INTERIM REPORT OF TVN GROUP FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2015

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This Interim Report of TVN Group was authorized by the Management Board of TVN S.A. on August 3, 2015.

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

Warsaw, August 3, 2015

DEFINITIONS

We have prepared this interim report as required by Section 4.16 of the Indentures for our 7.875% Senior Notes and the 7.375% Senior Notes, dated November 19, 2010 and September 16, 2013 respectively. We have also included information we are required to disclose to our shareholders as a public company in Poland in order to ensure consistent disclosure to both bondholders and shareholders.

In this interim report "**we**", "**us**", "**our**", the "**TVN Group**", **"TVN Capital Group"** and the "**Group**" refer, as the context requires, to TVN S.A. and its consolidated subsidiaries; the "**Company**" refers to TVN S.A.; "**Grupa Onet**" refers to Grupa Onet.pl S.A., owner of the leading Polish Internet portal Onet.pl, which we acquired in July 2006 and continue to indirectly hold 25% stake following its sale to Ringier Axel Springer Media AG in November 2012; "**Mango Media**" refers to Mango Media Sp. z o.o., a teleshopping company, which we acquired in May 2007; "**ITI Neovision**" refers to ITI Neovision S.A. (previously ITI Neovision Sp. z o.o.), owner and operator of the 'n' DTH platform, which we controlled since March 11, 2009 until its contribution on November 30, 2012 to a merged DTH platform combining 'n' and Cyfra+ in which we hold 32% stake; "**ITI Neovision Group**" (previously Canal+ Cyfrowy S.A. Group) refers to ITI Neovision S.A. and its subsidiaries (Cyfrowy Dom Sp. z o.o., Neovision UK Ltd) and a joint venture (MGM Chanel Poland Ltd); "**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% stake of the company in September 2011, additional 26% in December 2011 and remaining 49% in October 2014; "**SNI**" refers to Scripps Networks Interactive, Inc.; '**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; "**TVN DTH Holdings**" refers to TVN DTH Holdings S.à r.l., a company registered in Luxembourg, being a subsidiary of TVN Media and the direct shareholder of ITI Neovision holding a 32% stake; **"Onet Holding Group**" 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, and its subsidiaries; "**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-to-air broadcast entertainment, movies and series channel; "**TVN 24**" refers to our news and current affairs channel; "**TVN Turbo**" refers to our thematic channel aimed at male viewers; "**TVN Meteo Active**" refers to our active healthy lifestyle channel, transformed from our weather channel TVN Meteo; "**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 operated in cooperation with CNBC Europe (TVN CNBC was replaced by TVN24 BiŚ in January 2014); "**TVN24 BiŚ**" refers to our business and international news channel; "**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 our interactive social-intervention channel which was launched on January 2, 2012; "**TVN Fabuła**" refers to our own and acquired films and series channel launched on April 16, 2015; "**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; "**VoD.pl**" refers to video-on-demand Internet service launched on February 14, 2010, by Onet.pl; “**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 ITI Neovision Group, where TVN holds 32% stake in the combined operation; “**TNK**” refers to a pre-paid digital television service in standard definition, “Telewizja na kartę”, owned and operated by ITI Neovision, launched in October 2008; ”**TNK HD**” refers to a pre-paid digital television service in high definition launched on May 17, 2010 by ITI Neovision; “**NNK**”, refers to “n na kartę”, rebranded in June 2011 version of TNK HD; “**10.75% Senior Notes**” refer to the 10.75% Senior Notes that TVN Finance Corporation II AB issued on November 19, 2009, March 10, 2010 and April 30, 2010 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; “**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, TVN Online Investments Holding B.V., TVN DTH Holdings S.à r.l. (in relation to our 7.375% Senior Notes), and TVN, TVN Media, Mango Media, TVN Online Investments Holdings B.V. (in relation to our 7.875% Senior Notes); “**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 excluding impairment of investments in associates, incremental costs related to the change of control transaction and share of profits / losses of associates, but including dividends and other distributions received 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 eleven 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.

Three of our channels, TVN, TVN 7 and TTV, are present on DTT and have been benefitting from the process of the digitalization of the terrestrial signal. TVN 7 and TTV have gained 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 six months of the year 2015, our channels had approximately 21.9% of the all-day commercial target audience share.

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, 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.

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 currently own a 32% stake in the combined nC+. Second, 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.

On March 14, 2015, our majority shareholders ITI Group and Group Canal+ entered into agreement for sale of shares in the capital of N-Vision B.V. to Southbank Media Ltd., UK-based Part of Scripps Networks Interactive. Scripps Networks Interactive agreed to pay cash consideration of EUR 584 million for 100% of shares in N-Vision which on completion, directly and indirectly through Polish Television Holding, will hold approximately 52.7% interest in TVN S.A. Scripps Networks Interactive will also assume the debt on level of Polish Television Holding of EUR 300 million nominal value and cumulative amount of EUR 540 million of 7.375% and 7.875% Senior Notes issued by TVN Finance III. The transaction closed on July 1, 2015. The transaction did not trigger decline of ratings on the Senior Notes.

Following closing of the transaction, Southbank Media Ltd. on July 6, 2015 published the tender offer for all outstanding shares of TVN S.A. at a price of PLN 20 per share. The tender offer is open from July 24, 2015 till August 24, 2015, with the proposed date of share purchase transaction on Warsaw Stock Exchange on August 27, 2015 and settlement date on September 1, 2015.

On July 20, 2015, the Management Board of TVN S.A. published its position on the tender offer, stating that the offer is in line with TVN S.A. interests while the share price offered is fair, taking into account the fair value of the Company.

We believe that we have distinguished ourselves among television broadcasters by the quality and innovative character of our programming and Internet content. Through our principal channel, TVN, we select and schedule programming to attract and retain audiences between the ages of 16 and 49 living in cities with a population in excess of 100,000, which audience we refer to as our key target audience for TVN, in particular during peak – television viewing – time, from 6:00 p.m. to 11:00 p.m. TVN 7 is complementary to TVN and gives us the ability to meet our advertising customers' need to have advertising messages displayed with a certain frequency. In addition, in order to meet the specific communication needs of our advertising customers, we introduced thematic channels directed at those sections of the audience who might be expected to have a particular interest in products offered by our advertising customers. According to Nielsen Audience Measurement (NAM), for six months ended June 30, 2015, all of our channels obtained a nationwide all-day audience share of 20.1%, and our TVN channel achieved a peak-time audience share in its key target group of 16.0%. This high market share of our key target audience makes us attractive to advertisers.

Our ability to successfully convert audience share into advertising revenue, combined with our focus on cost management, has resulted in a strong financial performance. For the six months ended June 30, 2015, we generated revenue of PLN 808,330 and adjusted EBITDA of PLN 264,728 with an adjusted EBITDA margin of 32.8%.

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 speak 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 interim report.

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

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

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

IMPACT OF CHANGES IN OUR STRUCTURE ON THE REPORTED RESULTS

For six months ended June 30, 2015 no changes in our structure which could impact our reported results were noted.

THE PRINCIPAL EVENTS OF THE THREE MONTHS ENDED JUNE 30, 2015

OPERATIONAL RESULTS:

- Overall audience share of our channels in peak time key target group was stable at 25.0%, increasing during prime time in both basic and key target commercial groups to 22.2% from 21.6% and to 25.0% from 24.9 % respectively.

- Meanwhile, our thematic channels' audience share in all-day basic commercial target group increased to 9.9% from 9.0% in the same period year ago, mainly thanks to stronger results of TVN 7, TTV, TVN 24 and TVN24 Biznes i Świat.

- Our TVN7 channel increased its audience share in 8 out of 9 categories. All-day basic commercial target group audience increased to 3.5% from 3.2%, all-day key target increased to 3.3% from 2.7%. Peak time nationwide audience share increased to 2.8% from 2.5%, peak time basic commercial target group audience share increased to 3.6% from 2.9% and peak time key target group audience share increased to 3.4% from 2.8%, prime time nationwide audience share increased to 3.0%, from 2.6%, prime time basic commercial target group audience share increased to 3.7% from 3.0%, prime time key target group audience share increased to 3.5%, from 2.9%, in the corresponding period of 2014, according to NAM.

- Our TVN 24 channel increased its audience in 7 out of 9 categories while keeping it stable in 2 remaining. All-day nationwide audience share remained at 3.1%, all-day basic commercial target group audience share increased to 2.7% from 2.5%, all-day key target group audience share remained at 4.0%. Peak time nationwide audience share increased to 2.5% from 1.9%, peak time basic commercial target group audience share increased to 2.0% from 1.3%, peak time key target group audience share increased to 2.9% from 2.2%. Prime time nationwide audience share increased to 2.5% from 1.9%, prime time basic commercial target group audience share increased to 2.0% from 1.2%, prime time key target group audience share increased to 2.8% from 2.0%, in the corresponding period of 2014, according to NAM

- Our TTV channel increased its audience in 4 out of 9 categories. All-day nationwide audience share increased to 1.4% from 1.3%, all-day basic commercial target group audience share increased to 1.7% from 1.4%, all-day key target group audience increased to 1.5% from 1.3%. Peak time basic commercial target group audience share remained stable at 1.1% and so did prime time nationwide audience share at 0.9%, while prime time basic commercial target group audience share increased to 1.2% from 1.1%, in the corresponding period of 2014, according to NAM.

- Our TVN Style channel audience share remained stable. All-day nationwide audience share remained at 0.7%, all-day basic commercial target group audience share remained at 0.9%, peak time nationwide audience share remained at 0.6%, prime time nationwide audience share remained at 0.6%, according to NAM.

- Our TVN24 Biznes i Świat channel increased its audience in 5 out of 9 categories. All-day nationwide audience share increased to 0.3% from 0.2%, all-day basic commercial target group audience share increased to 0.3% from 0.2%, all-day key target group audience share increased to 0.4%, from 0.3%. Peak time nationwide audience share remained at 0.2%, peak time basic commercial target group audience share remained at 0.2%, peak time key target group audience share increased to 0.4% from 0.3%, prime time nationwide audience share remained at 0.2%, prime time basic commercial target group audience share remained at 0.2%, prime time key target group audience share increased to 0.4% from 0.3%, in the corresponding period of 2014, according to NAM.

- Our TVN Turbo channel audience share remained stable. All-day nationwide audience share remained at 0.5%, all-day basic commercial target group audience share remained at 0.8%. Peak time nationwide audience share remained at 0.4%, peak time basic commercial target group audience share remained at 0.6%, peak time key target group audience share remained at 0.7%, prime time nationwide audience share remained at 0.4%, prime time basic commercial target group audience share remained at 0.6%, prime time key target group audience share remained at 0.7%, in the corresponding period of 2014, according to NAM.

- Our Internet video on demand platform player.pl had 2,099 thousands real users and 44.9 million page views in May 2015. Average monthly time spent per real user on player.pl in May 2015 was ca. 7 hours, according to Megapanel PBI/Gemius.

PRINCIPAL EVENTS:

- On June 10, 2015 we have notified the market about the intentions of Scripps Networks Interactive to make a public tender offer to acquire 100% of TVN. The offer is to be launched upon completion of the purchase of a majority ownership stake in TVN from ITI and Canal+ Group.

- On May 13, 2015 TVN won the first place and received the title of the Ideal Employer 2015, in the largest opinion survey of students in Poland - *Universum Student Survey 2015* - in the category of "Humanities". The company was named the best employer in this category for the sixth time in a row.

- On April 16, 2015 we have launched two new channels: TVN Meteo Active for viewers interested in an active, healthy lifestyle and TVN Fabuła featuring an extensive offer of movies and TV series. The schedule of the new TVN Meteo Active channel is focused on active, healthy lifestyle, recreation, fitness and rational nutrition. TVN Meteo Active was transformed from TVN Meteo, the first Polish weather channel. TVN Fabuła offers TVN's own and acquired films and series. Alongside well-known and popular TV series produced by TVN, blockbuster movies and 11 foreign TV series TVN Fabuła features daily original shows for cinema lovers with entertainment news, movie premieres, red carpet events, celebrity gossip and stars.

FINANCIAL RESULTS:

- Our Group revenue increased by PLN 11,502, or 2.7% to PLN 445,397, from PLN 433,895 in the corresponding period of 2014.
- TV segment increased its revenue by PLN 12,106, or 2.8% to PLN 438,655 from PLN 426,549 in the corresponding period of 2014.
- Our operating profit decreased by PLN 23,637, or 14.3% to PLN 141,899, from PLN 165,536 in the corresponding period of 2014.
- Our EBITDA decreased by PLN 18,496 to PLN 164,011, from PLN 182,507 in the corresponding period of 2014. Our EBITDA margin decreased to 36.8% from 42.1% in the in the corresponding period of 2014.
- Our adjusted EBITDA decreased by PLN 2,262 to PLN 173,178, from PLN 175,441 in the corresponding period of 2014. Our adjusted EBITDA margin decreased to 38.9% from 40.4% in the in the corresponding period of 2014.
- We recorded a profit for the period of PLN 36,887 compared to a profit for the period of PLN 113,953 in the corresponding period of 2014. Consequently, we recorded a profit attributable to the owners of TVN S.A., of PLN 36,887, compared to a profit attributable to the owners of TVN S.A. of PLN 115,077 in the corresponding period of 2014.
- Our consolidated net debt to adjusted rolling EBITDA ratio as of June 30, 2015 was 3.6x (as of June 30, 2014 it was 4.1x). As of June 30, 2015 we held in total PLN 395,867 of cash and cash equivalents and 27,529 of bank deposits with maturity over three months.

THE PRINCIPAL EVENTS OF THE SIX MONTHS ENDED JUNE 30, 2015

OPERATIONAL RESULTS:

- Overall audience share of our channels increased during prime time in both basic and key target commercial target groups to 22.2% from 21.7% and to 25.4% from 25.1% respectively.
- Meanwhile, our thematic channels' audience share in all-day basic commercial target group increased to 9.5% from 9.0% in the same period year ago, mainly thanks to stronger results of TVN 7, TTV, TVN 24 and TVN24 Biznes i Świat.
- Our TVN7 channel increased its audience share in 8 out of 9 categories. All-day nationwide audience share remained at 3.4%, all-day basic commercial target group audience share increased to 3.4% from 3.2%, all-day key target group audience share increased to 3.2% from 2.9%. Peak time nationwide audience share increased to 2.8%, from 2.5%, peak time basic commercial target group audience share increased to 3.5% from 2.9%, peak time key target group audience share increased to 3.3% from 2.9%, prime time nationwide audience share increased to 3.0% from 2.7%, prime time basic commercial target group audience share increased to 3.6% from 3.0%, prime time key target group audience share increased to 3.4% from 2.9%, in the corresponding period of 2014, according to NAM.
- Our TVN 24 channel increased its audience in 8 out of 9 categories. All-day nationwide audience share remained at 3.0%, all-day basic commercial target group audience share increased to 2.5% from 2.4%, all-day key target group audience share increased to 3.9% from 3.7%. Peak time nationwide audience share increased to 2.3% from 1.9%, peak time basic commercial target group audience share increased to 1.8% from 1.3%, peak

time key target group audience share increased to 2.7% from 2.2%, prime time nationwide audience share increased to 2.4% from 1.9%, prime time basic commercial target group audience share increased to 1.8% from 1.2%, prime time key target group audience share increased to 2.5% from 2.0%, in the corresponding period of 2014, according to NAM.

- Our TTV channel increased its audience in 5 out of 9 categories. All-day nationwide audience share increased to 1.4% from 1.3%, all-day basic commercial target group audience share increased to 1.6% from 1.4%, all-day key target group audience share increased to 1.4% from 1.3%. Peak time nationwide audience share remained at 0.9%, peak time basic commercial target group audience share increased to 1.2% from 1.1%, prime time nationwide audience share remained at 0.9%, prime time basic commercial target group audience share increased to 1.2% from 1.1%, in the corresponding period of 2014, according to NAM.

- Our TVN24 Biznes i Świat channel increased its audience in 4 out of 9 categories while keeping it stable in all the others. All-day nationwide audience share increased to 0.3% from 0.2%, all-day basic commercial target group audience share remained at 0.3%, all-day key target group audience share increased to 0.5% from 0.3%. Peak time nationwide audience share remained at 0.2%, peak time basic commercial target group audience share remained at 0.2%, peak time key target group audience share increased to 0.4% from 0.3%, prime time nationwide audience share remained at 0.2%, prime time basic commercial target group audience share remained at 0.2%, prime time key target group audience share decreased to 0.3% from 0.4%, in the corresponding period of 2014, according to NAM.

- Our TVN Turbo channel audience increased its audience in 6 out of 9 categories. All-day nationwide audience share remained at 0.5%, all-day basic commercial target group audience share increased to 0.8% from 0.7%, all-day key target group audience share increased to 0.9% from 0.8%. Peak time nationwide audience share remained at 0.4%, peak time basic commercial target group audience share increased to 0.7% from 0.6%, peak time key target group audience share increased to 0.8% from 0.7%, prime time nationwide audience share remained at 0.4%, prime time basic commercial target group audience share increased to 0.6% from 0.5%, prime time key target group audience share increased to 0.7% from 0.6%, in the corresponding period of 2014, according to NAM.

- Our TVN Style channel audience share remained stable in all of 9 categories. All-day nationwide audience share remained at 0.7%, all-day basic commercial target group audience share remained at 0.9%, all-day key target group audience share remained at 1,1%. Peak time nationwide audience share remained at 0.6%, peak time basic commercial target group audience share remained at 0.8%, peak time key target group audience share remained at 1.0%, prime time nationwide audience share remained at 0.6%, prime time basic commercial target group audience share remained at 0.8%, prime time key target group audience share remained at 0.9%, according to NAM.

- Our Internet video on demand platform player.pl had 2,099 thousands real users and 44.9 million page views in May 2015. Average monthly time spent per real user on player.pl in May 2015 was ca. 7 hours, according to Megapanel PBI/Gemius.

PRINCIPAL EVENTS:

- On February 4, 2015 we have launched iTVN Extra, a new channel covering entertainment, lifestyle, business, foreign and public affairs, dedicated to Polish people living abroad. iTVN Extra was launched in the USA in partnership with DISH Network and in Germany in partnership with Wilhelm.tel.

- On March 16, 2015 we were notified by ITI Holdings S.A. about ITI Media Group Limited, a wholly-owned subsidiary of ITI Group, entering jointly with Group Canal+ SA into agreement for sale and purchase of shares in the capital of N-Vision B.V. The purchaser is Southbank Media Ltd. with its seat in London, part of Scripps Networks Interactive, Inc. ITI Media Group and Group Canal+ co-own N-Vision which on completion, directly and indirectly through Polish Television Holding B.V., will hold approximately 52.7 % of the issued voting share capital of TVN. The cash consideration for 100% of N-Vision shares amounts to EUR 584 million. Southbank Media will assume the EUR 300 million 11%/12% Senior PIK Toggle Notes issued by PTH and cumulative amount of EUR 540 million of 7.375% and 7.875% Senior Notes issued by TVN Finance III. The transaction closed on July 1, 2015.

- On March 30, 2015 we have informed the market about launching of two new channels on April 16, 2015: TVN Meteo Active and TVN Fabuła.

FINANCIAL RESULTS:

- Our Group revenue increased by PLN 23,998, or 3.1% to PLN 808,330, from PLN 784,332 in the corresponding period of 2014.

- TV segment increased its revenue by PLN 24,277, or 3.2% to PLN 793,578 from PLN 769,302 in the corresponding period of 2014.

- Our operating profit decreased by PLN 60,598, or 24.8% to PLN 183,628, from PLN 244,226 in the corresponding period of 2014.

- Our EBITDA decreased by PLN 54,933 to PLN 223,355, from PLN 278,288 in the corresponding period of 2014. Our EBITDA margin decreased to 27.6% from 35.5% in the in the corresponding period of 2014.

- Our adjusted EBITDA increased by PLN 2,345 to PLN 264,728, from PLN 262,383 in the corresponding period of 2014. Our adjusted EBITDA margin decreased to 32.8% from 33.5% in the in the corresponding period of 2014.

- We recorded a profit for the period of PLN 116,353 compared to a profit for the period of PLN 123,517 in the corresponding period of 2014. Consequently, we recorded a profit attributable to the owners of TVN S.A., of PLN 116,353, compared to a profit attributable to the owners of TVN S.A. of PLN 126,213 in the corresponding period of 2014.

- Our consolidated net debt to adjusted rolling EBITDA ratio as of June 30, 2015 was 3.6x (as of June 30, 2014 was 4.1x). As of June 30, 2015 we held in total PLN 395,867 of cash and cash equivalents and 27,529 of bank deposits with maturity over three months.

SUMMARY HISTORICAL FINANCIAL DATA

The following table sets out our unaudited consolidated financial information as of and for the three and six months ended June 30, 2015, for the three and six months ended June 30, 2014 and our audited consolidated financial information as of December 31, 2014. 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 the local currency results of our results of operations into euro in accordance with the amounts enumerated below:

- złoty amounts for the three months ended June 30, 2015 have been converted into euro at a rate of PLN 4.1194 per €1.00 (arithmetic average of the NBP exchange rates on April 30, 2015, May 31, 2015 and June 30, 2015).
- złoty amounts for the six months ended June 30, 2015 have been converted into Euro at a rate of PLN 4.1341 per €1.00 (arithmetic average of the NBP exchange rates on January 31, 2015, February 28, 2015, March 31, 2015, April 30, 2015, May 31, 2015 and June 30, 2015).
- złoty amounts as of June 30, 2015 have been converted into euro at a rate of PLN 4.1944 per €1.00 (the National Bank of Poland, or "NBP", exchange rate on June 30, 2015).

- złoty amounts for the three months ended June 30, 2014 have been converted into euro at a rate of PLN 4.1674 per €1.00 (arithmetic average of the NBP exchange rates on April 30, 2014, May 31, 2014 and June 30, 2014).
- złoty amounts for the six months ended June 30, 2014 have been converted into Euro at a rate of PLN 4.1784 per €1.00 (arithmetic average of the NBP exchange rates on January 31, 2014, February 28, 2014, March 31, 2014, April 30, 2014, May 31, 2014 and June 30, 2014).
- złoty amounts as of December 31, 2014 have been converted into Euro at a rate of PLN 4.2623 per €1.00 (the effective National Bank of Poland, or "NBP", exchange rate on December 31, 2014).

You should not view such conversions as a representation that such złoty amounts actually represent such euro amounts, or could be or could have been converted into euro at the rates indicated or at any other rate. All amounts, unless otherwise indicated, in this table and the related footnotes are shown in thousands.

Consolidated financial information as of and for the three months ended June 30, 2015 and 2014.

Income statement data

	2014 PLN	2014 EUR	2015 PLN	2015 EUR
Revenue	433,895	104,116	445,397	108,122
Operating profit	165,536	39,721	141,899	34,447
Profit before income tax	124,820	29,951	35,860	8,705
Profit attributable to the owners of TVN S.A.	**115,077**	**27,614**	**36,888**	**8,955**

Cash flow data

	2014 PLN	2014 EUR	2015 PLN	2015 EUR
Net cash generated from operating activities	227,845	54,673	179,974	43,689
Net cash generated by / (used in) investing activities	(63,644)	(15,272)	4,201	1,020
Net cash used in financing activities	(177,410)	(42,571)	(92,708)	(22,505)
Increase / (decrease) in cash and cash equivalents	**(13,209)**	**(3,170)**	**91,467**	**22,204**

Earnings per share data

	2014 PLN	2014 EUR	2015 PLN	2015 EUR
Weighted average number of ordinary shares in issue (not in thousands)	348,186,660	348,186,660	340,248,308	340,248,308
Weighted average number of potential ordinary shares in issue (not in thousands)	349,379,486	349,379,486	340,248,308	340,248,308
Profit per share attributable to the owners of TVN S.A. (not in thousands)	0.30	0.07	0.11	0.03
Diluted profit per share attributable to the owners of TVN S.A. (not in thousands)	0.30	0.07	0.11	0.03
Dividend paid or declared per share (not in thousands)	-	-	0.30	0.07

Other data

	2014 PLN	2014 EUR	2015 PLN	2015 EUR
EBITDA*	**182,507**	**43,794**	**164,012**	**39,815**
EBITDA margin	42.1%	42.1%	36.8%	36.8%
Operating margin	38.2%	38.2%	31.9%	31.9%

Balance sheet data

	As at December 31, 2014** PLN	As at December 31, 2014** EUR	As at June 30, 2015 PLN	As at June 30, 2015 EUR
Total assets	3,814,767	895,002	3,903,086	930,547
Current assets	981,879	230,364	1,085,044	258,689
Non-current liabilities	2,348,667	551,033	2,305,807	549,735
Current liabilities	498,049	116,850	615,073	146,641
Shareholders' equity	968,051	227,119	982,206	234,171
Share capital	70,550	16,552	68,050	16,224

Consolidated financial information as of and for the six months ended June 30, 2015 and 2014.

Income statement data

	2014 PLN	2014 EUR	2015 PLN	2015 EUR
Revenue	784,332	187,710	808,330	195,526
Operating profit	244,226	58,449	183,628	44,418
Profit before income tax	127,100	30,418	124,364	30,082
Profit attributable to the owners of TVN S.A.	**126,213**	**30,206**	**116,353**	**28,144**

Cash flow data

	2014 PLN	2014 EUR	2015 PLN	2015 EUR
Net cash generated from operating activities	294,513	70,485	220,601	53,361
Net cash generated by / (used in) investing activities	(83,198)	(19,911)	4,631	1,120
Net cash used in financing activities	(318,280)	(76,173)	(100,312)	(24,265)
Increase / (decrease) in cash and cash equivalents	**(106,965)**	**(25,600)**	**124,920**	**30,217**

Earnings per share data

	2014 PLN	2014 EUR	2015 PLN	2015 EUR
Weighted average number of ordinary shares in issue (not in thousands)	347,674,298	347,674,298	340,248,308	340,248,308
Weighted average number of potential ordinary shares in issue (not in thousands)	349,160,076	349,160,076	340,248,308	340,248,308
Profit per share attributable to the owners of TVN S.A. (not in thousands)	0.36	0.09	0.34	0.08
Diluted profit per share attributable to the owners of TVN S.A. (not in thousands)	0.36	0.09	0.34	0.08
Dividend paid or declared per share (not in thousands)	-	-	0.30	0.07

Other data

	2014 PLN	2014 EUR	2015 PLN	2015 EUR
EBITDA*	**278,288**	**66,602**	**223,355**	**54,027**
EBITDA margin	35.5%	35.5%	27.6%	27.6%
Operating margin	31.1%	31.1%	22.7%	22.7%

Balance sheet data

	As at December 31, 2014** PLN	As at December 31, 2014** EUR	As at June 30, 2015 PLN	As at June 30, 2015 EUR
Total assets	3,814,767	895,002	3,903,086	930,547
Current assets	981,879	230,364	1,085,044	258,689
Non-current liabilities	2,348,667	551,033	2,305,807	549,735
Current liabilities	498,049	116,850	615,073	146,641
Shareholders' equity	968,051	227,119	982,206	234,171
Share capital	70,550	16,552	68,050	16,224

* We define 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 (other than for programming rights) 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 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.

** Audited consolidated financial information as of December 31, 2014.

FINANCIAL REPORTING AND ACCOUNTING

Commencing January 1, 2005, public companies in Poland are required to prepare consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"). As of June 30, 2015, 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 Sp. z o.o., 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., Veedo Sp. z o.o., TVN Finance Corporation II, TVN Finance Corporation III, TVN Holding S.A., Stavka Sp. z o.o., TVN Online Investments Holding B.V. and TVN DTH Holdings S.à r.l. 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., OnetM Sp. z o.o., OnetMarketing Sp. z o.o., GoBrands Sp. z o.o., Skąpiec.pl Sp. z o.o., Opineo Sp. z o.o., a joint venture Media Impact Polska Sp. z o.o. and an associate Polskie Badania Internetu Sp. z o.o.), ITI Neovision Group (including ITI Neovision S.A. and its subsidiaries - Cyfrowy Dom Sp. z o.o., Neovision UK Ltd, and a joint venture MGM Channel Poland Ltd) and a joint venture Polski Operator Telewizyjny Sp. z o.o. are accounted for under equity method.

Our fiscal year ends on December 31.

OTHER INFORMATION RELEVANT TO THE ASSESSMENT OF THE SITUATION OF TVN S.A.

TELEVISION BROADCASTING AND PRODUCTION

Revenue

This segment primarily derives revenue from commercial advertising. During the three and six months ended June 30, 2015, we derived 71.1% and 69.9%, respectively, of our total Group revenue from commercial television advertising, compared to 70.6% and 69.4%, in the corresponding periods of 2014.

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 Gross Rating Points - GRP.

