
Annual Report 2006

The leading European entertainment network

How we created
value in 2006

+12.3%

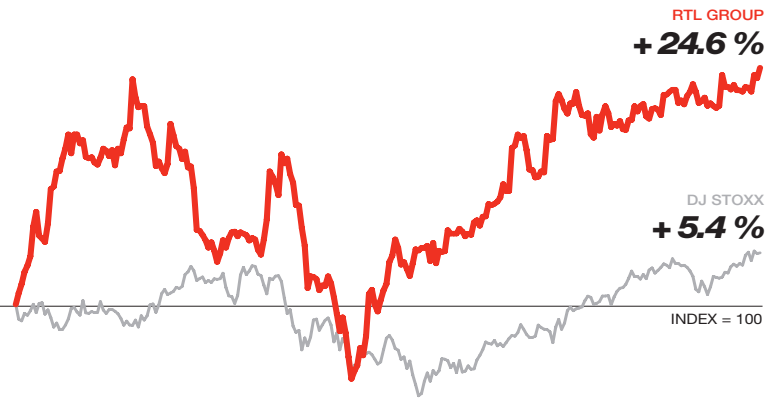
EBITA
growth in
2006

+24.6%

share price
performance
2006

Key figures

2006 share price performance



Dividend per share

| | 2002-2006 (€) |
|----|---------------|
| 06 | 3.00* |
| 05 | 1.05 |
| 04 | 0.95 |
| 03 | 0.80 |
| 02 | 0.70 |

+ 185.7 %

* Of which €1.80 proposed extraordinary dividend per share

Adjusted earnings per share*

| | 2002-2006 (€) |
|----|---------------|
| 06 | 3.52 |
| 05 | 2.96 |
| 04 | 2.62 |
| 03 | 2.14 |
| 02 | 1.61 |

+ 18.9 %

* Adjusted earnings per share represents the net profit for the period adjusted for amortisation of fair value adjustments on acquisitions and impairment of goodwill, gain or loss from sale of subsidiaries, joint ventures and other investments, net of income tax expense and one-off tax effects

Revenue

| | 2002-2006 (€million) |
|----|----------------------|
| 06 | 5,640 |
| 05 | 5,115 |
| 04 | 4,878 |
| 03 | 4,452 |
| 02 | 4,362 |

+ 10.3 %

EBITA

| | 2002-2006 (€million) |
|----|----------------------|
| 06 | 851 |
| 05 | 758 |
| 04 | 709 |
| 03 | 487 |
| 02 | 424 |

+ 12.3 %

Revenue per business segment

| | 2006 (€million) |
|--------------|-----------------|
| TV | 4,346 |
| Content | 1,176 |
| Radio | 240 |
| Others | 73 |
| Eliminations | (195) |
| Total | 5,640 |

Equity

| | 2002-2006 (€million) |
|----|----------------------|
| 06 | 6,161 |
| 05 | 5,348 |
| 04 | 4,862 |
| 03 | 4,268 |
| 02 | 4,425 |

+ 15.2 %

EBITA per business segment

| | 2006 (€million) |
|--------------|-----------------|
| TV | 698 |
| Content | 131 |
| Radio | 51 |
| Others | (29) |
| Total | 851 |

Market capitalisation

| | 2002-2006 (€billion) |
|----|----------------------|
| 06 | 13.1 |
| 05 | 10.5 |
| 04 | 8.5 |
| 03 | 7.3 |
| 02 | 4.4 |

+ 24.6 %

Shareholding structure*

| | | 31 December 2006 (%) |
|-----------|-------------|----------------------|
| RTL Group | Bertelsmann | 89.8 |
| | Public | 10.2 |

* excluding 0.76% which is held collectively as treasury stock by RTL Group and one of its subsidiaries

Mission statement

RTL Group is a house of excellent content and powerful brands, which is able to deliver its content to all media platforms worldwide and to repeat its broadcasting success story in every country while fulfilling its obligation to society.

Programme highlights 2006

Our recipe for success is simple – offering popular high-quality entertainment and information to all our audiences.



Prison Break

The final episode of season 1, followed by the first episode in season 2, made M6 the most watched channel that evening. The first episode of season 2 also drew the fourth highest audience ever for M6.



De Journal

RTL Télé Lëtzebuergs launched the 2006 season with a brand new, state-of-the-art news studio.

