of the note, or (2) the excess of (i) the present value at such redemption date of (a) the redemption price of the 7.375% Senior Notes at December 15, 2016, plus (b) interest due through December 15, 2016 (excluding accrued and unpaid interest to the redemption date) computed using a discount rate equal to the Bund Rate as of such redemption date 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 December 15, 2016 - but not shorter than a period of one year) and (ii) the principal amount of the note.

We do not account for early prepayment options embedded in the 7.375% Senior Notes because they are either closely related to the economic characteristics of the host contract or their fair value was accessed at a level close to nil.

Covenants

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

- incur or guarantee additional indebtedness;
- make certain restricted investments or payments;
- create liens;
- enter into sale and leaseback transactions;
- 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 aggregate principal amount of the 7.375% Senior Notes may declare all the outstanding 7.375% 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 7.375% Senior Notes will become due and payable without any declaration or other act by the holders of the 7.375% Senior Notes.

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.

The Cash Loan was utilized on August 5, 2013, it bears interest at a floating rate EURIBOR for the relevant interest period plus the bank's margin and is carried at amortized cost using an effective interest rate of 3.9%. The Cash Loan and interest are repaid in quarterly installments starting from November 5, 2013. The final repayment date is June 10, 2016. The carrying value of the Cash Loan is assumed to approximate its fair value.

The Revolving Credit Facility can be used in form of a revolving credit line, overdraft or for bank guarantees and letters of credit. As of September 30, 2013 the Revolving Credit Facility was used for the bank guarantees issued at 8,039.

The Revolving Credit Facility and the Cash Loan are secured by a mortgage on 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. The Revolving Credit Facility and the 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. The Revolving Credit Facility and the Cash Loan are also fully guaranteed by Group's subsidiaries that are guarantors of the 7.375% and 7.875% Senior Notes.

The Revolving Credit Facility and the 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.

The 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 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 September 30, 2013 the bank guarantees issued before the agreement expiry date have remained under the Revolving Guarantee Facility at 220,196.

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 September 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 September 30						
	For 3 months	For 12 months					
	2013	2014	2015	2016	2017	thereafter	Total
	PLN	PLN	PLN	PLN	PLN	PLN	PLN
Operating leases							
Satellite transponder leases	5,207	41,699	38,922	38,776	38,428	35,159	198,191
Other technical leases………	3,201	12,805	12,805	12,805	12,805	-	54,421
Operating leases – other……	3,093	10,171	7,638	4,598	-	-	25,500
Programming rights……………	38,702	108,097	84,003	69,541	67,863	-	368,206
Total cash commitments …..	**50,203**	**172,772**	**143,368**	**125,720**	**119,096**	**35,159**	**646,318**

We have no 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 7.875% Senior Notes and 7.375% Senior Notes are denominated in euro, and a large proportion of our programming costs are denominated in U.S. dollar. During the first nine months of 2013 the złoty has depreciated against the euro and the U.S. dollar. We cannot exclude that volatility of złoty exchange rates may continue in the market.

The inflation rate in Poland in September 2013 was 1.0% compared with 3.8% in September 2012, 0.2% in June 2013, 1.0% in March 2013, 2.4% in December 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 was paid on November 5, 2013, and amounted 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 September 30, 2013:

Entity	Country of incorporation and residence	September 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 September 30, 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 as published by TVN in a form of current report on April 17, 2013.

Shareholder	Number of shares in issue	% of Share Capital	Number of Votes	% of votes
ITI Group (1)	185,771,211	53.75%	185,771,211	53.75%
Polish Television Holding B.V. (2) (3)	180,355,430	52.19%	180,355,430	52.19%
Cadizin Trading&Investment (3)	5,415,781	1.57%	5,415,781	1.57%
ING OFE. (4)	28,000,000	8.10%	28,000,000	8.10%
Aviva OFE (4)	22,959,165	6.64%	22,959,165	6.64%
OFE PZU "Złota Jesień" (4)	19,000,000	5.50%	19,000,000	5.50%
Other shareholders	89,860,015	26.00%	89,860,015	26.00%
TOTAL:	**345,590,391***	**100.00%**	**345,590,391***	**100.00%**

**Number of our shares registered by the Court amounts to 343,876,421. According to the Warsaw Stock Exchange, where our shares are quoted, up to November 8, 2013 TVN issued 345,590,391 shares. The difference results from the ongoing execution of TVN Incentive Plan by our employees.*

(1) As of September 30, 2013, 53.81% of our registered shares were held by entities that are ultimately controlled by ITI Group. Our principal direct majority shareholder is PTH, in which ITI Group indirectly owns 60% and Groupe Canal+ indirectly owns 40%. ITI Group holds 1.57% of the shares in TVN S.A. through a controlled entity, Cadizin Trading & Investment, in which it holds 100% of the share capital. The percentage of share capital held by ITI Group may decline as a result of the exercise of warrants by our employees.
(2) Polish Television Holding B.V. has pledged the majority of the Company's shares.
(3) Entities controlled by ITI Group.
(4) Based on the list of shareholders holding at least 5% of votes at the General Shareholders Meeting of TVN held on April 15, 2013, as published by TVN in a form of current report on April 17, 2013.

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 November 8, 2013.

Name	Total number of options granted up to November 8, 2013 (not in thousands)	Total number of options vested up to November 8, 2013 (not in thousands)	Total number of options vested and held as of November 8, 2013 (not in thousands)
Markus Tellenbach	-	-	-
John Driscoll	-	-	-
Piotr Korycki	187,945	187,945	51,550
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 November 8, 2013 and changes in their holdings since the date of publication of our previous quarterly report on August 22, 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 August 22, 2013	Increases	Decreases	Balances as of November 8, 2013
Markus Tellenbach	-	-	-	-
John Driscoll	-	-	-	-
Piotr Korycki	-	51,550	51,550	-
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 November 8, 2013, and changes in their holdings since the date of publication of our previous quarterly report on August 22, 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 August 22, 2013	Increases	Decreases	Balances as of November 8, 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	-	146,780	146,780	-
Aldona Wejchert	591,634	-	-	591,634
Total:	**2,308,959**	146,780	146,780	**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 September 30, 2013

We are party to various agreements and other arrangements with members of the ITI Group, indirect shareholders of such companies, or certain companies of such shareholders. In our opinion, all of such transactions were entered into on an arm's length basis and on standard market terms in the ordinary course of business.

8. Discussion on Guarantees Granted to Third Parties by TVN Group During the Three Months Ended September 30, 2013

Guarantees of TVN S.A.

Neither the Company nor any of its subsidiaries granted any guarantees or secured any third party credits, either individually or in the aggregate, for an amount exceeding 10% of the Company's equity.

The Company granted guarantees for liabilities of ITI Neovision, a subsidiary of Cyfra+, our related party and the owner of DTH's "n" platform, in the aggregate amount of PLN 221,196 as of September 30, 2013.

INTRA-GROUP GUARANTEES

TVN Media granted guarantees for TVN's liabilities in the total amount of PLN 513,519 as of September 30, 2013.

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

On June 10, 2013, TVN Online Investments Holding, TVN Finance Corporation II AB, TVN Finance III AB and Mango Media granted guarantees for the liabilities of TVN and TVN Media under the Revolving Credit Facility in the total amount of PLN 600,000 (subject to certain limitations related to applicable local law restrictions).

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

Additionally, the guarantees related to the 7.875% Senior Notes and the 7.375% Notes were granted by TVN, TVN Online Investments Holding, Mango Media, TVN Media.

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 three and nine months ended September 30, 2013

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

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 nine months ended September 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 nine months ended September 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 November 7, 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, November 7, 2013

TVN Group

Interim Condensed Consolidated Financial Statements
As of and for the three and nine months ended September 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	Nine months ended September 30, 2013	Nine months ended September 30, 2012	Three months ended September 30, 2013	Three months ended September 30, 2012
Continuing operations					
Revenue	**5**	1,093,524	1,127,570	309,921	310,914
Cost of revenue	**6**	(626,427)	(670,248)	(183,653)	(189,168)
Selling expenses	**6**	(86,409)	(84,553)	(29,353)	(22,038)
General and administration expenses	**6**	(98,272)	(108,449)	(30,497)	(32,545)
Share of losses of associates	**18**	(1,947)	-	(1,235)	-
Other operating (expenses)/ income, net		(1,758)	213	(332)	(433)
Operating profit		**278,711**	**264,533**	**64,851**	**66,730**
Interest income	**7**	11,876	16,957	3,558	5,360
Finance expense	**7**	(496,171)	(282,305)	(305,392)	(98,826)
Foreign exchange (losses)/ gains, net	**7**	(74,241)	236,672	62,823	80,463
(Loss)/ profit before income tax		**(279,825)**	**235,857**	**(174,160)**	**53,727**
Income tax benefit/ (charge)	**15**	30,398	(24,769)	2,780	(4,781)
(Loss)/ profit for the period from continuing operations		**(249,427)**	**211,088**	**(171,380)**	**48,946**
Discontinued operations					
(Loss)/ profit for the period from discontinued operations	**17**	-	(206,642)	-	8,483
(Loss)/ profit for the period		**(249,427)**	**4,446**	**(171,380)**	**57,429**
(Loss)/ profit attributable to:					
Owners of the parent		(243,539)	16,292	(169,813)	61,967
Non-controlling interest		(5,888)	(11,846)	(1,567)	(4,538)
		(249,427)	**4,446**	**(171,380)**	**57,429**

(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	(0.71)	0.65	(0.49)	0.16
- from discontinued operations	-	(0.60)	-	0.02
	(0.71)	**0.05**	**(0.49)**	**0.18**
Diluted (losses)/ earnings per share				
- from continuing operations	(0.71)	0.65	(0.49)	0.16
- from discontinued operations	-	(0.60)	-	0.02
	(0.71)	**0.05**	**(0.49)**	**0.18**

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)

	Note	Nine months ended September 30, 2013	Nine months ended September 30, 2012	Three months ended September 30, 2013	Three months ended September 30, 2012
(Loss)/ profit for the period		**(249,427)**	**4,446**	**(171,380)**	**57,429**
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**	1,398	292	4,369	867
Income tax relating to components of other comprehensive income	**15**	(266)	(105)	(831)	(161)
Share of other comprehensive income/ (loss) of associates	**18**	484	-	(3,977)	-
Other comprehensive income/ (loss) for the period, net of tax		1,616	187	(439)	706
Total comprehensive (loss)/ income for the period		**(247,811)**	**4,633**	**(171,819)**	**58,135**
Total comprehensive (loss)/ income attributable to:					
Owners of the parent		(241,923)	16,479	(170,252)	62,673
Non-controlling interest		(5,888)	(11,846)	(1,567)	(4,538)
		(247,811)	**4,633**	**(171,819)**	**58,135**
Total comprehensive (loss)/ income attributable to owners of the parent:					
- from continuing operations		(241,923)	223,382	(170,252)	54,482
- from discontinued operations		-	(206,903)	-	8,191
		(241,923)	**16,479**	**(170,252)**	**62,673**