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

Cost per GRP pricing. Advertising priced on a cost per GRP basis allows the customer to specify the number of GRPs that he wants to achieve. We schedule the timing of the advertisements during such defined period of time, usually one month in advance of broadcast, in a manner that enables us both to meet the advertiser's GRP target and to maximize the use and profitability of our available advertising time. Generally, we structure GRP packages to ensure higher sales of advertising spots during the daily off-peak period. For example, for each GRP purchased during peak time, the client must purchase at least one GRP during off-peak time. The table below shows the percentages of our advertising revenues that were based on rate card pricing and cost per GRP pricing for the periods presented.

	Three months ended June 30,			Six months ended June 30,		
	2013	2014	2015	2013	2014	2015
Our Rate-card pricing	39%	51%	48%	40 %	53%	48%
Our Cost per GRP pricing	61%	50%	52%	60 %	47%	52%

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 both the three and six months ended June 30, 2015, we tended to sell over 98.7% of peak time advertising spots on our TVN channel and over 89.2% and 87.6%, respectively, of non-peak time advertising spots. We record our advertising revenue at the time the relevant advertisement is broadcast. As is common in the television broadcasting industry, we provide advertising agencies and advertisers with an incentive rebate. We recognize advertising revenue net of discounts and rebates.

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

We also generate revenue from the sale of licenses granting digital satellite platform and cable operators the right to distribute our channels' programming content to subscribers to their respective services. During the three and six months ended June 30, 2015, 11.7% and 12.9%, respectively, of our total Group revenue came from such fees compared with 11.8% and 13.3% in the corresponding periods of 2014. 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 brokerage revenue, online advertising revenue, rental revenue, revenue generated from sponsorship, revenue generated from technical services, 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 53.0% and 51.7% of our Group operating expenses in the three and six months ended June 30, 2015, respectively, compared with 53.7% and 52.5% in the corresponding periods of 2014. Amortization expense includes amortization of production costs for television programming specifically produced by or for us, either under licenses from third parties or under our own licenses and amortization of rights to television programming content produced by third parties and licensed to us. During the three and six months ended June 30, 2015, we commissioned and produced locally through third parties 80.3% and 79.4%, respectively, of programming content on our TVN channel, compared with 81.1% and 80.8% in the corresponding periods of 2014. During the three and six months ended June 30, 2015, we acquired 19.7% and 20.6%, respectively, of our programming content from third parties, compared with 18.9% and 19.2% in the corresponding periods of 2014. Amortization is based on the estimated number of showings and the type of programming content.

Other costs

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

TELESHOPPING

Revenue

Revenue in teleshopping primarily includes the sale of goods/teleshopping which accounted for approximately 1.7% and 1.9%, respectively, of our Group revenue in the three and six months ended June 30, 2015, compared with 1.6% and 1.8% in the corresponding periods of 2014. 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.

According to the most recent view of the World Bank expressed in June 2015 the Polish economy is likely to experience GDP growth of 3.6% in 2015, 2016 and 2017. We estimate that net television advertising expenditure in Poland increased by nearly 5% in 2014 with 3.4% GDP growth reported by Polish Central Statistical Office on April 17, 2015.

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, 2014, we generated approximately 20.8% of our television segment total advertising revenue in the first quarter, 28.6% in the second quarter, 19.7% in the third quarter and 30.9% 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 20.1% of Poland's nationwide all-day audience in the three and six months ended June 30, 2015, and our TVN channel achieved 15.6% and 16.0%, respectively, of our key target audience during *peak time* in the three and six months ended June 30, 2015. 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 at that time. On January 1, 2014 TVN24 Biznes i Świat channel replaced the existing TVN CNBC. On March 30, 2015 we announced launch of TVN Meteo Active and TVN Fabuła which started broadcasting on April 16, 2015. In doing so we have sought to increase the size and to improve the profile of our audience by attracting more viewers from our target demographic groups in order to increase total net and improve year-on-year results.

OTHER FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Foreign exchange rate exposure

We generate revenue primarily in złoty, while a substantial portion of our operating expenses, borrowings and capital expenditures are denominated in foreign currencies, mainly in euro and U.S. dollars. The estimated net loss (post-tax) impact on the major euro and U.S. dollar denominated balance sheet items as of June 30, 2015 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 97,987 loss.

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", currently ITI Neovision Group) and the merger of the business of ITI Neovision Sp. z o.o. ("ITI Neovision", currently ITI Neovision S.A.), 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 to a 40% stake in N-Vision B.V., with its registered office in Amsterdam, the Netherlands ("N-Vision") (the entity holding back then an indirect 52.05stake 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.

Upon the closing of the transactions our investments in 32% of the shares of nC+ and 25% of the shares in Onet Holding have been consolidated using the equity method.

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. 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. 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 Group will have financial reporting expense in the future but no additional tax deductions and accounting revenues temporary not recognized for tax purposes (mainly the interest accrued but not received). 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. Our deferred tax assets mainly relate to tax deductible losses, unrealized foreign exchange differences, unpaid interest 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 14,379 or 3.9% to PLN 350,564 as of June 30, 2015, from PLN 364,943 as of December 31, 2014 resulting mainly from its depreciation higher than new investments.

Our goodwill maintained the level of PLN 144,127 as of June 30, 2015. Our brands maintained the level of PLN 32,862 as of June 30, 2015.

Our other intangible assets decreased by PLN 7,668, or 11.0%, to PLN 62,135 as of June 30, 2015, from PLN 69,803 as of December 31, 2014 resulting mainly from amortization of broadcasting licenses.

Our current and non-current programming rights inventory decreased by PLN 37,762, or 10.1%, to PLN 337,120 as of June 30, 2015, from PLN 374,882 as of December 31, 2014. The decrease is mainly due to amortization of existing programming rights higher than acquisition of new programming rights.

Our share capital decreased by PLN 2,500, or 3.5% to PLN 68,050 as of June 30, 2015 as a result of redemption of 12,500,000 (not in thousands) treasury shares. Our share premium increased to the level of PLN 865,500 as of June 30, 2015 compared to PLN 865,237 as of December 31, 2014.

Our non-current borrowings decreased by PLN 44,473 or by 1.9% to PLN 2,270,315 as of June 30, 2015, from PLN 2,314,788 as of December 31, 2014. This decrease results mainly from the lower EUR/PLN rate.

Our 7.875% Senior Notes, excluding accrued interest, amounted to the principal amount of PLN 462,693 as of June 30, 2015, compared to the principal amount of PLN 470,183 as of December 31, 2014. Our 7.375% Senior Notes, excluding accrued interest, amounted to the principal amount of PLN 1,803,592 as of June 30, 2015, compared to the principal amount of PLN 1,832,789 as of December 31, 2014. These decreases result from the lower EUR/PLN rate.

Our current borrowings decreased by PLN 566 to PLN 31,372 as of June 30, 2015, from PLN 31,938 as of December 31, 2014. This decrease results mainly from the lower EUR/PLN rate.

Our other liabilities and accruals increased by PLN 126,288 to PLN 430,301 as of June 30, 2015, from PLN 304,002 as of December 31, 2014. The increase results partly from increase of dividends payable of PLN 102,074 and increase of employee benefits (including accrual for Long Term Incentive Plan) of PLN 41,889 partly offset by decrease of VAT and other taxes payable by PLN 31,223.

RESULTS OF OPERATIONS

Three Months Ended June 30, 2015 Compared to Three Months Ended June 30, 2014

Revenue. Our revenue increased by PLN 11,502, or 2.7%, to PLN 445,397 in the three months ended June 30, 2015, from PLN 433,894 in the corresponding period of 2014.

Our advertising revenue increased by PLN 9,404, or 2.9%, to PLN 329,014 during the three months ended June 30, 2015, from PLN 319,610 in the corresponding period of 2014. This increase results predominantly from higher advertising in our thematic channels, mainly TVN7, TTV, TVN24 and TVN24 BiŚ, which more than offset lower advertising revenue of our main channel – TVN.

Our sponsoring revenue increased by PLN 865, or 2.0% to PLN 45,227 in the three months ended June 30, 2015 from PLN 44,361 in the corresponding period 2014. This increase results mainly from higher sponsoring revenue coming from TVN main channel.

Our subscription fees revenue increased by PLN 796, or 1.6% to PLN 52,059 in the three months ended June 30, 2015 from PLN 51,263 in the corresponding period 2014. This increase results mainly from a year-on-year weakening of Zloty.

Our sales of goods revenue increased by PLN 459, or 6.6% to PLN 7,408 in the three months ended June 30, 2015 from PLN 6,949 in the corresponding period 2014. This increase results mainly from higher overall sales volumes generated by Mango Media.

Our other revenue decreased by PLN 21, or 0.2% to PLN 11,690 in the three months ended June 30, 2015 from PLN 11,711 in the corresponding period of 2014.

Cost of revenue. Cost of revenue increased by PLN 10,509, or 4.7%, to PLN 236,361 in the three months ended June 30, 2015, from PLN 225,851 in the corresponding period of 2014. This increase results mainly from higher amortization of locally produced content by PLN 7,779, increase in cost of services and goods sold by PLN 1,334, higher depreciation and amortization by PLN 1,081 and other cost of revenue higher by PLN 1,932. These increases were partly offset by staff expenses lower by PLN 1,533 and the decrease of royalties by PLN 1,433.

As a percentage of revenue, our cost of revenue increased in the three months ended June 30, 2015, to 53.1%, compared to 52.1% in the corresponding period of 2014.

Selling expenses. Our selling expenses increased by PLN 7,708, or 36.2%, to PLN 28,988 for the three months ended June 30, 2015, from PLN 21,280 in the corresponding period of 2014. The increase results from higher depreciation and amortization by PLN 5,101, increase in marketing and research expenses of PLN 3,305 and impaired accounts receivable higher by PLN 1,304, partly offset by staff expenses lower by PLN 2,088.

As a percentage of revenue, our selling expenses increased to 6.5% in the three months ended June 30, 2015, from 4.9% in the corresponding period of 2014.

General and administration expenses. Our general and administration expenses increased by PLN 1,976, or 5.5%, to PLN 37,628 in the three months ended June 30, 2015, compared with PLN 35,651 in the corresponding period of 2014. This increase reflects mainly an increase of other general and administration expenses by PLN 3,446 mostly due to an increase of long-term incentive plan by 2,000 and consulting costs by 1,271, partly offset by depreciation and amortization lower by PLN 1,041.

As a percentage of revenue, our general and administration expenses increased to 8.4% in the three months ended June 30, 2015 from 8.2% in the corresponding period of 2014.

Share of profits / losses of associates. The share of profit of associates amounted to PLN 17,359 in the three months ended June 30, 2015 compared to share of profit of associates PLN 15,200 in the corresponding period of 2014.

Incremental costs related to the change of control transaction. We recorded incremental costs related to the change of control transaction of PLN 17,344, including PLN 11,026 related to the Long Term Incentive Plan and PLN 6,318 of advisory costs, for the three months ended June 30, 2015, compared to nil in the corresponding period of 2014.

Operating profit. Operating profit decreased by PLN 23,637 or 14.3% to PLN 141,899 in the three months ended June 30, 2015, from an operating profit of PLN 165,536 in the corresponding period of 2014. Our operating margin decreased to 31.9% from 38.2% in the corresponding period of 2014.

Interest income. We recorded interest income of PLN 1,718 for the three months ended June 30, 2015, compared to interest income of PLN 2,565 in the corresponding period of 2014.

Finance expense. We recorded finance expense of PLN 48,718 for the three months ended June 30, 2015, compared to finance expense of PLN 49,232 in the corresponding period of 2014.

Foreign exchange losses, net. We recorded foreign exchange losses, net of PLN 59,040 for the three months ended June 30, 2015 compared to foreign exchange gains, net of PLN 5,951 in the corresponding period of 2014. These losses consisted mainly of unrealized foreign exchange losses on our Senior Notes and Cash Loan.

Profit before income tax. Our profit before income tax for the three months ended June 30, 2015 was PLN 35,859 compared to a profit before income tax of PLN 124,820 in the corresponding period of 2014.

Income tax benefit. For the three months ended June 30, 2015, we recorded a total income tax benefit of PLN 1,028, compared to an income tax charge of PLN 10,867 in the corresponding period of 2014.

Profit for the period. Our profit for the period amounted to PLN 36,887 in the three months ended June 30, 2015, compared to a profit of PLN 113,953 in the corresponding period of 2014.

Profit attributable to the owners of TVN S.A. Our profit attributable to the owners of TVN S.A. was PLN 36,887 in the three months ended June 30, 2015, compared to a profit of PLN 115,077 in the corresponding period of 2014.

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.

The table below sets forth the summarized financial results by segment for the three months ended June 30, 2015 and 2014:

	Television Broadcasting & Production		Teleshopping		Other reconciling items*		Total	
	Three months ended June 30, 2015	**Three months ended June 30, 2014**	**Three months ended June 30, 2015**	**Three months ended June 30, 2014**	**Three months ended June 30, 2015**	**Three months ended June 30, 2014**	**Three months ended June 30, 2015**	**Three months ended June 30, 2014**
Revenue from external customers	437,224	425,492	8,173	8,402	-	-	445,397	433,894
Inter-segment revenue	1,430	1,057	-	-	(1,430)	(1,057)	-	-
Total revenue	**438,654**	**426,549**	**8,173**	**8,402**	**(1,430)**	**(1,057)**	**445,397**	**433,894**
Operating profit / (loss)	144,991	151,764	(2,880)	(1,298)	(212)	15,070	141,899	165,536
EBITDA**	**167,000**	**168,662**	**(2,777)**	**(1,223)**	**(211)**	**15,068**	**164,012**	**182,507**
EBITDA margin**	**38.1%**	**39.5%**	**-**	**-**	**-**	**-**	**36.8%**	**42.1%**

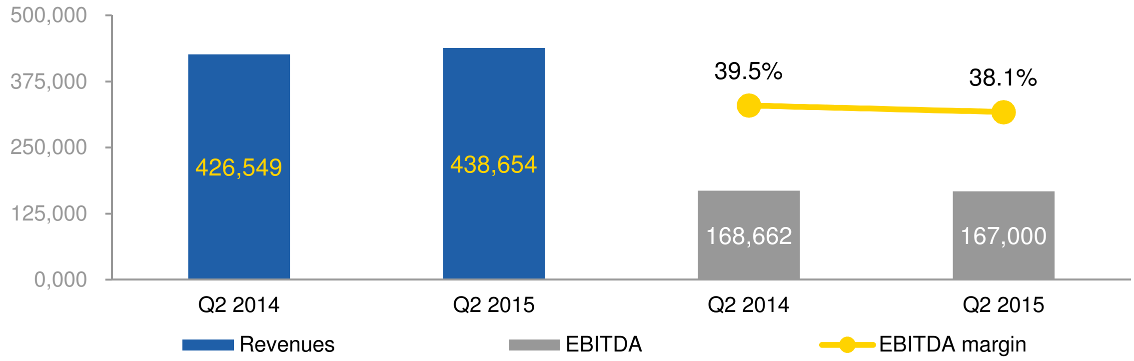
Operating profit / (loss)	144,991	151,764	(2,880)	(1,298)	(212)	15,070	141,899	165,536
Depreciation, amortization and impairment charges	22,009	16,898	103	75	1	(2)	22,113	16,971
EBITDA**	**167,000**	**168,662**	**(2,777)**	**(1,223)**	**(211)**	**15,068**	**164,012**	**182,507**

* Other reconciling items on EBITDA level for the three months ended June 30, 2015 include mainly the share of profit of associates (PLN 17,359), incremental costs related to the change of control transaction (PLN 17,344) and other costs. Other reconciling items on EBITDA level for the three months ended June 30, 2014 include mainly the share of profit of associates (PLN 15,200) and other costs.

** We define 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. 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 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.

Television Broadcasting and Production

The table below sets forth the summarized financial results of our Television Broadcasting and Production segment for the three months ended June 30, 2015 and 2014:



	Three months ended June 30,					
	2015			2014		
	Revenue	EBITDA	EBITDA %	Revenue	EBITDA	EBITDA %
TVN channels	403,078	172,657	42.8%	392,487	170,991	43.6%
Other	35,576	(5,657)	(15.9%)	34,062	(2,329)	(6.8%)
Total segment	**438,654**	**167,000**	**38.1%**	**426,549**	**168,662**	**39.5%**

Television broadcasting and production revenue in the three months ended June 30, 2015, increased by PLN 12,105 to PLN 438,654, compared to PLN 426,549 in the corresponding period of 2014.

Our TVN channels revenue increased by PLN 10,591, or 2.7%, in the three months ended June 30, 2015. This increase was primarily thanks to higher advertising sales revenue of our TVN 7, TTV, TVN24 and TVN24 BiŚ channels performance partly compensated by softer results of TVN main channel.

Our other revenue in the television, broadcasting and production segment increased by PLN 1,514, or 4.4%, in the three months ended June 30, 2015, mainly thanks to Player performance.

Our TVN channels' EBITDA increased by PLN 1,666, or 1.0%, to PLN 172,657 in the three months ended June 30, 2015, from PLN 170,991 in the corresponding period of 2014. TVN channels' EBITDA margin decreased to 42.8% from 43.6% in the corresponding period of 2014.

Loss at EBITDA level of television, broadcasting and production segment presented as 'Other' increased by PLN 3,328, or 142.9% mostly due to EBITDA loss of Premium TV in the quarter.

Teleshopping

The table below sets forth the summarized financial results of our Teleshopping segment for the three months ended June 30, 2015 and 2014.

Three months ended June 30,

	2015			2014		
	Revenue	**EBITDA**	**EBITDA %**	**Revenue**	**EBITDA**	**EBITDA %**
Mango Media	8 173	(2,777)	(34.0%)	8,402	(1,223)	(14.6%)
Total segment	**8 173**	**(2,777)**	**(34.0%)**	**8,402**	**(1,223)**	**(14.6%)**

Teleshopping revenue decreased by PLN 229, or 2.7%, to PLN 8,173 in the three months ended June 30, 2015, from PLN 8,402 in the corresponding period of 2014 primarily due to lower advertising revenue that more than offset higher sales volumes generated by Mango Media.

Segment loss at EBITDA increased by PLN 1,554, to a loss at EBITDA level of PLN 2,777 in the three months ended June 30, 2015 from a loss at EBITDA level of PLN 1,223 in the corresponding period of 2014.

Other reconciling items

Other reconciling items consist primarily of consolidation eliminations and adjustments not allocated to segments and head office expenses not allocated to business segments. Other reconciling items had a negative impact on our revenue of PLN 1,430 in the three months ended June 30, 2015, compared to a negative impact of PLN 1,057 in the corresponding period of 2014. Other reconciling items on EBITDA level in the three months ended June 30, 2015 and in the corresponding period of 2014 include mainly share of profits of associates and incremental costs related to the change of control transaction.

RESULTS OF OPERATIONS

Six Months Ended June 30, 2015 Compared to Six Months Ended June 30, 2014

Revenue. Our revenue increased by PLN 23,998 or 3.1% to PLN 808,330 in the six months ended June 30, 2015, from PLN 784,332 in the corresponding period of 2014.

Our advertising revenue increased by PLN 22,209, or 3.9%, to PLN 587,012 during the six months ended June 30, 2015, from PLN 564,803 in the corresponding period of 2014. This increase results predominantly from higher advertising in our thematic channels, mainly TVN7, TTV, TVN24 and TVN24BiŚ, partly offset by lower advertising revenue of our main channel – TVN.

Our sponsoring revenue increased by PLN 695, or 0.9% to PLN 79,733 in the six months ended June 30, 2015 from PLN 79,038 in the corresponding period 2014. This increase results mainly from higher sponsoring revenue coming from TVN main channel.

Our subscription fees revenue increased by PLN 415, or 0.4% to PLN 104,365 in the six months ended June 30, 2015 from PLN 103,950 in the corresponding period 2014. This increase results mainly from a year-on-year depreciation of Złoty in 2015.

Our sales of goods revenue increased by PLN 1,534, or 10.8% to PLN 15,710 in the six months ended June 30, 2015 from PLN 14,175 in the corresponding period 2014. This increase results mainly from higher sales volumes generated by Mango Media.

Our other revenue decreased by PLN 856, or 3.8% to PLN 21,510 in the six months ended June 30, 2015 from PLN 22,366 in the corresponding period of 2014. This decrease results mainly from decline in Call TV services.

Cost of revenue. Cost of revenue increased by PLN 14,722 to PLN 457,079 in the six months ended June 30, 2015, from PLN 442,357 in the corresponding period of 2014. This increase results mainly from higher local production costs of PLN 9,374, increase in depreciation and amortization of PLN 2,121, higher costs of services and goods sold by PLN 2,089, amortization of acquired programming rights and co-productions increased by PLN 1,239 and other costs higher by PLN 2,717. These increases were partly offset by staff expenses lower by PLN 2,983.

As a percentage of revenue, our cost of revenue increased in the six months ended June 30, 2015, to 56.5%, compared to 56.4% in the corresponding period of 2014.

Selling expenses. Our selling expenses increased by PLN 12,355, or 26.0%, to PLN 59,930 for the six months ended June 30, 2015, from PLN 47,575 in the corresponding period of 2014. The increase results mainly from marketing and research costs higher by PLN 5,754, increase in depreciation and amortization of PLN 5,310 and impaired accounts receivable higher by PLN 2,104. These increases were partly offset by staff expenses lower by PLN 918.

As a percentage of revenue, our selling expenses increased to 7.4% in the six months ended June 30, 2015, from 6.1% in the corresponding period of 2014.

General and administration expenses. Our general and administrative expenses increased by PLN 1,985, or 2.7%, to PLN 74,432 in the six months ended June 30, 2015, compared with PLN 72,448 in the corresponding period of 2014. This increase reflects mainly an increase of other general and administration expenses by PLN 2,490 mostly due to an increase of long-term incentive plan by 1,500 and consulting costs by 639, and staff expenses higher by PLN 1,183. These increases were partly offset by depreciation and amortization lower by PLN 1,766.

As a percentage of revenue, our general and administration expenses maintained the level of 9.2% in the six months ended June 30, 2015, the same as in the corresponding period of 2014.

Share of profits / (losses) of associates. The share of profit of associates amounted to PLN 33,254 in the six months ended June 30, 2015 compared to the share of profits of associates PLN 24,039 in the corresponding period of 2014.

Incremental costs related to the change of control transaction. We recorded incremental costs related to the change of control transaction of PLN 65,446, including PLN 51,155 related to the Long Term Incentive Plan and PLN 14,291 of advisory costs, for the six months ended June 30, 2015, compared to nil in the corresponding period of 2014.

Operating profit. Operating profit decreased by PLN 60,598 or 24.8% to PLN 183,628 in the six months ended June 30, 2015, from an operating profit of PLN 244,226 in the corresponding period of 2014. Our operating margin decreased to 22.7% from 31.1% in the corresponding period of 2014.

Interest income. We recorded interest income of PLN 3,565 for the six months ended June 30, 2015, compared to interest income of PLN 5,232 in the corresponding period of 2014.

Finance expense. We recorded finance expense of PLN 95,140 for the six months ended June 30, 2015, compared to finance expense of PLN 112,442 in the corresponding period of 2014, mainly due to lower interest expense and no call premium related to partial repurchase and redemption of the 7.875% Senior Notes in March 2014.

Foreign exchange gains, net. We recorded foreign exchange gains, net of PLN 32,311 for the six months ended June 30, 2015 compared to foreign exchange losses, net of PLN 9,916 in the corresponding period of 2014. These gains consist mainly of unrealized foreign exchange gains on our Senior Notes of PLN 36,652 partially offset by PLN 4,341 other foreign exchange losses in the six months ended June 30, 2015, compared to foreign exchange losses on our Senior Notes of PLN 10,444 partially offset by other foreign exchange gains of PLN 528 in the corresponding period of 2014.

Profit before income tax. Our profit before income tax for the six months ended June 30, 2015 was PLN 124,364 compared to a profit before income tax of PLN 127,100, in the corresponding period of 2014.

Income tax charge. For the six months ended June 30, 2015, we recorded a total income tax charge of PLN 8,011, compared to an income tax charge of PLN 3,583 in the corresponding period of 2014.

Profit for the period. Our profit for the period amounted to PLN 116,353 in the six months ended June 30, 2015, compared to a profit of PLN 123,517 in the corresponding period of 2014.

Profit attributable to the owners of TVN S.A. Our profit attributable to the owners of TVN S.A. was PLN 116,353 in the six months ended June 30, 2015, compared to a profit of PLN 126,213 in the corresponding period of 2014.

RESULTS BY BUSINESS SEGMENT

Our business comprises two major business segments: television broadcasting and production and teleshopping. We currently report these business segments separately. We rely on an internal management reporting process that provides revenue and operating results for a particular period by segment for the purpose of making financial decisions and allocating resources.

The table below sets forth the summarized financial results by segment for the six months ended June 30, 2015 and 2014:

	Television Broadcasting & Production		Teleshopping		Other reconciling items *		Total	
	Six months ended June 30, 2015	Six months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Revenue from external customers	790,815	767,263	17,515	17,069	-	-	808,330	784,332
Inter-segment revenue	2,763	2,039	-	-	(2,763)	(2,039)	-	-
Total revenue	**793,578**	**769,302**	**17,515**	**17,069**	**(2,763)**	**(2,039)**	**808,330**	**784,332**
Operating profit/(loss)	221,548	222,694	(5,321)	(2,160)	(32,599)	23,692	183,628	244,226
EBITDA**	**261,072**	**256,612**	**(5,119)**	**(2,012)**	**(32,598)**	**23,688**	**223,355**	**278,288**
EBITDA margin**	**32.9%**	**33.4%**	**-**	**-**	**-**	**-**	**27.6%**	**35.5%**

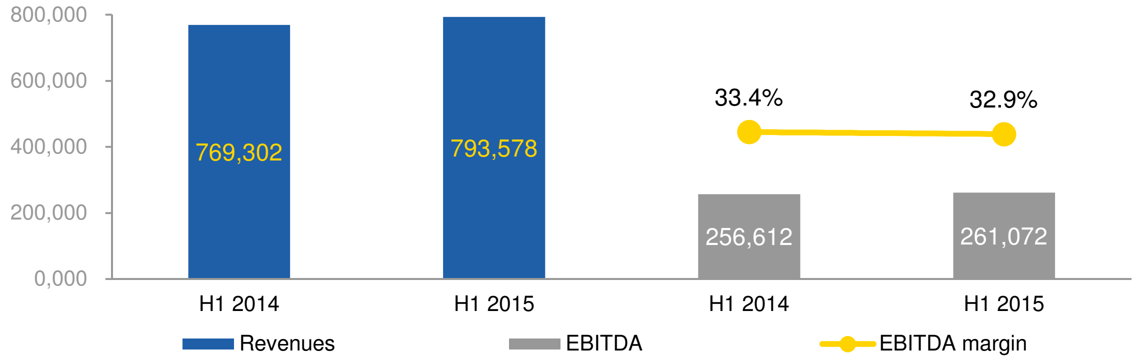
Operating profit/(loss)	221,548	222,694	(5,321)	(2,160)	(32,599)	23,692	183,628	244,226
Depreciation, amortization and impairment charges	39,524	33,918	202	148	1	(4)	39,727	34,062
EBITDA**	**261,072**	**256,612**	**(5,119)**	**(2,012)**	**(32,598)**	**23,688**	**223,355**	**278,288**

* Other reconciling items on EBITDA level for the six months ended June 30, 2015 include mainly the share of profit of associates (PLN 33,254), incremental costs related to the change of control transaction (PLN 65,446) and other costs. Other reconciling items on EBITDA level for the six months ended June 30, 2014 include mainly the share of profit of associates (PLN 24,039) and other costs.

** We define 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. 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 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.

Television Broadcasting and Production

The table below sets forth the summarized financial results of our Television Broadcasting and Production segment for the six months ended June 30, 2015 and 2014:



	Six months ended June 30,					
		2015			2014	
	Revenue	**EBITDA**	**EBITDA %**	**Revenue**	**EBITDA**	**EBITDA %**
TVN channels	730,721	276,360	37.8%	713,326	268,864	37.7%
Other	62,857	(15,288)	(24.3%)	55,976	(12,252)	(21.9%)
Total segment	**793,578**	**261,072**	**32.9%**	**769,302**	**256,612**	**33.4%**

Television broadcasting and production revenue in the six months ended June 30, 2015, increased by PLN 24,277 to PLN 793,578, compared to PLN 769,302 in the corresponding period of 2014.

Our TVN channels revenue increased by PLN 17,395 in the six months ended June 30, 2015. This increase results predominantly from higher revenue in our thematic channels, mainly TVN7, TTV, TVN24 and TVN24BiŚ, partly offset by lower revenue of our main channel – TVN.

