

POLISH TELEVISION HOLDING B.V.

**Interim Report including
Unaudited Interim Condensed Separate Financial Statements
For the nine months ended 30 September 2011**

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Company Information

1. Principal activity

Polish Television Holding B.V. (the “Company”) is a holding company whose main investment is shares in TVN S.A. (“TVN”), Warsaw. TVN (and collectively with all of TVN’s subsidiaries, referred to as “TVN Group”) is Poland’s leading commercial television broadcaster operating ten television channels in Poland: TVN, TVN 7, TVN 24, TVN CNBC, TVN Meteo, TVN Turbo, ITVN, TVN Style, NTL Radomsko, Telezakupy Mango 24. The TVN Group’s channels broadcast news, information and entertainment shows, serials and movies.

TVN also owns Grupa Onet S.A. (“Onet”), which operates the largest and the most popular internet portal in Poland. Onet is the internet leader in Poland in core content: news, life-style, sport, business, finance, media, culture and entertainment. Onet is also the leader in services, including blogs (blog.onet.pl), dating (www.sympatia.pl), internet TV (www.onet.tv), search and location finding services (www.zumi.pl) and mobile web (www.onetlajt.pl).

TVN is also the owner of ITI Neovision Sp. z o.o., operator of the digital platform “n”, which is mainly engaged in direct-to-home distribution of technologically advanced pay television services and generates revenue mainly from program subscription.

On 24 November 2010 the Company changed its name from Strateurop International B.V. to Polish Television Holding B.V.

The Company is a wholly owned subsidiary of the ITI Group, comprising companies whose principal activities are television broadcasting and production, online, DTH pay TV, entertainment and investment holding. The ITI Group’s parent company is International Trading and Investments Holdings S.A., Luxembourg (“ITI Holdings”) which prepares its consolidated financial statements in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union.

2. Registered Office

POLISH TELEVISION HOLDING B.V.
De Boelelaan 7
1083 HJ Amsterdam
The Netherlands

3. Auditors

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

4. Bankers

ABN – Amro Bank (Nederland) N.V.
P.O. Box 941
1000 AX Amsterdam
The Netherlands

ING Bank Śląski S.A.
Pl. Trzech Krzyży 10/14
00-499 Warsaw
Poland

The Bank of New York Mellon, London Branch
One Canada Square
E14 5AL London, UK

5. Direct subsidiaries

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

6. Indirect subsidiaries

Television Broadcasting and Production

- Tivien Sp. z o.o.
ul. Augustówka 3
02-981 Warsaw
- Thema Film Sp. z o.o.
ul. Powsińska 4
02-920 Warsaw
- El-Trade Sp. z o.o.
ul. Wiertnicza 166
02-952 Warsaw
- NTL Radomsko Sp. z o.o.
ul. 11 Listopada 2
97-500 Radomsko

DTH pay TV

- ITI Neovision Sp. z o.o.
ul. Kłobucka 23
02-699 Warsaw
- Neovision UK Ltd.
5 New Street Square
London EC4A 3TW, UK
- Cyfrowy Dom Sp. z o.o.
ul. Kłobucka 23
02-699 Warsaw

Online

- Grupa Onet.pl S.A.
ul. G. Zapolskiej 44
30-126 Cracow
- Media Entertainment Ventures
International Limited
Palazzo Pietro Stiges 90, Strait Street
Valetta VLT 1436, Malta
- DreamLab Onet.pl Sp. z o.o.
ul. G. Zapolskiej 44
30-126 Cracow
- Sun Web Sp. z o.o.
ul. G. Zapolskiej 44
30-126 Cracow

Teleshopping

- Mango Media Sp. z o.o.
ul. Hutnicza 59
81-061 Gdynia

Corporate

- Grupa Onet Poland Holding B.V.
De Boelelaan 7
NL-1083 Amsterdam
The Netherlands
- DTH Poland Holding Coöperatief U.A.
De Boelelaan 7
NL-1083 Amsterdam
The Netherlands