Audience share 2006
target group: 12+

59%

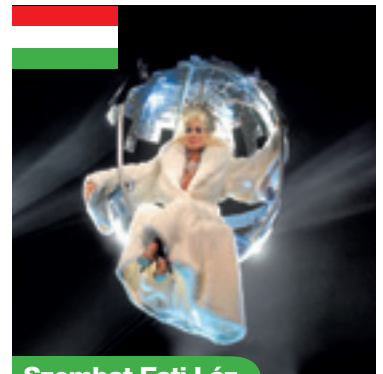


CSI

The latest series attracted up to 4.5 million viewers and an audience share of 18.8 per cent making it the most popular transmission of the US drama on the channel.

Peak audience share

18.8%



Szombat Esti Láz

RTL Klub aired two series of this celebrity dancing show in 2006. Each series comprised seven episodes, all of which scored excellent audience ratings.

Average audience share
target group: 18-49

42.5%

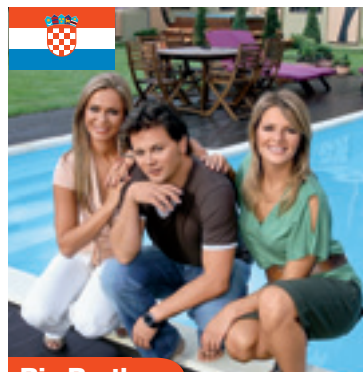


Dancing on Ice

Entertainment formats are an important part of RTL 4's schedule. Over 1.7 million viewers watched Dutch and Belgium celebrities compete on the ice.

Average audience share
target group: shoppers 20-49

21.4%



Big Brother

The third season was once again a huge success for the channel. The final show of 2006 drew 72.5 per cent of the target audience.

Audience share
target group: 18-49

72.5%



RTL aktuell

In a survey conducted by Forsa, *RTL aktuell* was declared the clear favourite among young viewers, who described it as appealing, varied, up-to-the-minute, easy to understand, and modern.



American Idol

Judge Randy Jackson says: "This is the greatest music talent show ever." And fellow jurist Paula Abdul calls the show a "cultural phenomenon".

No. of viewers (final show) in million

35.6m

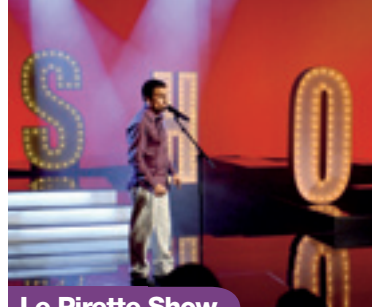


La Coupe du Monde

By broadcasting 31 matches of the football World Cup, M6 achieved new record audiences and changed its image to a truly generalist channel.

No. of World Cup broadcasts

31



Le Pirette Show

627,000 viewers watched the show starring the Belgian comedian François Pirette on RTL-TV1 in September 2006.



Wer wird Millionär

The quiz show with Günther Jauch again proved a powerful audience favourite. Jauch also scores high ratings with the weekly magazine Stern TV.

Quiz show in Germany

No.1



Jornal Nacional

Jornal Nacional was the leading daily news programme on Portuguese TV, reaching an average audience share of 32.1 per cent.

Daily TV news programme in Portugal

No.1



Live Boxing

Ren TV secured the exclusive live broadcast rights for major boxing events featuring Russian champions such as the "Russian Giant" Nikolay Valuev. Apart from scoring high ratings, the fights also boosted Ren TV's brand considerably.

New



Dresden

The two-part drama, produced by Teamworx and aired in March 2006 on German public broadcaster ZDF, won the German TV Award for 'Best TV Movie.'

No. of viewers in million

12m



Les grosses têtes

This afternoon show will soon celebrate its 30th anniversary. Featuring the popular presenter Philippe Bouvard, it is one of the most popular programmes in France.

No. of listeners daily in million

2m



Ice Age

Movies continue to provide a very solid audience share for Antena 3 with Ice Age being the most popular of all the films shown in 2006.

Movie on Spanish TV in 2006

No.1

RTL Group is...