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

	Note	As at September 30, 2013	As at December 31, 2012
ASSETS			
Non-current assets			
Property, plant and equipment		379,052	414,545
Goodwill		144,127	144,127
Brand		30,612	30,612
Other intangible assets		64,754	59,281
Non-current programming rights		165,798	171,510
Investments in associates	**18**	1,856,742	1,865,644
Deferred tax asset	**15**	287,862	259,690
Other non-current assets	**9**	1,167	412
		2,930,114	**2,945,821**
Current assets			
Current programming rights		270,505	259,231
Trade receivables		294,142	317,239
Derivative financial assets	**8**	1,837	-
Prepayments and other assets	**9**	240,088	118,945
Corporate income tax receivable		-	51,144
Restricted cash	**10**	-	915,343
Bank deposits with maturity over three months		6,245	50,000
Cash and cash equivalents		248,385	308,564
		1,061,202	**2,020,466**
TOTAL ASSETS		**3,991,316**	**4,966,287**
EQUITY			
Shareholders' equity			
Share capital	**11**	68,858	68,775
Share premium		680,266	672,876
8% obligatory reserve		23,301	23,301
Other reserves and deficits		(453,667)	(451,985)
Accumulated profit		598,870	1,062,490
		917,628	**1,375,457**
Non-controlling interest		(22,278)	(16,390)
		895,350	**1,359,067**
LIABILITIES			
Non-current liabilities			
Non-current borrowings	**12**	2,543,184	3,151,655
Deferred tax liability	**15**	5,816	15,200
Non-current trade payables		4,318	13,050
Other non-current liabilities		24,231	24,031
		2,577,549	**3,203,936**
Current liabilities			
Current trade payables		118,811	169,983
Current borrowings	**12**	47,397	48,234
Derivative financial liabilities	**8**	26	-
Corporate income tax payable		4,021	-
Other liabilities and accruals	**13**	348,162	185,067
		518,417	**403,284**
Total liabilities		**3,095,966**	**3,607,220**
TOTAL EQUITY AND LIABILITIES		**3,991,316**	**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	-	-	-	-	1,616	(243,539)	(241,923)	(5,888)	(247,811)
Issue of shares [(1)]	411,457	83	7,390	-	(3,298)	-	4,175	-	4,175
Dividend declared [(2)]	-	-	-	-	-	(220,081)	(220,081)	-	(220,081)
Balance at September 30, 2013	**344,287,878**	**68,858**	**680,266**	**23,301**	**(453,667)**	**598,870**	**917,628**	**(22,278)**	**895,350**

(*) 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)**
Issue of shares	(3,298)	-	-	(3,298)
Credit for the period	-	1,398	-	1,398
Deferred tax on credit for the period	-	(266)	-	(266)
Share of other comprehensive income of associates	-	484	-	484
Balance at September 30, 2013	**95,865**	**1,616**	**(551,148)**	**(453,667)**

(1) During the nine months ended September 30, 2013 411,457 (not in thousands) of C1, C2, C3 and E3 series shares were issued and fully paid as a result of the exercise of share options granted under the TVN incentive schemes (the nine months ended September 30, 2012: nil, see Note 21).

(2) The dividend declared in 2013 amounted to 0.64 per share (not in thousands) and it was 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 was 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 September 30, 2013 is an amount of 2,006,256 being the accumulated profit of TVN S.A. on a standalone basis which is distributable. The Notes (see Note 12) impose certain restrictions on payment of dividends.

	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 income/ (loss) for the period	-	-	-	-	187	16,292	16,479	(11,846)	4,633
Share issue cost [(3)]	-	-	(55)	-	-	-	(55)	-	(55)
Dividend declared and paid [(2)]	-	-	-	-	-	(34,388)	(34,388)	-	(34,388)
Balance at September 30, 2012	**343,876,421**	**68,775**	**672,876**	**23,301**	**(451,598)**	**592,711**	**906,065**	**(12,404)**	**893,661**

(*) 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)**
Credit for the period	-	292	-	292
Deferred tax on credit for the period	-	(105)	-	(105)
Balance at September 30, 2012	**99,163**	**387**	**(551,148)**	**(451,598)**

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

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

	Note	Nine months ended September 30, 2013	Nine months ended September 30, 2012
Operating activities			
Cash generated from operations	**14**	413,320	236,166
Tax paid		(6,348)	(43,771)
Net cash generated by operating activities		**406,972**	**192,395**
Investing activities			
Proceeds from sale of subsidiaries	**18**	38,005	-
Dividend received from an associate, net of tax	**18**	6,026	-
Payments to acquire property, plant and equipment		(51,891)	(122,636)
Proceeds from sale of property, plant and equipment		1,066	1,904
Payments to acquire intangible assets		(5,312)	(43,613)
Bank deposits with maturity over three months		43,755	5,065
Interest received		8,482	19,982
Net cash generated by/ (used in) investing activities		**40,131**	**(139,298)**
Financing activities			
Issue of shares		4,175	-
Dividend paid		(99,724)	(34,388)
Acquisition of the Notes	**12**	(206,922)	-
Repayment of the remaining 10.75% Senior Notes due 2017	**12**	(2,486,847)	-
Receivable related to the redemption of the previously acquired 10.75% Senior Notes due 2017	**9**	(164,987)	-
Issuance of the 7.375% Senior Notes due 2020	**12**	1,810,730	-
Cost of issue of the 7.375% Senior Notes due 2020	**12**	(23,384)	-
Proceeds from the Cash Loan	**12**	106,395	-
Bank charges	**12**	(7,692)	-
Repayment of the Mortgage Loan	**12**	(111,071)	-
Settlement of foreign exchange forward contracts	**8**	567	-
Restricted cash	**10**	945,210	-
Interest paid		(271,958)	(163,412)
Net cash used in financing activities		**(505,508)**	**(197,800)**
Decrease in cash and cash equivalents		**(58,405)**	**(144,703)**
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	**17**	-	(69,947)
Effects of changes in cash and cash equivalents of disposal group classified as held for sale – Onet Group	**17**	-	(9,543)
Effects of changes in cash and cash equivalents of disposal group classified as held for sale – ITI Neovision Group	**17**	-	49,474
Effects of exchange rate changes		(1,774)	3,038
Cash and cash equivalents at the end of the period		**248,385**	**420,445**

According to the requirements of IFRS 5 the interim condensed consolidated cash flow statement for the nine months ended September 30, 2012 is presented jointly for continuing and discontinued operations. Details of cash flows of discontinued operations for the nine months ended September 30, 2012 are disclosed in Note 17.

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 November 7, 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, series, 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 three and nine months ended September 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 income statement.

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.

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 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 September 30, 2013 the Group did not identify any indicators for impairment of its investments in associates.

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.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(ii) 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 September 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 September 30, 2013 the Group did not recognize a deferred tax asset in the amount of 197,186 (December 31, 2012: 217,821) related to the tax value of brands recognized by TVN Media.

As at September 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 September 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 22.1. 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 17) 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:

	Nine months ended September 30, 2013	Nine months ended September 30, 2012
EBITDA from continuing operations	**337,978**	**317,531**
Depreciation of property, plant and equipment	(48,292)	(42,798)
Amortization of intangible assets	(10,975)	(10,200)
Operating profit from continuing operations	**278,711**	**264,533**
Interest income (see Note 7)	11,876	16,957
Finance expense (see Note 7)	(496,171)	(282,305)
Foreign exchange (losses)/ gains, net (see Note 7)	(74,241)	236,672
(Loss)/ profit before income tax from continuing operations	**(279,825)**	**235,857**

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

4. SEGMENT REPORTING (CONTINUED)

Nine months ended September 30, 2013	**Television broadcasting and production**	**Teleshopping**	**Other reconciling items**		**Total**
Revenue from external customers	1,070,111	23,413	-		1,093,524
Inter-segment revenue	2,872	45	(2,917)		-
Revenue from continuing operations	**1,072,983**	**23,458**	**(2,917)**		**1,093,524**
EBITDA from continuing operations	**344,310**	**(3,385)**	**(2,947)**	*	**337,978**
Depreciation of property, plant and equipment	(48,155)	(137)	-		(48,292)
Amortization of intangible assets	(10,949)	(26)	-		(10,975)
Operating profit/ (loss) from continuing operations	**285,206**	**(3,548)**	**(2,947)**		**278,711**
Additions to property, plant and equipment and other intangible assets	30,404	505	-		30,909
As at September 30, 2013					
Segment assets including:	**1,639,188**	**45,618**	**2,306,510**	**	**3,991,316**
Investment in associates	-	-	1,856,742		1,856,742

* Other reconciling items on EBITDA level include mainly share of losses of associates (1,947) and other costs

** Other reconciling items to segment assets include: investment in associates (1,856,742), deferred tax assets (287,862), receivable related to the redemption of the Notes (164,987) and other assets and consolidation adjustments (deficit of 3,081)

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

4. SEGMENT REPORTING (CONTINUED)

Nine months ended September 30, 2012	**Television broadcasting and production**	**Teleshopping**	**Other reconciling items**		**Total**
Revenue from external customers	1,100,027	27,543	-		1,127,570
Inter-segment revenue	3,941	172	(4,113)		-
Revenue from continuing operations	**1,103,968**	**27,715**	**(4,113)**		**1,127,570**
EBITDA from continuing operations	**325,799**	**(3,632)**	**(4,636)**	*	**317,531**
Depreciation of property, plant and equipment	(42,650)	(148)	-		(42,798)
Amortization of intangible assets	(10,160)	(41)	1		(10,200)
Operating profit/ (loss) from continuing operations	**272,989**	**(3,821)**	**(4,635)**		**264,533**
Additions to property, plant and equipment and other intangible assets	77,991	28	(209)		77,810
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

	Nine months ended September 30, 2013	**Nine months ended September 30, 2012**	**Three months ended September 30, 2013**	**Three months ended September 30, 2012**
Revenue from advertising spot sales	751,563	787,155	205,777	212,953
Subscription fees	159,982	162,843	51,534	53,833
Revenue from sponsoring	106,143	94,208	29,691	23,527
Revenue from sales of goods	19,403	22,935	6,534	6,625
Other revenue	56,433	60,429	16,385	13,976
	1,093,524	**1,127,570**	**309,921**	**310,914**

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

	Nine months ended September 30, 2013	**Nine months ended September 30, 2012**	**Three months ended September 30, 2013**	**Three months ended September 30, 2012**
Amortization of locally produced content	289,893	320,017	82,996	85,737
Amortization of acquired programming rights and co-production	98,596	107,069	27,782	31,253
Staff expenses	116,061	119,471	34,489	30,525
Depreciation and amortization	59,267	52,998	17,715	17,953
Broadcasting expenses	50,164	50,871	15,823	18,195
Royalties	34,964	37,275	9,538	9,450
Marketing and research	30,150	40,748	13,311	9,372
Rental	22,262	30,761	6,388	10,279
Cost of services and goods sold	22,143	23,094	7,833	5,573
Impaired accounts receivable	1,729	89	254	712
Other	85,879	80,857	27,374	24,702
	811,108	**863,250**	**243,503**	**243,751**

Included in the above operating expenses are operating lease expenses for the nine months ended September 30, 2013 of 72,950 (the nine months ended September 30, 2012: 90,648) and for the three months ended September 30, 2013 of 21,866 (the three months ended September 30, 2012: 31,804).