- TVN Finance Corporation III AB
Stureplan 4 c 4 tr
114 35 Stockholm, Sweden
- TVN Finance Corporation II AB
Stureplan 4 c 4 tr
114 35 Stockholm, Sweden
- TVN Finance Corporation plc
in member's voluntary liquidation
One London Wall
London EC2Y 5EB, UK
- TVN Holding S.A.
ul. Wiertnicza 166
02-952 Warszawa

7. Indirect joint ventures

- MGM Channel Poland Ltd.
72 New Cavendish Street
London W1G 8AU, UK
- Polski Operator Telewizyjny Sp. z o.o.
ul. Huculska 6
00-730 Warsaw

8. Indirect associates

- Polskie Badania Internetu Sp. z o.o.
Al. Jerozolimskie 65/79
00-697 Warsaw
- Stavka Sp. z o.o.
ul. Ordynacka 14/5
00-358 Warszawa
- Film Miasto Sp. z o.o.
ul. Puławska 182
02-670 Warsaw

9. Management Board

Duma Corporate Services B.V.
De Boelelaan 7
1083 HJ Amsterdam
The Netherlands

**Management's discussion and analysis of financial
condition and results of operations**

Overview

The Company is a holding company whose principal investment is the investment in 180,355,430 ordinary shares of TVN S.A. ("TVN"), representing approximately 52.46% of TVN's outstanding shares as of 30 September 2011. On 19 November 2010 the Company issued 260,000 Secured Notes ("Secured Notes") with an annual interest rate of 11.25%. Further to provisions of the governing indenture ("Indenture"), from 15 November 2014 this rate will be increased by 2% until maturity date. The Secured Notes were released at a purchase price of 97.5% for a total consideration of 253,500, pay interest semi-annually (on 15 May and 15 November) beginning 15 May 2011 and mature on 15 May 2017. The Secured Notes are collateralized with registered shares representing a 51.46% controlling stake in TVN S.A. (not in thousands: 176,855,430 ordinary shares), which are not admitted to trading on the Warsaw Stock Exchange and cash held in a cash collateral account.

The Company applies in its statements the fair market value approach by referring to the traded share price of TVN shares on the Warsaw Stock Exchange. Given the different nature of the collateral shares (registered) and the package being a controlling stake in TVN, the fair market value may not reflect the full value of the collateral.

Results of operations

Nine months ended 30 September 2011 compared to nine months ended 30 September 2010

The Company's results are driven by the changes in fair value of TVN shares, which are listed on the Warsaw Stock Exchange and the dividends received thereon. During the nine months ended 30 September 2011 the fair value of the Company's holding in TVN shares decreased by 192,446 from 778,748 as of 31 December 2010 to 586,302 as of 30 September 2011. The decrease arose solely from the change in market value of TVN shares. The dividend income from TVN amounted to 1,809 and 14,029 during the nine months ended 30 September 2011 and 30 September 2010 respectively. The reduction was a result of PLN 0.04 (not in thousands) dividend per share awarded this year as compared to PLN 0.31 (not in thousands) dividend per share distributed last year. TVN has a dividend policy to pay between 30% to 50% of its annual net profit as dividend, depending on TVN's cash availability, debt covenants and statutory distributable reserves.

The Company recorded finance expense, net in the amount of 24,521 for the nine months ended 30 September 2011 compared to finance expense, net in the amount of 233 for the nine months ended 30 September 2010. The primary reason for the income decrease was a decline in finance income, due to no interest income recorded on loans to related parties during the nine months ended 30 September 2011, compared to 4,978 interest earned during the nine months ended 30 September 2010 as well as due to no interest income on available for sale financial assets recorded during the nine months ended 30 September 2011, compared to 3,347 interest income on available for sale financial assets earned during the nine months ended 30 September 2010. Further to this, during the nine months ended 30 September 2010 the Company recorded 4,846 income on the sale of part of an investment in TVN 2017 Notes. No such income was derived in the nine months ended 30 September 2011. In addition, in the nine months ended 30 September 2011 there was a significant increase in finance costs, attributable to the growth in interest expenses relating to Secured Notes (21,938) as compared with interest costs borne on the 320,000 Facility (9,150). Despite lower nominal value of the Secured Notes, the applicable interest rate (11.25%) is substantially higher than that of the former debt instrument (4.50%).