No. 1 in TV and Radio Broadcasting in Europe

38 TV channels and 29 radio stations in 10 countries

Each day, more than 200 million viewers all over Europe watch RTL Group's television stations

Global Leader in Content (Production and Rights)

More than 300 programmes in 22 countries

Over 10,000 hours of programming per year

No. 1 primetime programmes for broadcasters in almost every major TV market in the world

Largest Independent Distribution Company Outside the US

Broadcasting rights for 19,000 programming hours in 150 countries worldwide

Contents

Corporate information

- 4 Chairman's statement
- 6 Chief executive's report
- 10 RTL Group – our core values
- 22 Corporate responsibility
- 26 Operations
- 28 How we work
- 30 Corporate governance
- 34 The Board

Profit centres

- 38 Germany – Television and radio
- 42 France – Television
- 46 FremantleMedia – Content
- 50 United Kingdom – Television
- 54 Netherlands – Television and radio
- 58 France – Radio
- 62 Belgium – Television and radio
- 66 Luxembourg – Television, radio and technical services
- 70 Croatia – Television
- 74 Spain – Television and radio
- 76 Hungary – Television
- 78 Russia – Television
- 80 Portugal – Television and radio

Financial information

- 84 Directors' report
- 109 Auditors' report
- 110 Consolidated financial statements
- 114 Notes
- 171 Fully consolidated profit centres at a glance
- 173 Five year summary

A professional portrait of Siegfried Luther, an older man with short grey hair and blue eyes, smiling slightly. He is wearing a dark navy blue suit jacket over a light blue and white striped shirt and a vibrant red tie. His hands are clasped together in front of him. The background is a blurred office or conference room with soft, warm lighting.

“Encouraged by the strong performance of our European operations, we are looking for opportunities to build on our three-dimensional strategy – creating families of channels, diversifying revenue streams, targeting new regional markets – to generate value for our shareholders.”

Siegfried Luther, Chairman of the Board of Directors

Chairman's statement

The strength of our Group strategy has once again been demonstrated by our operating and financial performance. Our financial results for 2006 show revenue and profit both increasing by double-figure percentage points. The story is the same in our profit centres where almost all have returned record operating results.

However, advances in technology are fast changing the world about us, and in particular the television and radio industries. Therefore, the Board has discussed in its meetings not only our strategy in different markets and regions, but also with some intensity the challenges presented by the digital era. Our response is that our three-pillar strategy – building families of channels, diversifying revenue streams, and targeting carefully selected new markets – is just as valid in the digital age and we see no reason to adjust it at this stage. I am pleased to report that, with our strong content and brands, our Board sees far more opportunity than threat for the Group in the digital future, and that our management team takes the same view.

Our approach continues to create value for our shareholders. Our share price has improved over the year from €68.00 to €84.70 and throughout the year has outperformed the DJ STOXX index of European media shares. Our market capitalisation grew by almost a quarter over the year to finish at €13.1 billion – a long way from the €4.4 billion figure at the end of 2002.

In April 2006, the Annual General Meeting renewed the mandate of Gerhard Zeiler as Executive Director of RTL Group for a term of five years. Based on this decision, the Board of Directors renewed Gerhard Zeiler's assignment as Chief Executive Officer of RTL Group. Since Gerhard Zeiler took the position in March 2003, he has significantly enhanced the value of the company and has positioned RTL Group as the leading European entertainment network. I believe his commitment to RTL Group is important for the continuation of our profitable growth.

In July 2006, Gérald Frère, Gilles Samyn and Jocelyn Lefebvre resigned from RTL Group's Board of Directors. The resignations followed the agreement between Groupe Bruxelles Lambert S.A. (GBL) and Bertelsmann according to which Bertelsmann bought back GBL's 25.1 per cent stake in Bertelsmann. The buyback was announced in May 2006 and completed on 4 July 2006. The Board thanks Gérald Frère, Gilles Samyn and Jocelyn Lefebvre for their contribution in building RTL Group's strong position and for their loyal services as members of the Board of Directors. Günther Grüger, Executive Vice President Corporate Controlling and Strategy of Bertelsmann AG, joined the RTL Group Board at the end of August.

On a final note, I know for certain that our progress could not be achieved without the tremendous effort, initiative, creativity and dedication of people at all levels of our Group companies, and I would like to thank everyone for their commitment and hard work. It is showing in our achievements.



Siegfried Luther
Chairman

Chief executive's report

2006 was a very satisfying year for RTL Group. Just look at the figures: RTL Group again managed to improve all key financial measures. This was made possible by our five largest profit contributors, all achieving record earnings. We have grown our revenue, EBITA, net profit and market capitalisation figures consistently each year since 2002.