Included in the above operating expenses for the nine months ended September 30, 2013 are non-recurring costs of 3,243 related to the termination of TVN CNBC channel (the nine months ended September 30, 2012: nil) and for the three months ended September 30, 2013 of 3,243 (the three months ended September 30, 2012: nil).

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

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

	Nine months ended September 30, 2013	Nine months ended September 30, 2012	Three months ended September 30, 2013	Three months ended September 30, 2012
Interest income				
Guarantee fees from related party (see Note 20 (v))	2,680	-	864	-
Interest income on foreign exchange forward contracts and foreign exchange swap contracts – cash flow hedges (see Note 8)	1,026	491	709	295
Other interest income	8,170	16,466	1,985	5,065
	11,876	**16,957**	**3,558**	**5,360**
Finance expense				
Interest expense on the Notes (see Note 12)	(262,017)	(252,531)	(95,296)	(83,178)
Interest expense on the Mortgage Loan (see Note 12)	(1,365)	-	-	-
Interest expense on the Cash Loan (see Note 12)	(609)	-	(609)	-
Interest expense on foreign exchange forward contracts and foreign exchange swap contracts – fair value and cash flow hedges (see Note 8)	(713)	(25,269)	(160)	(14,300)
Premium on early repayment of the Notes and other costs related to the repayment of the Notes (see Note 12)	(160,356)	-	(149,356)	-
Unamortized debt issuance costs of the Notes written off on early repayment (see Note 12)	(60,882)	-	(56,640)	-
Guarantee fees to related party	(602)	(1,086)	(201)	(362)
Bank and other charges	(9,627)	(3,419)	(3,130)	(986)
	(496,171)	**(282,305)**	**(305,392)**	**(98,826)**
Foreign exchange (losses)/ gains, net				
Foreign exchange (losses)/ gains on the Notes, including:	(96,832)	233,308	83,935	78,203
- unrealized foreign exchange gains on the Notes	*11,990*	*234,536*	*192,756*	*115,127*
- realized foreign exchange (losses)/ gains on the Notes	*(108,822)*	*2,058*	*(108,821)*	*-*
- fair value hedge impact	*-*	*(3,286)*	*-*	*(36,924)*
Other foreign exchange gains/ (losses), net	22,591	3,364	(21,112)	2,260
	(74,241)	**236,672**	**62,823**	**80,463**

Finance expenses and foreign exchange (losses)/ gains, net for the nine months ended September 30, 2013 include costs of early repayment of the Notes being premium on early repayment and other costs of 160,356, write-off of the unamortized balance of debt issuance costs of 60,882 and realized foreign exchange loss of 108,821 (the nine months ended September 30, 2012: nil) and for the three months ended September 30, 2013 premium on early repayment and other costs of 149,356, write-off of the unamortized balance of debt issuance costs of 56,640 and realized foreign exchange loss of 108,821 (the three months ended September 30, 2012: nil).

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

8. DERIVATIVE FINANCIAL INSTRUMENTS

	September 30, 2013	December 31, 2012
Derivative financial assets		
Foreign exchange swap contracts	1,131	-
Foreign exchange forward contracts	706	-
	1,837	**-**
Derivative financial liabilities		
Foreign exchange forward contracts	26	-
	26	**-**

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

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 redemption of the Notes (see Note 12), 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 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. PREPAYMENTS AND OTHER ASSETS

	September 30, 2013	December 31, 2012
Receivable related to the redemption of the Notes *	164,987	-
VAT and other non-CIT taxes receivables	19,855	23,645
Inventory, net of impairment provision	10,845	10,706
Employee settlements	6,992	5,952
Technical support	2,320	2,433
Prepayments for programming	1,126	1,751
Consideration receivable (see Note 18)	-	38,250
Other	35,130	36,620
	241,255	**119,357**
Less: current portion of other assets	**(240,088)**	**(118,945)**
Non-current portion of other assets	**1,167**	**412**

* On September 16, 2013 TVN Finance Corporation II AB, the Group's subsidiary, repaid all 10.75% Senior Notes due 2017 together with accrued interest up to October 16, 2013 (the date of the redemption of 10.75% Senior Notes due 2017) and applicable premium on early repayment. As a consequence the Group recognized a receivable related to the redemption of the Notes being the nominal value of the previously acquired 10.75% Senior Notes due 2017 together with accrued interest and applicable premium on early repayment. The Group received cash from the redemption of the previously acquired Notes on October 16, 2013. (see Note 12)

10. RESTRICTED CASH

	September 30, 2013	December 31, 2012
Restricted cash	-	915,343
	-	**915,343**

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

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

* Restricted cash related to the disposal of Onet Group, during the nine months ended September 30, 2013 restricted cash related to the disposal of Onet Group, together with the proceeds from the issuance of 7.375% Senior Notes due 2020 (see Note 12), was used for the repurchase of 7.875% Senior Notes due 2018 and repayment of the 10.75% Senior Notes due 2017 (see Note 12)

** 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:

	September 30, 2013	December 31, 2012
EUR	-	880,525
PLN	-	34,818
	-	**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 September 30, 2013 was 344,287,878 (December 31, 2012: 343,876,421) with a par value of 0.20 per share. All issued shares are fully paid and include shares issued on exercise of share options granted under incentive schemes (C and E series of shares) as soon as cash consideration is received.

The shareholders structure:

	September 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	52.39%	180,355,430	52.45%
Cadizin Trading&Investment (1)	5,415,781	1.57%	5,415,781	1.57%
Other shareholders	158,516,667	46.04%	158,105,210	45.98%
Total	**344,287,878**	**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.

Included in the total number of shares in issue as at September 30, 2013 held by other shareholders are 411,457 shares of C1, C2, C3 and E3 series not registered by the Court. All shares in issue as at December 31, 2012 were registered by the Court. Number of shares held by each shareholder is the same as the number of votes.

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

12. BORROWINGS

	September 30, 2013	December 31, 2012
The Notes	2,460,360	3,054,397
Interest accrued on the Notes	25,800	39,619
The Cash Loan	103,906	-
Interest accrued on the Cash Loan	515	-
The Mortgage Loan	-	105,761
Interest accrued on the Mortgage Loan	-	112
	2,590,581	**3,199,889**
Less: current portion of borrowings	(47,397)	(48,234)
Non-current portion of borrowings	**2,543,184**	**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 were carried at amortized cost using an effective interest rates of 11.3% - 12%, they paid interest semi-annually (on May 15 and November 15) beginning May 15, 2010 and had contractual maturity date 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.

During the nine months ended September 30, 2013 the Group repurchased 10.75% Senior Notes due 2017 with a nominal value of EUR 35,347 for an amount of EUR 38,628 (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 ('Premium on early repayment of the Notes') was recognized in the income statement within finance expense (see Note 7). After above transactions the nominal value of the remaining 10.75% Senior Notes due 2017 was EUR 557,653 and the nominal value of the remaining 7.875% Senior Notes due 2018 is EUR 165,448.

On September 16, 2013 the Group issued EUR 430,000 Senior Notes with an annual interest rate of 7.375% ("7.375% Senior Notes due 2020"). The 7.375% Senior Notes due 2020 are carried at amortized cost using an effective interest rate of 7.9%, they pay interest semi-annually (on June 15 and December 15) beginning December 15, 2013 and mature on December 15, 2020. 7.375% Senior Notes due 2020 were issued at a price equal to 100% of their principal amount for a total consideration of EUR 430,000.

The proceeds from the issuance of 7.375% Senior Notes due 2020, together with the cash from the disposal of Onet Group (see Note 10), were used to repay the remaining balance of 10.75% Senior Notes due 2017 (including accrued interest and premium for early repayment) and to pay fees and expenses associated with the issuance of 7.375% Senior Notes due 2020. On September 16, 2013 the Group repaid the remaining 10.75% Senior Notes due 2017 with a nominal value of EUR 557,653 for an amount of EUR 617,348 (including accrued interest and premium for early repayment). The difference between the consideration paid and the carrying amount corresponding to the Notes repaid ('Premium on early repayment of the Notes') was recognized in the income statement within finance expense (see Note 7).

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

12. BORROWINGS (CONTINUED)

As of September 30, 2013 all 10.75% Senior Notes due 2017 were repaid and discharged and the respective Notes liability was derecognized. On October 16, 2013 10.75% Senior Notes due 2017 were redeemed.

7.375% Senior Notes due 2020, 7.875% Senior Notes due 2018 and 10.75% Senior Notes due 2017 (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.

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

	September 30, 2013		December 31, 2012	
	PLN	**EUR**	**PLN**	**EUR**
7.375% Senior Notes due 2020	1,850,810	438,966	-	-
7.875% Senior Notes due 2018	736,015	174,564	769,093	188,125
10.75% Senior Notes due 2017	-	-	2,688,008	657,504
	2,586,825	**613,530**	**3,457,101**	**845,629**

Fair values of the Notes reflect their market price quoted by Reuters based on the last value date on September 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 7.875% Senior Notes due 2018 on or after November 15, 2013 at a redemption price ranging from 105.906% to 100.000% and all or part of 7.375% Senior Notes due 2020 on or after December 15, 2016 at a redemption price ranging from 103.688% 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 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;
- prior to December 15, 2016 the Group may on any one or more occasions redeem up to 40% of the original principal amount of 7.375% Senior Notes due 2020 with the net cash proceeds of one or more equity offerings at a redemption price of 107.375% of the principal amount plus accrued and unpaid interest, if any, to the redemption date;
- prior to December 15, 2016, the Group may at any time and from time to time during each 12-month period commencing with September 16, 2013 redeem up to 10% of the original principal amount of 7.375% Senior Notes due 2020 at a redemption price equal to 103% of the aggregate principal amount plus accrued and unpaid interest, if any, to the redemption date;

12. BORROWINGS (CONTINUED)

- at any time prior to November 15, 2013, the Group has also an option to redeem 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 ‘make-whole’ premium and accrued but unpaid interest, if any, up to the redemption date and at any time prior to December 16, 2016 the Group may redeem 7.375% Senior Notes due 2020, in whole but not in part, at a price equal to 100% of the principal amount plus the applicable ‘make-whole’ premium and accrued and unpaid interest, if any, up to 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.