Polish Television Holding B.V.

Management's Discussion and Analysis

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(Expressed in EURO, all amounts in thousands unless stated otherwise)

Liquidity and capital resources

Nine months ended 30 September 2011 compared to nine months ended 30 September 2010

The Company does not conduct any operating activity of its own and therefore relies (i) on its own cash holdings and (ii) dividend income from TVN.

As of 30 September 2011 the Company held a cash balance of 43,109 in a restricted bank account, established to ensure debt service on the Secured Notes. As of 30 September 2010 the Company maintained a cash balance of 14,880 in restricted accounts for debt service on the 320,000 Facility. Accordingly, we set forth below a discussion of the stand-alone cash flows of the Company.

The table below summarizes our cash flows for each of the nine month periods ended 30 September 2010 and 2011:

	Nine months ended 30 September	
	2011	2010
Net cash used in operating activities	(1,062)	(3,189)
Net cash generated from investing activities	1,843	90,908
Net cash used in financing activities	(1,539)	(87,715)
(Decrease)/increase in cash and cash equivalents	(758)	4

Net cash used in operating activities

Net cash used in operating activities includes cash used in operations and also reflects VAT paid. Net cash used in operating activities during the nine months ended 30 September 2011 amounted to (1,062) and mainly resulted from the settlement of liabilities. Net cash used in operating activities during the nine months ended 30 September 2010 amounted to (3,189) and mainly resulted from an increase in receivables from related parties.

Net cash generated by investing activities

Net cash generated from investing activities amounted to 1,843 in the nine months ended 30 September 2011, compared to 90,908 in the nine months ended 30 September 2010. The decrease in net cash generated from investing activities during the nine months ended 30 September 2011 was due to lower dividends received from TVN in comparison with the nine months ended 30 September 2010 and due to proceeds from sale of TVN 2017 Notes received during the period ended 30 September 2010.

Net cash used in financing activities

During the nine months ended 30 September 2011 the amount of cash used in financing activities was (1,539), compared to (87,715) used during the nine months ended 30 September 2010. The net cash used in financing activities during the nine months ended 30 September 2011 reflects settlement of interest on the Secured Notes, net of restricted cash used for the above settlement. Net cash used in financing activities during the nine months ended 30 September 2010 represents interest settlement on the 320,000 Facility and partial repayment of the 320,000 Facility, for which part of the funds was raised via sale of TVN 2017 Notes.

Liquidity position of the Company on a stand-alone basis

The Company maintains sufficient cash to meet its interest payment obligations as they become due and its management regularly monitors expected cash flows. The Company believes that its cash balances, including restricted cash, and cash distributions from TVN that it expects to obtain will be sufficient to fund these needs. However, if the operating cash flows of the TVN Group are negatively affected by a prolonged economic slow-down or financial difficulties of the TVN's customers, or if the TVN Group's net distributable profits are negatively affected by movement in foreign exchange rates, or if there is a change in TVN's dividend policy or ability to distribute dividends under the indentures relating to the TVN 2017 Notes or the TVN 2018 Notes, the Company may not have sufficient cash or, at a minimum, would need to review its cash needs to ensure that its existing obligations can be met for the foreseeable future.

As at 30 September 2011, on a stand-alone basis, the Company had cash and cash equivalents of 364 and restricted cash in the amount of 43,109 compared to 1,122 and 55,875 as at 31 December 2010. The restricted cash is held as a reserve for payment of interest and charges due on the Secured Notes.

Financing activities***Nine months ended 30 September 2011 compared to nine months ended 30 September 2010***

The Company's sole debt is the Secured Notes. These notes had been issued on 19 November 2010 in the nominal amount of 260,000. They are collateralized with 176,855,430 (not in thousands) registered TVN shares. The interest rate on the notes is fixed and interest is paid semi annually.

Off-balance sheet arrangements

As of 30 September 2011 the Company had no off-balance sheet liabilities.

Contractual obligations and commercial commitments

As of 30 September 2011 the Company had no contractual obligations and commercial commitments other than in connection with the Secured Notes and the related Indenture, which imposes certain restrictions on the Company's activities.