Group revenue has grown since 2002 by an average of 6.6 per cent a year. In 2006, it rose by another 10.3 per cent to €5,640 million. Group EBITA has doubled over the last four years, from €424 million to €851 million. While net profit was negative in 2002, we now deliver €890 million to the equity holders of the company. We've enhanced the overall value of our company: RTL Group's market capitalisation has tripled since the end of 2002 – from €4.4 billion to €13.1 billion. The fact that over the years we have achieved these results under mixed and sometimes difficult market conditions, provides solid proof that our pan-European strategy is working well.

Sound strategy

In 2006, RTL Group continued to develop families of channels. We started two new channels in the UK, Five US and Five Life. In the Netherlands, repositioning the family of channels had a positive effect in a challenging market. In France, the mini-generalist station W9 is already one of the most watched channels on the free digital terrestrial television platform, having only launched in 2005. And in Germany, we started three new digital pay-TV channels in December: RTL Crime, Passion and RTL Living.

We also continued our efforts to broaden our sources of revenue, in line with our belief that successful broadcasters need to have a well balanced, diversified revenue mix, made up of advertising, subscription fees, transactional revenues and content sales.

With currently 38 TV channels in 10 countries, RTL Group has a very well balanced portfolio as a TV broadcaster. Nevertheless, our third strategic goal remains to further expand geographically. However, this is not a goal in itself. We will only expand if it is financially reasonable and if we can contribute with our expertise, as strategic investors.

Balanced portfolio

The five biggest profit contributors are RTL Germany, M6 Group, FremantleMedia, RTL Nederland and Antena 3. In 2006, they all achieved record EBITA. This is especially remarkable as ratings for the year were affected considerably by two major sports events broadcast mainly by public channels: the winter Olympics and the football World Cup.

In Germany our RTL family of channels increased its audience lead over the main competitor ProSiebenSat1, thanks in part to a powerful performance by Vox, the second channel. RTL Group now leads the TV advertising market with a 43.8

A portrait of Gerhard Zeiler, Chief Executive Officer, wearing a light blue button-down shirt. He is leaning forward, looking directly at the camera with a serious expression. The background is a blurred office setting with a large abstract painting on the wall.

“Since 2002, we have grown our revenue, EBITA, net profit and market capitalisation figures consistently each year.”

Gerhard Zeiler, Chief Executive Officer



per cent share. This figure includes RTL II which is not marketed by RTL Group's IP and which, against the trend, declined. RTL Radio Deutschland outperformed the slight growth seen in the radio advertising market.

In France, M6 Group improved its EBITA despite significant programme investments. And these programme investments are already paying off: M6 grew its audience share to an all-time high of 19.3 per cent in the target group, mainly thanks to strong primetime programming.

Our content arm FremantleMedia was successful with new formats and established programme brands across all key markets in 2006. *Idols* continued its success story, scoring top ratings all over the world; in the US, *American Idol* continued to be the most-watched primetime series in 2006; in the Netherlands, *Idols* became the most popular entertainment show ever. Other notable successes are the entertainment shows *Got Talent*, *The X Factor*, and event movies like *Dresden* and *Die Sturmflut*, produced by the German UFA group.

RTL Nederland maintained its market-leading position despite a new competitor in the Dutch TV market, John de Mol's channel, Talpa. Following a repositioning of the entire RTL family in August 2005, RTL 4 retained its position as the leading family channel, RTL 5 closed in as a powerful second channel and the new RTL 7 brand established itself as a 'second chance' broadcaster, showing reruns of the best from the other channels of the RTL family.

In recent years, the UK advertising market has grown, unlike many other markets in Europe. In 2006, it was the other way round and the UK market went down substantially. Five outperformed the market and cut costs efficiently. The new digital channels, Five US and Five Life, have been available on all three digital platforms since October 2006 and have grown their viewing since launch.

In Croatia, RTL Televizija reached break-even in its second full year of operations. The channel became the nation's most watched TV programme in the target group and also outperformed the TV advertising market, increasing its market share to 42.9 per cent.

Ongoing diversification

Advertising won't pay for everything in the future. Therefore, we are diversifying our revenue streams. All our profit centres are developing new non-advertising businesses as laid out in the group strategy.

"We at RTL Group will continue to deliver our content and brands to customers on every relevant platform, wherever the demand is."

Today, 39 per cent of our revenue comes from non-advertising businesses. These activities include content production and merchandising, shopping-TV, telephony and, of course, new digital business models such as video on demand (VOD), mobile TV, online communities, gaming and a lot more.