The Revolving Credit Facility and the 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 (see below) and the PLN 100,000 Revolving Accounts Receivable Facility which was terminated in June 2013 (see below). The Cash Loan replenished the liquidity used to repay the Mortgage Loan (see below).

The Revolving Credit Facility can be used in form of a revolving credit line, overdraft or for bank guarantees and letters of credit. As of September 30, 2013 the Revolving Credit Facility was used only for the bank guarantees issued at 8,039.

The Cash Loan was utilized on August 5, 2013, it bears interest at a floating rate EURIBOR for the relevant interest period plus the bank’s margin and is carried at amortized cost using an effective interest rate of 3.9%. The Cash Loan and interest are repaid in quarterly installments starting from November 5, 2013. The final repayment date is June 10, 2016. The carrying value of the Cash Loan is assumed to approximate its fair value.

The Revolving Credit Facility and the Cash Loan are secured by a mortgage on 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. The Revolving Credit Facility and the 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. The Revolving Credit Facility and the Cash Loan are also fully guaranteed by Group’s subsidiaries that are guarantors of the Notes.

The Revolving Credit Facility and the 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.

The 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.

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

12. BORROWINGS (CONTINUED)

The Revolving Guarantee Facility

On December 17, 2010 the Group entered into a Revolving Guarantee Facility agreement with Bank Pekao S.A. The agreement, as amended, which provided for a PLN 250,000 multicurrency guarantee facility available in EUR, USD and/or PLN is still in force, however, the period in which it is possible to request the issuance of guarantees expired on May 16, 2013.

As of September 30, 2013 the bank guarantees issued have remained in place for a total of 220,196 (December 31, 2012: 279,982). All of these guarantees will expire by June 30, 2014.

The 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.

13. OTHER LIABILITIES AND ACCRUALS

	September 30, 2013	December 31, 2012
Dividend payable *	120,357	-
VAT and other taxes payable	34,025	3,789
Employee benefits	28,503	20,427
Sales and marketing related costs	23,620	5,094
Accrued production and programming costs	13,730	14,039
Deferred income	12,621	7,282
Satellites	5,813	4,872
Other liabilities and accrued costs	109,493	129,564
	348,162	**185,067**

* The second installment of the dividend declared in 2013 was paid on November 5, 2013

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

14. NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

Reconciliation of (loss)/ profit for the period to cash generated from operations

	Note	Nine months ended September 30, 2013	Nine months ended September 30, 2012
(Loss)/ profit for the period		(249,427)	4,446
Tax (benefit)/ charge		(30,398)	42,778
Depreciation, amortization and impairment		59,267	66,827
Impairment of goodwill		-	216,029
Amortization of acquired programming rights and co-production		98,596	186,049
Impaired accounts receivable		1,729	4,845
Loss on sale of property, plant and equipment		597	235
Interest income	**7, 17**	(11,876)	(21,752)
Finance expense	**7, 17**	496,171	285,382
Foreign exchange losses/ (gains), net	**7, 17**	74,241	(239,186)
Share of losses/ (profits) of associates	**17, 18**	1,947	(745)
Guarantee fee paid		(802)	(1,425)
Payments to acquire programming rights		(105,668)	(244,065)
Change in local production balance		(10,472)	(3,042)
Changes in working capital:			
Trade receivables		21,368	56,177
Prepayments and other assets		67,159	(47,836)
Trade payables		(28,491)	(56,362)
Other short term liabilities and accruals		29,379	(12,189)
		89,415	(60,210)
Cash generated from operations		**413,320**	**236,166**

Non-cash transactions

Barter revenue, net		340	1,666

According to the requirements of IFRS 5 the interim condensed consolidated cash flow statement for the nine months ended September 30, 2012 is presented jointly for continuing and discontinued operations. Details of cash flows of discontinued operations for the nine months ended September 30, 2012 are disclosed in Note 17.

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

15. TAXATION

	Nine months ended September 30, 2013	Nine months ended September 30, 2012	Three months ended September 30, 2013	Three months ended September 30, 2012
Current tax (charge)/ credit	(7,424)	(1,898)	2,782	(997)
Deferred tax credit/ (charge)	37,822	(22,871)	(2)	(3,784)
	30,398	**(24,769)**	**2,780**	**(4,781)**
Reconciliation of accounting (loss)/ profit to tax credit/ (charge)				
(Loss)/ profit before income tax	**(279,825)**	**235,857**	**(174,160)**	**53,727**
Income tax credit/ (charge) at the enacted statutory rate of 19%	53,167	(44,813)	33,091	(10,208)
Impact of deferred tax asset recognized on tax value of brands recognized by TVN Media (see Note 3 (ii))	20,636	20,636	6,879	6,879
Impact of the repayment of the Notes	(34,658)	-	(34,658)	-
Impact of share of losses of associates	(370)	-	(235)	-
Net tax impact of expenses and losses not deductible for tax purposes, revenue not taxable and other adjustments	(8,377)	(592)	(2,297)	(1,452)
Tax for the period	**30,398**	**(24,769)**	**2,780**	**(4,781)**

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 September 30, 2013.

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

	Nine months ended September 30, 2013	Nine months ended September 30, 2012
Movements in deferred tax asset		
Balance at beginning of period	259,690	43,056
Credit/ (charge) to the income statement	28,438	(649)
Deferred tax charged to other comprehensive income, net	(266)	-
Transferred to disposal group classified as held for sale (see Note 17)	-	(13,369)
Balance at end of period	**287,862**	**29,038**

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

15. TAXATION (CONTINUED)

	Nine months ended September 30, 2013	Nine months ended September 30, 2012
Movements in deferred tax liability		
Balance at beginning of period	(15,200)	(158,301)
Credit/ (charge) to the income statement	9,384	(22,222)
Deferred tax charged to other comprehensive income, net	-	(105)
Charge to the result of discontinued operations	-	(7,408)
Transferred to disposal group classified as held for sale (see Note 17)	-	122,251
Balance at end of period	**(5,816)**	**(65,785)**

16. 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:

	September 30, 2013	December 31, 2012
Due in 2013	38,702	184,778
Due in 2014	108,097	113,792
Due in 2015	84,003	81,168
Due in 2016	69,541	68,914
Due in 2017	67,863	67,323
	368,206	**515,975**

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

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

	Related parties	Non-related parties	Total
Due in 2013	101	2,992	3,093
Due in 2014	50	10,121	10,171
Due in 2015	-	7,638	7,638
Due in 2016	-	4,598	4,598
	151	**25,349**	**25,500**

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

16. COMMITMENTS (CONTINUED)

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 September 30, 2013 and December 31, 2012 respectively.

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

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

	September 30, 2013	December 31, 2012
Due in 2013	5,207	35,506
Due in 2014	41,699	40,142
Due in 2015	38,922	37,449
Due in 2016	38,776	37,307
Due in 2017	38,428	37,307
Due in 2018 and thereafter	35,159	34,336
	198,191	**222,047**

Additionally, the Group leases transmission sites and related services for an annual amount of 12,805 (the year ended December 31, 2012: 21,664).

17. DISCONTINUED OPERATIONS

	Nine months ended September 30, 2013	Nine months ended September 30, 2012	Three months ended September 30, 2013	Three months ended September 30, 2012
ITI Neovision Group	-	(23,020)	-	(5,953)
Onet Group (including impairment of goodwill)	-	(183,622)	-	14,436
	-	**(206,642)**	**-**	**8,483**

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

17. DISCONTINUED OPERATIONS (CONTINUED)

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 18).

Analysis of the result of discontinued operations – ITI Neovision Group

	Nine months ended September 30, 2012	Three months ended September 30, 2012
Revenue	595,828	204,383
Cost of revenue	(479,576)	(169,366)
Selling expenses	(96,527)	(29,247)
General and administration expenses	(33,584)	(10,220)
Other operating expenses, net	(3,044)	(2,030)
Operating loss	**(16,903)**	**(6,480)**
Interest income	1,007	254
Finance expense	(2,965)	(975)
Foreign exchange gains, net	3,065	1,133
Share of profit of associate	745	241
Loss before income tax	**(15,051)**	**(5,827)**
Income tax charge	(7,969)	(126)
Loss for the period from discontinued operations	**(23,020)**	**(5,953)**

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

	Nine months ended September 30, 2012
Net cash used in operating activities	(42,023)
Net cash used in investing activities	(54,906)
Net cash generated by financing activities	47,455
	(49,474)

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

17. DISCONTINUED OPERATIONS (CONTINUED)

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 18).

Analysis of the result of discontinued operations – Onet Group

	Nine months ended September 30, 2012	Three months ended September 30, 2012
Revenue	174,717	55,110
Cost of revenue	(64,399)	(17,264)
Selling expenses	(48,558)	(17,554)
General and administration expenses	(25,281)	(5,067)
Other operating income, net	2,845	2,113
Impairment of goodwill	(216,029)	-
Operating (loss)/ profit	**(176,705)**	**17,338**
Interest income	3,788	933
Finance expense	(113)	(252)
Foreign exchange losses, net	(551)	(166)
(Loss)/ profit before income tax	**(173,581)**	**17,853**
Income tax charge	(10,041)	(3,417)
(Loss)/ profit for the period from discontinued operations	**(183,622)**	**14,436**

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

	Nine months ended September 30, 2012
Net cash generated by operating activities	44,871
Net cash used in investing activities	(17,379)
Net cash used in financing activities	(133,386)
	(105,894)

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

18. INVESTMENTS IN ASSOCIATES

	Nine months ended September 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+	(7,298)	(12,324)
Share of profits of associate Onet Holding	5,351	3,056
Share of other comprehensive income of associate nC+	484	-
Dividend paid by nC+	(7,439)	-
End of period	**1,856,742**	**1,865,644**

nC+

On November 30, 2012 the strategic co-operation agreements with Canal+ Group (see Note 17) 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.

18. INVESTMENTS IN ASSOCIATES (CONTINUED)

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.