Share buyback program

There has been no share buyback program launched by the Company during the nine months ended 30 September 2011 and 30 September 2010.

Significant accounting policies

These significant accounting policies are not intended to be a comprehensive list of all of the Company's accounting policies. In many cases, the accounting treatment of a particular transaction is specifically dictated by IFRS, with no need for management's judgment in their application. There are also areas in which the exercise of management's judgment in selecting an available alternative would not produce a materially different result.

Consolidation

As of 30 September 2011 the Company owns 52.46% of the issued and outstanding shares in TVN and consolidates this subsidiary in accordance with the International Financial Reporting Standards adopted by the EU. This document relates to the standalone position and operations of the Company and therefore the consolidated financial statements are not discussed herein. It should be read in conjunction with the interim consolidated financial statements.

Reclassification of intercompany loans

On 30 September 2010, the Company signed amendments to its loan agreements with ITI Holdings S.A., ITI Media Group Ltd. ("ITI Media Group") and N-Vision B.V. It was agreed that the repayment date of loan facilities will be extended until 31 December 2020 and the Borrowers, at their discretion, may accelerate or extend the repayment of both principal and interest for an additional term commencing upon the expiration of the original term. As a result of such amendment, these instruments are presented as equity instruments, which decrease the equity shown in the Company's financial statements as of 30 September 2011 and 31 December 2010. Following the reclassification of the above loans to equity, from 1 October 2010 interest income from these loans is no longer recognized.

New accounting pronouncements

New accounting pronouncements are described in detail in the notes to the financial statements.

Quantitative and qualitative disclosure relating to market risks

On a stand-alone basis, the Company is exposed to the foreign currency risk, in that depreciation of Polish zloty reduces the net income of the TVN Group and consequently the base for dividends distributable to the Company. This in turn affects the Company's ability to service the interest payments on the Secured Notes.

Management expectations

The Company does not conduct any operating activity other than investment holding and debt servicing. It is expected that future dividends on investment held together with cash restricted for servicing interest will be sufficient to satisfy the Company's ongoing obligations.

Ownership structure

The Company is directly owned by ITI Media Group Ltd. (55.06 %) and N-Vision B.V (44.94 %).

Polish Television Holding B.V.

Approval of Financial Statements

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(Expressed in EURO, all amounts in thousands unless stated otherwise)

Approval of the Unaudited Interim Condensed Separate Financial Statements

These Unaudited Interim Condensed Financial Statements as of and for the nine month period ended 30 September 2011 comprising: interim condensed separate statement of comprehensive income, interim condensed separate statement of financial position, interim condensed separate statement of changes in shareholders' equity, interim condensed separate statement of cash flows and accompanying notes have been prepared in accordance with IFRS as adopted by EU and are not audited.

On behalf of the Management Board of Polish Television Holding B.V.

Duma Corporate Services B.V.
Amsterdam, 10 November 2011

Polish Television Holding B.V.**Unaudited Interim Condensed Separate Statement of Comprehensive Income**

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(Expressed in EURO, all amounts in thousands unless stated otherwise)

	Note	Nine months ended 30 September 2011	Nine months ended 30 September 2010
Fair value (losses)/gains		(192,446)	16,955
Dividend income		1,809	14,029
Total operating (expense)/income		(190,637)	177,984
Consulting fee		(205)	(205)
Operating (loss)/profit		(190,842)	177,779
Finance income		93	13,750
Finance costs	3	(24,614)	(13,983)
(Loss)/profit before tax		(215,363)	177,546
Tax expense		-	(2)
(Loss)/profit for the period		(215,363)	177,544
Other comprehensive income for the period		-	-
Total comprehensive (expense)/income for the period		(215,363)	177,544

The accompanying notes are an integral part of these
Unaudited Interim Condensed Separate Financial Statements.