The M6 Group continues to lead the field in creating alternative revenue streams. Its broad offer encompasses home shopping activities (including *Mistergooddeal.com*), M6 Mobile by Orange (more than 767,000 customers at the end of 2006) and web-based activities, including VOD which received over 700,000 downloads in 2006. Even the soccer club Girondins de Bordeaux contributed to the result as it finished second in the French championship.

In Germany, RTL Interactive established the home-grown video community *Clipfish.de*, which already registers more than 200 million page views a month. Video on demand services particularly attract users who cannot get enough of their favourite soaps and crime series. Mobile phone and computer games about winter sports or in connection with excellent brands like *Wer wird Millionär* are well established.

FremantleMedia expanded its brand *The Price Is Right*, presenting it in 2006 as a live event on stage in Las Vegas, and even licensing *The Price Is Right* slot machines. Also, we have a lot of content for mobile phones in preparation or production already: just one example is the humorous clips sold in the US under the brand *Atomic Wedgie*.

Portfolio management

This year we adjusted our portfolio in three different deals. Following an announcement by the M6 Group and TF1 in December 2005, that TPS was to be combined with the pay TV activities of Canal Plus, the deal was implemented in August 2006. M6 Group owns a 5.1 per cent stake in the new entity.

Sportfive was sold to Lagardère SCA in a competitive tender process. Accompanying this process, RTL Group in November 2006 announced that it had sold its 25 per cent stake. The strategic exit had started a few years ago. We do not consider the handling of sports rights as part of RTL Group's core business.

In April 2006 the Group acquired the remaining 50 per cent of its German news channel N-TV from CNN. This enables us to continue to develop this channel, which is already an important member of the German TV family.

Management changes

Elmar Heggen succeeded Ignace van Meenen as RTL Group's Chief Financial Officer and Head of the Corporate Centre. Elmar Heggen has been with the Group since the year 2000. He has extensive experience steering the Group's finances and operations, and has been a key force in formulating RTL Group's strategy in recent years.

Special dividend

Based on our strong operating earnings, the Board recommends the distribution of a gross ordinary dividend per share of €1.20, up 14 per cent on the previous year. In the light of significant disposals resulting in substantial cash generation in 2006 and at the beginning of 2007, we also propose an extraordinary dividend of €1.80 per share, to make a total dividend payout of €3.00 per share.

Looking ahead

One of the questions I'm often asked regarding strategy for an entertainment network like RTL Group, is whether I am concerned about the effect of new technologies. My answer is always the same: No, I am not, and neither are any of my colleagues at RTL Group.

Web 2.0, Web 3.0, IP-TV, Mobile-TV, VOD and other technology buzzwords don't describe threats for us broadcasters. In fact, they offer new means of distribution, new ways to reach the consumer. As such they are, more than anything, new opportunities for us.

We at RTL Group will continue to deliver our content and brands to customers on every relevant platform, wherever the demand is. We will use every sensible path to the consumer to enrich their lives. And by doing so, we will further increase the value of our company – just as we have done in the past.

Gerhard Zeiler
Chief Executive Officer

Diversity

is at the very heart of RTL Group. Our companies offer the broadest possible spectrum of entertainment and information, and reflect the diversity of the cultures they serve in both their output and their workforces.



Jane Aspinall puts the finishing touches on Daniel Flynn, better known as Superintendent John Heaton in FremantleMedia's long-running crime series *The Bill*.