Onet Holding

On November 6, 2012 the transaction of disposal of the majority stake in Onet Group to RAS (see Note 17) 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 (see Note 9). 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.

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

18. INVESTMENTS IN ASSOCIATES (CONTINUED)

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.

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 1,627 has been charged to the share of profit of associate recognized during the nine months ended September 30, 2013. The adjustments did not affect the initial value of the investment in Onet Holding.

19. GROUP COMPANIES, JOINT VENTURES AND ASSOCIATES

These interim condensed consolidated financial statements as at September 30, 2013 comprised the Company and the following subsidiaries (the Group), joint ventures and associates:

	Country of incorporation	September 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.)), OnetMarketing Spółka z o. o. S.K.A. GoBrands 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)

19. GROUP COMPANIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

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

20. RELATED PARTY TRANSACTIONS

(i) Revenue:

	Nine months ended September 30, 2013	Nine months ended September 30, 2012	Three months ended September 30, 2013	Three months ended September 30, 2012
Canal+ Cyfrowy Group	49,967	-	12,389	-
ITI Group	6,075	4,042	1,117	592
Wydawnictwo Pascal	37	65	11	43
	56,079	**4,107**	**13,517**	**635**

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.

Multikino Group ceased to be a related party of the Group on September 30, 2013. Transactions with Multikino Group are included within transactions with ITI Group up to September 30, 2013, respective balances are excluded from balances with ITI Group as of September 30, 2013.

(ii) Operating expenses:

	Nine months ended September 30, 2013	Nine months ended September 30, 2012	Three months ended September 30, 2013	Three months ended September 30, 2012
ITI Group	21,320	34,220	5,192	10,785
Onet Holding Group	2,885	-	1,143	-
Canal+ Cyfrowy Group	1,668	-	462	-
Directors of ITI Group	1,615	2,206	-	570
Wydawnictwo Pascal	22	-	22	-
	27,510	**36,426**	**6,819**	**11,355**

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 provided consulting services to the Group.

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

	September 30, 2013	December 31, 2012
Receivables:		
Canal+ Cyfrowy Group	14,998	14,791
Wydawnictwo Pascal	743	733
Onet Holding Group	374	511
ITI Group	289	11,326
	16,404	**27,361**

20. RELATED PARTY TRANSACTIONS (CONTINUED)

	September 30, 2013	December 31, 2012
Payables:		
ITI Group	19,634	44,356
Canal+ Cyfrowy Group	3,957	2,564
Onet Holding Group	1,224	1,517
Wydawnictwo Pascal	5	1
Directors of ITI Group	-	1,333
	24,820	**49,771**

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

(iv) Lease commitments with related parties

See Note 16 for further details.

(v) Other

As of September 30, 2013 the Group issued guarantees in the total amount of 221,196 on the Group's behalf relating to the liabilities of Canal+ Cyfrowy Group (December 31, 2012: 629,559). During the nine months ended September 30, 2013 the Group recorded finance income related to these guarantees of 2,680 (the nine months ended September 30, 2012: nil) and during the three months ended September 30, 2013 of 864 (the three months ended September 30, 2012: nil).

Other liabilities and accruals as at September 30, 2013 include dividend payable by the Company to ITI Group in the amount of 65,020.

21. 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.

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

	Nine months ended September 30, 2013		Nine months ended September 30, 2012	
	Weighted average exercise price	Outstanding options	Weighted average exercise price	Outstanding options
At 1 January	PLN 10.88	**9,126,602**	PLN 10.88	**9,126,602**
Exercised	PLN 10.15	(411,457)	-	-
At 30 September	PLN 10.91	**8,715,145**	PLN 10.88	**9,126,602**

21. SHARE BASED PAYMENTS (CONTINUED)

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

Series	Number of options	Exercise price	Service vesting period
C1	219,195	PLN 8.66	Vested
C2	767,444	PLN 9.58	Vested
C3	1,835,027	PLN 10.58	Vested
E1	210,180	PLN 8.66	Vested
E2	260,500	PLN 9.58	Vested
E3	1,095,810	PLN 10.58	Vested
E4	4,326,989	PLN 11.68	Vested
	8,715,145		

The TVN Incentive Schemes expire on December 31, 2014.

Between October 1, 2013 and the date when these interim condensed consolidated financial statements were prepared 955,219 (not in thousands) of C1, C2, C3, E1, E2, E3 and E4 series options were exercised and as a result 955,219 (not in thousands) new ordinary shares were issued.

22. FINANCIAL RISK MANAGEMENT

22.1. 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 12) 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.

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

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

	Twelve months ended September 30, 2013	**Twelve months ended December 31, 2012**
Net debt *	2,222,693	2,046,485
EBITDA	634,277	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	11,215	9,268
Dividends received from associates	7,439	-
EBITDA after adjustments	501,637	508,053
Net debt to EBITDA ratio	4.4	4.0

* Net debt as at September 30, 2013 includes receivable related to the redemption of the Notes (see Note 9), net debt as at 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.

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.

22.2. 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.

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

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, the Cash Loan, 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.

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

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

The estimated profit/ loss for the period from continuing operations (post-tax) impact on balances as of September 30, 2013 and September 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 101,880 (a loss of 129,813 as of September 30, 2012) and is presented below:

	Nine months ended September 30, 2013	**Nine months ended September 30, 2012 ***
Assumed EUR appreciation against PLN:	5%	5%
Liabilities:		
The Notes including accrued interest	(102,724)	(132,800)
The Cash Loan	(4,290)	-
Trade payables	(404)	(458)
Other	(2,511)	(884)
Assets:		
Receivable related to the redemption of the Notes	6,682	-
Cash and cash equivalents	1,304	1,411
Trade receivables	63	86
Bank deposits with maturity over three months	-	2,832
	(101,880)	**(129,813)**

* 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 September 30, 2013 and September 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 1,116 (a loss of 2,665 as of September 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 and foreign exchange swap contracts which the Group had on September 30, 2013 are discussed in Note 8.

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 and the Cash Loan (see Note 12).

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 Cash Loan bears interest at a variable rate linked to EURIBOR and therefore exposes the Group to interest rate risk if interest rates increase. As at September 30, 2013, if EURIBOR interest rates had been 50 b.p. higher/ lower with all other variables held constant, the post-tax loss for the period from continuing operations would have been 67 higher/ lower.

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

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

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

(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 and bank deposits with maturity over three months 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 (78% of the total trade receivables as of September 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 15% and the single largest advertiser accounted for 3% of sales for the nine months ended September 30, 2013 (17% and 3%, respectively, of sales for the nine months ended September 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.

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

Trade receivables (net)	**September 30, 2013**	**December 31, 2012**
Receivables from advertising agencies	78%	78%
Receivables from individual customers	16%	13%
Receivables from related parties	6%	9%
	100%	**100%**

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

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

Trade receivables (net)	**September 30, 2013**	**December 31, 2012 ***
Agency A	11%	16%
Agency B	9%	9%
Agency C	8%	7%
Agency D	8%	4%
Agency E	5%	6%
Sub-total	**41%**	**42%**
Total other counterparties	59%	58%
	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)	**September 30, 2013**	**December 31, 2012 ***
Agency Group F	21%	26%
Agency Group G	20%	19%
Agency Group H	16%	15%
Agency Group I	6%	5%
Agency Group J	5%	5%
Sub-total	**68%**	**70%**
Total other counterparties	32%	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 September 30, 2013 and December 31, 2012.

(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 Cash Loan 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 September 30, 2013 the Group had cash and cash equivalents and bank deposits with maturity over three months totaling 254,630 at its disposal (cash and cash equivalents and bank deposits with maturity over three months totaling 358,564 at December 31, 2012). As at December 31, 2012 the Group had also restricted cash in the amount of 915,343.

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

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 September 30, 2013			
The Notes	154,845	188,644	3,438,261
The Cash Loan	24,144	23,475	64,755
Trade payables	118,811	4,318	-
Other liabilities and accruals	273,013	10,448	20,785
Guarantees *	221,196	-	-
	792,009	**226,885**	**3,523,801**
At December 31, 2012			
The Notes	316,952	316,952	4,146,934
The 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 20 (v)), the guarantees are expected to be transferred to Canal+ Cyfrowy Group

22.3. 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.

22.4. 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.

MANAGEMENT REPRESENTATIONS

These interim condensed separate financial statements of TVN S.A. (the "Company") as of and for three and nine months ended September 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 nine months ended September 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 November 7, 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, November 7, 2013

TVN S.A.

Interim Condensed Separate Financial Statements
As of and for the three and nine months ended September 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	Nine months ended September 30, 2013	Nine months ended September 30, 2012	Three months ended September 30, 2013	Three months ended September 30, 2012
Revenue	**4**	971,846	1,012,330	267,092	273,835
Cost of revenue	**5**	(642,930)	(696,552)	(185,844)	(200,778)
Selling expenses	**5**	(34,358)	(30,584)	(14,510)	(6,102)
General and administration expenses	**5**	(88,285)	(109,188)	(27,145)	(22,987)
Other operating income/ (expenses), net		6,330	1,417	(890)	(196)
Dividends and other net distributions from subsidiaries		94,770	8,286	85,838	933
Operating profit		**307,373**	**185,709**	**124,541**	**44,705**
Interest income	**6**	20,056	20,083	8,174	6,068
Finance expense	**6**	(517,838)	(310,185)	(321,383)	(108,129)
Foreign exchange (losses)/ gains, net	**6**	(74,620)	229,897	63,423	77,921
(Loss)/ profit before income tax		**(265,029)**	**125,504**	**(125,245)**	**20,565**
Income tax credit/(charge)	**16**	31,093	(30,316)	4,462	(4,113)
(Loss)/ profit for the period		**(233,936)**	**95,188**	**(120,783)**	**16,452**
(Losses)/ earnings per share (not in thousands)					
- basic		(0.68)	0.28	(0.35)	0.05
- diluted		(0.68)	0.28	(0.35)	0.05

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

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

	Note	Nine months ended September 30, 2013	Nine months ended September 30, 2012	Three months ended September 30, 2013	Three months ended September 30, 2012
(Loss)/ profit for the period		**(233,936)**	**95,188**	**(120,783)**	**16,452**
Other comprehensive income reclassifiable to profit or loss when specific conditions are met:					
Cash flow hedge - foreign exchange forward contracts and foreign exchange swap contracts		1,398	553	4,369	1,160
Available for sale financial assets		(329)	-	998	-
Income tax relating to components of other comprehensive income	**16**	(203)	(105)	(1,020)	(162)
Other comprehensive income for the period, net of tax		866	448	4,347	998
Total comprehensive (loss)/ income for the period		**(233,070)**	**95,636**	**(116,436)**	**17,450**

