



## **MTG notes announcement by CTC Media & changes accounting for holding**

**MTG notes the announcement by CTC Media, Inc., the leading Russian independent media company of which MTG owns 37.9%, that it has received a non-binding offer for the purchase of a 75% interest in its business operations, and that its Board of Directors has appointed a Special Committee of independent directors to review and evaluate the offer. CTC Media's full press release can be found at <http://www.ctcmedia.ru/press-center/releases>. CTC Media's common stock is traded on the NASDAQ Global Select Market under the symbol "CTCM".**

**MTG has decided to reclassify its interest in CTC Media from an 'equity participation' to a 'discontinued operation'. This reflects the fact that, following the change in the Russian mass media law regarding foreign ownership with effect from 1 January 2016, and CTC Media's consideration of the above offer, MTG's shareholding in CTC Media is now for sale.**

With effect from its Q2 results to be published later this month, MTG will therefore report its income from 'continuing' and 'discontinued' operations separately, with dividends received from CTC Media; transaction costs incurred in relation to a sale of MTG's stake in CTC Media; and the difference between the market and book value of MTG's holding in CTC Media at the end of each quarter, included in a single 'discontinued operations' line below 'net income from continuing operations' in the Group's income statements. Following the recent sharp fall in the CTC Media share price, the market value of MTG's holding in CTC Media was below the book value of the holding on MTG's balance sheet as at the end of the second quarter on 30 June, and this will be reflected in the 'discontinued operations' line in the Group's Q2 results. The results for CTC Media will not be included in any other line items in the Group's income statements for current or comparable prior periods, or in the Group's segmental reporting. The Group's cash flow statements and balance sheets will also include separate lines for the discontinued operations. Prior periods for 2015 and 2014 will be restated accordingly.

A file will be made available for download from [mtg.com](http://mtg.com) before MTG's Q2 results announcement, in order to provide restated financial statements for prior quarterly reporting periods in 2014 and 2015 according to the above revised accounting treatment.

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**Any questions?**

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*MTG (Modern Times Group MTG AB (publ.)) is an international entertainment group. Our operations span six continents and include TV channels and platforms, online services, content production businesses and radio stations. We are also the largest shareholder in CTC Media, which is Russia's leading independent media company. Our shares are listed on Nasdaq OMX Stockholm ('MTGA' and 'MTGB').*

*The information in this announcement is that which MTG is required to disclose according to the Securities Market Act and/or the Financial Instruments Trading Act, and was released at 08.30 CET on 6 July 2015.*