Our other revenue in the television, broadcasting and production segment increased by PLN 6,882, or 12.3%, in the six months ended June 30, 2015, mainly due to Player and Premium TV performance.

Our TVN channels' EBITDA increased by PLN 7,496, or 2.8%, to PLN 276,360 in the six months ended June 30, 2015, from PLN 268,864 in the corresponding period of 2014. TVN channels' EBITDA margin increased to 37.8% from 37.7% in the corresponding period of 2014.

Loss at EBITDA of television, broadcasting and production segment presented as 'Other' increased by PLN 3,036 or 24.8% mostly due to weaker profitability of Player and Premium TV.

Teleshopping

The table below sets forth the summarized financial results of our Teleshopping segment for the six months ended June 30, 2015 and 2014.

	Six months ended June 30,					
	2015			2014		
	Revenue	EBITDA	EBITDA %	Revenue	EBITDA	EBITDA %
Mango Media	17,515	(5,119)	(29.2%)	17,069	(2,012)	(11.8%)
Total segment	**17,515**	**(5,119)**	**(29.2%)**	**17,069**	**(2,012)**	**(11.8%)**

Teleshopping revenue increased by PLN 446, or 2.6%, to PLN 17,515 in the six months ended June 30, 2015, from PLN 17,069 in the corresponding period of 2014 primarily due to higher sales volumes generated by Mango Media.

Segment loss at EBITDA increased by PLN 3,107, to a loss at EBITDA level of PLN 5,119 in the six months ended June 30, 2015 from a loss at EBITDA level of PLN 2,012 in the corresponding period of 2014.

Other reconciling items

Other reconciling items consist primarily of consolidation eliminations and adjustments not allocated to segments and head office expenses not allocated to business segments. Other reconciling items had a negative impact on our revenue of PLN 2,763 in the six months ended June 30, 2015, compared to a negative impact of PLN 2,039 in the corresponding period of 2014. Other reconciling items on EBITDA level in the six months ended June 30, 2015 and in the corresponding period of 2014 include mainly share of profits of associates and incremental costs related to the change of control transaction.

LIQUIDITY AND CAPITAL RESOURCES

HISTORICAL OVERVIEW

The table below summarizes our consolidated cash flow for the six months ended June 30, 2015 and 2014.

	Six months ended June 30,		
	2014	2015	2015
	PLN	PLN	EUR (1)
Cash generated from operations......................................	294,002	208,170	50,354
Net cash generated from operating activities...................	294,513	220,601	53,361
Net cash generated/(used in) from investing activities...	(83,198)	4,631	1,120
Net cash used in financing activities………………………	(318,280)	(100,312)	(24,265)
Decrease in cash and cash equivalents…….	(106,965)	124,920	30,217

(1) *For the convenience of the reader, we have converted złoty amounts for the six months ended June 30, 2015 into euro at the rate of PLN 4.1341 per €1.00 (arithmetic average of the National Bank of Poland, or "NBP", exchange rates on subsequently January 31, 2015, February 28, 2015, March 31, 2015, April 30, 2015, May 31, 2015 and June 30, 2015) You should not view such translations as a representation that such złoty amounts actually represent such euro amounts, or could be or could have been converted into euro at the rates indicated or at any other rate.*

CASH FLOW FOR THE SIX MONTHS ENDED JUNE 30, 2015 AND 2014

Cash Generated from Operations

Cash generated from operations decreased by PLN 85,832 to PLN 208,170 in the six months ended June 30, 2015, from PLN 294,513 in the corresponding period of 2014. This is mainly caused by decrease in operating profit by PLN 60,598, lower net capitalization of programming inventory by PLN 12,080 and negative changes in working capital of PLN 11,564.

Net Cash Generated from Operating Activities

Net cash generated from operating activities includes all cash generated from operations and also reflects cash paid for taxes. Net cash generated from operating activities amounted to PLN 220,601 in the six months ended June 30, 2015, compared to PLN 294,513 generated from operating activities for the corresponding period in 2014. The decrease is a result of cash generated from operations lower by PLN 85,832, partially offset by tax refund of PLN 12,431 in the six months ended June 30, 2015 compared to tax refund of PLN 511 in the corresponding period of 2014.

Net Cash Generated by Investing Activities

Net cash generated from investing activities amounted to PLN 4,631 in the six months ended June 30, 2015, in comparison to net cash used in investing activities of PLN 83,198 in the corresponding period of 2014. This change in the six months ended June 30, 2015 is primarily thanks to positive impact of cash transferred from bank deposits with maturity over three months of PLN 17,471, compared with investment in such deposits of PLN 64,200 in the corresponding period of 2014, as well as from payments to acquire property, plant and equipment of PLN 16,072 in the six months ended June 30, 2015, compared to PLN 27,213 in the corresponding period of 2014. These were partially offset by payments to acquire intangible assets amounting to PLN 9,471 in the six months ended June 30, 2015 in comparison to PLN 5,468 in the corresponding period of 2014.

Net Cash Used in Financing Activities

Net cash used in financing activities amounted to PLN 100,312 in the six months ended June 30, 2015, compared to net cash used in financing activities of PLN 318,280 in the corresponding period of 2014. The decrease is mainly thanks to no outflows related to acquisition and repayments of the Notes nor purchase of treasury shares in the six months ended June 30, 2015, which amounted to PLN 147,888 and PLN 100,140, respectively, in the corresponding period of 2014. These decreases were partially offset by lack of inflows from issue of shares in the six months ended June 30, 2015 compared to PLN 35,468 in the corresponding period of 2014.

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 and other distributions to shareholders, 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 and bank deposits with maturity over three months, as of June 30, 2015:

	Value	Coupon/ effective interest	Maturity
7.375% Senior Notes (nominal value[1])………………………	1,803,592	7.375%	2020
7.875% Senior Notes (nominal value[2])………………………	462,693	7.875%	2018
Cash loan [3]………………………………………………………	68,159	3.8%	2017
Accrued interest on long term debt……………………………..	10,400	-	-
Total debt…………………………………………………………	**2,344,844**	**-**	**-**
Cash at bank and in hand………………………………………	395,867	-	-
Bank deposits with maturity over three months………………	27,529		
Cash and cash equivalents and bank deposits with maturity over three months……………………………..	**423,396**		
Net debt …………………………………………………………	**1,921,448**	**-**	**-**

(1) This value represents outstanding nominal value of our 7.375% Senior Notes, which amounts to EUR 430,000 issued in September 2013 multiplied by the rate of PLN 4.1944 per EUR 1.00 (the effective NBP exchange rate, złoty per euro, as of June 30, 2015).

(2) This value represents outstanding nominal value of our 7.875% Senior Notes, which amounts to EUR 110,312 issued in November 2010 multiplied by the rate of PLN 4.1944 per EUR 1.00 (the effective NBP exchange rate, złoty per euro, as of June 30, 2015).

(3) This value represents outstanding nominal value of our Cash Loan opened in June 2013 and used in August 2013, which amounts to EUR 16,250 multiplied by the rate of PLN 4.1944 per EUR 1.00 (the effective NBP exchange rate, złoty per euro, as of June 30, 2015).

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 2.0x as of June 30, 2015 and 2.1x as of December 31, 2014.

Our consolidated net debt (defined as above) to adjusted rolling EBITDA ratio amounted to 3.6x as of June 30, 2015.

Adjusted rolling EBITDA (excluding impacts of: impairment of investment in associates, incremental costs related to the change of control transaction and share of profit / loss of associates, including dividends and other distributions received from associates) is calculated for the last twelve months and is defined as profit/(loss) for the period as determined in accordance with IFRS, before depreciation and amortization (other than for programming rights), impairment charges and reversals on property plant and equipment, intangible assets, share of profit/ loss from associates, interest income, finance expense, foreign exchange gains and losses and income taxes and dividends and other distributions received from associates.

Our total current liabilities amounted to PLN 615,073 at June 30, 2015, compared to PLN 498,049 at December 31, 2014.

Our borrowed funds excluding accrued interest as of June 30, 2015, consisted of the fair value amount of PLN 1,978,847 of indebtedness represented by the 7.375% Senior Notes, the fair value amount of PLN 481,848 of indebtedness represented by 7.875% Senior Notes and the amount of PLN 67,381 representing our total cash loan carrying value.

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.

Following partial repurchase in the market and redemption of 7.875% Senior Notes due 2018 conducted in year 2014, the nominal value of the remaining 7.875% Senior Notes due 2018 is EUR 110,312 as of June 30, 2015 (December 31, 2014: EUR 110,312).

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 and rating decline occur, 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.

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 557,653 and 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 PLN 300,000 and granted a Cash Loan in the amount of EUR 25,000.

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 3.8%. The Cash Loan and interest are repaid in quarterly installments starting from November 5, 2013. The final repayment date is June 10, 2017. 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 June 30, 2015 the Revolving Credit Facility was used only for the bank guarantees issued at PLN 8,065.

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 four years starting from the date of conclusion of the agreement.

Revolving Guarantee Facility

On December 17, 2010 the Group entered into a Revolving Guarantee Facility agreement with Bank Pekao S.A. The last guarantee issued under this agreement expired on March 21, 2014 and agreement has been terminated.

COMMITMENTS AND OFF-BALANCE SHEET ARRANGEMENTS

The following table summarizes in złoty the contractual obligations, commercial commitments and principal payments we were obligated to make as of June 30, 2015 under our operating leases and other material agreements. The information presented below reflects the contractual maturities of our obligations. These maturities may differ significantly from their actual maturity.

	As of June 30						
	For 6 months	**For 12 months**					
	2015	**2016**	**2017**	**2018**	**2019**	**thereafter**	**Total**
	PLN	PLN	PLN	PLN	PLN	PLN	PLN
Operating leases							
Satellite transponder leases	17,717	40,253	40,156	18,689	6,381	7,444	130,640
Other technical leases.........	6,422	12,843	12,843	12,843	12,843	-	57,794
Operating leases – other......	8,086	9,015	4,214	3,900	2,600	-	27,815
Programming rights...............	40,903	87,416	58,077	14,631	1,553	-	202,580
Total cash commitments	**73,128**	**149,527**	**115,290**	**50,063**	**23,377**	**7,444**	**418,829**

We have no significant off-balance sheet arrangements.

TREND INFORMATION

The principal trends of which we are aware and which we believe will affect our revenue and profitability in the medium term are growth in the television and Internet advertising markets in Poland and growth in the pay television market. We are exposed to fluctuations in the exchange rates of złoty to both the euro and the U.S. dollar. Our 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 twelve 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 June 2015 was -0.8% compared with -1.5% in March 2015, -1.0% in December 2014, -0.3% in September 2014 and 0.3% in June 2014. 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 June 12, 2015 allocated an amount of PLN 102,074 to be paid as a dividend from the net profits achieved in 2014, in line with the Management Board's proposal expressed on May 5, 2015. The dividend was paid on July 3, 2015.

Moreover, the Management Board indicated that further distributions to shareholders may be considered under the existing share buyback authorization, but they would be limited to no more than PLN 150 million (not in thousands) and will be subject to any change of control considerations. The General Shareholders Meeting of TVN held on April 11, 2014 authorized the Management Board to acquire the TVN's own shares for the purpose of their redemption. Realization of the share buyback program in the magnitude of PLN 500 million (not in thousands) was granted for the maximum period until December 31, 2015, of which share buyback of PLN 250 million (not in thousands) was executed in twelve months ended December 31, 2014.

PART II

ADDITIONAL INFORMATION

1. Our Comment on Previously Published Forecasts

There is no deviation to parameters presented in the published forecast that would exceed +/- 10%.

2. TVN Group Organizational Structure

TVN Group comprises the following entities as of June 30, 2015:

Entity	Country of incorporation and residence	June 30, 2015 Ownership (%)	December 31, 2014 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.	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	100	100
TVN DTH Holding S.å.r.l.	Luxembourg	100	100
Veedo Sp. z o.o.	Poland	100	100
Joint ventures			
Polski Operator Telewizyjny Sp. z o.o	Poland	50	50
Associates			
ITI Neovision Group (1)	Poland	32	32
Onet Holding Group (2)	Poland	25	25

(1) Up to June 2, 2014 Canal+ Cyfrowy Group (see Note 15), ITI Neovision Group includes ITI Neovision S.A., its subsidiaries (Cyfrowy Dom Sp. z o.o., Neovision UK Ltd) and a joint venture (MGM Chanel Poland Ltd)

(2) Onet Holding Group includes Onet Holding Sp. z o.o., its subsidiaries (Grupa Onet.pl S.A., DreamLab Onet.pl Sp. z o.o., OnetMarketing Sp. z o.o., GoBrands Sp. z o.o., Skąpiec.pl Sp. z o.o., Opineo Sp. z o.o.), a joint venture (Media Impact Polska 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 presents shareholders that to our best knowledge own at least 5% of our shares as of August 3, 2015 - the date of this interim report.

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 June 12, 2015 provided by Central Securities Depository Office.

Shareholder	Number of shares in issue	% of Share Capital	Number of Votes	% of votes
Polish Television Holding B.V. (1)	173,969,180	51.13%	173,969,180	51.13%
N-Vision B.V. (1)	5,326,426	1.57%	5,326,426	1.57%
OFE PZU "Złota Jesień" (2)	24,000,000	7.05%	24,000,000	7.05%
Aviva OFE (2)	22,000,000	6.47%	22,000,000	6.47%
ING OFE. (2)	20,000,000	5.88%	20,000,000	5.88%
Other shareholders	94,952,702	27.91%	94,952,702	27.91%
TOTAL:	**340,248,308**	**100.00%**	**340,248,308**	**100.00%**

(1) Entities controlled by Scripps Networks Interactive Inc. since July 1, 2015 (see Note 1 to the Interim Condensed Consolidated Financial Statements for details of the change of control transaction). Polish Television Holding B.V. has pledged the majority of the Company's shares.

(2) Based on the list of shareholders holding at least 5% of votes at the General Shareholders Meeting of TVN held on June 12, 2015, as published by TVN in a form of current report on June 16, 2015.

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 TVN S.A. shares (not in thousands) owned directly or indirectly by our Management Board as of, August 3, 2015 and changes in their holdings since the date of publication of our previous quarterly report on May 5, 2015. The information included in the table is based on information received from members of our Management Board pursuant to Art. 160, sec. 1 of the Act on Public Trading.

Board Member	Balances as of May 5, 2015	Increases	Decreases	Balances as of August 3, 2015
Markus Tellenbach	-	-	-	-
John Driscoll	-	-	-	-
Piotr Korycki	-	-	-	-
Maciej Maciejowski	-	-	-	-
Edward Miszczak	101,039	-	26,039	75,000
Adam Pieczyński	-	-	-	-
Piotr Tyborowicz	130,763	-	-	130,763
Total:	**231,802**	**-**	**26,039**	**205,763**

5.2 Supervisory Board Members

The following table presents TVN S.A. shares (not in thousands) held by the Supervisory Board members, as of August 3, 2015, and changes in their holdings since the date of publication of our previous quarterly report on May 5, 2015. The information included in the table is based on information received from members of our Supervisory Board pursuant to Art. 160 sec. 1 of the Act on Public Trading.

Board Member	Balances as of May 5, 2015	Increases	Decreases	Balances as of August 3, 2015
Wojciech Kostrzewa	120,000	-	-	120,000
Wiesław Rozłucki	-	-	-	-
Joseph G. NeCastro	-	-	-	-
Cynthia L. Gibson	-	-	-	-
James D. Samples	-	-	-	-
Maciej Witucki	-	-	-	-
Krzysztof A. Zakrzewski	-	-	-	-
Total:	**120,000**	**-**	**-**	**120,000**

6. Legal Proceedings

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

7. Related Party Transactions Concluded During the Three Months Ended June 30, 2015

During the three months ended June 30, 2015, we did not enter into any material transactions with related parties that are not on regular market conditions.

8. Discussion on Guarantees Granted to Third Parties by TVN Group During the Three Months Ended June 30, 2015

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.

INTRA-GROUP GUARANTEES

TVN Media granted guarantees for TVN's liabilities in the total amount of PLN 262,150 as of June 30, 2015.

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.

TVN Online Investments Holding, TVN Finance III AB, TVN DTH Holdings 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.

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

RISK FACTORS

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

RISKS RELATED TO OUR BUSINESS

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

We conduct our operations in Poland, where substantially all of our revenue is generated. The Polish economy has reacted adversely to weakening economic conditions and turmoil in the global financial markets that have taken place in the last several years. Such turmoil has resulted in a tightening of credit, lower levels of liquidity and a widespread withdrawal of investment funding in Poland's neighbouring countries across Central and Eastern Europe. This had an adverse impact on their economic growth and caused many of these countries to fall into recession. As a consequence of such global economic crisis, Polish GDP increased by 1.6% in 2009, 3.9% in 2010, 4.3% in 2011, 3.9% in 2012, 1.6% in 2013 and 3.3% in 2014, as compared to a 6% GDP growth in each of 2006 and 2007, according to data from the Polish Central Statistical Office (Główny Urząd Statystyczny or "GUS"). The unfavourable trends in the Polish economy resulted in a deterioration of the employment market and an increase in unemployment rates (from 9.5% in December 2008 to 10.3% in June 2015, according to data from GUS). We cannot also rule out that the recent geopolitical instability in the neighbouring countries could have negative impact on Polish economy. Additionally, significant fluctuation of currency exchange rates and reduced availability of funding may adversely impact both retail customers and companies, decreasing their confidence levels in the economy and in their own financial health. Therefore, macroeconomic factors applicable to Poland may have a material impact on our business, financial condition, results of operations and cash flow.

The results of our operations depend to a large extent on advertising revenue, and demand for advertising is affected by general and regional economic conditions. Adverse economic conditions in the region generally and a downturn in the Polish economy specifically has had a negative impact on the Polish advertising industry. Even if the Polish economy has not suffered declines as deep as those experienced in other neighbouring countries, our advertising customers, many of whom are global companies, have reduced their global or regional advertising budgets in recent years and, if they continue to do so or they perceive that local weaknesses still exist, demand for local advertising could be adversely affected. Declines in the level of business activity of our advertising customers may in the future have a material adverse effect on our revenue and results of operations.

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

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

We generate the majority of our revenue from the sale of advertising airtime and sponsoring slots on television channels in Poland. For the six months ended June 30, 2015, we derived 69.9% of our total revenue from television advertising spot sales. In the advertising market, television competes with various other advertising media, such as the Internet, newspapers, magazines, radio and outdoor advertising (such as billboard advertising, logo signs and transit advertising). However, there can be no assurances that the television advertising market will maintain its current position in the Polish advertising market or those changes in the regulatory environment or improvements in technology will not favour other advertising media or other television broadcasters. A further increase in competition from online advertising (and from other advertising media) in Poland and the development of new forms of advertising media could have an adverse effect on the maintenance and development of our advertising revenue and, consequently, on business, financial condition, results of operations and cash flow.

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

We face intense competition in all of the market segments in which we operate, and we cannot guarantee that in the future subscribers and advertisers will choose to purchase or to continue purchasing the services we provide rather than those provided by our competitors

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

We compete with existing television broadcasters and potential new market entrants for the grant of terrestrial broadcasting licenses and satellite broadcasting licenses in Poland. These competitors may include larger broadcasters, in particular those from member states of the EU, with better brand recognition and resources than us. Our primary competitors for TV advertising revenue in Poland are the other TV broadcasters, Polsat and TVP. TVP is a state-owned broadcaster, which is publicly funded and which fulfils a public service broadcasting mandate. As a result of this public service broadcasting mandate, TVP is not permitted to interrupt individual programs with commercial spots. Any change to this restriction on TVP's ability to broadcast advertising could increase the competition we face from TVP and reduce our advertising revenue.

Also, new entrants may be attracted to the Polish TV market for several reasons, including changes in laws and regulations. For example, the Broadcasting Law has been amended to allow for greater product placement in TV programs and movies broadcast in Poland as well as expand other permitted advertising activities. Regulatory changes such as these proposed amendments could attract additional TV broadcasters to the Polish TV broadcasting market. For example, currently the Polish telecommunications regulator, the President of the Office of Electronic Communications plans to launch the procedure of making available frequencies from the 174 MHz - 230 MHz range for television broadcasting which could potentially result in the launching of 4 to 7 new channels. Finally, the increasing success in Poland of DTH, cable and DTT providers will likely result in the increasing fragmentation of Polish TV viewing audiences, which may make it more difficult for us to persuade advertisers to purchase airtime on our channels. Due in part to fragmentation in the Polish TV market, the all-day audience share in commercial target group for our main channel, TVN main channel, decreased from 16.4% in 2010 to 12.4% in the six months ended June 30, 2015. This trend was offset by an increase in our thematic channels audience share from 6.0% to 9.5% over the same period. Loss of subscribers and advertisers to our competitors would have a material adverse effect on our business, financial condition, results of operations and cash flow.

The Polish Internet market is also highly competitive. It is attractive to new entrants due to the growing number of Internet users, the increasing interest of users in online segment offerings and the increasing interest of advertisers in online marketing services. Competitors to our Player.pl, such as IPLA, VoD.pl, Google, MSN or Yahoo, may have significantly greater resources than we have to build their market position. The policies and behaviour of our current and prospective competitors relating to pricing and introduction of new offerings in online advertising services may result in changes in our own pricing and offered services, and this may affect our revenue.

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

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

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

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

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

Due to a variety of factors including advances in technology, our businesses are subject to increasing competition for the leisure and entertainment time of consumers. Our businesses compete with each other and all other sources of news, information and entertainment, including movies, live events, radio broadcasts, home video products and print media, as well as non-media related leisure activities and providers. Technological advancements, such as VOD, new video formats, streaming capabilities and downloading via the Internet, have increased the number of media and entertainment choices available to consumers and intensified the challenges posed by audience fragmentation. The increasing number of both media-related and non-media-related choices available to audiences could negatively impact not only consumers' demand for our products and services, but also advertisers' willingness to purchase advertising services from our businesses. If we do not respond appropriately to further increases in the leisure and entertainment choices available to the consumers or to changes in consumer preferences, this competition could have an adverse effect on our competitive position and revenue.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Our interest bearing liabilities constitute an important component of our financing. As of June 30, 2015, we had total outstanding debt of PLN 2,334,444 (nominal value). Our debt service obligations and our leverage may limit our ability to contract new debt on favourable terms and may restrict our ability to finance potential acquisitions or new developments, which could have an adverse effect on our business, financial condition, results of operations and cash flow.

In addition, our commercial and financial flexibility is restricted as a result of the obligations contained in the indentures governing our Senior Notes, as they each contain customary covenants that could adversely affect our ability to finance our future operations and continue to enter into transactions necessary to pursue our business strategy. Any breach of the restrictions or the covenants contained in our indentures may result in either acceleration of the repayment of the 7.875% Senior Notes or 7.375% Senior Notes, which may result in our insolvency.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Our operations are susceptible to outages due to fire, floods, power loss, telecommunications failures, terrorist attack and similar events. We rely heavily on IT systems to manage advertising airtime, program broadcasting and relationships with our advertising customers and, despite our implementation of network security measures, our services are vulnerable to computer viruses, worms, physical and electronic disruptions, sabotage and unauthorized tampering with our computer systems. We may also experience a coordinated "denial of service" attack in the future. We do not have multiple site capacity for all of our services, and some of our systems are not fully redundant in the event of any such occurrence.

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

We may not carry sufficient business interruption insurance to compensate us for losses that may occur as a result of any such events, which cause interruptions in our service.

Any such actions could materially adversely affect our business, financial condition, results of operations and cash flow.

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

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

Although the migration process has been completed, we may still be required to make substantial additional capital investment and commit substantial other resources to implement digital terrestrial broadcasting. The availability of competing — alternative distribution systems, such as DTH platforms, may require us to acquire additional distribution and content rights or result in an increase of competition for existing distribution and content rights. We may not have access to sufficient resources to make such investments when required.

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

Moreover, the contest procedure for launch of next mulitplex (MUX8) was initiated in 2015. New channels that could be broadcast on this multiplex may increase competitiveness in the digital terrestrial channels market.

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

We hold several terrestrial and satellite broadcasting licenses. Like all television licenses in Poland, our Polish licenses have been issued for a fixed term. Our terrestrial analogue television license for the TVN channel was converted into a digital terrestrial license in June 2010, and will expire in 2024, while our satellite licenses will expire between 2017 and 2024.

The Broadcasting Law regulates the procedures and requirements for the renewal of expired licenses, but is unclear on whether licenses to current license holders will be automatically reissued following the expiry action of such licenses. Consequently, we cannot assure you that our broadcasting licenses will be reissued to us when their terms expire. The loss of any of our licenses or other authorizations or a material modification of the terms of any renewed licenses may have a material adverse effect on our business, financial condition, results of operations and cash flow.

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

Broadcasting regulations are generally subject to periodic and on-going governmental review. There can be no assurance that more restrictive laws, rules, regulations or policies will not be adopted in the future, including further changes to enable Poland to comply with EU requirements. Changes to laws, rules, regulations or policies could make compliance more difficult and may force us to incur additional capital expenditures or implement other changes that may adversely affect our business, financial condition, results of operations and cash flow.

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

Broadcasting regulations affect the content of our programming and advertising

We are subject to regulations promulgated under the Broadcasting Law, which governs, among other laws, regulations and applicable requirements, the content of television programs and the content and timing of advertising aired on our channels. In particular, the Broadcasting Law requires that a specific portion of the programming content be represented by programs originally produced in the Polish language (33% of the programming content broadcasted in a given quarter) and European programs (50% of the programming content broadcasted in a given quarter). There can be no assurance that more restrictive laws, rules, regulations or policies will not be adopted in the future, including further changes in order to comply with European Union requirements. Changes to laws, rules, regulations or policies could make compliance more difficult and may force us to incur additional capital expenditures or implement other changes that may adversely affect our business, financial condition, results of operations and cash flow.

The Broadcasting Law limits the ownership of Polish television broadcasters

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

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

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

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

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

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

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

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

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

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

We are subject to risks relating to fluctuations in exchange rates

A substantial portion of our operating expenses, finance expenses and capital expenditures is, and will be, subject to exchange rate fluctuations. A large proportion of our liabilities and expenses are denominated in foreign currencies, mainly in euro and dollars. Since our revenue is generated primarily in złoty, we are exposed to foreign exchange rate risk with respect to any current or future debt or other liability or expense denominated in any currency other than złoty. If the złoty decreases in value against the currencies in which we have to make payments, our operating and finance expenses and capital expenditures may increase as a percentage of net sales, thereby decreasing our net margins and net profit. The effect of the currency appreciation is to increase the value of our indebtedness in relation to our ability to make payments on our indebtedness. While we may seek to hedge our foreign currency exposure, we may be unable to enter into such hedging arrangements or may be unable to enter into them at a cost effective rate. Furthermore, in the first six months of 2015 attention in global financial markets was further focused on the ability of several members of the group of countries using the euro to continue using the euro as their national currency. This has caused a higher degree of uncertainty in foreign exchange markets as to expectations about the value of the euro and it is possible that hedging foreign exchange exposure could become even more expensive or difficult in the future, which may affect our ability to remain in compliance with our current debt obligations.

Our success depends on attracting and retaining key personnel

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

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

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

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

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

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

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

We are party to a number of related party transactions

Until June 30, 2015 we depended on ITI Holdings for a number of services and therefore were transaction party with parties that, until the date of disposal by the entities from the ITI Group of shares of the company N-Vision B.V., were parties related to us. In the six months ended June 30, 2015 we entered into related party transactions for which we incurred costs from ITI Group and its related parties of PLN 16,098. These expenses comprise rent of office premises and the provision of certain management, sales, financial advisory and other services. In exchange for these payments, we received the benefit of general advisory services, the guarantee of certain of our contractual obligations, leases of office space, rental of equipment, purchases and sales of programming and the services of individuals who are affiliates of ITI Holdings.

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

All transactions concluded between TVN Group entities and ITI Group entities, and also, from July 1, 2015, between TVN Group entities and Scripps Networks Interactive group entities, as owners of TVN shares, require the consent of the supervisory board of the

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

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

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

RISKS RELATED TO THE 7.875% SENIOR NOTES AND THE 7.375% SENIOR NOTES

Our debt service obligations under the 7.875% Senior Notes and the 7.375% Senior Notes may restrict our ability to fund our operations

We are a highly leveraged company and have significant debt service obligations under the 7.875% Senior Notes and 7.375% Senior Notes. We cannot guarantee that we will be able to generate sufficient cash flow from operations to service our debt obligations on an ongoing basis. As of June 30, 2015 our total indebtedness amounted to PLN 2,334,444 (nominal value).