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 September 30, 2013	As at December 31, 2012
ASSETS			
Non-current assets			
Property, plant and equipment		372,285	411,014
Goodwill		144,127	144,127
Other intangible assets		51,461	44,430
Non-current programming rights		165,799	171,509
Investments in subsidiaries, associates and joint ventures	**7**	4,305,545	4,343,504
Non-current related party loans	**18 (v)**	45,865	28,037
Deferred tax asset		239,300	206,997
Other non-current assets		1,108	355
		5,325,490	**5,349,973**
Current assets			
Current programming rights		268,830	259,057
Trade receivables		245,930	166,233
Current related party loans	**18 (v)**	4,308	4,969
Available-for-sale financial assets	**10**	43,683	-
Derivative financial assets	**8**	1,837	-
Prepayments and other assets	**9**	193,982	19,900
Corporate income tax receivable		1,467	52,427
Restricted cash	**11**	-	915,343
Bank deposits with maturity over three months		6,245	-
Cash and cash equivalents		72,228	163,671
		838,510	**1,581,600**
TOTAL ASSETS		**6,164,000**	**6,931,573**
EQUITY			
Shareholders' equity			
Share capital	**12**	68,858	68,775
Share premium		680,266	672,876
8% obligatory reserve		23,301	23,301
Other reserves		95,286	97,718
Accumulated profit		2,008,086	2,462,103
		2,875,797	**3,324,773**
LIABILITIES			
Non-current liabilities			
Loans from related parties	**13, 18 (iii)**	2,499,770	3,054,798
Non-current Cash Loan	**13**	83,575	97,258
Non-current trade payables		4,312	13,050
Other non-current liabilities		17,170	16,455
		2,604,827	**3,181,561**
Current liabilities			
Current trade payables		133,379	169,680
Current Cash Loan	**13**	21,082	8,503
Derivative financial liabilities	**8**	26	-
Accrued interest on borrowings	**13, 18 (iii)**	30,243	42,771
Cash pooling liabilities	**18 (vii)**	269,252	97,729
Other liabilities and accruals	**14**	229,394	106,556
		683,376	**425,239**
Total liabilities		**3,288,203**	**3,606,800**
TOTAL EQUITY AND LIABILITIES		**6,164,000**	**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 income for the period	-	-	-	-	-	448	95,188	95,636
Share issue cost(3)	-	-	(55)	-	-	-	-	(55)
Dividend declared and paid (2)	-	-	-	-	-	-	(34,388)	(34,388)
Balance at September 30, 2012	**343,876,421**	**68,775**	**672,876**	**23,301**	**97,718**	**701**	**2,554,249**	**3,417,620**

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

	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	-	-	-	-	-	866	(233,936)	(233,070)
Issue of shares (1)	411,457	83	7,390	-	(3,298)	-	-	4,175
Dividend declared [(2)]	-	-	-	-	-	-	(220,081)	(220,081)
Balance at September 30, 2013	**344,287,878**	**68,858**	**680,266**	**23,301**	**94,420**	**866**	**2,008,086**	**2,875,797**

(1) During the nine months ended September 30, 2013 411,457 (not in thousands) of C1, C2, C3 and E3 series shares were issued and fully paid as a result of the exercise of share options granted under the TVN incentive schemes (the nine months ended September 30, 2012: nil, see Note 19).

(2) The dividend declared in 2013 amounted to 0.64 per share (not in thousands) and it was 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 was 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 September 30, 2013 is an amount of 2,006,256 which is distributable. The 7.375% Senior Notes due 2020 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	Nine months ended September 30, 2013	Nine months ended September 30, 2012
Operating activities			
Cash generated from operations	**15**	208,214	127,205
Tax paid		(4,627)	(31,990)
Net cash generated from operating activities		**203,587**	**95,215**
Investing activities			
Proceeds from sale of subsidiaries	**7**	38,005	-
Increase of share capital of the subsidiary		(171,775)	-
Payments to acquire property, plant and equipment		(51,803)	(67,520)
Proceeds from sale of property, plant and equipment		1,655	2,167
Payments to acquire intangible assets		(3,948)	(21,366)
Bank deposits with maturity over three months		(6,245)	5,065
Loans granted to subsidiary	**18 (v)**	(15,455)	(73,649)
Dividend received		94,770	135,579
Interest received		6,548	6,965
Net cash (used in)/ generated from investing activities		**(108,248)**	**(12,759)**
Financing activities			
Issue of shares		4,175	-
Dividend paid		(99,724)	(34,388)
Repayment of the Mortgage Loan	**13**	(111,071)	-
Proceeds from the Cash Loan		106,395	-
Cash pooling with TVN Media		171,523	236,688
Repayment of the loan from subsidiary		(2,495,739)	-
Loan from subsidiary		1,810,730	-
Deferred issuance costs		(31,650)	-
Acquisition of the Notes		(206,922)	-
Restricted cash	**11**	945,210	-
Bank charges		(3,048)	-
Interest paid		(274,421)	(177,422)
Net cash used in financing activities		**(184,542)**	**24,878**
Decrease in cash and cash equivalents		**(89,203)**	**107,334**
Cash and cash equivalents at the start of the period		163,671	218,935
Effects of exchange rates changes		(2,240)	(2,767)
Cash and cash equivalents at the end of the period		**72,228**	**323,502**

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 November 7, 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, series, 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 three and nine months ended September 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 income statement.

(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 as of and for the three and nine months ended September 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 September 30, 2013 the Company did not identify any indicators for impairment of its investments in associates nC+.

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 September 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 September 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

	Nine months ended September 30, 2013	Nine months ended September 30, 2012	Three months ended September 30, 2013	Three months ended September 30, 2012
Revenue from advertising spot sales	665,993	703,807	174,275	182,123
Subscription fees	159,540	162,843	51,387	53,833
Revenue from sponsoring	94,690	79,368	26,780	20,745
Revenue from sales of goods and services	21,146	36,127	5,080	8,897
Other revenue	30,477	30,185	9,570	8,237
	971,846	**1,012,330**	**267,092**	**273,835**

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

	Nine months ended September 30, 2013	Nine months ended September 30, 2012	Three months ended September 30, 2013	Three months ended September 30, 2012
Amortization of locally produced content	281,778	304,466	80,841	83,022
Amortization of acquired programming rights and co-production	98,598	107,069	27,782	31,253
Royalties	80,266	85,632	21,943	22,323
Staff expenses	79,862	80,437	23,539	16,292
Depreciation and amortization	56,397	50,253	16,688	17,080
Broadcasting expenses	41,701	44,512	12,642	15,078
Marketing and research	31,699	27,305	13,484	7,272
Cost of services and goods sold	17,891	28,521	5,212	6,922
Rental	19,089	24,922	5,368	8,251
Impaired accounts receivable	348	757	86	386
Other	57,944	82,450	19,914	21,988
	765,573	**836,324**	**227,499**	**229,867**

Included in the above operating expenses are operating lease expenses for the nine months ended September 30, 2013 of 65,402 (nine months ended September 30, 2012: 82,729) and for the three months ended September 30, 2013 of 19,374 (the three months ended September 30, 2012: 27,072).

Included in the above operating expenses for the nine months ended September 30, 2013 are non-recurring costs of 3,243 related to the termination of TVN CNBC channel (the nine months ended September 30, 2012: nil) and for the three months ended September 30, 2013 of 3,243 (the three months ended September 30, 2012: nil).

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

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

Interest income	**Nine months ended September 30, 2013**	**Nine months ended September 30, 2012**	**Three months ended September 30, 2013**	**Three months ended September 30, 2012**
Interest income on loans to related parties (see Note 18 (v))	2,544	5,688	952	2,320
Interest income on foreign exchange forward contracts and foreign exchange swap contracts – cash flow hedges (see Note 8)	1,026	-	709	-
Other interest income	2,662	5,005	365	892
Interest income on available for sale financial assets	4,981	-	3,297	-
Income from guarantee fees from related parties (see Note 18 (viii))	8,843	9,390	2,851	2,856
	20,056	**20,083**	**8,174**	**6,068**

Finance expense

Interest expense on loans from related parties (see Note 18 (iii))	(265,961)	(279,905)	(84,391)	(92,183)
Interest expense on cash pooling transactions (see Note 18(vii))	(7,402)	-	(1,804)	-
Interest expense on Mortgage Loan (see Note 13)	(1,365)	-	-	-
Interest expense on the Cash Loan (see Note 13)	(562)	-	(562)	-
Interest on foreign exchange forward contracts – fair value and cash flow hedges (see Note 8)	(713)	(25,269)	(160)	(14,300)
Unamortized debt issuance costs of the Loans from related parties (see Note 13)	(59,594)	-	(59,594)	-
Impairment of the investment in TVN Finance Corporation II AB (see Note 7)	(171,484)	-	(171,484)	-
Guarantee fees to related parties (see Note 18 (viii))	(602)	(1,086)	(201)	(362)
Bank and other charges	(10,155)	(3,925)	(3,187)	(1,284)
	(517,838)	**(310,185)**	**(321,383)**	**(108,129)**

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

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

Foreign exchange gains/(losses), net	**Nine months ended September 30, 2013**	**Nine months ended September 30, 2012**	**Three months ended September 30, 2013**	**Three months ended September 30, 2012**
Foreign exchange (losses)/ gains on loans from related parties, including:	(95,850)	240,799	89,378	84,766
- unrealized foreign exchange gains on loans from related parties	*12,972*	*235,220*	*198,195*	*115,541*
- realized foreign exchange (losses)/ gains on loans from related parties	*(108,822)*	*2,293*	*(108,817)*	*(423)*
- fair value hedge impact	-	*3,286*	-	*(30,352)*
Other foreign exchange gains/ (losses), net	21,230	(10,902)	(25,955)	(6,845)
	(74,620)	**229,897**	**63,423**	**77,921**

Finance expenses and foreign exchange (losses)/ gains, net for the nine months ended September 30, 2013 include non-recurring costs related to the repayment of the loans from the Company's subsidiary, TVN Finance Corporation II AB (see Note 18 (iii)), being write-off of the unamortized balance of debt issuance costs of the loans from related parties of 59,594, impairment of the investment in TVN Finance Corporation II AB of 171,484 and realized foreign exchange loss of 108,822 (the nine months ended September 30, 2012: nil) and for the three months ended September 30, 2013 write-off of the unamortized balance of debt issuance costs of the loans from related parties of 59,594, impairment of the investment in TVN Finance Corporation II AB of 171,484 and realized foreign exchange loss of 108,817 (the three months ended September 30, 2012: nil). The repayment of the loans from TVN Finance Corporation II AB relates to the early repayment of 10.75% Senior Notes due 2017 issued by TVN Finance Corporation II AB.