Polish Television Holding B.V.**Unaudited Interim Condensed Separate Statement of Financial Position**

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(Expressed in EURO, all amounts in thousands unless otherwise stated)

	Note	<u>30 September 2011</u>	<u>31 December 2010</u>
ASSETS			
Non-current assets			
Investment – financial assets at fair value through profit or loss	2	586,302	778,748
Restricted cash	4	14,159	26,950
		<u>600,461</u>	<u>805,698</u>
Current assets			
Tax receivable		785	785
Cash and cash equivalents	4	364	1,122
Restricted cash	4	28,950	28,925
		<u>30,099</u>	<u>30,832</u>
TOTAL ASSETS		<u>630,560</u>	<u>836,530</u>
SHAREHOLDERS' EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		1,849	1,849
Share premium		533,707	533,707
Other equity instruments		(248,544)	(248,544)
Accumulated profits		88,820	304,183
		<u>375,832</u>	<u>591,195</u>
Non-current liabilities			
Borrowings due to related parties		-	6
Borrowings due to third parties		243,750	241,103
		<u>243,750</u>	<u>241,109</u>
Current liabilities			
Liabilities due to third parties		9	554
Accrued interest on borrowings		10,969	3,331
Other liabilities and accruals		-	341
		<u>10,978</u>	<u>4,226</u>
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		<u>630,560</u>	<u>836,530</u>

The accompanying notes are an integral part of these
Unaudited Interim Condensed Separate Financial Statements.

Polish Television Holding B.V.**Unaudited Interim Condensed Separate Statement of Changes in Shareholders' Equity**

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(Expressed in EURO, all amounts in thousands unless otherwise stated)

	Number of shares issued (not in thousands)	Share capital	Share premium	Other equity instruments	Accumulated profits	Total
Balance at 1 January 2010	1,849,105	1,849	533,707	-	146,893	682,449
Other equity instruments	-	-	-	(248,544)	-	(248,544)
Total comprehensive income for the period	-	-	-	-	177,544	177,544
Balance at 30 September 2010	1,849,105	1,849	533,707	(248,544)	324,437	611,449
Balance at 1 January 2011	1,849,105	1,849	533,707	(248,544)	304,183	591,195
Total comprehensive loss for the period	-	-	-	-	(215,363)	(215,363)
Balance at 30 September 2011	1,849,105	1,849	533,707	(248,544)	88,820	375,832

The accompanying notes are an integral part of these
Unaudited Interim Condensed Separate Financial Statements.

Polish Television Holding B.V.**Unaudited Interim Condensed Separate Statement of Cash Flows**

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(Expressed in EURO, all amounts in thousands unless otherwise stated)

	Nine months ended 30 September 2011	Nine months ended 30 September 2010
(Loss)/profit before tax	(215,363)	177,546
Adjustments for:		
Fair value losses/(gains) on equity investment	192,446	(163,955)
Finance costs, net	24,521	233
Dividend income	(1,809)	(14,029)
Taxation paid	-	(785)
Increase in trade receivables	-	(2,547)
(Decrease)/increase in creditors	(857)	348
Net cash flow used in operating activities	(1,062)	(3,189)
Investing activities		
Dividends received from subsidiaries	1,838	13,753
Loans advanced to related parties	-	100
Transaction costs – sale of TVN 2017 Notes	-	(2,432)
Interest received	5	1,707
Proceeds from sale of TVN 2017 Notes	-	77,350
FV gain on foreign exchange forwards	-	430
Net cash flow generated from investing activities	1,843	90,908
Net cash inflow before financing	781	87,719
Financing activities		
Bank charges	(5)	(199)
Long-term loans repaid	-	(80,000)
Fees related to 320,000 Facility	-	(5,472)
Interest paid	(14,300)	(6,690)
Decrease in restricted cash	12,766	4,646
Net cash flow used in financing activities	(1,539)	(87,715)
(Decrease)/increase in cash and cash equivalents	(758)	4
Movement in cash and cash equivalents		
At beginning of the period	1,122	192
(Decrease)/increase	(758)	4
At end of the period	364	196

The accompanying notes are an integral part of these
Unaudited Interim Condensed Separate Financial Statements.

1. Accounting policies**Basis of preparation**

These unaudited interim condensed separate financial statements of the Company are prepared on a going concern basis and in accordance with International Accounting Standard 34 "Interim Financial Reporting". The accounting policies used in the preparation of the unaudited interim condensed consolidated financial statements as of and for the nine months ended 30 September 2011 are consistent with those used in the annual separate financial statements for the year ended 31 December 2010 except for new accounting policies described below and interpretations which became effective as of 1 January 2011.