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

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

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

The issuers are special purpose vehicles that have no revenue generating operations of their own and will depend on cash received by us to make payments on the 7.375% Senior Notes and the 7.875% Senior Notes

The issuers are special purpose vehicles with the purpose of issuing the 7.875% Senior Notes and the 7.375% Senior Notes that were issued pursuant to the indentures governing the 7.875% Senior Notes and the 7.375% Senior Notes. The issuers have no operations of their own and will not be permitted to engage in any activities other than the issuance of the 7.875% Senior Notes and the 7.375% Senior Notes to the extent permitted under the indentures, the on-lending of the proceeds from the issuance of the 7.875% Senior Notes and the 7.375% Senior Notes to us, the servicing of their obligations under the 7.875% Senior Notes and the 7.375% Senior Notes and certain other activities expressly permitted by the indentures governing the 7.875% Senior Notes and the 7.375% Senior Notes. The issuers rely on payments under the intercompany loans made by the issuers to us to make payments of interest and principal when due on the 7.875% Senior Notes and the 7.375% Senior Notes. Other than the intercompany loans to us, the issuers have no assets.

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

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

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

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

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

Our ability to make debt service payments under the 7.875% Senior Notes and 7.375% Senior Notes and other indebtedness, or to refinance any such indebtedness, will depend on our future operating performance and our ability to generate sufficient cash, which, to a certain extent, is subject to the success of our business strategy as well as factors that are not within our control, including general economic, financial, competitive, market, legislative, regulatory and other factors.

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

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

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

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

Any failure to make payments on the 7.875% Senior Notes and 7.375% Senior Notes on a timely basis would likely result in a reduction of our credit rating, which could also harm our ability to incur additional indebtedness. In addition, the terms of our debt, including the 7.875% Senior Notes and 7.375% Senior Notes and the indentures, will limit, and any future debt may limit, our ability to pursue any of these alternatives. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business, financial condition and results of operations. If we are unsuccessful in any of these efforts, we may not have sufficient cash to meet our obligations.

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

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

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

The insolvency laws to which we are subject may not be favorable to unsecured creditors and may limit your ability to enforce your rights under the 7.875% Senior Notes and the 7.375% Senior Notes and the Guarantees. Enforcing your rights under the 7.875% Senior Notes and the 7.375% Senior Notes and the Guarantees across multiple jurisdictions may prove difficult

The Issuer of the 7.875% Senior Notes and the 7.375% Senior Notes is formed under the laws of Sweden. The Guarantors of the 7.875% Senior Notes and the 7.375% Senior Notes are organized under the laws of Poland and the Netherlands. In the event of bankruptcy, insolvency, administration or similar event, proceedings could be initiated in any of these jurisdictions. Your rights under the 7.875% Senior Notes and the 7.375% Senior Notes and the Guarantees are likely to be subject to insolvency and administrative laws of several jurisdictions and there can be no assurance that you will be able to effectively enforce your rights in multiple bankruptcy, insolvency or other similar proceedings. Moreover, such multi-jurisdictional proceedings are typically complex and costly for creditors and often result in substantial uncertainty and delay in the enforcement of your rights.

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

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

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

Notwithstanding the above, the Guarantees issued by the Polish Guarantors could be deemed (or could be declared, as appropriate) ineffective in relation to the bankruptcy estate of such Guarantor if the motion for the declaration of bankruptcy of such Guarantor is filed during the 30 applicable hardening period, which may range from two to up to twelve months. Furthermore, the effectiveness of the Guarantee will be subject to the limitations which arise under various provisions and principles of corporate law, which can require sister or subsidiary Guarantors to receive adequate corporate benefit from the financing and govern fraudulent transfer laws.

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

Fraudulent conveyance laws and other limitations on the guarantees securing the 7.875% Senior Notes and the 7.375% Senior Notes may also have a material adverse effect on the guarantees' validity and enforceability, and may not be as favourable to creditors as laws of other jurisdictions with which you are familiar

The guarantors of the 7.875% Senior Notes and the 7.375% Senior Notes are organized under the laws of Poland and the Netherlands. Although laws differ among various jurisdictions, in general, under fraudulent conveyance and other laws, in certain jurisdictions a court could subordinate or void any guarantee and, if payment had already been made under the relevant guarantee, require that the recipient return the payment to the relevant guarantor, if the court found that:

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

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

The measure of insolvency for purposes of fraudulent conveyance laws varies depending on the law applied. Generally, however, a guarantor would be considered insolvent if it could not pay its debts as they become due and payable, it has no access to new credit and/or if its liabilities exceed its assets. If a court decided any guarantee was a fraudulent conveyance and voided the guarantee, or held it unenforceable for any other reason, you would cease to have any claim in respect of the guarantor and would be a creditor solely of the Issuer and the remaining guarantors. In the event that any guarantee is invalid or unenforceable, in whole or in part, or to the extent the agreed limitation of the guarantee obligations apply, the Notes would be effectively subordinated to all liabilities of the applicable guarantor, and if we cannot satisfy our obligations under the Notes or any guarantee is found to be a preference, fraudulent transfer or conveyance or is otherwise set aside, we cannot assure you that we can ever repay in full any amounts outstanding under the 7.875% Senior Notes and the 7.375% Senior Notes.

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

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

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

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

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

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

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

- any legal act performed without obligation by a bankrupt entity prior to the filing of a motion for bankruptcy, whereby such bankrupt entity was or should have been aware that such legal act would result in prejudice to its creditors, may be voided by the bankruptcy trustee; however, if such legal act was multilateral or (albeit unilateral) directed towards other parties and performed against some consideration, the bankruptcy trustee may only void such act if he can demonstrate that the other party was aware or should have been aware that such act would result in prejudice to other creditors of the bankrupt entity;

- for the purpose of the Dutch fraudulent conveyance rules, if a bankrupt entity has performed a legal act without obligation and for no consideration within one year prior to the filing of a motion for bankruptcy, the bankrupt entity is deemed to have been aware that such legal act would result in prejudice to its creditors; and

for the purpose of the Dutch fraudulent conveyance rules, if a bankrupt entity has performed a legal act within one year prior to the filing of a motion for bankruptcy, and the bankrupt entity had not committed itself to perform such act prior to the commencement of that period, both the bankrupt entity and the other party are deemed to have been aware that such act would result in prejudice to the other creditors if the legal act belongs to certain categories (including contractual agreements for which the bankrupt entity did not receive consideration or in relation to which the value of the consideration paid by the bankrupt entity was significantly higher than the consideration received by it, payment of, or provision of security for an obligation that was not due and payable, legal acts performed amongst the bankrupt entity and its (supervisory) directors or their close relatives).

The 7.875% Senior Notes and the 7.375% Senior Notes are structurally subordinated to all obligations of our subsidiaries which are not guarantors of the 7.875% Senior Notes and the 7.375% Senior Notes

The 7.875% Senior Notes and the 7.375% Senior Notes are obligations of the issuers and are effectively subordinated to all debt and other obligations, including trade payables of our subsidiaries which are not guarantors of the 7.875% Senior Notes and the 7.375% Senior Notes. As of June 30, 2015, our subsidiaries which are not guarantors of the 7.875% Senior Notes and the 7.375% Senior Notes had PLN 9,912 of total outstanding liabilities, consisting primarily of Stavka's commitment to KRRiT for broadcasting license.

The effect of this subordination is that, in the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding involving a subsidiary which is not a guarantor of the 7.875% Senior Notes or 7.375% Senior Notes, the assets of the affected entity could not be used to pay you until after all other claims against that subsidiary, including trade payables, have been fully paid.

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

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

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

- merge or consolidate with or into another company.

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

We may not be able or required to repurchase the 7.875% Senior Notes and the 7.375% Senior Notes upon a change of control and rating decline

Upon the occurrence of a change of control and rating decline triggering event, we will be required to make an offer to noteholders in cash to repurchase all or any part of your 7.875% Senior Notes and the 7.375% Senior Notes at 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of repurchase. If a change of control and rating decline triggering event occurs, we may not have sufficient funds at that time to pay the purchase price for all tendered Senior Notes, particularly if that change of control and rating decline triggering event triggers a similar repurchase requirement for, or results in the acceleration of, any of our other debt, or if any other of our then existing contractual obligations would allow us to make such required repurchases. Any debt agreements we enter into in the future may contain similar provisions. Certain transactions that constitute a change of control and rating decline under our existing and future debt instruments may not constitute a change of control and rating decline under the indentures governing the 7.875% Senior Notes and the 7.375% Senior Notes.

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

As a result of the credit crisis in Europe, in particular in Portugal, Italy, Ireland, Greece and Spain, on February 2, 2012, the Treaty Establishing the European Stability Mechanism (the "ESM Treaty") was signed by each Member State of the Eurozone. The ESM Treaty includes a package of measures, including the provision of financial assistance to its signatories experiencing or being threatened by severe financing problems, where such financial assistance is necessary for the safeguarding of financial stability in the Eurozone as a whole, and entered into force on September 27, 2012. On March 2, 2012, a new fiscal compact, the Treaty on Stability, Coordination and Governance in the Economic Monetary Union (the "Fiscal Compact"), was signed by all Member States of the European Union (the "Member States") (except the Czech Republic and the United Kingdom) and entered into force on January 1, 2013 following its ratification by the twelfth Eurozone country - Finland. The Fiscal Compact places deficit restrictions on Member State budgets (other than the budgets of the United Kingdom and the Czech Republic), with associated sanctions for those Member States that violate the specified limits.

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

Any event of default under any of our debt instruments may limit our ability to repay our obligations under the 7.875% Senior Notes and the 7.375% Senior Notes

If there were an event of default under any of our debt instruments that was not cured or waived, the holders of the defaulted debt could terminate their commitments thereunder and cause all amounts outstanding with respect to such indebtedness to be due and payable immediately, which in turn could result in cross-defaults under our other debt instruments, including the 7.875% Senior Notes and the 7.375% Senior Notes. Our ability to make principal or interest payments when due on our indebtedness, including the 7.875% Senior Notes and the 7.375% Senior Notes, and to fund our ongoing operations, will depend on our future performance and our ability to generate cash, which to a certain extent is subject to general economic, financial, competitive, legislative, legal, regulatory and other factors, as well as other factors discussed in these "*Risk Factors*," many of which are beyond our control. Any such actions could force us into bankruptcy or liquidation, and we may not be able to repay our obligations under the 7.875% Senior Notes and the 7.375% Senior Notes in such an event.

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

PTH, our direct majority shareholder and a subsidiary of Scripps Networks Interactive, has substantial indebtedness, secured by a pledge over the Company's shares. PTH is dependent on dividends and other proceeds from the Company in order to service interest payments on its indebtedness. Accordingly, if the Company for any reason reduces, delays, fails or is otherwise unable to pay dividends or other payments to PTH, including pursuant to the terms of the 7.875% Senior Notes and the 7.375% Senior Notes, PTH could default on its obligations. Any default by PTH under the agreements governing its indebtedness could ultimately trigger a change of control under the 7.875% Senior Notes and the 7.375% Senior Notes as a result of the exercise of enforcement rights by PTH's creditors. A change of control triggering event would entitle the investors in the 7.875% Senior Notes and the 7.375% Senior Notes to require us to repurchase the 7.875% Senior Notes and the 7.375% Senior Notes at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of purchase and could result in us breaching our broadcasting license. We may not be able to repurchase the Notes upon a change of control and rating decline.

The interests of our principal shareholder may conflict with your interests as a holder of the 7.875% Senior Notes and the 7.375% Senior Notes

Scripps Networks Interactive, through other entities that it directly or indirectly controls (together "SNI Group"), owned, as of August 3, 2015, 52.70% of our issued voting share capital. In addition several members of our supervisory board are also executives of SNI Group. As a result, SNI Group, through their shareholdings or their positions on our supervisory board, have and will continue to have, directly or indirectly, the power to affect our legal and capital structure as well as the ability to elect and change our management and to approve other changes to our operations and to control the outcome of matters requiring action by shareholders. The interests of the SNI Group could conflict with interests of holders of the 7.875% Senior Notes and the 7.375% Senior Notes, particularly if we encounter financial difficulties or are unable to pay our debts when due. The SNI Group could also have an interest in pursuing acquisitions, divestitures, financings, dividend distributions or other transactions that, in their judgment, could enhance their equity investments although such transactions might involve risks to the holders of the 7.875% Senior Notes and the 7.375% Senior Notes.

You may face foreign exchange risks or tax consequences by investing in the 7.875% Senior Notes and the 7.375% Senior Notes

The 7.875% Senior Notes and the 7.375% Senior Notes are denominated and payable in euro. If investors measure their investment returns by reference to a currency other than euros, an investment in the 7.875% Senior Notes and the 7.375% Senior Notes will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the euro relative to the currency by reference to which investors measure the return on their investments because of economic, political and other factors over which we have no control. Depreciation of the euro against the currency by reference to which investors measure the return on their investments could cause a decrease in the effective yield of the 7.875% Senior Notes and the 7.375% Senior Notes below their stated coupon rates and could result in a loss to investors when the return on the 7.875% Senior Notes and the 7.375% Senior Notes is translated into the currency by reference to which the investors measure the return on their investments. Investment in the 7.875% Senior Notes and the 7.375% Senior Notes may also have important tax consequences.

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

One or more independent credit rating agencies may assign credit ratings to the 7.875% Senior Notes and the 7.375% Senior Notes. The credit ratings address our ability to perform our obligations under the terms of 7.875% Senior Notes and the 7.375% Senior Notes and credit risks in determining the likelihood that payments will be made when due under 7.875% Senior Notes and the 7.375% Senior Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of 7.875% Senior Notes and the 7.375% Senior Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. In the event our debt or corporate credit ratings are suspended, withdrawn or lowered by the ratings agencies, our ability to raise additional indebtedness may be impaired and we may have to pay higher interest rates, which may have an adverse effect on our financial position, results of operations and cash flows.

Transfers of the Notes will be restricted, which may adversely affect the value of the 7.875% Senior Notes and the 7.375% Senior Notes

The 7.875% Senior Notes and the 7.375% Senior Notes have not been and will not be registered under the U.S. Securities Act or any U.S. state securities laws and we have not undertaken to effect any exchange offer for the 7.875% Senior Notes and the 7.375% Senior Notes in the future. You may not offer the Notes in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of, the U.S. Securities Act and applicable state securities laws, or pursuant to an effective registration statement. The 7.875% Senior Notes and the 7.375% Senior Notes and the Indenture will contain provisions that restrict the Notes from being offered, sold or otherwise transferred except pursuant to the exemptions available pursuant to Rule 144A and Regulation S, or other exemptions, under the U.S. Securities Act. Furthermore, we have not registered the 7.875% Senior Notes and the 7.375% Senior Notes under any other country’s securities laws. It is your obligation to ensure that your offers and sales of the Notes within the United States and other countries comply with applicable securities laws.

An active trading market may not develop for the 7.875% Senior Notes and the 7.375% Senior Notes, in which case your ability to transfer the 7.875% Senior Notes and the 7.375% Senior Notes will be more limited

The 7.875% Senior Notes and the 7.375% Senior Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market, we cannot assure you that the Notes will remain listed.

We cannot assure you as to the liquidity of any market for the 7.875% Senior Notes and the 7.375% Senior Notes, the ability of holders of the 7.875% Senior Notes and the 7.375% Senior Notes to sell them or the price at which holders of the 7.875% Senior Notes and the 7.375% Senior Notes may be able to sell them.

The liquidity of any market for the 7.875% Senior Notes and the 7.375% Senior Notes depends on the number of holders of the Notes, prevailing interest rates, the market for similar securities and other factors, including general economic conditions and our own financial condition, performance and prospects, as well as recommendations of securities analysts. The initial purchasers have informed us that they intend to make a market in the Notes. However, they are not obliged to do so and may discontinue such market making at any time without notice. As a result, we cannot assure you that an active trading market for the 7.875% Senior Notes and the 7.375% Senior Notes will be maintained. The liquidity of, and trading market for, the 7.875% Senior Notes and the 7.375% Senior Notes may also be hurt by declines in the market for high yield securities generally. Such a general decline may be caused by a number of factors, including but not limited to the following:

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

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

PART III

FINANCIAL INFORMATION

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

Interim Condensed Consolidated Financial Statements of TVN Group as of and for the six months ended June 30, 2015

Interim Condensed Consolidated Financial Statements of TVN Group as of and for the three and six months ended June 30, 2015

Interim Condensed Separate Financial Statements of TVN S.A. as of and for the six months ended June 30, 2015

Interim Condensed Separate Financial Statements of TVN S.A. as of and for the three and six months ended June 30, 2015

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Report on Review of Interim Financial Statements

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

Introduction

We have reviewed the accompanying interim condensed consolidated balance sheet of TVN S.A. and its subsidiaries (the "TVN Group") as of June 30, 2015, the related interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in shareholders' equity and interim condensed consolidated cash flow statement for the six-month period then ended and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

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

PricewaterhouseCoopers Sp. z o.o.
Warsaw, Poland
August 3, 2015

PricewaterhouseCoopers Sp. z o.o., International Business Center, Al. Armii Ludowej 14, 00-638 Warsaw, Poland
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MANAGEMENT REPRESENTATIONS

These interim condensed consolidated financial statements of TVN S.A. and its subsidiaries (the "TVN Group", the "Group") as of and for the six months ended June 30, 2015 have been prepared in order to present the financial position, financial results and cash flows in accordance with the International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34").

The interim condensed consolidated financial statements of TVN Group as of and for the six months ended June 30, 2015 include: interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated balance sheet, interim condensed consolidated statement of changes in shareholders' equity, interim condensed consolidated cash flow statement and notes to the interim condensed consolidated financial statements.

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

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

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

These interim condensed consolidated financial statements were authorized for issuance by the Management Board of TVN S.A. on August 3, 2015.

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

Warsaw, August 3, 2015

TVN Group

Interim Condensed Consolidated Financial Statements as of and for the six months ended June 30, 2015

TVN Group

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

	Note	Six months ended June 30, 2015	Six months ended June 30, 2014
Revenue	**5**	808,330	784,332
Cost of revenue	**6**	(457,079)	(442,357)
Selling expenses	**6**	(59,930)	(47,575)
General and administration expenses	**6**	(74,432)	(72,448)
Share of profits of associates and joint ventures	**15**	33,254	24,039
Other operating expenses, net		(1,069)	(1,765)
Operating profit before incremental costs related to the change of control transaction		**249,074**	**244,226**
Incremental costs related to the change of control transaction	**6**	(65,446)	-
Operating profit		**183,628**	**244,226**
Interest income	**7**	3,565	5,232
Finance expense	**7**	(95,140)	(112,442)
Foreign exchange gains/ (losses), net	**7**	32,311	(9,916)
Profit before income tax		**124,364**	**127,100**
Income tax charge	**13**	(8,011)	(3,583)
Profit for the period		**116,353**	**123,517**
Profit/ (loss) attributable to:			
Owners of TVN S.A.		116,353	126,213
Non-controlling interest		-	(2,696)
		116,353	**123,517**
Earnings per share attributable to the owners of TVN S.A. (not in thousands)			
- basic		0.34	0.36
- diluted		0.34	0.36

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

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

	Note	Six months ended June 30, 2015	Six months ended June 30, 2014
Profit for the period		**116,353**	**123,517**
Other comprehensive (loss)/ income reclassifiable to income statement when specific conditions are met:			
Cash flow hedge – foreign exchange forward contracts		569	1,326
Income tax relating to components of other comprehensive income	**13**	(108)	(241)
Share of other comprehensive (loss)/ income of associates	**15**	(514)	1,414
Other comprehensive (loss)/ income for the period, net of tax		(53)	2,499
Total comprehensive income for the period		**116,300**	**126,016**
Total comprehensive income/ (loss) attributable to:			
Owners of TVN S.A.		116,300	128,712
Non-controlling interest		-	(2,696)
		116,300	**126,016**

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

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

	Note	As at June 30, 2015	As at December 31, 2014
ASSETS			
Non-current assets			
Property, plant and equipment		350,564	364,943
Goodwill		144,127	144,127
Brands		32,862	32,862
Other intangible assets		62,135	69,803
Non-current programming rights		151,765	152,272
Investments in associates and joint ventures	**15**	1,786,046	1,762,457
Deferred tax asset	**13**	290,259	305,353
Other non-current assets		284	1,071
		2,818,042	**2,832,888**
Current assets			
Current programming rights		185,355	222,610
Trade receivables		370,758	350,243
Prepayments and other assets		103,651	92,831
Derivative financial assets		1,884	1,202
Bank deposits with maturity over three months		27,529	45,000
Cash and cash equivalents		395,867	269,993
		1,085,044	**981,879**
TOTAL ASSETS		**3,903,086**	**3,814,767**
EQUITY			
Shareholders' equity			
Share capital	**8**	68,050	70,550
Share premium		865,500	865,237
Treasury shares	**9**	-	(250,000)
8% obligatory reserve		23,301	23,301
Other reserves and deficits		(581,925)	(581,872)
Accumulated profit		607,280	840,835
		982,206	**968,051**
LIABILITIES			
Non-current liabilities			
Non-current borrowings	**10**	2,270,315	2,314,788
Deferred tax liability	**13**	5,826	5,819
Non-current trade payables		13,093	11,435
Other non-current liabilities		16,573	16,625
		2,305,807	**2,348,667**
Current liabilities			
Current trade payables		152,476	161,895
Current borrowings	**10**	31,372	31,938
Derivative financial liabilities		924	214
Other liabilities and accruals	**11**	430,301	304,002
		615,073	**498,049**
Total liabilities		**2,920,880**	**2,846,716**
TOTAL EQUITY AND LIABILITIES		**3,903,086**	**3,814,767**

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

	Number of shares (not in thousands)	Share capital	Share premium	Treasury shares	8% obligatory reserve	Other reserves and deficits (*)	Accumulated profit	Total equity
Balance as at January 1, 2015	**352,748,308**	**70,550**	**865,237**	**(250,000)**	**23,301**	**(581,872)**	**840,835**	**968,051**
Total comprehensive (loss)/ income for the period	-	-	-	-	-	(53)	116,353	116,300
Share issue cost [4]	-	-	(39)	-	-	-	-	(39)
Treasury shares cost	-	-	(32)	-	-	-	-	(32)
Redemption of treasury shares [1]	(12,500,000)	(2,500)	334	250,000	-	-	(247,834)	-
Dividend declared [2]	-	-	-	-	-	-	(102,074)	(102,074)
Balance as at June 30, 2015	**340,248,308**	**68,050**	**865,500**	**-**	**23,301**	**(581,925)**	**607,280**	**982,206**

(*) Other reserves and deficits

	Cash flow hedge	Effect of acquisition of non-controlling interest	Total
Balance as at January 1, 2015	**2,701**	**(584,573)**	**(581,872)**
Credit for the period	569	-	569
Deferred tax on credit for the period	(108)	-	(108)
Share of other comprehensive loss of associates	(514)	-	(514)
Balance as at June 30, 2015	**2,648**	**(584,573)**	**(581,925)**

(1) During the year ended December 31, 2014, 12,500,000 (not in thousands) shares were purchased by the Company for redemption. The redemption of 12,500,000 (not in thousands) treasury shares was registered by the Court on June 24, 2015 (see Note 9).

(2) The dividend declared in 2015 amounted to 0.30 per share (not in thousands) and it was paid on July 3, 2015.

Included in accumulated profit as of June 30, 2015 is an amount of 1,998,831 being the accumulated profit of TVN S.A. on a standalone basis which is distributable. The Notes (see Note 10) impose certain restrictions on payment of dividends.

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

	Number of shares (not in thousands)	Share capital	Share premium	Treasury shares	8% obligatory reserve	Other reserves and deficits (*)	Accumulated profit	Total equity attributable to the owners of TVN S.A.	Non-controlling interest (5)	Total equity
Balance as at January 1, 2014	**346,494,150**	**69,299**	**726,853**	**-**	**23,301**	**(481,302)**	**644,646**	**982,797**	**(25,508)**	**957,289**
Total comprehensive income/ (loss) for the period	-	-	-	-	-	2,499	126,213	128,712	(2,696)	126,016
Issue of shares (3)	3,231,123	646	70,431	-	-	(35,579)	-	35,498	-	35,498
Share issue cost (4)	-	-	(30)	-	-	-	-	(30)	-	(30)
Purchase of treasury shares (1)	-	-	-	(100,000)	-	-	-	(100,000)	-	(100,000)
Treasury shares cost	-	-	(140)	-	-	-	-	(140)	-	(140)
Balance as at June 30, 2014	**349,725,273**	**69,945**	**797,114**	**(100,000)**	**23,301**	**(514,382)**	**770,859**	**1,046,837**	**(28,204)**	**1,018,633**

(*) Other reserves and deficits

	Employee share option plan reserve	Cash flow hedge	Effect of acquisition of non-controlling interest	Total
Balance as at January 1, 2014	**72,343**	**(2,497)**	**(551,148)**	**(481,302)**
Issue of shares	(35,579)	-	-	(35,579)
Credit for the period	-	1,326	-	1,326
Deferred tax on credit for the period	-	(241)	-	(241)
Share of other comprehensive income of associates	-	1,414	-	1,414
Balance as at June 30, 2014	**36,764**	**2**	**(551,148)**	**(514,382)**

(3) During the six months ended June 30, 2014 3,231,123 (not in thousands) of C1, C2, C3, E1, E2, E3 and E4 series shares were issued and fully paid as a result of the exercise of share options granted under the TVN incentive schemes. The TVN incentive schemes expired on December 31, 2014.

(4) Costs related to service of the TVN incentive schemes.

(5) On October 16, 2014 the Group acquired the remaining shares in Stavka and derecognized the related non-controlling interest.

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	Six months ended June 30, 2015	Six months ended June 30, 2014
Operating activities			
Cash generated from operations	**12**	208,170	294,002
Tax refunded, net		12,431	511
Net cash generated by operating activities		**220,601**	**294,513**
Investing activities			
Distribution received from associate	**15**	9,181	8,133
Payments to acquire property, plant and equipment		(16,072)	(27,213)
Proceeds from sale of property, plant and equipment		644	1,330
Payments to acquire intangible assets		(9,471)	(5,468)
Bank deposits with maturity over three months		17,471	(64,200)
Interest received		2,878	4,220
Net cash generated by/ (used in) investing activities		**4,631**	**(83,198)**
Financing activities			
Issue of shares, net of issue cost		-	35,468
Purchase of treasury shares, including costs	**9**	-	(100,140)
Acquisition and repayment of the Notes	**10**	-	(147,888)
Repayments of the Cash Loan	**10**	(10,272)	(10,516)
Bank charges		(3,536)	(2,878)
Settlement of foreign exchange forward contracts		(124)	624
Interest paid		(86,380)	(92,950)
Net cash used in financing activities		**(100,312)**	**(318,280)**
Increase/ (decrease) in cash and cash equivalents		**124,920**	**(106,965)**
Cash and cash equivalents at the start of the period		269,993	398,484
Effects of exchange rate changes		954	50
Cash and cash equivalents at the end of the period		**395,867**	**291,569**

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

1. GENERAL INFORMATION

These interim condensed consolidated financial statements were authorized for issuance by the Management Board and the Supervisory Board of TVN S.A. on August 3, 2015.

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 166 Wiertnicza Street, 02-952 Warsaw, Poland.

As at June 30, 2015 the Company was 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. A significant non-controlling stake in the Company was held indirectly by Groupe Canal+ S.A. ("Canal+ Group").

In October 2014 ITI Group and Canal+ Group announced their intent to jointly review their strategic options in connection with the possible disposal of their joint investment in the Company (the "change of control transaction"). In connection with this announcement, the Company has appointed financial and legal advisors to support the Company during this process, and has also agreed to manage and finance the conducting of various due diligence processes (see Note 6 for expenses incurred by the Group).

In March 2015 ITI Group and Canal+ Group jointly entered into agreement to sell 100% of share capital of N-Vision B.V. to Southbank Media Ltd. ("Southbank Media"). ITI Group and Canal+ Group co-owned N-Vision B.V., N-Vision B.V. is the sole shareholder of Polish Television Holding B.V. and Polish Television Holding B.V. is a majority shareholder of the Company (see Note 8). Southbank Media has its seat in London and is a part of Scripps Networks Interactive, Inc. ("SNI"). The transaction was subject to customary conditions precedent including regulatory approvals.

The transaction was finalized on July 1, 2015 after relevant regulatory approvals were received. SNI paid all-cash consideration of EUR 584 million for 100% of shares in N-Vision B.V. which directly and indirectly through Polish Television Holding B.V. held approximately 52.7% interest in the Company. SNI assumed both the debt on level of Polish Television Holding B.V. and the Group of EUR 300 million and EUR 540 million nominal value, respectively.

Under Polish law SNI is required to launch a public tender offer to increase its ownership interest in the Company up to 66%, within three months of closing on the initial purchase. On July 6, 2015 SNI launched a public tender offer to acquire 100% of the Company and delist it from the Warsaw Stock Exchange. The price for the offer was set at 20 (not in thousands) per share.