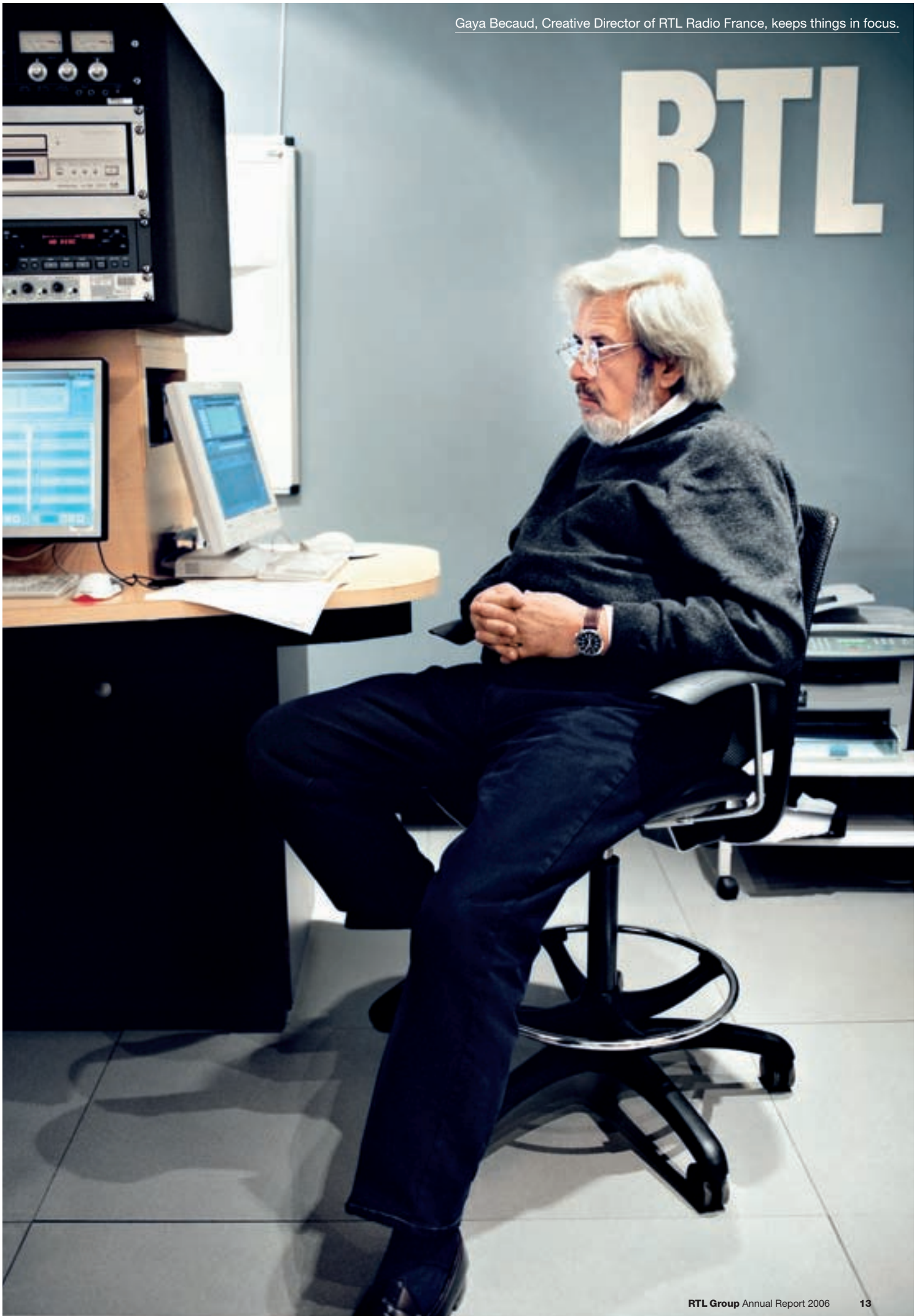
Laurence Isaac-Sibille and Claire Certain, RTL Radio France.



Haweya Mohamed, personal assistant to the CEO of RTL Radio France.



Romain Imbertèche, a cutter at RTL Radio France – obviously relishing the privilege of being the first listener.





Credibility

in news reporting comes from a culture of journalistic freedom, and audiences can count on our reporting to be even-handed. Our editors-in-chief alone are responsible for the content of our in-house news programmes.



Antonia Rados reporting from Iraq for her feature *My Baghdad – 100 Days After The War*.



Creativity

is all about storytelling. And there is no better way to appeal to the full range of people's emotions than through the sight and sound of a TV programme.

Aired in February 2006 on RTL Television, *Die Sturmflut (The Stormtide)* was a hit with critics and viewers, with each of the two parts scoring over 11 million viewers. Director Jorgo Papavassiliou (pictured),...





... camerawoman Yvonne Tratz (pictured) and their team completed the TV movie in 70 days of shooting between November 2004 and March 2005.



A number of stars from the German movie scene were recruited for the Teamworx production, including Götz George, Nadja Uhl, Benno Fürmann and Jan Josef Liefers (pictured).



To portray the disaster realistically, unprecedented time and effort was devoted to reconstructing an entire street of Hamburg-Wilhelmsburg on the grounds of a former public swimming.

Part of the proceeds from the RTL Spendenmarathon 2006 will go to fund a new school in the city of Barranquilla, Colombia. Its benefactor is pop star Shakira, who was born in Barranquilla.