These unaudited interim condensed separate financial statements should be read in conjunction with the audited annual separate and consolidated financial statements for the year ended 31 December 2010.

Comparatives

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

In 2011 the Company adopted:

- (i) *Amendment to IFRS 1 Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters*

The amendment did not affect the Company's separate financial statements.

- (ii) *IFRS Improvements 2010*

The International Accounting Standards Board issued "IFRS Improvements", which amend six standards and one interpretation. The amendments include changes in scope, presentation, disclosure, recognition and valuation and include terminology and editorial changes. The amendments did not have a significant impact on the Company's separate financial statements.

- (iii) *Amendment to IAS 32 Classification of Rights Issues*

The amendment clarifies the classification of instruments that give the holders the right to acquire an entity's own equity instruments at a fixed price (rights issues) when that price is stated in a currency other than the entity's functional currency. The amendment did not affect the Company's separate financial statements.

- (iv) *IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments*

The interpretation addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. It does not address accounting by the creditor. The interpretation did not affect the Company's separate financial statements.

- (v) *Revised IAS 24 Related Party Disclosures*

The revised standard simplifies the definition of a related party, clarifies its intended meaning, eliminates inconsistencies from the definition and provides a partial exemption from the disclosure requirements for government-related entities. The revised standard did not have a significant impact on the Company's separate financial statements; the Company has not identified any new related parties under the new definition of a related party.

1. Accounting policies (continued)*(vi) Amendment to IFRIC 14 Prepayments of a Minimum Funding Requirement*

The amendment removes an unintended consequence arising from the treatment of prepayments of future contributions in some circumstances when there is a minimum funding requirement. The amendment applies in limited circumstances:

- when an entity is subject to minimum funding requirements, and
- makes an early payment of contributions to cover those requirements.

The amendment permits such an entity to treat the benefit of such an early payment as an asset. The amendment did not affect the Company's separate financial statements.

New Accounting Standards and IFRIC pronouncements

Certain new accounting standards, amendments to standards and International Financial Reporting Interpretations Committee ("IFRIC") interpretations have been published by IASB since the publication of the annual separate and consolidated financial statements that are mandatory for accounting periods beginning on or after 1 January 2012. The Company's assessment of the impact of these new standards, amendments to standards and IFRIC interpretations on the Company's separate financial statements is set out below.

(i) IFRS 10 Consolidated Financial Statements

The standard was published on 12 May 2011 and it establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. The standard supersedes IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation - Special Purpose Entities. The standard requires an entity that is a parent to present consolidated financial statements; a limited exemption is available to some entities. The standard defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. The standard also sets out the accounting requirements for the preparation of consolidated financial statements. The standard applies for annual periods beginning on or after 1 January 2013. The standard will not have significant impact on the Company's separate financial statements.

(ii) IFRS 11 Joint Arrangements

The standard was published on 12 May 2011 and it establishes principles for financial reporting by parties to a joint arrangement. The standard supersedes IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities - Non-Monetary Contributions by Venturers. The standard requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement. The standard classifies joint arrangements into two types – joint operations and joint ventures and establishes different principles for financial reporting for each type of joint arrangement. The standard applies for annual periods beginning on or after 1 January 2013. The standard will not have significant impact on the Company's separate financial statements.

1. Accounting policies (continued)*(iii) IFRS 12 Disclosure of Interests in Other Entities*

The standard was published on 12 May 2011 and it applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. The standard requires an entity to disclose information that enables users of financial statements to evaluate:

- the nature of, and risks associated with, its interests in other entities;
- the effects of those interests on its financial position, financial performance and cash flows.

The standard applies for annual periods beginning on or after 1 January 2013. The standard will not have significant impact on the Company's separate financial statements.

(iv) IFRS 13 Fair Value Measurement

The standard was published on 12 May 2011. The standard:

- defines fair value;
- sets out in a single standard a framework for measuring fair value;
- requires disclosures about fair value measurements.