SNI is one of the leading developers of engaging lifestyle content in the home, food and travel categories for television, the Internet and emerging platforms. The company's lifestyle media portfolio comprises popular television and Internet brands HGTV, DIY Network, Food Network, Cooking Channel, Travel Channel and Great American Country, which collectively reach more than 190 million consumers each month. Companion websites complement on-air programming with video and social media that inform and inspire. The company's global networks reach millions of consumers across North and South America, Asia, Europe, the Middle East and Africa. SNI is ultimately jointly controlled by the members of the Scripps family and is headquartered in Knoxville, USA.

1. GENERAL INFORMATION (CONTINUED)

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 twelve television channels and one teleshopping channel in Poland: TVN, TVN 7, TVN 24, TVN Meteo Active, TVN Turbo, iTVN, TVN Style, TVN 24 Biznes i Świat, NTL Radomsko, TTV, iTVN Extra, TVN Fabuła and Telezakupy Mango 24. The Group's channels broadcast news, information and entertainment shows, series, movies and teleshopping. The Group together with Canal+ Group operate a Polish leading premium direct-to-home ("DTH") digital satellite platform nC+, which offers technologically advanced pay television services. The Group in its online activities is a partner to Ringier Axel Springer Media AG ("RAS"), which through Grupa Onet.pl S.A. operates Onet.pl, the leading internet portal in Poland.

Advertising and sponsoring sales in Poland tend to be lowest during the third quarter of each calendar year, which includes the summer holiday period, and highest during the fourth quarter of each calendar year. Revenue from subscription fees tends to be evenly spread between the quarters.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

These interim condensed consolidated financial statements are prepared on a going concern basis and in accordance with the International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). The accounting policies used in the preparation of the interim condensed consolidated financial statements as of and for the six months ended June 30, 2015 are consistent with those used in the consolidated financial statements as of and for the year ended December 31, 2014 except for amendments to standards which became effective January 1, 2015. Amendments to standards effective from January 1, 2015 either are not relevant for the Group or do not have significant impact on the Group's 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, 2014 prepared in accordance with IFRS as adopted by the EU are available on http://investor.tvn.pl.

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.

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(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 June 30, 2015 and December 31, 2014 the Group did not identify any indicators for impairment of its investment in associate nC+.

As of June 30, 2015 the Group did not identify any indicators for impairment of its investment in associate Onet.

As of December 31, 2014, as a result of a less than expected economic performance of Onet, the Group performed an impairment test of its investment in associate Onet. In the impairment test performed by the Group the recoverable amount of the investment was determined based on fair value. The calculation of fair value was based both on valuation of the company as a whole and the put and call options included in the shareholders' agreement (see Note 15).

The key financial assumptions used for discounting free cash flows as at December 31, 2014 were as follows:

	December 31, 2014
Terminal growth	2.5%
Discount rate	7.0%

The test performed as of December 31, 2014 indicated that the investment did not suffer an impairment. The Group believes that the key assumptions made in testing for impairment of the investment in associate Onet as at December 31, 2014 were reasonable and were based on our experience and market forecasts that are from time to time published by the industry experts. Management believes that any reasonably possible change in the key assumptions on which the investment's recoverable amount was based would not cause an impairment to be recognized.

(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 June 30, 2015 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, 2014: 27,514) representing the tax amortization of brands to be realized within the next twelve months. The Group assessed that the realization of the tax benefit resulting from the remaining amount of the temporary difference was not probable and therefore no deferred tax asset was recognized for subsequent years. As at June 30, 2015 the Group did not recognize a deferred tax asset in the amount of 149,036 (December 31, 2014: 162,793) related to the tax value of brands recognized by TVN Media.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

As at June 30, 2015 the Group also did not recognize a deferred tax asset on tax loss carry-forwards of 414,267 (December 31, 2014: 414,267). These tax loss carry-forwards expire within five tax years starting from January 1, 2013. The related deferred tax asset in the amount of 78,711 (December 31, 2014: 78,711) was not recognized as the Group concluded that as at June 30, 2015 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, inter alia, 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 19.1. 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 reportable 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.

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 sale of advertising, sponsoring and subscription fees. The teleshopping segment generates revenue mainly from sale of goods 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.

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

4. SEGMENT REPORTING (CONTINUED)

Reconciliation of EBITDA to profit before income tax:

	Six months ended June 30, 2015	Six months ended June 30, 2014
EBITDA	**223,355**	**278,288**
Depreciation of property, plant and equipment	(27,458)	(27,416)
Amortization of intangible assets	(7,228)	(6,646)
Impairment of intangible assets	(5,041)	-
Operating profit	**183,628**	**244,226**
Interest income (see Note 7)	3,565	5,232
Finance expense (see Note 7)	(95,140)	(112,442)
Foreign exchange gains/ (losses), net (see Note 7)	32,311	(9,916)
Profit before income tax	**124,364**	**127,100**

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

4. SEGMENT REPORTING (CONTINUED)

Six months ended June 30, 2015	**Television broadcasting and production**	**Teleshopping**	**Other reconciling items**		**Total**
Revenue from external customers	790,815	17,515	-		808,330
Inter-segment revenue	2,763	-	(2,763)		-
Revenue	**793,578**	**17,515**	**(2,763)**		**808,330**
EBITDA	**261,072**	**(5,119)**	**(32,598)**	*	**223,355**
Depreciation of property, plant and equipment	(27,278)	(180)	-		(27,458)
Amortization of intangible assets	(7,205)	(22)	(1)		(7,228)
Impairment of intangible assets	(5,041)	-	-		(5,041)
Operating profit/ (loss)	**221,548**	**(5,321)**	**(32,599)**		**183,628**
Additions to property, plant and equipment and other intangible assets	17,401	929	-		18,330
As at June 30, 2015					
Segment assets including:	**1,770,050**	**40,667**	**2,092,369**	**	**3,903,086**
Investments in associates and joint ventures	18	-	1,786,028		1,786,046

* Other reconciling items on EBITDA level include mainly share of profits of associates (33,280), incremental costs related to the change of control transaction (65,446) and other costs (432)

** Other reconciling items to segment assets include: investments in associates (1,786,028), deferred tax assets (290,259) and other assets and consolidation adjustments (16,082)

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

4. SEGMENT REPORTING (CONTINUED)

Six months ended June 30, 2014	**Television broadcasting and production**	**Teleshopping**	**Other reconciling items**		**Total**
Revenue from external customers	767,263	17,069	-		784,332
Inter-segment revenue	2,039	-	(2,039)		-
Revenue	**769,302**	**17,069**	**(2,039)**		**784,332**
EBITDA	**256,612**	**(2,012)**	**23,688**	*	**278,288**
Depreciation of property, plant and equipment	(27,279)	(141)	4		(27,416)
Amortization of intangible assets	(6,639)	(7)	-		(6,646)
Operating profit/ (loss)	**222,694**	**(2,160)**	**23,692**		**244,226**
Additions to property, plant and equipment and other intangible assets	17,609	84	(5)		17,688
As at December 31, 2014					
Segment assets including:	**1,702,079**	**39,205**	**2,073,483**	**	**3,814,767**
Investments in associates and joint ventures	14	-	1,762,443		1,762,457

* Other reconciling items on EBITDA level include mainly share of profits of associates (24,039) and other costs (351)

** Other reconciling items to segment assets include: investments in associates (1,762,443), deferred tax assets (305,353) and other assets and consolidation adjustments (5,687)

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

5. REVENUE

	Six months ended June 30, 2015	Six months ended June 30, 2014
Advertising revenue	587,012	564,803
Sponsoring revenue	79,733	79,038
Advertising related revenue	**666,745**	**643,841**
Subscription fees	104,365	103,950
Revenue from sale of goods	15,710	14,175
Other revenue	21,510	22,366
	808,330	**784,332**

Subscription fees include mainly subscriptions receivable from DTH and cable operators.

Other revenue includes mainly revenue generated from production and technical services, rental revenue, sales of rights to programming content and revenue generated from call television and text messages.

6. OPERATING EXPENSES

	Six months ended June 30, 2015	Six months ended June 30, 2014
Amortization of locally produced content	228,931	219,735
Staff expenses	83,579	84,797
Amortization of acquired programming rights and co-productions	76,831	75,592
Depreciation, amortization and impairment	39,726	34,062
Broadcasting expenses	30,413	30,107
Royalties	24,831	24,799
Marketing and research	23,656	17,902
Cost of services and goods sold	16,674	14,585
Rental	11,668	11,455
Impaired accounts receivable	1,316	(788)
Other	53,816	50,134
	591,441	**562,380**

Included in the above operating expenses for the six months ended June 30, 2015 are operating lease expenses of 44,156 (the six months ended June 30, 2014: 43,691).

Included in the above staff expenses for the six months ended June 30, 2015 is a Long Term Incentive Plan expense of 4,390 related to the retention and performance components (the six months ended June 30, 2014: 2,890, see Note 18).

Incremental costs related to the change of control transaction

	Six months ended June 30, 2015	Six months ended June 30, 2014
Incremental Long Term Incentive Plan charge (see Note 18)	51,155	-
Advisory costs	14,291	-
	65,446	**-**

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

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

	Six months ended June 30, 2015	Six months ended June 30, 2014
Interest income		
Interest income on foreign exchange forward contracts – cash flow hedges	268	632
Guarantee fees from a related party (see Note 17 (v))	-	258
Other interest income	3,297	4,342
	3,565	**5,232**
Finance expense		
Interest expense on the Notes (see Note 10)	(88,055)	(93,402)
Interest expense on the Cash Loan (see Note 10)	(1,230)	(1,686)
Interest expense on foreign exchange forward contracts – cash flow hedges	(947)	(1,548)
Premium on early repayment of the Notes and other costs related to the repayment of the Notes (see Note 10)	-	(8,251)
Unamortized debt issuance costs of the Notes written off on early repayment (see Note 10)	-	(2,834)
Guarantee fees to a related party (see Note 17 (v))	(46)	(121)
Bank and other charges	(4,862)	(4,600)
	(95,140)	**(112,442)**
Foreign exchange gains/ (losses), net		
Foreign exchange gains/ (losses) on the Notes, including:	36,652	(10,444)
- unrealized foreign exchange gains/ (losses) on the Notes	*36,652*	*(1,669)*
- realized foreign exchange losses on the Notes	-	*(8,775)*
Other foreign exchange (losses)/ gains, net	(4,341)	528
	32,311	**(9,916)**

Finance expense and foreign exchange losses, net for the six months ended June 30, 2014 include costs of early repayment of the Notes being premium on early repayment of 8,251, write-off of the unamortized balance of debt issuance costs of 2,834 and realized foreign exchange loss of 8,775.

8. SHARE CAPITAL (NOT IN THOUSANDS)

The total number of ordinary shares in issue as at June 30, 2015 was 340,248,308 (December 31, 2014: 352,748,308) with a par value of 0.20 per share. All issued shares are fully paid.

The shareholders structure:

	June 30, 2015		December 31, 2014	
Shareholder	**Number of shares**	**% of share capital**	**Number of shares**	**% of share capital**
Polish Television Holding B.V. (1)	173,969,180	51.13%	173,969,180	49.32%
N-Vision B.V. (1)	5,326,426	1.57%	-	-
ITI Holdings	-	-	5,326,426	1.51%
Other shareholders	160,952,702	47.30%	160,952,702	45.63%
Treasury shares (see Note 9)	-	-	12,500,000	3.54%
Total	**340,248,308**	**100.00%**	**352,748,308**	**100.00%**

(1) Entities controlled by ITI Group as at June 30, 2015 (see Note 1 for details of the subsequent change of control transaction), Polish Television Holding B.V. has pledged the majority of the Company's shares.

According to the Polish Commercial Companies Code treasury shares do not receive dividends and the Company cannot exercise voting rights related to treasury shares:

	June 30, 2015		December 31, 2014	
Shareholder	**Number of votes**	**% of votes**	**Number of votes**	**% of votes**
Polish Television Holding B.V.	173,969,180	51.13%	173,969,180	51.13%
N-Vision B.V.	5,326,426	1.57%	-	-
ITI Holdings	-	-	5,326,426	1.57%
Other shareholders	160,952,702	47.30%	160,952,702	47.30%
Total	**340,248,308**	**100.00%**	**340,248,308**	**100.00%**

All ordinary shares in issue as at June 30, 2015 are registered by the Court. Included in the total number of ordinary shares in issue as at December 31, 2014 held by other shareholders are 2,404,156 ordinary shares of C2, C3, E2, E3 and E4 series not registered by the Court.

9. SHARE BUYBACK PROGRAM

On April 11, 2014 the Annual General Shareholders' Meeting of the Company approved a share buyback program up to the amount of 500,000. Under the program the Company may acquire up to 34,000,000 (not in thousands) of the Company's shares constituting no more than 10% of the Company's share capital, the shares may be acquired up to December 31, 2015 and the minimum and maximum share acquisition price set in the program is 0.01 (not in thousands) and 30 (not in thousands) respectively. All shares acquired under the program will be redeemed and cancelled.

On June 11, 2014 the Company completed the first tranche of the program and acquired 5,000,000 (not in thousands) shares for a total amount of 100,000.

On December 5, 2014 the Company completed the second tranche of the program and acquired 7,500,000 (not in thousands) shares for a total amount of 150,000.

The Shareholders' Meeting resolved to redeem and cancel these shares on June 12, 2015, the redemption was registered by the Court on June 24, 2015.

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

10. BORROWINGS

	June 30, 2015	December 31, 2014
The Notes	2,223,906	2,257,154
Interest accrued on the Notes	10,097	10,260
The Cash Loan	67,381	78,946
Interest accrued on the Cash Loan	303	366
	2,301,687	**2,346,726**
Less: current portion of borrowings	(31,372)	(31,938)
Non-current portion of borrowings	**2,270,315**	**2,314,788**

The Notes

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 year ended December 31, 2013 the Group repurchased 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.

On March 20, 2014 the Group exercised the early repayment option and redeemed and cancelled 7.875% Senior Notes due 2018 with a nominal value of EUR 33,020 for an amount of EUR 35,873 (including accrued interest). On December 8, 2014 the Group again exercised the early repayment option and redeemed and cancelled 7.875% Senior Notes due 2018 with a nominal value of EUR 22,116 for an amount of EUR 23,098 (including accrued interest). 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 the redemptions the nominal value of the remaining 7.875% Senior Notes due 2018 is EUR 110,312 (December 31, 2014: EUR 110,312).

In 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 8.0%, 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 and 7.875% Senior Notes due 2018 (collectively referred to as the "Notes") are senior unsecured obligations and are governed by a number of covenants including, but not limited to, restrictions on the level of additional indebtedness, payment of dividends, sale of assets and transactions with affiliated companies.

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

10. BORROWINGS (CONTINUED)

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

	June 30, 2015		December 31, 2014	
	PLN	EUR	PLN	EUR
7.375% Senior Notes due 2020	1,978,847	471,783	2,025,232	475,150
7.875% Senior Notes due 2018	481,848	114,879	487,227	114,311
	2,460,695	**586,662**	**2,512,459**	**589,461**

Fair values of the Notes reflect their market price quoted by Reuters based on the last value date on June 30, 2015 and December 31, 2014 respectively. The Notes are quoted on the Luxembourg Stock Exchange (Level 1 of the fair value hierarchy).

The following early repayment 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 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;
- 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 change of control transaction (see Note 1) had no impact on the rating of the Company.

The Group does not account for early repayment 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.

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

10. BORROWINGS (CONTINUED)

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 June 30, 2015 the Revolving Credit Facility was used only for the bank guarantees issued at 8,065 (December 31, 2014: 8,194).

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 3.8%. The Cash Loan and interest are repaid in quarterly instalments starting from November 5, 2013. The final repayment date is June 10, 2017. 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 four years starting from the date of conclusion of the agreement.

11. OTHER LIABILITIES AND ACCRUALS

	June 30, 2015	December 31, 2014
Dividend payable	102,074	-
Employee benefits *	85,624	43,735
Sales and marketing related costs	63,577	61,725
VAT and other taxes payable	23,587	54,810
Accrued production and programming costs	14,691	15,113
Deferred income	7,994	11,314
Satellites	4,623	8,811
Other liabilities and accrued costs	128,131	108,494
	430,301	**304,002**

* Accrued employee benefits include an accrual for Long Term Incentive Plan expense, see Note 18.

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

12. NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

Reconciliation of profit for the period to cash generated from operations

	Note	Six months ended June 30, 2015	Six months ended June 30, 2014
Profit for the period		116,353	123,517
Income tax charge	**13**	8,011	3,583
Depreciation, amortization and impairment	**6**	39,726	34,062
Amortization of acquired programming rights and co-productions	**6**	76,831	75,592
Impaired accounts receivable	**6**	1,316	(788)
(Gain)/ loss on sale of property, plant and equipment		(177)	163
Interest income	**7**	(3,565)	(5,232)
Finance expense	**7**	95,140	112,442
Foreign exchange (gains)/ losses, net	**7**	(32,311)	9,916
Share of profits of associates and joint ventures	**15**	(33,254)	(24,039)
Guarantee fee paid		(45)	(242)
Payments to acquire programming rights		(38,971)	(38,443)
Change in local production balance		(9,173)	3,619
Changes in working capital:			
Trade receivables		(21,831)	(38,863)
Prepayments and other assets		(11,245)	(13,966)
Trade payables		(2,533)	19,401
Other short term liabilities and accruals		23,898	33,280
		(11,711)	(148)
Cash generated from operations		**208,170**	**294,002**

Non-cash transactions

Barter (costs)/ revenue, net		(289)	610

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

13. TAXATION

	Six months ended June 30, 2015	Six months ended June 30, 2014
Current tax credit	6,982	2,839
Deferred tax charge	(14,993)	(6,422)
	(8,011)	**(3,583)**

Reconciliation of accounting profit to income tax charge

	Six months ended June 30, 2015	Six months ended June 30, 2014
Profit before income tax	**124,364**	**127,100**
Income tax charge at the enacted statutory rate of 19%	(23,629)	(24,149)
Impact of deferred tax asset recognized on tax value of brands recognized by TVN Media (see Note 3 (ii))	13,757	13,757
Impact of share of profits of associates and joint ventures	6,318	4,567
Impact of previous years' tax returns corrections	-	5,683
Net tax impact of expenses and losses not deductible for tax purposes, revenue not taxable and other adjustments	(4,457)	(3,441)
Income tax charge	**(8,011)**	**(3,583)**

Movements in deferred tax asset

	Six months ended June 30, 2015	Six months ended June 30, 2014
As at January 1	305,353	319,130
Charge to the income statement	(14,986)	(6,420)
Charge to other comprehensive income	(108)	(241)
As at June 30	**290,259**	**312,469**

Movements in deferred tax liability

	Six months ended June 30, 2015	Six months ended June 30, 2014
As at January 1	(5,819)	(5,822)
Charge to the income statement	(7)	(2)
As at June 30	**(5,826)**	**(5,824)**

The tax authorities may at any time inspect the books and records within five 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.

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

13. TAXATION (CONTINUED)

Management believes that it is probable that taxable profit will be available in the future against which the deductible temporary differences and tax loss carry-forwards can be utilized, and consequently has recognized deferred tax assets in the amount that reflects the assumed utilization of deductible temporary differences and tax losses. The deferred tax amounts were calculated using the enacted tax rate of 19% as at June 30, 2015.

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

14. COMMITMENTS

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

(i) Commitments to acquire programming

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

	June 30, 2015	**December 31, 2014**
Due in 2015	40,903	51,015
Due in 2016	87,416	88,551
Due in 2017	58,077	52,402
Due in 2018	14,631	14,078
Due in 2019	1,553	1,189
	202,580	**207,235**

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

Total future minimum payments relating to operating lease agreements signed as at June 30, 2015 were scheduled to be paid as follows:

	Related parties	**Non-related parties**	**Total**
Due in 2015	780	7,306	8,086
Due in 2016	21	8,994	9,015
Due in 2017	-	4,214	4,214
Due in 2018	-	3,900	3,900
Due in 2019	-	2,600	2,600
	801	**27,014**	**27,815**

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

14. COMMITMENTS (CONTINUED)

Total future minimum payments relating to operating lease agreements signed as at December 31, 2014 were scheduled to be paid as follows:

	Related parties	Non-related parties	Total
Due in 2015	814	12,273	13,087
Due in 2016	21	8,996	9,017
Due in 2017	-	3,900	3,900
Due in 2018	-	3,900	3,900
Due in 2019	-	2,600	2,600
	835	**31,669**	**32,504**

Contracts signed with related parties relate to lease of office space and television studios from ITI Group and Onet.

Commitments in foreign currencies were calculated using exchange rates as at June 30, 2015 and December 31, 2014 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:

	June 30, 2015	December 31, 2014
Due in 2015	17,717	38,678
Due in 2016	40,253	41,153
Due in 2017	40,156	40,735
Due in 2018	18,689	18,888
Due in 2019	6,381	6,381
Due in 2020 and thereafter	7,444	7,444
	130,640	**153,279**

Additionally, the Group leases transmission sites and related services for an annual amount of 12,843 (December 31, 2014: 12,843).

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

15. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	nC+	Onet	Polski Operator Telewizyjny	Total
Balance as at January 1, 2015	1,505,848	256,595	14	1,762,457
Share of profits/ (losses)	29,197	4,083	(26)	33,254
Share of other comprehensive loss	(514)	-	-	(514)
Distribution received *	-	(9,181)	-	(9,181)
Other	-	-	30	30
Balance as at June 30, 2015	**1,534,531**	**251,497**	**18**	**1,786,046**

	nC+	Onet	Total
Balance as at January 1, 2014	1,479,929	250,563	1,730,492
Share of profits	22,295	1,744	24,039
Share of other comprehensive income	1,414	-	1,414
Distribution received *	-	(8,133)	(8,133)
Balance as at June 30, 2014	**1,503,638**	**244,174**	**1,747,812**

* Redemption of Onet Holding's shares

nC+

The Group holds a 32% interest in ITI Neovision Group ("nC+", ITI Neovision S.A. and its subsidiaries, previously Canal+ Cyfrowy S.A. and its subsidiaries, on June 2, 2014 Canal+ Cyfrowy S.A. merged with its subsidiary ITI Neovision S.A. with ITI Neovision S.A. as a surviving entity), Canal+ Group holds the 51% interest in nC+ and LGI Ventures B.V. ("UPC") holds the remaining 17% interest in nC+. The Group treats the investment in nC+ as a long-term investment. As the Group has significant influence on, but not control over, nC+, the investment is classified as investment in associate and accounted for using the equity method.

The Group's investment in 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. According to the shareholders' agreement nC+ shall distribute 75% of its distributable consolidated profits to shareholders in proportion to their pro rata share.

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.

15. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

Onet

The Group, through TVN Online Investments Holding, holds a 25% interest in Onet Holding Group (Onet Holding Sp. z o.o. and its subsidiaries, "Onet"), Ringier Axel Springer Media AG ("RAS") holds the remaining 75% interest in Onet. The Group treats the investment in Onet as a long-term investment. As the Group has significant influence on, but not control over, Onet, the investment is classified as investment in associate and accounted for using the equity method.

The shareholders' agreement, which regulates the cooperation between TVN and RAS with respect to Onet Holding and, indirectly, Onet Group (Grupa Onet.pl S.A. and its subsidiaries), 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 initial public offering). Furthermore, under the shareholders' agreement the following options are granted:

- the first put option for TVN (or its subsidiary) to sell all its shares in Onet Holding to RAS at any time during (i) the 90-day period commencing on January 1, 2016 or (ii) the 20 business day period commencing after Onet Holding's shareholders meeting has approved its financial statements for the most recently concluded financial year, whichever period ends later; and
- the call option for RAS to acquire the shares in Onet Holding's share capital from TVN (or its subsidiary) at any time during (i) the 90-day period commencing on January 1, 2017 or (ii) the 20 business day period commencing after Onet Holding's shareholders meeting has approved its financial statements for the most recently concluded financial year, whichever period ends later; and
- the second put option for TVN (or its subsidiary) to sell all its shares in Onet Holding to RAS at any time within 60 days following the expiry date of the call option period.

The shareholders' agreement contains also the standard "joint-exit" clauses allowing TVN and RAS to sell jointly all their shares in Grupa Onet.pl held directly or indirectly (drag-along and tag-along rights). The shareholders' agreement contains also a call option for RAS in the event that TVN no longer controls, directly or indirectly, its stake in Onet Holding.

According to the shareholders' agreement Onet shall distribute at least 70% of its distributable consolidated profits to shareholders in proportion to their pro rata share.

4% of the shares of Onet Holding held by TVN Online Investments Holding are pledged in favour of RAS, securing any claims RAS may have under warranties granted by TVN Online Investments Holding. TVN Online Investments Holding has the right to exercise voting rights from and receive dividends in respect of the pledged shares. The pledge expires on November 6, 2017.

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

16. GROUP COMPANIES, JOINT VENTURES AND ASSOCIATES

These interim condensed consolidated financial statements as at June 30, 2015 comprised the Company and the following subsidiaries (the Group), joint ventures and associates:

	Country of incorporation	Principal activities	June 30, 2015 Ownership %	December 31, 2014 Ownership %
Subsidiaries				
Television broadcasting and production segment				
TVN Media Sp. z o.o.	Poland	Brokerage services related to sale of television and online advertising, licensing of brands and activities of an advertising agency	100	100
Stavka Sp. z o.o.	Poland	Operation of TTV channel	100	100
NTL Radomsko Sp. z o.o.	Poland	Operation of NTL Radomsko channel	100	100
Veedo Sp. z o.o.	Poland	Operation of a video-sharing portal	100	100
Tivien Sp. z o.o.	Poland	Technical and broadcasting services	100	100
El-Trade Sp. z o.o.	Poland	Customs and transport services	100	100
Thema Film Sp. z o.o.	Poland	No operating activities	100	100
Teleshopping segment				
Mango Media Sp. z o.o.	Poland	Teleshopping	100	100
Other subsidiaries				
TVN Finance Corporation II AB	Sweden	No operating activities	100	100
TVN Finance Corporation III AB	Sweden	Financing activities	100	100
TVN Holding S.A.	Poland	No operating activities	100	100
TVN Online Investments Holding B.V.	The Netherlands	Holding company	100	100
TVN DTH Holdings S.à r.l.	Luxembourg	Holding company	100	100
Joint ventures				
Polski Operator Telewizyjny Sp. z o.o.	Poland	No operating activities	50	50
Associates				
ITI Neovision Group (“nC+”) (1)	Poland	Operation of nC+ DTH platform	32	32
Onet Holding Group (“Onet”) (2)	Poland	Operation of Onet.pl portal	25	25

(1) Up to June 2, 2014 Canal+ Cyfrowy Group (see Note 15), ITI Neovision Group includes ITI Neovision S.A., its subsidiaries (Cyfrowy Dom Sp. z o.o., Neovision UK Ltd) and a joint venture (MGM Chanel Poland Ltd)

(2) Onet Holding Group includes Onet Holding Sp. z o.o., its subsidiaries (Grupa Onet.pl S.A., DreamLab Onet.pl Sp. z o.o., OnetMarketing Sp. z o.o., GoBrands Sp. z o.o., Skąpiec.pl Sp. z o.o., Opineo Sp. z o.o.), a joint venture (Media Impact Polska 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)

16. 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.

17. RELATED PARTY TRANSACTIONS

(i) Revenue:

	Six months ended June 30, 2015	Six months ended June 30, 2014
nC+	15,159	17,589
ITI Group	1,406	1,130
Onet	192	584
Wydawnictwo Pascal	36	125
	16,793	**19,428**

Revenue from nC+ includes mainly subscription fees and revenue from technical services rendered, net of commissions.

(ii) Operating expenses:

	Six months ended June 30, 2015	Six months ended June 30, 2014
ITI Group	16,098	16,101
Onet	3,350	4,076
nC+	768	734
Wydawnictwo Pascal	57	1
	20,273	**20,912**

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

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

	June 30, 2015	December 31, 2014
Trade receivables		
nC+	12,203	6,156
Wydawnictwo Pascal	312	880
ITI Group	261	249
Onet	240	45
	13,016	**7,330**

	June 30, 2015	December 31, 2014
Trade payables		
ITI Group	22,291	23,744
Onet	528	910
nC+	182	10,573
Wydawnictwo Pascal	2	16
	23,003	**35,243**

17. RELATED PARTY TRANSACTIONS (CONTINUED)

(iv) Lease commitments with related parties

See Note 14 for further details.

(v) Other

As of December 31, 2014 ITI Holdings has provided guarantees in the total amount of USD 3,559 in respect of programming rights purchased and broadcast by the Group, all these guarantees have expired by June 30, 2015. During the six months ended June 30, 2015 the Group recorded finance costs related to ITI Holdings guarantees of 46 (the six months ended June 30, 2014: 121).