Responsibility

is about understanding and caring. Our products and services reach many homes and individuals in many countries, and we have a duty to them all to act as a responsible and compassionate citizen.



RTL Radio in France supports the non-profit organisation Hôpitaux de France through its initiative Pièces Jaunes (Yellow Coins). The aim is to improve the quality of life for children in hospitals.



In 2006 RTL Belgium and RTL Luxembourg collected the record of €7.2 million for leukaemia projects through their Télévie fundraising events.

Corporate responsibility



24 hours of programming designed to inspire viewers to donate for children in need. In 2006 RTL Television's Spendenmarathon raised over €5 million.

Many successful companies, one set of values

As the leading European entertainment network, our products and services reach many homes and individuals in many countries. We have certain responsibilities to all these viewers and their communities, as well as to our employees and shareholders.

We recognise that business success is not measured purely in financial terms, and acting as a responsible citizen has always been an integral part of our business philosophy. In this way, we are accountable to all, and we expect our companies to discharge their corporate responsibilities following the same principles. However, the wide range of activities and initiatives this embraces naturally reflects our decentralised corporate structure.

In this year's report on responsibility we focus on three main areas:

- Children – our future, the world's future
- Credibility – editorial standards and journalistic freedom
- Diversity – the value of many different individuals



RTL Nederland broadcasts the annual Friends for War Child concert. War Child protects and supports children in areas of armed conflict.

Children

We believe children have a right to look forward to life. Therefore many of our activities focus on health, opportunity and education, especially for children currently under-served by our society. Here we describe some of our companies' initiatives.

RTL Television Germany. The company's 11th Spendenmarathon (Telethon) to support children in need took place over two days in November 2006 and raised over €5 million. Wolfram Kons presented 24 hours of programming designed to inspire viewers to donate, including special auctions and attempts at world records. Since the project started, it has raised more than €56.54 million. With the donations, RTL Television is directly supporting relief projects for children in need, not just in Germany but throughout the world.

RTL Radio France. RTL supports the non-profit organisation Hôpitaux de France through its initiative Pièces Jaunes (Yellow Coins) which aims to improve the quality of life for children in hospitals. Since 1989, the initiative has funded over 5,000 projects, and this year RTL was participating for the 18th time. The scheme kicked off with presenters, journalists, artistes and sports stars raising over €50,000 during a special radio show.

RTL Belgium and RTL Luxembourg. The companies collected over €7.2 million through their Télévie fundraising event in 2006, and have raised almost €77 million since the start of the initiative in 1989. Télévie was created to help finance and improve research into cancer and children's leukaemia.

RTL Nederland. The company has special ties to War Child, which protects and supports children in areas of armed conflict. It broadcasts the annual Friends for War Child concert, and on the same evening presents several other programmes showcasing the organisation's good work. RTL Nederland also provides free advertising airtime to help Meldpunt Kinderporno, which runs a hotline for reporting child pornography, to promote its efforts more effectively.

Antena 3. Antena 3 Foundation launched a new channel for hospitalised children which combines conventional content such as films, series and cartoons, with educational programming and friendly and entertaining programmes designed to promote good health. The channel, FAN3, airs from Monday to Friday, free of charge and has no advertising.

IP Deutschland. Every year the employees support a good cause and in 2006 collected €10,000 to help the Cystic Fibrosis Center in Cologne care for children, young people and adults with cystic fibrosis.

104.6 RTL Radio. For ten years, the Berlin radio station has collaborated with the city's transportation services to collect donations towards gifts for children who have to spend Christmas in hospital, and also for socially disadvantaged children.

Super RTL. As it is a leading children's broadcaster, you'd expect Super RTL to be active in this area and they don't disappoint. Initiatives include: Media Smart, providing primary school children with the tools to help them interpret, understand and use information provided in advertising to their benefit; Peb & Pebber the puppet nutrition heroes; the Lazy Town puppets and animation which promote an active healthy lifestyle; Toggo's favourite book competition; the WOW science competition for primary schools; and Bob the Builder's efforts to build an environmentally friendly town. This year our Toggo TV Special team also matched a children's choir donation of €10,000 to Unicef, and our Super RTL presenters teamed up as the singing group Toggo 5, and donated one euro for every Christmas CD sold, to the RTL Spendenmarathon.

Vox. The company raised over €300,000 during the Vox telethon 2006 to benefit a school project for AIDS orphans in Swaziland, enabling youngsters to receive food and education in a familiar environment close to relatives.