The standard applies to IFRSs that require or permit fair value measurements or disclosures about fair value measurements. The standard applies for annual periods beginning on or after 1 January 2013. The standard will not have significant impact on the Company's separate financial statements.

(v) Amended IAS 27 Separate Financial Statements

The amended standard was published on 12 May 2011 and it contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The amended standard requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9 Financial Instruments. The amended standard applies for annual periods beginning on or after 1 January 2013. The amended standard will not affect the Company's separate financial statements.

(vi) Amended IAS 28 Investments in Associates and Joint Ventures

The standard was published on 12 May 2011 and it prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The standard applies for annual periods beginning on or after 1 January 2013. Along with adoption of this amended standard the Company will have to change its accounting policy on joint ventures, as the proportionate consolidation will no longer be permitted. As the Company is not a party to any significant joint ventures the amended standard will not have significant impact on the Company's separate financial statements.

(vii) Amendments to IAS 19 Employee Benefits

The amendments were published on 16 June 2011 and they improve the accounting for pensions and other post-employment benefits. The amendments apply for annual periods beginning on or after 1 January 2013. The amendments will not affect the Company's separate financial statements.

(Expressed in EURO, all amounts in thousands unless otherwise stated)**1. Accounting policies (continued)***(viii) Amendments to IAS 1 Presentation of Items of Other Comprehensive Income*

The amendments were published on 16 June 2011 and they require entities to group together items within other comprehensive income that may be reclassified to the profit or loss section of the income statement. The amendments also reaffirm existing requirements that items in other comprehensive income and profit or loss should be presented as either a single statement or two consecutive statements. The amendments apply for annual periods beginning on or after 1 July 2012. The amendments will not have significant impact on the Company's separate financial statements.

(ix) IFRIC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine

The interpretation was published on 19 October 2011 and it applies for annual periods beginning on or after 1 January 2013. The interpretation will not affect the Company's separate financial statements.

The following standards and amendments to standards are applicable in future and were discussed in the Company's separate financial statements for the year ended 31 December 2010:

- *Amendments to IFRS 7 Disclosures – Transfers of Financial Assets*
- *IFRS 9 Financial Instruments*
- *Amendments to IFRS 1 Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
- *Amendments to IAS 12 Deferred Tax: Recovery of Underlying Assets*

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

- *Amendments to IFRS 7 Disclosures – Transfers of Financial Assets*
- *IFRS 9 Financial Instruments*
- *Amendments to IFRS 1 Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
- *Amendments to IAS 12 Deferred Tax: Recovery of Underlying Assets*
- *IFRS 10 Consolidated Financial Statements*
- *IFRS 11 Joint Arrangements*
- *IFRS 12 Disclosure of Interests in Other Entities*
- *IFRS 13 Fair Value Measurement*
- *Amended IAS 27 Separate Financial Statements*
- *Amended IAS 28 Investments in Associates and Joint Ventures*
- *Amendments to IAS 19 Employee Benefits*
- *Amendments to IAS 1 Presentation of Items of Other Comprehensive Income*
- *IFRIC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine*

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(Expressed in EURO, all amounts in thousands unless otherwise stated)

2. Investments in subsidiaries

The Company had the following direct investments in subsidiaries, which are carried at fair value through profit or loss:

Name of Company	Country of incorporation	30 September 2011 Number of shares (not in thousands)	30 September 2011 % of ownership interest	31 December 2010 Number of shares (not in thousands)	31 December 2010 % of ownership interest
TVN S.A.	Poland	180,355,430	52.46%	180,355,430	52.68%

The change in % of ownership interest is entirely due to the stock option plan (key employee incentive scheme) carried out by TVN S.A. When options granted by TVN S.A. are exercised, TVN S.A. issues ordinary shares and as a consequence the Company's ownership percentage in TVN S.A. becomes diluted.

The movements in the value in respect of these investments were as follows:

	Nine months ended 30 September 2011	Nine months ended 30 September 2010
At the beginning of the period	778,748	627,349
Fair value (loss)/gain	(192,446)	159,303
Net book amount at the end of the period	586,302	786,652

The bearer shares of TVN S.A. are quoted on the Warsaw Stock Exchange, whilst the ownership interest of 52.46% is in unquoted registered shares. For the purposes of the valuation in these financial statements, the value of investments in subsidiaries was based on quotations of TVN S.A. bearer shares on the Warsaw Stock Exchange as at 30 September 2011, and amounted to 586,302 (778,748 as at 31 December 2010) (level 1 under IFRS 7 – quoted prices in active markets).

