

CENTRAL EUROPEAN MEDIA ENTERPRISES LTD  
Form 10-Q  
May 03, 2007

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-Q**

**S QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934**

**For the quarterly period ended March 31, 2007**

**£ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 0-24796

**CENTRAL EUROPEAN MEDIA ENTERPRISES LTD.**  
(Exact name of registrant as specified in its charter)

**BERMUDA**  
(State or other jurisdiction of incorporation and  
organization)

**98-0438382**  
(IRS Employer Identification No.)

**Clarendon House, Church Street, Hamilton**  
(Address of principal executive offices)

**HM 11 Bermuda**  
(Zip Code)

Registrant's telephone number, including area code: 441-296-1431

Indicate by check mark whether registrant: (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for each shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act) Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class  
Class A Common Stock, par value \$0.08

Outstanding as of April 27, 2007  
34,622,338

Class B Common Stock, par value \$0.08

6,312,839

---

---

---

Index

THIS PAGE INTENTIONALLY LEFT BLANK

---

**CENTRAL EUROPEAN MEDIA ENTERPRISES LTD.**

**FORM 10-Q**

**For the quarterly period ended March 31, 2007**

**INDEX**

	Page
<b>Part I. Financial information</b>	
<b><u>Item 1. Financial Statements</u></b>	
<u>Condensed consolidated Balance Sheets as at March 31, 2007 and December 31, 2006</u>	2
<u>Condensed consolidated Statements of Operations for the Three Months Ended March 31, 2007 and 2006</u>	4
<u>Condensed consolidated Statements of Shareholders' Equity for the Three Months Ended March 31, 2007</u>	6
<u>Condensed consolidated Statements of Cash Flows for the Three Months Ended March 31, 2007 and 2006</u>	7
<u>Notes to the condensed consolidated Financial Statements</u>	8
<b><u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u></b>	38
<b><u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u></b>	67
<b><u>Item 4. Controls and Procedures</u></b>	68
<b>Part II. Other Information</b>	
<b><u>Item 1. Legal Proceedings</u></b>	69
<b><u>Item 1A. Risk Factors</u></b>	72
<b><u>Item 6. Exhibits</u></b>	80
<b><u>Signatures</u></b>	80
<b><u>Exhibit Index</u></b>	81

Index**Part I. Financial Information****Item 1. Financial Statements**

**CENTRAL EUROPEAN MEDIA ENTERPRISES LTD.  
CONDENSED CONSOLIDATED BALANCE SHEETS**  
(US\$ 000's)  
(Unaudited)

	<b>March 31, 2007</b>	<b>December 31, 2006</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 157,340	\$ 145,904
Restricted cash (Note 6)	5,485	4,954
Accounts receivable (net of allowance) (Note 7)	144,412	152,505
Income taxes receivable	3,831	3,053
Program rights	63,943	59,645
Other current assets (Note 8)	49,704	47,555
<b>Total current assets</b>	<b>424,715</b>	<b>413,616</b>
<b>Non-current assets</b>		
Investments	16,563	19,214
Property, plant and equipment (Note 9)	122,004	115,805
Program rights	84,198	76,638
Goodwill (Note 4)	903,597	905,580
Broadcast licenses (Note 4)	202,409	198,730
Other intangible assets (Note 4)	76,038	71,942
Other non-current assets (Note 8)	18,767	17,475
<b>Total non-current assets</b>	<b>1,423,576</b>	<b>1,405,384</b>
<b>Total assets</b>	<b>\$ 1,848,291</b>	<b>\$ 1,819,000</b>

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

Index

**CENTRAL EUROPEAN MEDIA ENTERPRISES LTD.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS (continued)**  
**(US\$ 000's)**  
**(Unaudited)**

	March 31, 2007	December 31, 2006
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 10)	\$ 141,232	\$ 119,717
Duties and other taxes payable	41,480	31,707
Income taxes payable	10,043	12,434
Credit facilities and obligations under capital leases (Note 11)	12,650	13,057
Deferred consideration – Croatia (Note 6)	4,055	4,010
Deferred consideration – Ukraine	-	200
Deferred tax	4,268	1,836
<b>Total current liabilities</b>	<b>213,728</b>	<b>182,961</b>
<b>Non-current liabilities</b>		
Credit facilities and obligations under capital leases (Note 11)	5,795	6,359
Senior Notes (Note 5)	492,742	487,291
Income taxes payable	5,515	3,000
Deferred tax	59,310	58,092
Other non-current liabilities	14,777	19,342
<b>Total non-current liabilities</b>	<b>578,139</b>	<b>574,084</b>
Commitments and contingencies (Note 18)		
<b>Minority interests in consolidated subsidiaries</b>	<b>25,949</b>	<b>26,189</b>
<b>SHAREHOLDERS' EQUITY:</b>		