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

7. INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

	September 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 and joint ventures **	8,662	8,371
Total	**4,305,545**	**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.

**On September 13, 2013 the Company increased the share capital of its wholly owned subsidiary TVN Finance Corporation II AB by 171,275 in order to provide TVN Finance Corporation II AB with funds for the premium on early repayment of 10.75% Senior Notes due 2017. Subsequently the total investment in TVN Finance Corporation II AB of 171,484 was impaired as the investment is not recoverable. On September 30, 2013 the Company increased the share capital of its wholly owned subsidiary Thema Film by 500.

	Country of incorporation	September 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
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.)), OnetMarketing Spółka z o. o. S.K.A. GoBrands 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

	September 30, 2013	December 31, 2012
Derivative financial assets		
Foreign exchange swap contracts	1,131	-
Foreign exchange forward contracts	706	
	1,837	**-**
Derivative financial liabilities		
Foreign exchange forward contracts	26	-
	26	**-**

The fair value of foreign exchange forward contracts and foreign exchange swap contracts as at September 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 redemption of the Notes (see Note 13) early repayment of the Mortgage Loan and cash inflow related to the Cash Loan (see Note 13) 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).

9. PREPAYMENTS AND OTHER ASSETS

	September 30, 2013	December 31, 2012
Receivable related to the redemption of the Notes *	164,987	-
Employee settlements	6,161	5,310
Technical support	2,184	2,901
Prepayments for programming	1,126	4,812
Inventory, net of impairment provision	351	372
Other	20,281	6,860
	195,090	**20,255**
Less: current portion of other assets	**(193,982)**	**(19,900)**
Non-current portion of other assets	**1,108**	**355**

* On September 16, 2013 TVN Finance Corporation II AB, the Company's subsidiary, repaid all 10.75% Senior Notes due 2017 together with accrued interest up to October 16, 2013 (the date of the redemption of 10.75% Senior Notes due 2017) and applicable premium on early repayment. As a consequence the Company recognized a receivable related to the redemption of the Notes being the nominal value of the previously acquired 10.75% Senior Notes due 2017 together with accrued interest and applicable premium on early repayment. The Company received cash from the redemption of the previously acquired Notes on October 16, 2013 (see Note 10).

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

10. AVAILABLE FOR SALE FINANCIAL ASSETS

	September 30, 2013	December 31, 2012
Balance at the beginning of the period	-	-
Acquisition of the Notes	206,922	-
Interest income accrued	4,981	-
Interest income received	(3,208)	-
Foreign exchange differences	469	-
Cost of acquisitions of the Notes	845	-
Receivable related to the redemption of the Notes	(165,997)	-
Fair value change credited/ (charged) to other comprehensive income	(329)	-
Balance at the end of the period	**43,683**	**-**

During the nine months ended September 30, 2013 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 35,347 for an amount of EUR 38,628 (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”.
On September 16, 2013 TVN Finance Corporation II AB repaid all 10.75% Senior Notes due 2017 together with accrued interest up to October 16, 2013 (the date of the redemption of 10.75% Senior Notes due 2017) and applicable premium on early repayment. As a consequence the Company reclassified the respective balance of the Notes to prepayments and other assets (‘Receivable related to the redemption of the Notes’, settled on October 16, 2013 see Note 9).
Fair values of the remaining Notes reflect their market price quoted by Reuters based on the last value date on September 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)

11. RESTRICTED CASH

	September 30, 2013	December 31, 2012
Restricted cash	-	915,343
	-	**915,343**

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

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

* Restricted cash related to the disposal of Onet Group, during the nine months ended September 30, 2013 restricted cash related to the disposal of Onet Group, together with the proceeds from the loan from TVN Media (see Note 18 (iii)), was used for the repayment of the loans from TVN Finance Corporation II AB and acquisition of 7.875% Senior Notes due 2018 and 10.75% Senior Notes due 2017 (see Note 10)

** 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:

	September 30, 2013	December 31, 2012
EUR	-	880,525
PLN	-	34,818
	-	**915,343**

12. 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 September 30, 2013 was 344,287,878 (December 31, 2012: 343,876,421) with a par value of 0.20 per share. All issued shares are fully paid and include shares issued on exercise of share options granted under incentive schemes (C and E series of shares) as soon as cash consideration is received.

The shareholders structure:

	September 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	52.39%	180,355,430	52.45%
Cadizin Trading&Investment (1)	5,415,781	1.57%	5,415,781	1.57%
Other shareholders	158,516,667	46.04%	158,105,210	45.98%
Total	**344,287,878**	**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.

Included in the total number of shares in issue as at September 30, 2013 held by other shareholders are 411,457 shares of C1, C2, C3 and E3 series not registered by the Court. All shares in issue as at December 31, 2012 were registered by the Court. Number of shares held by each shareholder is the same as the number of votes.

13. BORROWINGS

	September 30, 2013	December 31, 2012
Loans from related parties (see Note 18 (iii))	2,499,770	3,054,798
Interest accrued on loans from related parties (see Note 18 (iii))	29,727	42,659
The Cash Loan	104,657	-
Interest accrued on the Cash Loan	516	-
The Mortgage Loan	-	105,761
Interest accrued on the Mortgage Loan	-	112
	2,634,670	**3,203,330**
Less: current portion of borrowings	(51,325)	(51,274)
Non-current portion of borrowings	**2,583,345**	**3,152,056**

13. BORROWINGS (CONTINUED)

The Revolving Credit Facility and the Cash Loan

On June 10, 2013 the Company entered into an agreement with Bank Pekao S.A. and TVN Media 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 replaced the PLN 250,000 Revolving Guarantee Facility which expired in May 2013 (see below) and the PLN 100,000 Revolving Accounts Receivable Facility which was terminated in June 2013 (see below). The Cash Loan replenished the liquidity used to repay the Mortgage Loan (see below).

The Revolving Credit Facility can be used in form of a revolving credit line, overdraft or for bank guarantees and letters of credit. As of September 30, 2013 the Revolving Credit Facility was used only for the bank guarantees issued at 8,039.

The Cash Loan was utilized on August 5, 2013, it bears interest at a floating rate EURIBOR for the relevant interest period plus the bank's margin and is carried at amortized cost using an effective interest rate of 3.9%. The Cash Loan and interest are repaid in quarterly installments starting from November 5, 2013. The final repayment date is June 10, 2016. The carrying value of the Cash Loan is assumed to approximate its fair value.

The Revolving Credit Facility and the 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. The Revolving Credit Facility and the 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. The Revolving Credit Facility and the Cash Loan are also fully guaranteed by Group's subsidiaries that are guarantors of the Notes.

The Revolving Credit Facility and the 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.

The 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.

The Revolving Guarantee Facility

On December 17, 2010 the Company entered into a Revolving Guarantee Facility agreement with Bank Pekao S.A. The agreement, as amended, which provided for a PLN 250,000 multicurrency guarantee facility available in EUR, USD and/or PLN is still in force, however, the period in which it is possible to request the issuance of guarantees expired on May 16, 2013.
As of September 30, 2013 the bank guarantees issued have remained in place for a total of 220,196 (December 31, 2012: 279,982). All of these guarantees will expire by June 30, 2014.

The 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)

14. OTHER LIABILITIES AND ACCRUALS

	September 30, 2013	December 31, 2012
Dividend payable *	120,357	-
Employee benefits	23,136	17,613
VAT and other taxes payable	33,097	3,317
Accrued production costs	8,865	9,415
Satellites	5,270	4,871
Sales and marketing related costs	665	927
Deferred income	101	161
Other liabilities and accrued costs	37,903	70,252
	229,394	**106,556**

* The second installment of the dividend declared in 2013 was paid on November 5, 2013

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

15. NOTE TO THE CASH FLOW STATEMENT

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

	Note	Nine months ended September 30, 2013	Nine months ended September 30, 2012
(Loss)/ profit for the period		(233,936)	95,188
Tax (benefit)/ charge	16	(31,093)	30,316
Impairment		-	127,293
Depreciation, amortization and impairment	5	56,397	50,253
Amortization of acquired program rights and co-production	5	98,598	107,069
Payments to acquire programming rights		(105,668)	(132,173)
Impaired accounts receivable	5	348	757
Loss/(gain) on sale of property, plant and equipment		466	206
Interest income	6	(20,056)	(20,083)
Finance expense	6	517,838	310,185
Foreign exchange losses/ (gains), net	6	74,620	(229,897)
Guarantee fee		(602)	(1,086)
Change in local production balance		(9,311)	(3,042)
Dividend income		(94,770)	(135,579)
Changes in working capital:			
Trade receivables		(80,045)	(36,987)
Prepayments and other assets		54,997	(26,807)
Trade payables		1,155	(14,834)
Other short term liabilities and accruals		(20,724)	6,426
		(44,617)	(72,202)
Cash generated from operations		**208,214**	**127,205**

Non-cash transactions

Barter revenue, net		1,033	621

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

16. TAXATION

	Nine months ended September 30, 2013	Nine months ended September 30, 2012	Three months ended September 30, 2013	Three months ended September 30, 2012
Current tax charge	(1,413)	(438)	-	(2,656)
Deferred tax credit/ (charge)	32,506	(29,878)	4,462	(1,457)
	31,093	**(30,316)**	**4,462**	**(4,113)**

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

(Loss)/ profit before income tax	(265,029)	125,504	(125,245)	20,565
Income tax charge at the enacted statutory rate of 19%	50,356	(23,846)	23,797	(3,908)
Impact of non taxable dividend income	16,593	25,760	16,309	177
Impact of impairment of investment in Onet	-	(24,186)	-	-
Impact of impairment of investment in TVN Finance Corporation II AB	(32,582)	-	(32,582)	-
Net tax impact of other net expenses and losses not deductible for tax purposes and revenue not taxable	(3,274)	(8,044)	(3,062)	(382)
Tax for the period	**31,093**	**(30,316)**	**4,462**	**(4,113)**

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 September 30, 2013.

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

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

17. 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:

	September 30, 2013	December 31, 2012
Due in 2013	36,790	184,334
Due in 2014	108,097	113,792
Due in 2015	84,003	81,168
Due in 2016	69,541	68,914
Due in 2017	67,863	67,323
	366,294	**515,531**

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

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

	Related parties	Non-related parties	Total
Due in 2013	101	2,697	2,798
Due in 2014	50	9,206	9,256
Due in 2015	-	6,770	6,770
Due in 2016	-	4,237	4,237
	151	**22,910**	**23,061**

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)

17. 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 September 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:

	September 31, 2013	**December 31, 2012**
Due in 2013	3,619	29,269
Due in 2014	35,347	33,905
Due in 2015	32,570	31,212
Due in 2016	32,423	31,070
Due in 2017	32,076	31,070
Due in 2018 and thereafter	15,043	14,586
	151,078	**171,112**

Additionally, the Company leases transmission sites and related services for an annual amount of 12,805 (the year ended December 31. 2012: 21,664).