Other liabilities and accruals include dividend payable by the Company to ITI Group in the amount of 53,789.

18. LONG TERM INCENTIVE PLAN

On November 7, 2013 the Supervisory Board of the Company approved a five year management incentive and retention plan effective January 1, 2014 ("Long Term Incentive Plan", "LTIP", the "Plan"). The Plan has been designed to incentivize management to create short and mid-term value in excess of the shareholders' expectations and to enhance the value from any change of control transaction which might have occurred, and to retain the present management board over the term of the Plan. The Plan is divided into three components:

- Retention component,
- Performance component and
- Transaction component.

The management is entitled to a minimum cash payment of 21,000 (18,900 of which has been allotted) up to a theoretical maximum of 63,000 (56,700 of which has been allotted) in total under the first two components of the Plan. The actual amount paid will depend on continuous employment in the period 2014 – 2018, and exceeding certain short and mid-term performance targets as defined by the Supervisory Board. Any payments under the plan have been limited to the earlier of: i) statutory retirement or death or disability, ii) change of control date, or iii) the end of the Plan term. At the end of each reporting period the liability related to the Plan was estimated based on current expectations towards meeting the performance criteria, with an assumption that the plan would be finalised in 2018, and the respective portion attributable to a particular period was expensed. Staff expenses for the six months ended June 30, 2015 include an expense related to the first two components of the Plan in the total amount of 4,390 (the six months ended June 30, 2014: 2,890, see Note 6).

Under the transaction component of the Plan, management is entitled to an excess transaction value payment in the event of a change of control over the Company within 2014 - 2018. The payment (which is capped at 42,000 for 100% of the component and at 38,700 allotted) will amount to 5% of any excess of the transaction price from the sale of the Company over the "anticipated Company value", which had been established at the inception of the Plan by reference to the fair value of the whole Company, adjusted upwards in each of the years of the Plan. This component of the Plan is classified as a cash-settled share based payment. The liability related to the transaction component is measured at each balance sheet date at fair value. The change in fair value of this liability is recognised in the consolidated income statement for the period.

18. LONG TERM INCENTIVE PLAN (CONTINUED)

As outlined in Note 1, in March 2015 ITI Group and Canal+ Group jointly entered into agreement to sell their investment in the Company. The change of control transaction was subject to customary conditions precedent including regulatory approvals and was finalized on July 1, 2015. As the transaction is finalized the payments due under the Plan will be accelerated, specifically the performance and transaction components will be measured for the period up to June 30, 2015. In the case of the retention component, the retention period will be shortened to 18 months after the transaction closing date, that is up to December 31, 2016, with retention payments for the entire retention value occurring within 40 days thereafter.

As a result of the acceleration of the payments due under the Plan the Group recognized an additional incremental charge of 15,280 related to the retention and performance components.

Additionally, taking into account the details of transaction included in the above mentioned agreement, the Group as at June 30, 2015 fair valued the liability related to the transaction component at 36,400 (December 31, 2014: nil). The Group estimates that the entire allotted value of the transaction component of 38,700 will be paid out, the charge recognized for the six months ended June 30, 2015 takes into account the relevant discount factor.

The total incremental Long Term Incentive Plan charge related to the transaction recognized during the six months ended June 30, 2015 amounts to 51,155 (the six months ended June 30, 2014: nil, see Note 6) and is presented in a separate line in the interim condensed consolidated income statement. The charge related to the transaction recognized during the six months ended June 30, 2015 represents the charge for the entire vesting period, that is the period from the beginning of the Plan (being January 1, 2014) up to the transaction closing date (being July 1, 2015).

19. FINANCIAL RISK MANAGEMENT

19.1. 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 Adjusted EBITDA ratio. Net debt represents the nominal value of borrowings (see Note 10) payable at the reporting date including accrued interest less cash and cash equivalents and bank deposits with maturity over three months. Adjusted EBITDA is calculated for the last twelve months.

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

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

The Group defines Adjusted EBITDA as EBITDA excluding impairment, share of profits/ (losses) of associates and joint ventures and one-off transactions but including dividends and other distributions received from associates and joint ventures.

	Twelve months ended June 30, 2015	Twelve months ended December 31, 2014
Net debt	1,921,448	2,078,523
EBITDA	493,910	548,844
Share of profits of associates and joint ventures	(40,866)	(31,651)
Dividends and other distributions received from associates	9,181	8,133
Incremental costs related to the change of control transaction	70,560	5,114
Adjusted EBITDA	532,785	530,440
Net debt to Adjusted EBITDA ratio	3.6	3.9

This reported net debt to Adjusted EBITDA ratio 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 Adjusted EBITDA ratios.

19.2. 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.

There were no changes in the risk management policies since December 31, 2014.

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

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

(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 repayment 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 ("PLN"). 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. Regular and frequent reporting to management is required for all transactions and exposures.

The estimated profit for the period (post-tax) impact on balances as of June 30, 2015 and June 30, 2014 of a reasonably possible EUR appreciation of 5% against PLN, 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 95,814 (a loss of 98,652 as of June 30, 2014) and is presented below:

	Six months ended June 30, 2015	**Six months ended June 30, 2014**
Assumed EUR appreciation against PLN:	5%	5%
Liabilities:		
The Notes including accrued interest	(92,193)	(95,221)
The Cash Loan	(2,773)	(3,599)
Trade payables	(1,289)	(520)
Other	(653)	(1,217)
Assets:		
Cash and cash equivalents	1,033	1,820
Trade receivables	61	85
	(95,814)	**(98,652)**

The estimated profit for the period (post-tax) impact on balances as of June 30, 2015 and June 30, 2014 of a reasonably possible USD appreciation of 5% against PLN, with all other variables held constant and without taking into account any derivative financial instruments entered into to mitigate USD fluctuations, on the major USD denominated items in the balance sheet amounts to a loss of 2,173 (a loss of 1,279 as of June 30, 2014).

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

The profit for the period impact of possible foreign currency fluctuations is partially limited by derivative instruments entered into by the Group.

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 10).

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 amortized 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 June 30, 2015, if EURIBOR interest rates had been 50 b.p. higher/ lower with all other variables held constant, the post-tax profit for the period would have been 42 lower/ higher (December 31, 2014: the post-tax profit for the period would have been 50 lower/ higher).

The Group did not consider it cost effective to hedge or otherwise seek to reduce interest rate risk as of June 30, 2015 and as of December 31, 2014.

(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 (86% of the total trade receivables as of June 30, 2015 and 84% of the total trade receivables as of December 31, 2014) who manage advertising campaigns for advertisers and pay the Group once payment has been received from the customer.

The Group's top ten advertisers accounted for 17% and the single largest advertiser accounted for 3% of sales for the six months ended June 30, 2015 (16% and 2%, respectively, of sales for the six months ended June 30, 2014). Generally advertising agencies in Poland are limited liability companies with little recoverable net assets in case of insolvency.

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

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

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

Trade receivables (net)	June 30, 2015	December 31, 2014
Receivables from advertising agencies	86%	84%
Receivables from individual customers	11%	14%
Receivables from related parties	3%	2%
	100%	**100%**

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

Trade receivables (net)	June 30, 2015	December 31, 2014 *
Agency A	14%	14%
Agency B	10%	10%
Agency C	8%	4%
Agency D	6%	6%
Agency E	6%	3%
Sub-total	**44%**	**37%**
Total other counterparties	56%	63%
	100%	**100%**

* Figures as at December 31, 2014 represent comparative data for each Agency

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

Trade receivables (net)	June 30, 2015	December 31, 2014 *
Agency Group F	33%	30%
Agency Group G	17%	14%
Agency Group H	15%	14%
Agency Group I	7%	6%
Agency Group J	6%	12%
Sub-total	**78%**	**76%**
Total other counterparties	22%	24%
	100%	**100%**

* Figures as at December 31, 2014 represent comparative data for each Agency Group

Management does not expect any significant losses with respect to amounts included in the trade receivables from non-performance by the Group's customers as at June 30, 2015 and December 31, 2014.

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

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Liquidity risk

The Group maintains sufficient cash to meet its obligations as they become due. Management monitors regularly expected cash flows. The Group expects that its principal future cash needs will be capital and financing expenditures relating to dividends and share buyback, 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 June 30, 2015 the Group had cash and cash equivalents and bank deposits with maturity over three months totalling 423,396 at its disposal (December 31, 2014: cash and cash equivalents and bank deposits with maturity over three months totalling 314,993).

The table below analyses the Group's non-derivative * 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 repayment options. Balances due within 12 months equal their carrying balances.

	Within 1 year	Between 1-2 years	Above 2 years
As at June 30, 2015			
The Notes	169,452	169,452	2,786,491
The Cash Loan	22,724	48,402	-
Trade payables	152,476	13,093	-
Other liabilities and accruals	313,096	3,283	16,629
	657,748	**234,230**	**2,803,120**
As at December 31, 2014			
The Notes	172,194	172,194	2,917,696
The Cash Loan	23,459	22,827	37,887
Trade payables	161,895	11,435	-
Other liabilities and accruals	194,143	3,243	17,419
	551,691	**209,699**	**2,973,002**

* The Group's derivative financial instruments are in hedge relationships and are due to settle within one year of the balance sheet date. These contracts require undiscounted contractual cash outflows of 150,247 and undiscounted contractual cash inflows of 150,865 (December 31, 2014: undiscounted contractual cash outflows of 113,432 and undiscounted contractual cash inflows of 114,165).

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

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

19.3. Fair value estimation

The fair value of foreign exchange forward 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.

Following fair value measurements were used with respect to financial instruments:

- quoted prices (unadjusted) in active markets for identical assets or liabilities ("Level 1"),
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) ("Level 2"),
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) ("Level 3").

	Level 1	Level 2	Level 3	Total
As at June 30, 2015				
Assets				
Derivative financial assets				
Foreign exchange forward contracts	-	1,884	-	1,884
	-	**1,884**	**-**	**1,884**
Liabilities				
Derivative financial liabilities				
Foreign exchange forward contracts	-	924	-	924
	-	**924**	**-**	**924**
As at December 31, 2014				
Assets				
Derivative financial assets				
Foreign exchange forward contracts	-	1,202	-	1,202
	-	**1,202**	**-**	**1,202**
Liabilities				
Derivative financial liabilities				
Foreign exchange forward contracts	-	214	-	214
	-	**214**	**-**	**214**

19.4. Consideration of the current economic environment

Macroeconomic risks in both western and eastern Europe remain elevated due to the on-going issues in respect of the common currency and sovereign debt, as well as the recent geopolitical risk in neighbouring countries. Management is unable to reliably estimate the effects on the Group's financial position of the above issues and 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 consolidated financial statements of TVN S.A. and its subsidiaries (the “TVN Group”, the “Group”) as of and for the three and six months ended June 30, 2015 have been prepared in order to present the financial position, financial results and cash flows in accordance with the International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”).

The interim condensed consolidated financial statements of TVN Group as of and for the three and six months ended June 30, 2015 include: interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated balance sheet, interim condensed consolidated statement of changes in shareholders’ equity, interim condensed consolidated cash flow statement and notes to the interim condensed consolidated financial statements.

These interim condensed consolidated financial statements were authorized for issuance by the Management Board of TVN S.A. on August 3, 2015.

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

Warsaw, August 3, 2015

TVN Group

Interim Condensed Consolidated Financial Statements
as of and for the three and six months ended June 30, 2015

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

	Six months ended June 30, 2015	Six months ended June 30, 2014	Three months ended June 30, 2015	Three months ended June 30, 2014
Revenue	808,330	784,332	445,397	433,894
Cost of revenue	(457,079)	(442,357)	(236,360)	(225,851)
Selling expenses	(59,930)	(47,575)	(28,988)	(21,279)
General and administration expenses	(74,432)	(72,448)	(37,628)	(35,651)
Share of profits of associates and joint ventures	33,254	24,039	17,359	15,200
Other operating expenses, net	(1,069)	(1,765)	(537)	(777)
Operating profit before incremental costs related to the change of control transaction	**249,074**	**244,226**	**159,243**	**165,536**
Incremental costs related to the change of control transaction	(65,446)	-	(17,344)	-
Operating profit	**183,628**	**244,226**	**141,899**	**165,536**
Interest income	3,565	5,232	1,718	2,565
Finance expense	(95,140)	(112,442)	(48,718)	(49,232)
Foreign exchange gains/ (losses), net	32,311	(9,916)	(59,039)	5,951
Profit before income tax	**124,364**	**127,100**	**35,860**	**124,820**
Income tax (charge)/ credit	(8,011)	(3,583)	1,028	(10,867)
Profit for the period	**116,353**	**123,517**	**36,888**	**113,953**
Profit/ (loss) attributable to:				
Owners of TVN S.A.	116,353	126,213	36,888	115,077
Non-controlling interest	-	(2,696)	-	(1,124)
	116,353	**123,517**	**36,888**	**113,953**
Earnings per share attributable to the owners of TVN S.A. (not in thousands)				
- basic	0.34	0.36	0.11	0.33
- diluted	0.34	0.36	0.11	0.33

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

	Six months ended June 30, 2015	Six months ended June 30, 2014	Three months ended June 30, 2015	Three months ended June 30, 2014
Profit for the period	**116,353**	**123,517**	**36,888**	**113,953**
Other comprehensive (loss)/ income reclassifiable to income statement when specific conditions are met:				
Cash flow hedge – foreign exchange forward contracts	569	1,326	3,123	(216)
Income tax relating to components of other comprehensive income/ (loss)	(108)	(241)	(593)	41
Share of other comprehensive (loss)/ income of associates	(514)	1,414	(374)	47
Other comprehensive (loss)/ income for the period, net of tax	(53)	2,499	2,156	(128)
Total comprehensive income for the period	**116,300**	**126,016**	**39,044**	**113,825**
Total comprehensive income/ (loss) attributable to:				
Owners of TVN S.A.	116,300	128,712	39,044	114,949
Non-controlling interest	-	(2,696)	-	(1,124)
	116,300	**126,016**	**39,044**	**113,825**

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

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

	As at June 30, 2015	As at December 31, 2014
ASSETS		
Non-current assets		
Property, plant and equipment	350,564	364,943
Goodwill	144,127	144,127
Brands	32,862	32,862
Other intangible assets	62,135	69,803
Non-current programming rights	151,765	152,272
Investments in associates and joint ventures	1,786,046	1,762,457
Deferred tax asset	290,259	305,353
Other non-current assets	284	1,071
	2,818,042	**2,832,888**
Current assets		
Current programming rights	185,355	222,610
Trade receivables	370,758	350,243
Prepayments and other assets	103,651	92,831
Derivative financial assets	1,884	1,202
Bank deposits with maturity over three months	27,529	45,000
Cash and cash equivalents	395,867	269,993
	1,085,044	**981,879**
TOTAL ASSETS	**3,903,086**	**3,814,767**
EQUITY		
Shareholders' equity		
Share capital	68,050	70,550
Share premium	865,500	865,237
Treasury shares	-	(250,000)
8% obligatory reserve	23,301	23,301
Other reserves and deficits	(581,925)	(581,872)
Accumulated profit	607,280	840,835
	982,206	**968,051**
LIABILITIES		
Non-current liabilities		
Non-current borrowings	2,270,315	2,314,788
Deferred tax liability	5,826	5,819
Non-current trade payables	13,093	11,435
Other non-current liabilities	16,573	16,625
	2,305,807	**2,348,667**
Current liabilities		
Current trade payables	152,476	161,895
Current borrowings	31,372	31,938
Derivative financial liabilities	924	214
Other liabilities and accruals	430,301	304,002
	615,073	**498,049**
Total liabilities	**2,920,880**	**2,846,716**
TOTAL EQUITY AND LIABILITIES	**3,903,086**	**3,814,767**

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

	Number of shares (not in thousands)	Share capital	Share premium	Treasury shares	8% obligatory reserve	Other reserves and deficits (*)	Accumulated profit	Total equity
Balance as at January 1, 2015	**352,748,308**	**70,550**	**865,237**	**(250,000)**	**23,301**	**(581,872)**	**840,835**	**968,051**
Total comprehensive (loss)/ income for the period	-	-	-	-	-	(53)	116,353	116,300
Share issue cost (4)	-	-	(39)	-	-	-	-	(39)
Treasury shares cost	-	-	(32)	-	-	-	-	(32)
Redemption of treasury shares (1)	(12,500,000)	(2,500)	334	250,000	-	-	(247,834)	-
Dividend declared (2)	-	-	-	-	-	-	(102,074)	(102,074)
Balance as at June 30, 2015	**340,248,308**	**68,050**	**865,500**	**-**	**23,301**	**(581,925)**	**607,280**	**982,206**

(*) Other reserves and deficits

	Cash flow hedge	Effect of acquisition of non-controlling interest	Total
Balance as at January 1, 2015	**2,701**	**(584,573)**	**(581,872)**
Credit for the period	569	-	569
Deferred tax on credit for the period	(108)	-	(108)
Share of other comprehensive loss of associates	(514)	-	(514)
Balance as at June 30, 2015	**2,648**	**(584,573)**	**(581,925)**

(1) During the year ended December 31, 2014, 12,500,000 (not in thousands) shares were purchased by the Company for redemption. The redemption of 12,500,000 (not in thousands) treasury shares was registered by the Court on June 24, 2015.

(2) The dividend declared in 2015 amounted to 0.30 per share (not in thousands) and it was paid on July 3, 2015.

Included in accumulated profit as of June 30, 2015 is an amount of 1,998,831 being the accumulated profit of TVN S.A. on a standalone basis which is distributable. The Notes impose certain restrictions on payment of dividends.

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

	Number of shares (not in thousands)	Share capital	Share premium	Treasury shares	8% obligatory reserve	Other reserves and deficits (*)	Accumulated profit	Total equity attributable to the owners of TVN S.A.	Non-controlling interest (5)	Total equity
Balance as at January 1, 2014	**346,494,150**	**69,299**	**726,853**	**-**	**23,301**	**(481,302)**	**644,646**	**982,797**	**(25,508)**	**957,289**
Total comprehensive income/ (loss) for the period	-	-	-	-	-	2,499	126,213	128,712	(2,696)	126,016
Issue of shares (3)	3,231,123	646	70,431	-	-	(35,579)	-	35,498	-	35,498
Share issue cost (4)	-	-	(30)	-	-	-	-	(30)	-	(30)
Purchase of treasury shares (1)	-	-	-	(100,000)	-	-	-	(100,000)	-	(100,000)
Treasury shares cost	-	-	(140)	-	-	-	-	(140)	-	(140)
Balance as at June 30, 2014	**349,725,273**	**69,945**	**797,114**	**(100,000)**	**23,301**	**(514,382)**	**770,859**	**1,046,837**	**(28,204)**	**1,018,633**

(*) Other reserves and deficits

	Employee share option plan reserve	Cash flow hedge	Effect of acquisition of non-controlling interest	Total
Balance as at January 1, 2014	**72,343**	**(2,497)**	**(551,148)**	**(481,302)**
Issue of shares	(35,579)	-	-	(35,579)
Credit for the period	-	1,326	-	1,326
Deferred tax on credit for the period	-	(241)	-	(241)
Share of other comprehensive income of associates	-	1,414	-	1,414
Balance as at June 30, 2014	**36,764**	**2**	**(551,148)**	**(514,382)**

(3) During the six months ended June 30, 2014 3,231,123 (not in thousands) of C1, C2, C3, E1, E2, E3 and E4 series shares were issued and fully paid as a result of the exercise of share options granted under the TVN incentive schemes. The TVN incentive schemes expired on December 31, 2014.

(4) Costs related to service of the TVN incentive schemes.

(5) On October 16, 2014 the Group acquired the remaining shares in Stavka and derecognized the related non-controlling interest.

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

	Six months ended June 30, 2015	Six months ended June 30, 2014
Operating activities		
Cash generated from operations	208,170	294,002
Tax refunded, net	12,431	511
Net cash generated by operating activities	**220,601**	**294,513**
Investing activities		
Distribution received from associate	9,181	8,133
Payments to acquire property, plant and equipment	(16,072)	(27,213)
Proceeds from sale of property, plant and equipment	644	1,330
Payments to acquire intangible assets	(9,471)	(5,468)
Bank deposits with maturity over three months	17,471	(64,200)
Interest received	2,878	4,220
Net cash generated by/ (used in) investing activities	**4,631**	**(83,198)**
Financing activities		
Issue of shares, net of issue cost	-	35,468
Purchase of treasury shares, including costs	-	(100,140)
Acquisition and repayment of the Notes	-	(147,888)
Repayments of the Cash Loan	(10,272)	(10,516)
Bank charges	(3,536)	(2,878)
Settlement of foreign exchange forward contracts	(124)	624
Interest paid	(86,380)	(92,950)
Net cash used in financing activities	**(100,312)**	**(318,280)**
Increase/ (decrease) in cash and cash equivalents	**124,920**	**(106,965)**
Cash and cash equivalents at the start of the period	269,993	398,484
Effects of exchange rate changes	954	50
Cash and cash equivalents at the end of the period	**395,867**	**291,569**

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

1. GENERAL INFORMATION

These interim condensed consolidated financial statements were authorized for issuance by the Management Board and the Supervisory Board of TVN S.A. on August 3, 2015.

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 166 Wiertnicza Street, 02-952 Warsaw, Poland.

As at June 30, 2015 the Company was 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. A significant non-controlling stake in the Company was held indirectly by Groupe Canal+ S.A. ("Canal+ Group").

In October 2014 ITI Group and Canal+ Group announced their intent to jointly review their strategic options in connection with the possible disposal of their joint investment in the Company (the "change of control transaction"). In connection with this announcement, the Company has appointed financial and legal advisors to support the Company during this process, and has also agreed to manage and finance the conducting of various due diligence processes.

In March 2015 ITI Group and Canal+ Group jointly entered into agreement to sell 100% of share capital of N-Vision B.V. to Southbank Media Ltd. ("Southbank Media"). ITI Group and Canal+ Group co-owned N-Vision B.V., N-Vision B.V. is the sole shareholder of Polish Television Holding B.V. and Polish Television Holding B.V. is a majority shareholder of the Company. Southbank Media has its seat in London and is a part of Scripps Networks Interactive, Inc. ("SNI"). The transaction was subject to customary conditions precedent including regulatory approvals.

The transaction was finalized on July 1, 2015 after relevant regulatory approvals were received. SNI paid all-cash consideration of EUR 584 million for 100% of shares in N-Vision B.V. which directly and indirectly through Polish Television Holding B.V. held approximately 52.7% interest in the Company. SNI assumed both the debt on level of Polish Television Holding B.V. and the Group of EUR 300 million and EUR 540 million nominal value, respectively.

Under Polish law SNI is required to launch a public tender offer to increase its ownership interest in the Company up to 66%, within three months of closing on the initial purchase. On July 6, 2015 SNI launched a public tender offer to acquire 100% of the Company and delist it from the Warsaw Stock Exchange. The price for the offer was set at 20 (not in thousands) per share.

SNI is one of the leading developers of engaging lifestyle content in the home, food and travel categories for television, the Internet and emerging platforms. The company's lifestyle media portfolio comprises popular television and Internet brands HGTV, DIY Network, Food Network, Cooking Channel, Travel Channel and Great American Country, which collectively reach more than 190 million consumers each month. Companion websites complement on-air programming with video and social media that inform and inspire. The company's global networks reach millions of consumers across North and South America, Asia, Europe, the Middle East and Africa. SNI is ultimately jointly controlled by the members of the Scripps family and is headquartered in Knoxville, USA.

1. GENERAL INFORMATION (CONTINUED)

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 twelve television channels and one teleshopping channel in Poland: TVN, TVN 7, TVN 24, TVN Meteo Active, TVN Turbo, iTVN, TVN Style, TVN 24 Biznes i Świat, NTL Radomsko, TTV, iTVN Extra, TVN Fabuła and Telezakupy Mango 24. The Group's channels broadcast news, information and entertainment shows, series, movies and teleshopping. The Group together with Canal+ Group operate a Polish leading premium direct-to-home ("DTH") digital satellite platform nC+, which offers technologically advanced pay television services. The Group in its online activities is a partner to Ringier Axel Springer Media AG ("RAS"), which through Grupa Onet.pl S.A. operates Onet.pl, the leading internet portal in Poland.

These interim condensed consolidated financial statements should be read in conjunction with the interim condensed consolidated financial statements as of and for the six months ended June 30, 2015 included in the interim report.

Advertising and sponsoring sales in Poland tend to be lowest during the third quarter of each calendar year, which includes the summer holiday period, and highest during the fourth quarter of each calendar year. Revenue from subscription fees tends to be evenly spread between the quarters.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

These interim condensed consolidated financial statements are prepared on a going concern basis and in accordance with the International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). The accounting policies used in the preparation of the interim condensed consolidated financial statements as of and for the three and six months ended June 30, 2015 are consistent with those used in the interim condensed consolidated financial statements as of and for the six months ended June 30, 2015.

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

The most recent annual full consolidated financial statements of the Group were prepared and audited as of and for the year ended December 31, 2014. The consolidated financial statements as of and for the year ended December 31, 2014 fully disclose the accounting policies applied by the Group.

The Group's consolidated financial statements as of and for the year ended December 31, 2014 prepared in accordance with IFRS as adopted by the EU and interim condensed consolidated financial statements as of and for the six months ended June 30, 2015 prepared in accordance with IAS 34 are available on http://investor.tvn.pl.

Report on Review of Interim Financial Statements

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

Introduction

We have reviewed the accompanying interim condensed separate balance sheet of TVN S.A. (the 'Company') as of June 30, 2015, the related interim condensed separate income statement, interim condensed separate statement of comprehensive income, interim condensed separate statement of changes in shareholders' equity and interim condensed separate cash flow statement for the six-month period then ended and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed separate financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed separate financial statements based on our review.

Scope of Review

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

Conclusion

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

PricewaterhouseCoopers Sp. z o.o.

Warsaw, Poland

August 3, 2015

PricewaterhouseCoopers Sp. z o.o., International Business Center, Al. Armii Ludowej 14, 00-638 Warsaw, Poland
T: +48 (22) 746 4000, F: +48 (22) 742 4040, www.pwc.com

MANAGEMENT REPRESENTATIONS

These interim condensed separate financial statements of TVN S.A. (the "Company") as of and for the six months ended June 30, 2015, 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 the six months ended June 30, 2015 include: interim condensed separate income statement, interim condensed separate statement of comprehensive income, interim condensed separate balance sheet, interim condensed separate statement of changes in shareholders' equity, interim condensed separate cash flow statement and notes to the interim condensed separate financial statements.

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

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

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

These interim condensed separate financial statements were authorized for issuance by the Management Board of TVN S.A. on August 3, 2015.

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

Warsaw, August 3, 2015

TVN S.A.

Interim Condensed Separate Financial Statements as of and for the six months ended June 30, 2015

TVN S.A.