The summarized financial information of subsidiaries comprise the TVN Group's consolidated data:

	30 September 2011	31 December 2010
Assets	1,138,488	1,310,881
Liabilities	931,404	998,105
	Nine months ended 30 September 2011	Nine months ended 30 September 2010
Revenues	465,536	434,840
(Loss)/profit for the period	(82,016)	7,510

The PLN/EUR exchange rate as at 30 September 2011 amounted to 4.4112 (as at 31 December 2010: 3.9603). The average PLN/EUR exchange rate for the nine months ended 30 September 2011 amounted to 4.0211 (for the nine months ended 30 September 2010: 4.0023).

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(Expressed in EURO, all amounts in thousands unless otherwise stated)

3. Finance costs

	<u>Nine months ended 30 September 2011</u>	<u>Nine months ended 30 September 2010</u>
Foreign exchange losses	(24)	(317)
Bank charges	(5)	(199)
Interest on bank loans	-	(9,150)
Interest on Secured Notes	(21,938)	-
Amortisation and write-off of issuance costs related to bank loans and Secured Notes	(2,647)	(4,317)
	<u>(24,614)</u>	<u>(13,983)</u>

4. Cash and cash equivalents

	<u>30 September 2011</u>	<u>31 December 2010</u>
Cash and cash equivalents	364	1,122
Current portion of restricted cash	28,950	28,925
Non-current portion of restricted cash	14,159	26,950
	<u>43,473</u>	<u>56,997</u>

The restricted cash is held for interest payments relating to the Secured Notes issued by the Company on 19 November 2010. The level of restricted cash is defined in the Indenture governing the Secured Notes.

5. Non-current borrowings from third parties

	<u>30 September 2011</u>	<u>31 December 2010</u>
Borrowings due to third parties	243,750	241,103
Accrued interest on borrowings	10,969	3,331
	<u>254,719</u>	<u>244,434</u>

During the nine months ended 30 September 2011 no new debt or equity instruments have been issued.

6. Significant events and transactions affecting the statement of comprehensive income, statement of financial position or statement of cash flows

On 5 May 2011 the Company received a dividend of 1,838 (nine months ended 30 September 2010: 13,753) from TVN S.A., in which at the time of the dividend, the Company held an interest of 52.54%. The dividend was paid in cash.

7. Changes in estimates

Where required the Company has applied estimate methods consistently with those used in preparing the annual financial statements for the year ended 31 December 2010.

8. Segment information

In these financial statements segment information is not provided because the Company is a holding company and does not perform operational activity.

9. Seasonality and cyclicity of interim operations

In these financial statements information on seasonality and cyclicity of operations is not provided because the Company is a holding company and does not perform operational activity.

10. Post Balance Sheet events

On 3 October 2011 TVN acquired 100% of the share capital of Highgate Capital Investments Sp. z o.o. for a consideration of 25.

On 6 October 2011 TVN sold its share in the share capital of Polskie Media S.A. for a consideration of 1,814 and recognized a gain on this transaction in the amount of 94.

On 7 July 2011 the ITI Group informed that along with its financial advisors J.P. Morgan and Nomura, it is reviewing its strategic options regarding its controlling stake in TVN. On 27 October 2011 and on 1 November 2011 the ITI Group confirmed that it has entered into exclusive negotiations with Canal+ Group, whereby Canal+ Group will acquire a significant minority interest in N-Vision B.V. - the parent company of Polish Television Holding B.V. and that TVN Group will contribute its interest in ITI Neovision Sp. z o.o. on a non cash basis against a significant minority interest in the merged pay-TV platforms n and Cyfra+. In parallel some of the members of the Wejchert family have agreed to buy-back of shares upon concurrently signing of the Canal+ Group arrangements. The parties expect to close and announce the transaction prior to the year end.