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

18. RELATED PARTY TRANSACTIONS

(i) Revenue:

	Nine months ended September 30, 2013	Nine months ended September 30, 2012	Three months ended September 30, 2013	Three months ended September 30, 2012
TVN Media Sp. z o.o	783,261	808,416	208,204	210,126
Canal+ Cyfrowy Group	58,024	39,841	16,259	13,596
Stavka Sp. z o.o.	7,127	14,709	1,927	2,594
ITI Group	4,425	2,780	717	-
Onet Holding Group*	1,070	971	73	368
Mango Media	866	870	257	309
El-Trade	92	92	31	31
Tivien	35	35	11	11
Poland Media Properties	-	4	-	-
Film Miasto Sp. z o.o.	-	2	-	-
	854,900	**867,720**	**227,479**	**227,035**

* Previously Vidalia Investments Sp. z o.o.

Multikino Group ceased to be a related party of the Company on September 30, 2013. Transactions with Multikino Group are included within transactions with ITI Group up to September 30, 2013, respective balances are excluded from balances with ITI Group as of September 30, 2013.

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)

18. RELATED PARTY TRANSACTIONS (CONTINUED)

(ii) Operating expenses:

	Nine months ended September 30, 2013	Nine months ended September 30, 2012	Three months ended September 30, 2013	Three months ended September 30, 2012
TVN Media Sp. z o.o.	75,274	73,431	25,344	19,432
ITI Group	20,051	27,893	4,708	8,839
Tivien	8,546	11,391	2,920	3,883
Onet Holding Group	2,316	3,053	766	830
Directors of ITI Group	1,615	2,206	-	570
Canal+ Cyfrowy Group	1,367	1,000	462	327
Poland Media Properties	-	1,454	-	472
NTL Radomsko	1,047	1,045	350	348
El-Trade	255	259	81	90
Stavka Sp. z o.o.	36	-	19	-
	110,507	**121,732**	**34,650**	**34,791**

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

	September 30, 2013	December 31, 2012
Loans from TVN Finance Corporation II AB	-	2,357,451
Loans from TVN Finance Corporation III AB	721,564	697,347
TVN Media Sp. z o.o.	1,778,206	-
Interest accrued	29,727	42,659
	2,529,497	**3,097,457**

18. 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 was paid semi-annually. The loans were carried at amortized cost using an effective interest rate of 13.3%, 12.7% and 12.5% respectively. On September 16, 2013 the loans were repaid together with accrued interest andTVN Finance Corporation II AB repaid all 10.75% Senior Notes due 2017 together with accrued interest and applicable premium.

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 9.9%.

On September 16, 2013 TVN Finance Corporation III AB, the Company's subsidiary, issued 7.375% Senior Notes due 2020 in the aggregate principal amount of EUR 430,000. Following the issue of 7.375% Senior Notes due 2020, TVN Finance Corporation III AB granted to TVN Media, the Company's subsidiary, a loan with the nominal of EUR 430,000 and TVN Media granted to the Company a loan with the nominal of EUR 430,000, bearing base interest at 8.275% p.a. and due for repayment on December 15, 2030. The loan is carried at amortized cost using an effective interest rate of 8.8%.

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

18. RELATED PARTY TRANSACTIONS (CONTINUED)

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

	September 30, 2013	**December 31, 2012**
Receivables:		
TVN Media Sp. z o.o.	196,650	111,684
Canal+ Cyfrowy Group	14,972	14,739
Mango Media	4,491	3,422
ITI Group	313	7,955
Onet Holding Group	94	266
El-Trade	13	13
Stavka Sp. z o.o.	1,619	4,604
Tivien	4	4
	218,156	**142,687**
Payables:		
TVN Media Sp. z o.o.	22,674	10,527
ITI Group	19,281	40,963
Canal+ Cyfrowy Group	3,943	2,419
Tivien	687	1,007
Directors of ITI Group	-	1,333
Onet Holding Group	377	542
NTL-Radomsko	143	143
El-Trade	33	34
Stavka Sp. z o.o.	6	121
	47,144	**57,089**

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

(v) Related party loans

	September 30, 2013	**December 31, 2012**
Stavka Sp. z o.o.	50,173	32,455
Thema Film	-	551
	50,173	**33,006**

Loans granted to Stavka Sp. z o.o. have total nominal value of 46,456 (December 31, 2012: 31,256), bear interest between 7.5% and 9.1% and mature between September 22, 2014 and July 30, 2017.

18. RELATED PARTY TRANSACTIONS (CONTINUED)

(vi) Lease commitments with related parties

See Note 17 (ii) for further details.

(vii) Cash pooling liabilities

During the nine months ended September 30, 2013 the Company recorded finance cost from cash pooling transactions with TVN Media of 7,402 (the nine months ended September 30 2012:2,645). Cash pooling liabilities amount to 269,252 (at December 31, 2012: 97,729).

(viii) Other

As of September 30, 2013 the Company issued guarantees in amount of 221,196 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 nine months ended September 30, 2013 the Company recorded finance income related to these guarantees of 8,843 (the nine months ended September 30, 2012: 9.311) and during the three months ended September 30, 2013 2,851 (during the three months ended September 30, 2012 362).

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

19. 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.

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

	Nine months ended September 30, 2013		Nine months ended September 30, 2012	
	Weighted average exercise price	Outstanding options	Weighted average exercise price	Outstanding options
At 1 January	PLN 10.88	**9,126,602**	PLN 10.88	**9,126,602**
Exercised	PLN 10.15	(411,457)	-	-
At 30 September	PLN 10.91	**8,715,145**	PLN 10.88	**9,126,602**

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

Series	Number of options	Exercise price	Service vesting period
C1	219,195	PLN 8.66	Vested
C2	767,444	PLN 9.58	Vested
C3	1,835,027	PLN 10.58	Vested
E1	210,180	PLN 8.66	Vested
E2	260,500	PLN 9.58	Vested
E3	1,095,810	PLN 10.58	Vested
E4	4,326,989	PLN 11.68	Vested
	8,715,145		

The TVN Incentive Schemes expire on December 31, 2014.

Between October 1, 2013 and the date when these interim condensed consolidated financial statements were prepared 955,219 (not in thousands) of C1, C2, C3, E1, E2, E3 and E4 series options were exercised and as a result 955,219 (not in thousands) new ordinary shares were issued.

20. FINANCIAL RISK MANAGEMENT

20.1 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 at consolidated level. For the calculation and analysis of the net debt to EBITDA ratio please refer to the interim condensed consolidated financial statements.

The 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.

20.2 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.

20. FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

(i) Market risk

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

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.

On September 16, 2013 the Company via its wholly owned subsidiary, TVN Finance Corporation III AB, issued EUR 430,000 Senior Notes with an annual interest rate of 7.375% ("7.375% Senior Notes") which are listed on the Luxembourg Stock Exchange.

The cash proceeds obtained from the issuance of the Notes by the Company's subsidiary were transferred to the Company through the loans from related parties (see Note 18(iii)). The Company does not account for the early prepayment options embedded in the Notes 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, the Cash Loan, bank deposits with maturity over three months, 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)

20. FINANCIAL RISK MANAGEMENT (CONTINUED)

The estimated result for the period (post-tax) impact on balances as of September 30, 2013 and September 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 102,678 (a loss of 126,760 as of September 30, 2012) and is presented below:

	Nine months ended September 30, 2013	Nine months ended September 30, 2012
Assumed EUR appreciation against PLN:	5%	5%
Liabilities:		
Loans from subsidiaries including accrued interest	(104,514)	(133,351)
The Cash Loan	(4,290)	-
Trade payables	(374)	(454)
Other	(2,511)	(884)
Assets:		
Receivable related to the redemption of the Notes	6,682	-
Loans to subsidiaries	-	3,884
Bank deposits with maturity over three months	-	2,832
Available-for-sale financial assets	1,769	-
Cash and cash equivalents	535	1,165
Trade receivables	25	48
	(102,678)	**(126,760)**

The estimated result for the period (post-tax) impact on balances as of September 30, 2013 and September 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 1,135 (a loss of 2,675 as of September 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 13), the available-for-sale monetary financial assets and the Cash Loan.

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.

20. FINANCIAL RISK MANAGEMENT (CONTINUED)

As of September 30, 2013 the Company had available-for-sale monetary financial assets at carrying value of 43,683 (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 September 30, 2013 had been 50 b.p. higher/ lower, the other comprehensive loss would have been 163 higher/ lower. Details of available-for-sale financial assets held by the Company are disclosed in Note 10.

The Cash Loan bears interest at a variable rate linked to EURIBOR and therefore exposes the Company to interest rate risk if interest rates increase. As at September 30, 2013, if EURIBOR interest rates had been 50 b.p. higher/ lower with all other variables held constant, the post-tax loss for the period from continuing operations would have been 67 higher/ lower.

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

(ii) 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, and bank deposits with maturity over three months 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 (80% of the total trade receivables as of September 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.

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

20. FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

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

Trade receivables (net)	September 30, 2013	September 30, 2012
Receivables from other customers	11%	11%
Receivables from related parties	89%	89%
- TVN Media Sp. z o.o	80%	51%
- Canal+ Cyfrowy Group	6%	33%
- Other related parties	3%	5%
	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 September 30, 2013.

(iii) 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 7.375% Senior Notes due 2020 and 7.875% Senior Notes due 2018, 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 September 30, 2013 the Company had cash and cash equivalents and bank deposits with maturity over three months totaling 78,473 at its disposal (December 31, 2012: 163,671). As at September 30, 2013 the Company had no restricted cash (December 31, 2012: 915,343).

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

20. 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 September 30, 2013			
Loans from subsidiaries	216,618	216,618	3,221,315
The Cash Loan	24,144	23,475	64,755
Trade payables	133,379	4,312	-
Cash pooling liabilities	269,252	-	-
Other liabilities and accruals	206,157	8,792	11,706
Guarantees*	319,207	-	-
	1,168,757	**253,197**	**3,297,776**
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 18 (viii)), these guarantees are expected be transferred to Canal+ Cyfrowy Group

20.3. 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.

20. FINANCIAL RISK MANAGEMENT (CONTINUED)

20.4 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.