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

	Note	Six months ended June 30, 2015	Six months ended June 30, 2014 - restated
Revenue	**4**	696,678	680,563
Cost of revenue	**5**	(466,944)	(452,759)
Selling expenses	**5**	(26,167)	(23,505)
General and administration expenses	**5**	(62,395)	(62,271)
Other operating income/ (expenses), net		8,529	(556)
Dividends and other net distributions from subsidiaries and associates		158,548	120,773
Operating profit before incremental costs related to the change of control transaction		**308,249**	**262,245**
Incremental costs related to the change of control transaction		(65,394)	-
Operating profit		**242,855**	**262,245**
Interest income	**6**	8,826	9,584
Finance expense	**6**	(112,251)	(128,931)
Foreign exchange gains/ (losses), net	**6**	32,731	(9,057)
Profit before income tax		**172,161**	**133,841**
Income tax (charge)/ credit	**14**	(2,146)	2,091
Profit for the period		**170,015**	**135,932**
Earnings per share (not in thousands)			
- basic		0.50	0.39
- diluted		0.50	0.39

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

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

	Note	Six months ended June 30, 2015	Six months ended June 30, 2014 - restated
Profit for the period		**170,015**	**135,932**
Other comprehensive (loss)/ income reclassifiable to income statement when specific conditions are met:			
Cash flow hedge – foreign exchange forward contracts		569	1,269
Available for sale financial assets	**8**	273	130
Income tax relating to components of other comprehensive income	**14**	(160)	(266)
Other comprehensive income for the period, net of tax		682	1,133
Total comprehensive income for the period		**170,697**	**137,065**

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

	Note	As at June 30, 2015	As at December 31, 2014
ASSETS			
Non-current assets			
Property, plant and equipment		343,781	358,390
Goodwill		144,127	144,127
Other intangible assets		48,946	51,582
Non-current programming rights		151,764	152,272
Investments in subsidiaries, associates and joint ventures	**7**	4,249,745	4,247,715
Non-current related party loans	**16 (v)**	82,483	75,504
Deferred tax asset		275,079	275,763
Other non-current assets		192	971
		5,296,117	**5,306,324**
Current assets			
Current programming rights		183,368	220,549
Trade receivables		154,918	138,876
Current related party loans	**16 (v)**	4,503	1,381
Available-for-sale financial assets	**8**	27,814	28,126
Derivative financial assets		1,884	1,202
Prepayments and other assets		186,826	28,302
Bank deposits with maturity over three months		7,529	45,000
Cash and cash equivalents		256,158	86,471
		823,000	**549,907**
TOTAL ASSETS		**6,119,117**	**5,856,231**
EQUITY			
Shareholders' equity			
Share capital	**9**	68,050	70,550
Share premium		865,500	865,237
Treasury shares	**10**	-	(250,000)
8% obligatory reserve		23,301	23,301
Other reserves		1,251	569
Accumulated profit		2,004,993	2,184,885
		2,963,095	**2,894,542**
LIABILITIES			
Non-current liabilities			
Loans from related parties	**11, 16 (iii)**	2,034,957	2,134,479
Non-current Cash Loan		46,798	58,121
Non-current trade payables		13,093	11,435
Other non-current liabilities		10,720	10,391
		2,105,568	**2,214,426**
Current liabilities			
Current trade payables		140,119	166,814
Derivative financial liabilities		924	214
Current Cash Loan		20,972	21,312
Accrued interest on borrowings	**11, 16 (iii)**	276,745	203,484
Cash pooling liabilities	**16 (vii)**	351,791	229,742
Other liabilities and accruals	**12**	259,903	125,697
		1,050,454	**747,263**
Total liabilities		**3,156,022**	**2,961,689**
TOTAL EQUITY AND LIABILITIES		**6,119,117**	**5,856,231**

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

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

	Number of shares (not in thousands)	Share capital	Share Premium	Treasury shares	8% obligatory reserve	Other reserves-other changes	Accumulated Profit	Shareholders' equity
Balance at January 1, 2015	**352,748,308**	**70,550**	**865,237**	**(250,000)**	**23,301**	**569**	**2,184,885**	**2,894,542**
Total comprehensive income for the period	-	-	-	-	-	682	170,015	170,697
Share issue cost (4)	-	-	(38)	-	-	-	-	(38)
Treasury shares cost	-	-	(32)	-	-	-	-	(32)
Redemption of treasury shares (1)	(12,500,000)	(2,500)	333	250,000	-	-	(247,833)	-
Dividend declared (2)	-	-	-	-	-	-	(102,074)	(102,074)
Balance at June 30, 2015	**340,248,308**	**68,050**	**865,500**	**-**	**23,301**	**1,251**	**2,004,993**	**2,963,095**

(1) During the year ended December 31, 2014, 12,500,000 (not in thousands) shares were purchased by the Company for redemption. The redemption of 12,500,000 (not in thousands) treasury shares was registered by the Court on June 24, 2015 (see Note 10).

(2) The dividend declared in 2015 amounted to 0.30 per share (not in thousands) and it was paid on July 3, 2015.

Included in accumulated profit as of June 30, 2015 is an amount of 1,998,831 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).

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

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

	Number of shares (not in thousands)	Share capital	Share Premium	Treasury shares	8% obligatory reserve	Other reserves-employee share option plan	Other reserves-other changes	Accumulated Profit	Shareholders' equity
Balance at January 1, 2014	**346,494,150**	**69,299**	**726,853**	**-**	**23,301**	**70,898**	**(244)**	**2,072,788**	**2,962,895**
Total comprehensive income for the period - restated	-	-	-	-	-	-	1,133	135,932	137,065
Issue of shares (3)	3,231,123	646	70,431	-	-	(35,579)	-	-	35,498
Share issue cost (4)	-	-	(30)	-	-	-	-	-	(30)
Purchase of treasury shares (1)	-	-	-	(100,000)	-	-	-	-	(100,000)
Treasury shares cost	-	-	(140)	-	-	-	-	-	(140)
Balance at June 30, 2014 - restated	**349,725,273**	**69,945**	**797,114**	**(100,000)**	**23,301**	**35,319**	**889**	**2,208,720**	**3,035,288**

(3) During the six months ended June 30, 2014 3,231,123 (not in thousands) of C1, C2, C3, E1, E2, E3 and E4 series shares were issued and fully paid as a result of the exercise of share options granted under the TVN incentive schemes. The TVN incentive schemes expired on December 31, 2014.

(4) Costs related to service of the TVN incentive schemes.

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

	Note	Six months ended June 30, 2015	Six months ended June 30, 2014
Operating activities			
Cash generated from operations	**13**	144,691	191,789
Tax refunded	**14**	-	5,683
Net cash generated from operating activities		**144,691**	**197,472**
Investing activities			
Distribution received from subsidiaries		-	7,958
Investments in subsidiary		(2,030)	-
Payments to acquire property, plant and equipment		(15,662)	(26,175)
Proceeds from sale of property, plant and equipment		483	1,086
Payments to acquire intangible assets		(6,634)	(4,029)
Proceeds from the Available-for-sale financial assets	**8**	-	8,778
Loans granted to subsidiary		(7,066)	(250)
Proceeds from the loan granted to subsidiary		-	51
Bank deposits with maturity over three months		37,471	(14,200)
Dividend received		523	500
Interest received		2,670	2,909
Net cash generated by/ (used in) investing activities		**9,755**	**(23,372)**
Financing activities			
Issue of shares, net of issue cost		-	35,468
Purchase of treasury shares, including costs		-	(100,140)
Cash pooling with TVN Media		122,049	115,181
Repayment of the Cash Loan		(10,272)	(10,516)
Bank charges		(2,956)	(3,491)
Repayment of the loan from subsidiary		(65,728)	(199,744)
Interest paid		(28,849)	(35,725)
Net cash generated by/ (used in) financing activities		**14,244**	**(198,967)**
Increase/ (decrease) in cash and cash equivalents		**168,690**	**(24,867)**
Cash and cash equivalents at the start of the period		86,471	99,177
Effects of exchange rates changes		997	420
Cash and cash equivalents at the end of the period		**256,158**	**74,730**

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

1. GENERAL INFORMATION

These interim condensed separate financial statements were authorized for issuance by the Management Board and the Supervisory Board of TVN S.A. on August 3, 2015.

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 166 Wiertnicza Street, 02-952 Warsaw, Poland.

As at June 30, 2015 the Company was a 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. A significant non-controlling stake in the Company was held indirectly by Groupe Canal+ S.A. ("Canal+ Group").

In October 2014 ITI Group and Canal+ Group announced their intent to jointly review their strategic options in connection with the possible disposal of their joint investment in the Company (the "change of control transaction"). In connection with this announcement, the Company has appointed financial and legal advisors to support the Company during this process, and has also agreed to manage and finance the conducting of various due diligence processes (see Note 5 for expenses incurred by the Company).

In March 2015 ITI Group and Canal+ Group jointly entered into agreement to sell 100% of share capital of N-Vision B.V. to Southbank Media Ltd. ("Southbank Media"). ITI Group and Canal+ Group co-owned N-Vision B.V., N-Vision B.V. is the sole shareholder of Polish Television Holding B.V. and Polish Television Holding B.V. is a majority shareholder of the Company (see Note 9). Southbank Media has its seat in London and is a part of Scripps Networks Interactive, Inc. ("SNI"). The transaction was subject to customary conditions precedent including regulatory approvals.

The transaction was finalized on July 1, 2015 after relevant regulatory approvals were received. SNI paid all-cash consideration of EUR 584 million for 100% of shares in N-Vision B.V. which directly and indirectly through Polish Television Holding B.V. held approximately 52.7% interest in the Company. SNI assumed both the debt on level of Polish Television Holding B.V. and the Group of EUR 300 million and EUR 540 million nominal value, respectively.

Under Polish law SNI is required to launch a public tender offer to increase its ownership interest in the Company up to 66%, within three months of closing on the initial purchase. On July 6, 2015 SNI launched a public tender offer to acquire 100% of the Company and delist it from the Warsaw Stock Exchange. The price for the offer was set at 20 (not in thousands) per share.

SNI is one of the leading developers of engaging lifestyle content in the home, food and travel categories for television, the Internet and emerging platforms. The company's lifestyle media portfolio comprises popular television and Internet brands HGTV, DIY Network, Food Network, Cooking Channel, Travel Channel and Great American Country, which collectively reach more than 190 million consumers each month. Companion websites complement on-air programming with video and social media that inform and inspire. The company's global networks reach millions of consumers across North and South America, Asia, Europe, the Middle East and Africa. SNI is ultimately jointly controlled by the members of the Scripps family and is headquartered in Knoxville, USA.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company together with its subsidiaries (the Group) is the leading integrated Polish media group, active in television broadcasting and production, as well as teleshopping. The Company operates ten television channels in Poland: TVN, TVN 7, TVN 24, TVN Meteo Active, TVN Turbo, iTVN, TVN Style, TVN 24 Biznes i Świat, iTVN Extra and TVN Fabuła 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 (through its subsidiary TVN DTH Holdings) together with 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.

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.

2.1. Basis of preparation

These interim condensed separate financial statements are prepared on a going concern basis and in accordance with the International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). The accounting policies used in the preparation of the interim condensed separate financial statements as of and for the six months ended June 30, 2015 are consistent with those used in the separate financial statements as of and for the year ended December 31, 2014 except for amendments to standards which became effective January 1, 2015. Amendments to standards effective from January 1, 2015 either are not relevant for the Company or do not have significant impact on the Company's separate financial statements.

Comparative condensed separate income statement, statement of other comprehensive income and statement of changes in equity for the six months ended June 30, 2014 were restated to reflect the dividend income from a wholly owned subsidiary TVN Media, declared on June 30, 2014 which was previously recognized in the third quarter of the year ended December 31, 2014. As a result Dividends and other net distributions from subsidiaries and associates for the six months ended June 30, 2014 and Prepayments and other assets as at June 30, 2014 were increased by PLN 118,808 as compared to amounts previously reported. This adjustment does not impact the balance sheet at 1 January 2014 therefore the third balance sheet is not presented. The adjustment has no impact on the condensed consolidated financial statements for the six months ended June 30, 2014 and on the consolidated and separate financial statements for the year ended December 31, 2014.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These interim condensed separate financial statements should be read together with the interim condensed consolidated financial statements in order to obtain full information on the financial position, results of operations and changes in financial position of the Group as a whole. The interim condensed consolidated financial statements as of and for the six months ended June 30, 2015 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, 2014 prepared in accordance with IFRS as adopted by the EU are available on http://investor.tvn.pl.

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) 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, 2014: 403,710) as the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

As at June 30, 2015 the Company also did not recognize a deferred tax asset on tax loss carry-forwards of 414,267 (December 31, 2014: 414,267). These tax loss carry-forwards expire within five tax years starting from January 1, 2013. The related deferred tax asset in the amount of 78,711 (December 31, 2014: 78,711) was not recognized as the Company concluded that as at June 30, 2015 the realization of the related tax benefit is not probable.

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(ii) Estimated impairment of investments in subsidiaries

Investments in subsidiaries 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 subsidiaries are separate cash generating units.

As of December 31, 2014, as a result of a less than expected economic performance of Onet, the Company performed impairment test of the investment in TVN Online Investments Holding. In the impairment test performed by the Company the recoverable amount of the investment in TVN Online Investments Holding was determined based on fair value of its investment in Onet Holding, the sole shareholder of Onet (see Note 7). The calculation of the fair value of Onet was based both on the valuation of the company as a whole, and the put and call options included in the shareholders' agreement.

The key financial assumptions used for discounting free cash flows as at December 31, 2014 were as follows:

	December 31, 2014
Terminal growth	2.5%
Discount rate	7.0%

The test performed as of December 31, 2014 indicated that the investment did not suffer an impairment. The Company believes that the key assumptions made in testing for impairment of the investment in TVN Online Investments Holding as at December 31, 2014 were reasonable and were based on our experience and market forecasts that are from time to time published by the industry experts. Management believes that any reasonably possible change in the key assumptions on which the investment in TVN Online Investments Holding recoverable amount as at December 31, 2014 was based would not cause an impairment to be recognized.

As of June 30, 2015 and December 31, 2014 the Company did not identify any indicators for impairment of other investments in subsidiaries.

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

4. REVENUE

	Six months ended June 30, 2015	Six months ended June 30, 2014
Advertising revenue	490,209	473,626
Sponsoring revenue	71,249	71,095
Advertising related revenue	561,458	544,721
Subscription fees	104,365	103,807
Revenue from sales of services	13,633	12,595
Other revenue	17,222	19,440
	696,678	**680,563**

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

5. OPERATING EXPENSES

	Six months ended June 30, 2015	Six months ended June 30, 2014
Amortization of locally produced content	216,971	210,522
Amortization of acquired programming rights and co-production	76,757	75,592
Royalties	57,768	56,999
Staff expenses	54,252	55,588
Depreciation, amortization and impairment	32,428	31,768
Marketing and research	23,083	21,467
Broadcasting expenses	22,557	23,632
Cost of services sold	16,633	13,652
Rental	9,797	9,501
Impaired accounts receivable	(23)	99
Other	45,283	39,715
	555,506	**538,535**

Included in the above operating expenses are operating lease expenses for the six months ended June 30, 2015 of 38,104 (six months ended June 30, 2014: 37,802).

Included in the above staff expenses for the six months ended June 30, 2015 is a Long Term Incentive Plan expense of 4,390 related to the retention and performance components (the six months ended June 30, 2014: 2,890 see Note 17).

Incremental costs related to the probable change of control transaction

	Six months ended June 30, 2015	Six months ended June 30, 2014
Incremental Long Term Incentive Plan charge (see Note 17)	51,155	-
Advisory costs	14,239	-
	65,394	**-**

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

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

Interest income	**Six months ended June 30, 2015**	**Six months ended June 30, 2014**
Interest income on loans to related parties (see Note 16 (v))	3,025	2,921
Interest income on foreign exchange forward contracts – cash flow hedges	268	632
Interest income on available for sale financial assets (see Note 8)	875	1,284
Income from guarantee fees from related parties (see Note 16 (viii))	2,876	3,364
Other interest income	1,782	1,383
	8,826	**9,584**

Finance expense		
Interest expense on loans from related parties (see Note 16 (iii))	(98,569)	(104,446)
Interest expense on cash pooling transactions (see Note 16 (vii))	(8,184)	(6,327)
Interest expense on the Cash Loan (see Note 11)	(1,133)	(1,590)
Interest on foreign exchange forward contracts – cash flow hedges	(947)	(1,344)
Premium on early repayment of the loan from the related party	-	(8,660)
Unamortized debt issuance costs of the loans from related parties written off on early repayment	-	(3,004)
Guarantee fees to related parties (see Note 16 (viii))	(486)	(892)
Bank and other charges	(2,932)	(2,668)
	(112,251)	**(128,931)**

Foreign exchange (losses)/gains, net		
Foreign exchange gains/ (losses) on loans from related parties, including:	34,605	(8,900)
- unrealized foreign exchange gains/ (losses) on loans from related parties	*33,734*	*(1,114)*
- realized foreign exchange gains/ (losses) on loans from related parties	*871*	*(7,786)*
Other foreign exchange losses, net	(1,874)	(157)
	32,731	**(9,057)**

Finance expense and foreign exchange (losses)/ gains, net for the six months ended June 30, 2014 include costs of early repayment of the loans being premium on early repayment of 8,660, write-off of the unamortized balance of debt issuance costs of the loans from related parties of 3,004 and realized foreign exchange loss of 7,786.

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

7. INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

	June 30, 2015	December 31, 2014
TVN Media Sp. z o.o.	3,953,666	3,953,666
TVN Online Investments Holding B.V.	244,070	244,070
Mango Media Sp. z o.o.	18,862	18,862
Other investments in subsidiaries and joint ventures	33,147	31,117
Total	**4,249,745**	**4,247,715**

Dividends and other net distributions from subsidiaries and associates

	Six months ended June 30, 2015	Six months ended June 30, 2014 - restated
Redemption of TVN Online Investments Holding's shares	-	7,958
Investment in TVN Online Investments Holding written down on redemption of shares	-	(6,493)
Dividend from TVN Media	158,025	118,808
Dividend from Tivien	500	500
Dividend from El-Trade	23	-
	158,548	**120,773**

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

7. INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

	Country of incorporation	Principal activities	June 30, 2015 Ownership %	December 31, 2014 Ownership %
Subsidiaries				
Television broadcasting and production segment				
TVN Media Sp. z o.o.	Poland	Brokerage services related to sale of television and online advertising, licensing of brands and activities of an advertising agency	100	100
Stavka Sp. z o.o.	Poland	Operation of TTV channel	100	100
NTL Radomsko Sp. z o.o.	Poland	Operation of NTL Radomsko channel	100	100
Veedo Sp. z o.o.	Poland	Operation of a video-sharing portal	100	100
Tivien Sp. z o.o.	Poland	Technical and broadcasting services	100	100
El-Trade Sp. z o.o.	Poland	Customs and transport services	100	100
Thema Film Sp. z o.o.	Poland	No operating activities	100	100
Teleshopping segment				
Mango Media Sp. z o.o.	Poland	Teleshopping	100	100
Other subsidiaries				
TVN Finance Corporation II AB	Sweden	No operating activities	100	100
TVN Finance Corporation III AB	Sweden	Financing activities	100	100
TVN Holding S.A.	Poland	No operating activities	100	100
TVN Online Investments Holding B.V.	The Netherlands	Holding company	100	100
TVN DTH Holdings S.à r.l. (1)	Luxembourg	Holding company	100	100
Joint ventures				
Polski Operator Telewizyjny Sp. z o.o.	Poland	No operating activities	50	50
Associates – held indirectly				
ITI Neovision Group (“nC+”) (2)	Poland	Operation of nC+ DTH platform	32	32
Onet Holding Group (“Onet”) (3)	Poland	Operation of Onet.pl portal	25	25

(1) Investment held through TVN Media

(2) Investment held through TVN DTH Holdings, up to June 2, 2014 Canal+ Cyfrowy Group, ITI Neovision Group includes ITI Neovision S.A., its subsidiaries (Cyfrowy Dom Sp. z o.o., Neovision UK Ltd) and a joint venture (MGM Chanel Poland Ltd)

(3) Investment held through TVN Online Investments Holding, Onet Holding Group includes Onet Holding Sp. z o.o., its subsidiaries (Grupa Onet.pl S.A., DreamLab Onet.pl Sp. z o.o., OnetMarketing Sp. z o.o., GoBrands Sp. z o.o., Skąpiec.pl Sp. z o.o., Opineo Sp. z o.o.), a joint venture (Media Impact Polska 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. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	June 30, 2015	June 30, 2014
Balance at the beginning of the period	28,126	42,435
Interest income accrued	875	1,284
Interest income received	(1,017)	(1,477)
Foreign exchange differences	(443)	192
Redemption of the Notes	-	(8,778)
Fair value change credited to other comprehensive income	273	130
Balance at the end of the period	**27,814**	**33,786**

The balance of available-for-sale financial assets as at June 30, 2015 and December 31, 2014 comprises 7.875% Senior Notes due 2018 acquired by the Company.

On March 20, 2014 7.875% Senior Notes due 2018 with a nominal value of EUR 1,980 were repaid for an amount of EUR 2,152 (including accrued interest) and redeemed and cancelled.

On December 8, 2014 7.875% Senior Notes due 2018 with a nominal value of EUR 1,264 were repaid for an amount of EUR 1,320 (including accrued interest) and redeemed and cancelled.

Fair values of the remaining Notes reflect their market price quoted by Reuters based on the last value date on June 30, 2015 and December 31, 2014 (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.

9. SHARE CAPITAL (NOT IN THOUSANDS)

The total number of ordinary shares in issue as at June 30, 2015 was 340,248,308 (December 31, 2014: 352,748,308) with a par value of 0.20 per share. All issued shares are fully paid.

The shareholders structure:

	June 30, 2015		December 31, 2014	
Shareholder	**Number of shares**	**% of share capital**	**Number of shares**	**% of share capital**
Polish Television Holding B.V. [(1)]	173,969,180	51.13%	173,969,180	49.32%
N-Vision B.V. [(1)]	5,326,426	1.57%	-	-
ITI Holdings	-	-	5,326,426	1.51%
Other shareholders	160,952,702	47.30%	160,952,702	45.63%
Treasury shares (see Note 10)	-	-	12,500,000	3.54%
Total	**340,248,308**	**100.00%**	**352,748,308**	**100.00%**

[(1)] Entities controlled by ITI Group as at June 30, 2015 (see Note 1 for details of the subsequent change of control transaction), Polish Television Holding B.V. has pledged the majority of the Company's shares.

According to the Polish Commercial Companies Code treasury shares do not receive dividends and the Company cannot exercise voting rights related to treasury shares:

	June 30, 2015		December 31, 2014	
Shareholder	**Number of votes**	**% of votes**	**Number of votes**	**% of votes**
Polish Television Holding B.V.	173,969,180	51.13%	173,969,180	51.13%
N-Vision B.V.	5,326,426	1.57%	-	-
ITI Holdings	-	-	5,326,426	1.57%
Other shareholders	160,952,702	47.30%	160,952,702	47.30%
Total	**340,248,308**	**100.00%**	**340,248,308**	**100.00%**

All ordinary shares in issue as at June 30, 2015 are registered by the Court. Included in the total number of ordinary shares in issue as at December 31, 2014 held by other shareholders are 2,404,156 ordinary shares of C2, C3, E2, E3 and E4 series not registered by the Court.

10. SHARE BUYBACK PROGRAM

On April 11, 2014 the Annual General Shareholders' Meeting of the Company approved a share buyback program up to the amount of 500,000. Under the program the Company may acquire up to 34,000,000 (not in thousands) of the Company's shares constituting no more than 10% of the Company's share capital, the shares may be acquired up to December 31, 2015 and the minimum and maximum share acquisition price set in the program is 0.01 (not in thousands) and 30 (not in thousands) respectively. All shares acquired under the program will be redeemed and cancelled.

On June 11, 2014 the Company completed the first tranche of the program and acquired 5,000,000 (not in thousands) shares for a total amount of 100,000.

On December 5, 2014 the Company completed the second tranche of the program and acquired 7,500,000 (not in thousands) shares for a total amount of 150,000.

The Shareholders' Meeting resolved to redeem and cancel these shares on June 12, 2015, the redemption was registered by the Court on June 24, 2015.

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

11. BORROWINGS

	June 30, 2015	December 31, 2014
Loans from related parties (see Note 16 (iii))	2,034,957	2,134,479
Interest accrued on loans from related parties (see Note 16 (iii))	276,442	203,118
The Cash Loan	67,770	79,433
Interest accrued on the Cash Loan	303	366
	2,379,472	**2,417,396**
Less: current portion of borrowings	(297,717)	(224,796)
Non-current portion of borrowings	**2,081,755**	**2,192,600**

The Revolving Credit Facility and the Cash Loan

On June 10, 2013 the Company entered into an agreement with Bank Pekao S.A. pursuant to which the bank provided the Company with a Revolving Credit Facility in the amount of 300,000 and granted a Cash Loan in the amount of EUR 25,000.

The Revolving Credit Facility can be used in form of a revolving credit line, overdraft or for bank guarantees and letters of credit. As of June 30, 2015 the Revolving Credit Facility was used by the Company only for the bank guarantees issued at 7,969 (December 31, 2014: 8,098).

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 3.8%. The Cash Loan and interest are repaid in quarterly instalments starting from November 5, 2013. The final repayment date is June 10, 2017. 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 four years starting from the date of conclusion of the agreement.

12. OTHER LIABILITIES AND ACCRUALS

	June 30, 2015	December 31, 2014
Dividend payable	102,074	-
Employee benefits *	82,464	34,813
VAT and other taxes payable	23,489	40,306
Accrued production and programming costs	11,050	10,007
Satellites	4,088	8,278
Deferred income	510	860
Sales and marketing related costs	444	943
Other liabilities and accrued costs	35,784	30,490
	259,903	**125,697**

* Accrued employee benefits include an accrual for Long Term Incentive Plan expense, see Note 17

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

13. NOTE TO THE CASH FLOW STATEMENT

Reconciliation of net profit to cash generated from operations

	Note	Six months ended June 30, 2015	Six months ended June 30, 2014 - restated
Profit for the period		170,015	135,932
Income tax charge/ (credit)	14	2,146	(2,091)
Depreciation, amortization and impairment	5	32,428	31,768
Amortization of acquired program rights and co-production	5	76,757	75,592
Payments to acquire programming rights		(38,598)	(37,507)
Impaired accounts receivable	5	(23)	99
(Gain)/ loss on sale of property, plant and equipment		(46)	237
Interest income	6	(8,826)	(9,584)
Finance expense	6	112,251	128,931
Foreign exchange (gains)/ losses, net	6	(32,731)	9,057
Guarantee fee		(463)	121
Change in local production balance		(9,267)	5,276
Dividend income		(523)	(500)
Changes in working capital:			
Trade receivables		(16,019)	1,986
Prepayments and other assets		(155,879)	(109,278)
Trade payables		(20,205)	(4,318)
Other short term liabilities and accruals		33,674	(33,932)
		(158,429)	(145,542)
Cash generated from operations		**144,691**	**191,789**

Non-cash transactions

Barter costs, net		(12)	(167)

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

14. TAXATION

	Six months ended June 30, 2015	Six months ended June 30, 2014
Current tax (charge)/ credit	(1,622)	5,683
Deferred tax credit	(524)	(3,592)
	(2,146)	**2,091**

Reconciliation of accounting profit to income tax (charge)/ credit

Profit before income tax	**172,161**	**133,841**
Income tax (charge) / credit at the enacted statutory rate of 19%	(32,711)	(25,430)
Impact of previous years' tax returns corrections	-	5,683
Impact of non taxable dividend income	30,124	22,574
Impact of non taxable income and other net distributions	-	373
Net tax impact of expenses and losses not deductible for tax purposes, revenue not taxable and other adjustments	441	(1,109)
Income tax (charge)/ credit	**(2,146)**	**2,091**

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

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

Management believes that it is probable that taxable profit will be available in the future against which the deductible temporary differences and tax loss carry-forwards can be utilized, and consequently has recognized deferred tax assets in the amount that reflects the assumed utilization of deductible temporary differences and tax losses. The deferred tax amounts were calculated using the enacted tax rate of 19% as at June 30, 2015.

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

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

15. COMMITMENTS

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

(i) Commitments to acquire programming

The Company has outstanding contractual payment commitments in relation to programming as of June 30, 2015. These commitments are scheduled to be paid as follows:

	June 30, 2015	December 31, 2014
Due in 2015	36,988	49,464
Due in 2016	87,416	88,550
Due in 2017	58,077	52,402
Due in 2018	14,631	14,078
Due in 2019	1,553	1,189
	198,665	**205,683**

(ii) Total future minimum payments relating to operating lease agreements signed as at June 30, 2015:

Total future minimum payments relating to operating lease agreements signed as at June 30, 2015 were scheduled to be paid as follows:

	Related parties	Non-related parties	Total
Due in 2015	748	6,852	7,600
Due in 2016	21	8,321	8,342
Due in 2017	-	3,900	3,900
Due in 2018	-	3,900	3,900
Due in 2019	-	2,600	2,600
	769	**25,573**	**26,342**

Total future minimum payments relating to operating lease agreements signed as at December 31, 2014 were scheduled to be paid as follows:

	Related parties	Non-related parties	Total
Due in 2015	790	11,349	12,139
Due in 2016	21	8,318	8,339
Due in 2017	-	3,900	3,900
Due in 2018	-	3,900	3,900
Due in 2019	-	2,600	2,600
	811	**30,067**	**30,878**

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

15. COMMITMENTS (CONTINUED)

Contracts signed with related parties relate to lease of office space and television studios from ITI Group and Onet.

Commitments in foreign currencies were calculated using exchange rates as at June 30, 2015 and December 31, 2014 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 Company has agreements with third parties for the use of satellite capacity. Under these agreements the Company is obliged to pay annual fees as follows:

	June 30, 2015	December 31, 2014
Due in 2015	14,527	32,297
Due in 2016	33,872	34,772
Due in 2017	33,775	34,354
Due in 2018	12,308	12,507
	94,482	**113,930**

Additionally, the Company leases transmission sites and related services for an annual amount of 12,843 (the year ended December 31, 2014: 12,843).

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

16. RELATED PARTY TRANSACTIONS

(i) Revenue:

	Six months ended June 30, 2015	Six months ended June 30, 2014
TVN Media Sp. z o.o.	578,980	560,647
nC+	27,732	29,000
Stavka Sp. z o.o.	6,231	6,041
ITI Group	1,426	1,185
Mango Media	1,361	709
Veedo	401	-
El-Trade	61	61
Onet	50	115
Tivien	24	24
TVN Holding S.A.	16	-
NTL Radomsko	-	30
	616,282	**597,812**

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

Revenue from nC+ includes mainly subscription fees and revenue from technical services rendered.

For dividend income from subsidiaries please see Note 7.

(ii) Operating expenses:

	Six months ended June 30, 2015	Six months ended June 30, 2014
TVN Media Sp. z o.o.	53,921	52,100
ITI Group	15,894	16,085
Tivien	6,826	5,753
Onet	1,310	1,626
nC+	768	734
El-Trade	161	164
Stavka Sp. z o.o.	55	70
NTL Radomsko	-	2
	78,935	**76,534**

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

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

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

16. RELATED PARTY TRANSACTIONS (CONTINUED)

(iii) Loans from related parties

	June 30, 2015	December 31, 2014
TVN Media Sp. z o.o.	1,553,667	1,646,076
TVN Finance Corporation III AB	481,290	488,403
Interest accrued	276,442	203,118
	2,311,399	**2,337,597**

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 8.635 % 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 9.4%. During the year ended December 31, 2014 EUR 58,380 of the principal amount of the loan has been repaid together with accrued interest and premium for early repayment.

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. Interest on this loan is paid semi-annually but according to the agreement the Company may postpone interest payments, in such cases the interest rate will be increased accordingly. The loan is carried at amortized cost using an effective interest rate of 8.7%.

During the year ended December 31, 2013 EUR 7,000 of the principal amount of the loan has been repaid, the interest payment has been postponed and nominal interest has been increased to 8.447% p.a. During the year ended December 31, 2014 EUR 27,000 of the principal amount of the loan has been repaid and nominal interest has been increased to 9.213% p.a. During the six months ended June 30, 2015 EUR 15,800 of the principal amount of the loan has been repaid, the interest payment has been postponed and nominal interest has been increased to 9.645% p.a.

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

16. RELATED PARTY TRANSACTIONS (CONTINUED)

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

	June 30, 2015	December 31, 2014
Receivables:		
TVN Media Sp. z o.o.	115,082	108,240
nC+	11,531	5,829
Stavka Sp. z o.o.	3,223	1,878
Mango Media	404	247
ITI Group	295	278
Onet	167	14
Veedo	132	103
NTL-Radomsko	68	78
TVN Holding S.A.	20	-
El-Trade	13	13
Tivien	4	4
	130,939	**116,684**
Payables:		
ITI Group	22,282	23,617
TVN Media Sp. z o.o.	9,676	23,367
Tivien	1,246	1,142
Onet	274	261
nC+	182	2,007
El-Trade	31	36
Mango Media	30	-
Stavka Sp. z o.o.	8	115
	33,729	**50,545**

(v) Related party loans

	June 30, 2015	December 31, 2014
Stavka Sp. z o.o.	59,521	57,256
TVN DTH Holdings S.à r.l.	360	-
Mango Media	25,990	19,159
NTL-Radomsko	1,115	470
	86,986	**76,885**

Loans granted to Stavka Sp. z o.o. have total nominal value of 56,956 (December 31, 2014: 56,956), bear interest between 7.5% and 9.1% and mature between September 22, 2014 and July 30, 2017.
Loans granted to Mango Media have nominal value of 24,100 (December 31, 2014: 18 000), bear interest between 6.20% and 7.47% and mature between December 31, 2016 and December 31, 2017.

(vi) Lease commitments with related parties

See Note 15 (ii) for further details.

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

16. RELATED PARTY TRANSACTIONS (CONTINUED)

(vii) Cash pooling liabilities

During the six months ended June 30, 2015 the Company recorded finance cost from cash pooling transactions with TVN Media of 8,184 (during the six months ended June 30, 2014: 6,327). Cash pooling liabilities amount to 351,791 (229,742 at December 31, 2014).

(viii) Other

	Six months ended June 30, 2015	Six months ended June 30, 2014
Guarantee fees from related parties		
TVN Finance Corporation III AB and TVN Finance Corporation II AB	2,804	3,034
nC+	-	258
TVN Media	72	72
	2,876	**3,364**

The Company is a guarantor of the Notes issued by TVN Finance Corporation III AB (see Note 16 (iii).

As of June 30, 2015 the Company issued guarantees in amount of 90,000 relating to the liabilities of TVN Media (December 31, 2014: 90,000).

	Six months ended June 30, 2015	Six months ended June 30, 2014
Guarantee fees to related parties		
TVN Media	(395)	(720)
ITI Holdings	(46)	(121)
Guarantors of the Revolving Credit Facility and the Cash Loan	(45)	(51)
	(486)	**(892)**

As of June 30, 2015 TVN Media issued guarantees in amount of 352,150 relating to the liabilities of the Company (December 31, 2014: 356,394).

The Company's subsidiaries are guarantors of the Revolving Credit Facility and the Cash Loan, as of June 30, 2015 total guarantee amounted to 600,000 (December 31, 2014: 600,000, see Note 11).

Other liabilities and accruals include dividend payable by the Company to ITI Group in the amount of 53,789.

In March 2015 the Company sold to TVN Media internally generated brands for the total amount of 8,970.

17. LONG TERM INCENTIVE PLAN

On November 7, 2013 the Supervisory Board of the Company approved a five year management incentive and retention plan effective January 1, 2014 ("Long Term Incentive Plan", "LTIP", the "Plan"). The Plan has been designed to incentivize management to create short and mid-term value in excess of the shareholders' expectations and to enhance the value from any change of control transaction which might have occurred, and to retain the present management board over the term of the Plan. The Plan is divided into three components:

- Retention component,
- Performance component and
- Transaction component.

The management is entitled to a minimum cash payment of 21,000 (18,900 of which has been allotted) up to a theoretical maximum of 63,000 (56,700 of which has been allotted) in total under the first two components of the Plan. The actual amount paid will depend on continuous employment in the period 2014 – 2018, and exceeding certain short and mid-term performance targets as defined by the Supervisory Board. Any payments under the plan have been limited to the earlier of: i) statutory retirement or death or disability, ii) change of control date, or iii) the end of the Plan term. At the end of each reporting period the liability related to the Plan was estimated based on current expectations towards meeting the performance criteria, with an assumption that the plan would be finalised in 2018, and the respective portion attributable to a particular period was expensed. Staff expenses for the six months ended June 30, 2015 include an expense related to the first two components of the Plan in the total amount of 4,390 (the six months ended June 30, 2014: 2,890, see Note 5).

Under the transaction component of the Plan, management is entitled to an excess transaction value payment in the event of a change of control over the Company within 2014 - 2018. The payment (which is capped at 42,000 for 100% of the component and at 38,700 allotted) will amount to 5% of any excess of the transaction price from the sale of the Company over the "anticipated Company value", which had been established at the inception of the Plan by reference to the fair value of the whole Company, adjusted upwards in each of the years of the Plan. This component of the Plan is classified as a cash-settled share based payment. The liability related to the transaction component is measured at each balance sheet date at fair value. The change in fair value of this liability is recognised in the income statement for the period.

As outlined in Note 1, in March 2015 ITI Group and Canal+ Group jointly entered into agreement to sell their investment in the Company. The change of control transaction was subject to customary conditions precedent including regulatory approvals and was finalized on July 1, 2015. As the transaction is finalized the payments due under the Plan will be accelerated, specifically the performance and transaction components will be measured for the period up to June 30, 2015. In the case of the retention component, the retention period will be shortened to 18 months after the transaction closing date, that is up to December 31, 2016, with retention payments for the entire retention value occurring within 40 days thereafter.

As a result of the acceleration of the payments due under the Plan the Company recognized an additional incremental charge of 15,280 related to the retention and performance components.

17. LONG TERM INCENTIVE PLAN (CONTINUED)

Additionally, taking into account the details of transaction included in the above mentioned agreement, the Company as at June 30, 2015 fair valued the liability related to the transaction component at 36,400 (December 31, 2014: nil). The Company estimates that the entire allotted value of the transaction component of 38,700 will be paid out, the charge recognized for the six months ended June 30, 2015 takes into account the relevant discount factor.

The total incremental Long Term Incentive Plan charge related to the transaction recognized during the six months ended June 30, 2015 amounts to 51,155 (the six months ended June 30, 2014: nil, see Note 5) and is presented in a separate line in the interim condensed separate income statement. The charge related to the transaction recognized during the six months ended June 30, 2015 represents the charge for the entire vesting period, that is the period from the beginning of the Plan (being January 1, 2014) up to the transaction closing date (being July 1, 2015).

18. FINANCIAL RISK MANAGEMENT

18.1 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 Adjusted EBITDA ratio at consolidated level. For the calculation and analysis of the net debt to Adjusted EBITDA ratio please refer to the consolidated financial statements.

18.2 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.

18. FINANCIAL RISK MANAGEMENT (CONTINUED)

There were no changes in the risk management policies since December 31, 2014.

(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 16 (iii)). The Company does not account for the 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 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 ("PLN"). Foreign exchange risk arises mainly from the Company's liabilities in respect of the loans from related parties, 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. Regular and frequent reporting to management is required for all transactions and exposures.

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

18. FINANCIAL RISK MANAGEMENT (CONTINUED)

The estimated result for the period (post-tax) impact on balances as of June 30, 2015 and June 30, 2014 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 98,410 (a loss of 100,524 as of June 30, 2014) and is presented below:

	Six months ended June 30, 2015	**Six months ended June 30, 2014**
Assumed EUR appreciation against PLN:	5%	5%
Liabilities:		
Loans from subsidiaries including accrued interest	(95,592)	(98,025)
Cash Loan	(2,773)	(3,599)
Trade payables	(1,271)	(513)
Other	(653)	(1,217)
Assets:		
Loans to subsidiaries	15	-
Available-for-sale financial assets	1,126	1,368
Cash and cash equivalents	710	1,436
Trade receivables	28	26
	(98,410)	**(100,524)**

The estimated result for the period (post-tax) impact on balances as of June 30, 2015 and June 30, 2014 of a reasonably possible USD appreciation of 5% against the Polish zloty, with all other variables held constant, and without taking into account any derivative financial instruments entered into to mitigate USD fluctuations, on the major USD denominated items in the balance sheet amounts to a loss of 2,207 (a loss of 1,360 as of June 30, 2014).

The profit/ loss for the period impact of possible foreign currency fluctuations is partially limited by derivative instruments entered into by the Company.

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 (see Note 16 (iii)), the loans to subsidiaries (see Note 16 (v)), 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.

18. FINANCIAL RISK MANAGEMENT (CONTINUED)

As of June 30, 2015 the Company had available-for-sale monetary financial assets at carrying value of 27,814 (December 31, 2014: 28,126) which are exposed to fair value risk. The carrying value of these instruments is based on a price quoted by Reuters. If the price as at June 30, 2015 had been 50 b.p. lower/ higher, the other comprehensive loss would have been 107 lower/ higher (December 31, 2014: would have been 109 lower/ higher). Details of available-for-sale financial assets held by the Company are disclosed in Note 8.

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 June 30, 2015, if EURIBOR interest rates had been 50 b.p. higher/ lower with all other variables held constant, the post-tax profit for the period would have been 42 lower/ higher (December 31, 2014: the post-tax profit for the period would have been 50 lower/ higher).

The Company did not consider it cost effective to hedge or otherwise seek to reduce interest rate risk as of June 30, 2015 and as of December 31, 2014.

(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 and guaranteed by the Company, 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 (74% of the total trade receivables as of June 30, 2015) 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)

18. 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)	**June 30, 2015**	**December 31, 2014**
Receivables from other customers	16%	16%
Receivables from related parties	84%	84%
- TVN Media Sp. z o.o	74%	78%
- nC+	7%	4%
- Other related parties	3%	2%
	100%	**100%**

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

Management does not expect any significant losses with respect to amounts included in the trade receivables from non-performance by the Company's customers as at June 30, 2015.

(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 and share buyback, 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, bank deposits with maturity over three months and cash generated from operations will be sufficient to fund these needs. However, if the operating cash flows of the Company are negatively affected by an economic slow-down or clients' financial difficulties the Company will review its cash needs to ensure that its existing obligations can be met for the foreseeable future. As at June 30, 2015 the Company had cash and cash equivalents and bank deposits with maturity over three months totaling 263,687 at its disposal (December 31, 2014: 131,471).

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

18. FINANCIAL RISK MANAGEMENT (CONTINUED)

The table below analyses the Company's non-derivative* 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 repayment options. Balances due within 12 months equal their carrying balances.

	Within 1 year	Between 1-2 years	More than 2 years
At June 30, 2015			
Loans from subsidiaries	196,048	196,048	4,223,654
The Cash Loan	22,724	48,402	-
Trade payables	140,119	13,093	-
Cash pooling liabilities	351,791	-	-
Other liabilities and accruals	153,441	1,968	10,228
Guarantees	97,969	-	-
	962,092	**259,511**	**4,233,882**
At December 31, 2014			
Loans from subsidiaries	204,969	204,969	4,790,926
The Cash Loan	23,459	22,827	37,887
Trade payables	166,814	11,435	-
Cash pooling liabilities	229,742	-	-
Other liabilities and accruals	49,719	1,969	10,228
Guarantees	8,098	90,000	-
	682,801	**331,200**	**4,839,041**

* The Company's derivative financial instruments are in hedge relationships and are due to settle within one year of the balance sheet date. These contracts require undiscounted contractual cash outflows of 150,247 and undiscounted contractual cash inflows of 150,865 (December 31, 2014: undiscounted contractual cash outflows of 113,432 and undiscounted contractual cash inflows of 114,165).

18.3 Fair value estimation

The fair value of foreign exchange forward 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.

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

18. FINANCIAL RISK MANAGEMENT (CONTINUED)

Following fair value measurements were used with respect to financial instruments:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (“Level 1”),
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (“Level 2”),
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (“Level 3”).

	Level 1	Level 2	Level 3	Total
At June 30, 2015				
Assets				
Available-for-sale financial assets	27,814	-	-	27,814
Derivative financial assets				
Foreign exchange forward contracts	-	1,884	-	1,884
	27,814	**1,884**	**-**	**29,698**
Liabilities				
Derivative financial liabilities				
Foreign exchange forward contracts	-	924	-	924
	-	**924**	**-**	**924**
At December 31, 2014				
Assets				
Available-for-sale financial assets	28,126	-	-	28,126
Derivative financial assets				
Foreign exchange forward contracts	-	1,202	-	1,202
	28,126	**1,202**	**-**	**29,328**
Liabilities				
Derivative financial liabilities				
Foreign exchange forward contracts	-	214	-	214
	-	**214**	**-**	**214**

18.4 Consideration of the current economic environment

Macroeconomic risk in both western and eastern Europe remain elevated due to the on-going issues in respect of the common currency and sovereign debt, as well as the recent geopolitical risk in neighboring countries. Management is unable to reliably estimate the effects on the Company’s financial position of the above issues and believes it is taking all the necessary measures to support the sustainability and growth of the Company’s businesses under the current circumstances.

MANAGEMENT REPRESENTATIONS

These interim condensed separate financial statements of TVN S.A. (the "Company") as of and for the three and six months ended June 30, 2015, 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 the three and six months ended June 30, 2015 include: interim condensed separate income statement, interim condensed separate statement of comprehensive income, interim condensed separate balance sheet, interim condensed separate statement of changes in shareholders' equity, interim condensed separate cash flow statement and notes to the interim condensed separate financial statements.

These interim condensed separate financial statements were authorized for issuance by the Management Board of TVN S.A. on August 3, 2015.

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

Warsaw, August 3, 2015

TVN S.A.

Interim Condensed Separate Financial Statements
as of and for the three and six months ended June 30, 2015

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

	Six months ended June 30, 2015	Six months ended June 30, 2014 - restated	Three months ended June 30, 2015	Three months ended June 30, 2014 - restated
Revenue	696,678	680,563	383,957	375,708
Cost of revenue	(466,944)	(452,759)	(242,396)	(231,889)
Selling expenses	(26,167)	(23,505)	(10,539)	(8,558)
General and administration expenses	(62,395)	(62,271)	(31,791)	(30,476)
Other operating income/ (expenses), net	8,529	(556)	(146)	(134)
Dividends and other net distributions from subsidiaries and associates	158,548	120,773	158,548	120,773
Operating profit before incremental costs related to the change of control transaction	**308,249**	**262,245**	**257,633**	**225,424**
Incremental costs related to the change of control transaction	(65,394)	-	(17,345)	-
Operating profit	**242,855**	**262,245**	**240,288**	**225,424**
Interest income	8,826	9,584	4,561	4,665
Finance expense	(112,251)	(128,931)	(57,760)	(58,322)
Foreign exchange gains/ (losses), net	32,731	(9,057)	(60,871)	6,894
Profit before income tax	**172,161**	**133,841**	**126,218**	**178,661**
Income tax (charge)/ credit	(2,146)	2,091	5,382	(7,883)
Profit for the period	**170,015**	**135,932**	**131,600**	**170,778**
Earnings per share (not in thousands)				
- basic	0.50	0.39	0.39	0.49
- diluted	0.50	0.39	0.39	0.49

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

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

	Six months ended June 30, 2015	**Six months ended June 30, 2014 - restated**	**Three months endedJune 30, 2015**	**Three months ended June 30, 2014 - restated**
Profit for the period	**170,015**	**135,932**	**131,600**	**170,778**
Other comprehensive (loss)/ income reclassifiable to income statement when specific conditions are met:				
Cash flow hedge – foreign exchange forward contracts	569	1,269	3,123	(171)
Available for sale financial assets	273	130	(97)	78
Income tax relating to components of other comprehensive income	(160)	(266)	(575)	17
Other comprehensive income for the period, net of tax	682	1,133	2,451	(76)
Total comprehensive income for the period	**170,697**	**137,065**	**134,051**	**170,702**

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)

	As at June 30, 2015	As at December 31, 2014
ASSETS		
Non-current assets		
Property, plant and equipment	343,781	358,390
Goodwill	144,127	144,127
Other intangible assets	48,946	51,582
Non-current programming rights	151,764	152,272
Investments in subsidiaries, associates and joint ventures	4,249,745	4,247,715
Non-current related party loans	82,483	75,504
Deferred tax asset	275,079	275,763
Other non-current assets	192	971
	5,296,117	**5,306,324**
Current assets		
Current programming rights	183,368	220,549
Trade receivables	154,918	138,876
Current related party loans	4,503	1,381
Available-for-sale financial assets	27,814	28,126
Derivative financial assets	1,884	1,202
Prepayments and other assets	186,826	28,302
Bank deposits with maturity over three months	7,529	45,000
Cash and cash equivalents	256,158	86,471
	823,000	**549,907**
TOTAL ASSETS	**6,119,117**	**5,856,231**
EQUITY		
Shareholders' equity		
Share capital	68,050	70,550
Share premium	865,500	865,237
Treasury shares	-	(250,000)
8% obligatory reserve	23,301	23,301
Other reserves	1,251	569
Accumulated profit	2,004,993	2,184,885
	2,963,095	**2,894,542**
LIABILITIES		
Non-current liabilities		
Loans from related parties	2,034,957	2,134,479
Non-current Cash Loan	46,798	58,121
Non-current trade payables	13,093	11,435
Other non-current liabilities	10,720	10,391
	2,105,568	**2,214,426**
Current liabilities		
Current trade payables	140,119	166,814
Derivative financial liabilities	924	214
Current Cash Loan	20,972	21,312
Accrued interest on borrowings	276,745	203,484
Cash pooling liabilities	351,791	229,742
Other liabilities and accruals	259,903	125,697
	1,050,454	**747,263**
Total liabilities	**3,156,022**	**2,961,689**
TOTAL EQUITY AND LIABILITIES	**6,119,117**	**5,856,231**

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

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

	Number of shares (not in thousands)	Share capital	Share Premium	Treasury shares	8% obligatory reserve	Other reserves-other changes	Accumulated Profit	Shareholders' equity
Balance at January 1, 2015	**352,748,308**	**70,550**	**865,237**	**(250,000)**	**23,301**	**569**	**2,184,885**	**2,894,542**
Total comprehensive income for the period	**-**	-	-	-	-	682	170,015	170,697
Share issue cost [(4)]	**-**	-	(38)	-	-	-	-	(38)
Treasury shares cost	**-**	-	(32)	-	-	-	-	(32)
Redemption of treasury shares [(1)]	**(12,500,000)**	(2,500)	333	250,000	-	-	(247,833)	-
Dividend declared [(2)]	**-**	-	-	-	-	-	(102,074)	(102,074)
Balance at June 30, 2015	**340,248,308**	**68,050**	**865,500**	**-**	**23,301**	**1,251**	**2,004,993**	**2,963,095**

(1) During the year ended December 31, 2014, 12,500,000 (not in thousands) shares were purchased by the Company for redemption. The redemption of 12,500,000 (not in thousands) treasury shares was registered by the Court on June 24, 2015.

(2) The dividend declared in 2015 amounted to 0.30 per share (not in thousands) and it was paid on July 3, 2015.

Included in accumulated profit as of June 30, 2015 is an amount of 1,998,831 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).

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

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

	Number of shares (not in thousands)	Share capital	Share Premium	Treasury shares	8% obligatory reserve	Other reserves-employee share option plan	Other reserves-other changes	Accumulated Profit	Shareholders' equity
Balance at January 1, 2014	**346,494,150**	**69,299**	**726,853**	**-**	**23,301**	**70,898**	**(244)**	**2,072,788**	**2,962,895**
Total comprehensive income for the period - restated	-	-	-	-	-	-	1,133	135,932	137,065
Issue of shares [(3)]	3,231,123	646	70,431	-	-	(35,579)	-	-	35,498
Share issue cost [(4)]	-	-	(30)	-	-	-	-	-	(30)
Purchase of treasury shares [(1)]	-	-	-	(100,000)	-	-	-	-	(100,000)
Treasury shares cost	-	-	(140)	-	-	-	-	-	(140)
Balance at June 30, 2014 - restated	**349,725,273**	**69,945**	**797,114**	**(100,000)**	**23,301**	**35,319**	**889**	**2,208,720**	**3,035,288**

(3) During the six months ended June 30, 2014 3,231,123 (not in thousands) of C1, C2, C3, E1, E2, E3 and E4 series shares were issued and fully paid as a result of the exercise of share options granted under the TVN incentive schemes. The TVN incentive schemes expired on December 31, 2014.

(4) Costs related to service of the TVN incentive schemes.

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

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

	Six months ended June 30, 2015	Six months ended June 30, 2014
Operating activities		
Cash generated from operations	144,691	191,789
Tax refunded	-	5,683
Net cash generated from operating activities	**144,691**	**197,472**
Investing activities		
Distribution received from subsidiaries	-	7,958
Investments in subsidiary	(2,030)	-
Payments to acquire property, plant and equipment	(15,662)	(26,175)
Proceeds from sale of property, plant and equipment	483	1,086
Payments to acquire intangible assets	(6,634)	(4,029)
Proceeds from the Available-for-sale financial assets	-	8,778
Loans granted to subsidiary	(7,066)	(250)
Proceeds from the loan granted to subsidiary	-	51
Bank deposits with maturity over three months	37,471	(14,200)
Dividend received	523	500
Interest received	2,670	2,909
Net cash generated by/ (used in) investing activities	**9,755**	**(23,372)**
Financing activities		
Issue of shares, net of issue cost	-	35,468
Purchase of treasury shares, including costs	-	(100,140)
Cash pooling with TVN Media	122,049	115,181
Repayment of the Cash Loan	(10,272)	(10,516)
Bank charges	(2,956)	(3,491)
Repayment of the loan from subsidiary	(65,728)	(199,744)
Interest paid	(28,849)	(35,725)
Net cash generated by/ (used in) financing activities	**14,244**	**(198,967)**
Increase/ (decrease) in cash and cash equivalents	**168,690**	**(24,867)**
Cash and cash equivalents at the start of the period	86,471	99,177
Effects of exchange rates changes	997	420
Cash and cash equivalents at the end of the period	**256,158**	**74,730**

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

1. GENERAL INFORMATION

These interim condensed separate financial statements were authorized for issuance by the Management Board and the Supervisory Board of TVN S.A. on August 3, 2015.

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 166 Wiertnicza Street, 02-952 Warsaw, Poland.

As at June 30, 2015 the Company was a 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. A significant non-controlling stake in the Company was held indirectly by Groupe Canal+ S.A. ("Canal+ Group").

In October 2014 ITI Group and Canal+ Group announced their intent to jointly review their strategic options in connection with the possible disposal of their joint investment in the Company (the "change of control transaction"). In connection with this announcement, the Company has appointed financial and legal advisors to support the Company during this process, and has also agreed to manage and finance the conducting of various due diligence processes (see Note 5 for expenses incurred by the Company).

In March 2015 ITI Group and Canal+ Group jointly entered into agreement to sell 100% of share capital of N-Vision B.V. to Southbank Media Ltd. ("Southbank Media"). ITI Group and Canal+ Group co-owned N-Vision B.V., N-Vision B.V. is the sole shareholder of Polish Television Holding B.V. and Polish Television Holding B.V. is a majority shareholder of the Company (see Note 9). Southbank Media has its seat in London and is a part of Scripps Networks Interactive, Inc. ("SNI"). The transaction was subject to customary conditions precedent including regulatory approvals.

The transaction was finalized on July 1, 2015 after relevant regulatory approvals were received. SNI paid all-cash consideration of EUR 584 million for 100% of shares in N-Vision B.V. which directly and indirectly through Polish Television Holding B.V. held approximately 52.7% interest in the Company. SNI assumed both the debt on level of Polish Television Holding B.V. and the Group of EUR 300 million and EUR 540 million nominal value, respectively.

Under Polish law SNI is required to launch a public tender offer to increase its ownership interest in the Company up to 66%, within three months of closing on the initial purchase. On July 6, 2015 SNI launched a public tender offer to acquire 100% of the Company and delist it from the Warsaw Stock Exchange. The price for the offer was set at 20 (not in thousands) per share.

SNI is one of the leading developers of engaging lifestyle content in the home, food and travel categories for television, the Internet and emerging platforms. The company's lifestyle media portfolio comprises popular television and Internet brands HGTV, DIY Network, Food Network, Cooking Channel, Travel Channel and Great American Country, which collectively reach more than 190 million consumers each month. Companion websites complement on-air programming with video and social media that inform and inspire. The company's global networks reach millions of consumers across North and South America, Asia, Europe, the Middle East and Africa. SNI is ultimately jointly controlled by the members of the Scripps family and is headquartered in Knoxville, USA.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company together with its subsidiaries (the Group) is the leading integrated Polish media group, active in television broadcasting and production, as well as teleshopping. The Company operates ten television channels in Poland: TVN, TVN 7, TVN 24, TVN Meteo Active, TVN Turbo, iTVN, TVN Style, TVN 24 Biznes i Świat, iTVN Extra and TVN Fabuła 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 (through its subsidiary TVN DTH Holdings) together with 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.

These interim condensed separate financial statements should be read in conjunction with the interim condensed separate financial statements as of and for the six months ended June 30, 2015 included in the interim report.

Advertising and sponsoring sales in Poland tend to be lowest during the third quarter of each calendar year, which includes the summer holiday period, and highest during the fourth quarter of each calendar year. Revenue from subscription fees tends to be evenly spread between the quarters.

2.1. 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 six months ended June 30, 2015 are consistent with those used in the interim condensed separate financial statements as of and for the six months ended June 30, 2015.

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

The most recent annual full separate financial statements of the Company were prepared and audited as of and for the year ended December 31, 2014. The separate financial statements as of and for the year ended December 31, 2014 fully disclose the accounting policies applied by the Company

Comparative condensed separate income statement, statement of other comprehensive income and statement of changes in equity for the six months ended June 30, 2014 were restated to reflect the dividend income from a wholly owned subsidiary TVN Media, declared on June 30, 2014 which was previously recognized in the third quarter of the year ended December 31, 2014. As a result Dividends and other net distributions from subsidiaries and associates for the six months ended June 30, 2014 and Prepayments and other assets as at June 30, 2014 were increased by PLN 118,808 as compared to amounts previously reported. This adjustment does not impact the balance sheet at 1 January 2014 therefore the third balance sheet is not presented. The adjustment has no impact on the condensed consolidated financial statements for the six months ended June 30, 2014 and on the consolidated and separate financial statements for the year ended December 31, 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These interim condensed separate financial statements should be read together with the interim condensed consolidated financial statements in order to obtain full information on the financial position, results of operations and changes in financial position of the Group as a whole. The interim condensed consolidated financial statements as of and for the six months ended June 30, 2015 are published together with these interim condensed separate financial statements on http://investor.tvn.pl.