As a Group we respect the special requirements and sensibilities of younger viewers and listeners. Our flagship children's channel, Super RTL in Germany, commissions external studies to improve its understanding of the ways in which children use television.

Corporate responsibility

Credibility

Media businesses have special roles in society. They are both opinion formers and information providers. Our aim is to offer a broad range of content, addressing all of society, which includes both quality information and popular entertainment.

Maintaining editorial standards

We regard editorial independence as sacrosanct and we apply rigorous ethical standards to ensure the material we broadcast is appropriate for the time of day, and sensitive to the needs of our audiences. As news and information programmes are central to our programme philosophy, we are committed to achieving the highest quality in these genres. Most of our news programmes are produced in-house. The local CEOs act as publishers and do not interfere in the production of content. The respective editor-in-chief is responsible for the editorial content. We thus ensure diversity of opinion through cultivating journalistic freedom. Our companies are just as rigorous in the application of advertising standards, either by membership of independent national organisations or by implementing their own control mechanisms.

FTSE4 Good Index

RTL Group continues to meet the criteria for the FTSE4 Good Index which lists companies which are making strong efforts to manage their social, ethical and environmental impacts, and who follow responsible business practices.

- RTL Television in Germany has a philosophy to ensure objective and fair news programming. In a survey conducted this year by Forsa, *RTL aktuell* was declared the most popular newscast on commercial television and the clear favourite among young viewers, who described it as appealing, varied, up-to-the-minute, easy to understand and modern.
- In France M6 won awards for two features at the 'Festival International du Scoop' in Angers. They were broadcast as part of M6's magazine *Enquête exclusive* with Bernard de la Villardière. The prize for the best current events scoop went to *Six semaines au coeur de la guerre du Liban* (*Six Weeks at the Heart of the Lebanon War*), which aired in early September. Stéphane Rodriguez, Paul Comiti and Géraud Burin des Roziers produced the award-winning film. Meanwhile, *Antiterrorisme: au coeur d'une police très secrète* prevailed in the 'Best Research' category. This report on the work of a top-secret anti-terrorism police unit working against the ETA was aired in May, and was produced by Xavier Deleu and Clarisse Feltin.
- The *RTL Nieuwsshow* in the Netherlands has a code of conduct for its journalists setting out their rights and obligations.
- According to two major surveys, Antena 3 News is the best in Spain. *Antena 3 Noticias* is the most watched news programme on Spanish TV with an audience share of 24.2 per cent.
- In the UK, Five's *Your News* section is pioneering stories and clips from the general public, whom it pays and credits for items shown.

Quality programmes

RTL Group is built upon the recognition that success in Europe, with its many languages, cultures and media regulations, can only come through having a strong local presence. All our operations are therefore run by local management. Our channels offer a wide variety of programme genres, yet each station retains its own particular profile.

RTL Television is Germany's leading private broadcaster for news programmes while M6 in France has a good reputation for its economic and investigative magazines. RTL Radio in France is famous for its political and cultural programmes while Five in the UK has a well-regarded strand of arts programmes.





In 2006 Five and the Arts Council of England have launched the third phase of the Fivearts cities initiative in Oxford.

All RTL Group's German channels are members of the Voluntary Self-Control TV (FSF), which is funded and supported by various private channels. Its aim is to improve the protection of minors in TV and films, and to encourage better understanding of the impact of sex and violence in the media on young people's development.

In 2006 Five and the Arts Council of England, a national development agency for the arts, have launched the third phase of the Fivearts cities initiative in Oxford, designed to showcase the nation's cultural offering and to encourage people to explore the arts as well as their own creativity.

Diversity

The challenge of diversity is not just about equality of employment opportunity, but also about portrayal and output. Therefore it is a subject that touches all our staff and all our viewers, and our companies recognise and reflect the diversity of the cultures they serve.

Our channels are already using the latest technology to make programmes more accessible for all. Five has a strong commitment to its hearing-impaired audience with 60 per cent of the programmes subtitled, rising to 80 per cent in 2008. For digital transmission, our companies are introducing sign language translation and this will grow in the next few years, as will audio description for visually impaired viewers. Since 1998 M6 in France has actively participated in subtitling and significantly surpasses the mandatory quota of the French Media Authority (CSA).

case study: Diversity at Five

Five has a responsibility to ensure its output and staffing reflects the social and demographic profile of the UK, and has a number of initiatives to support this position.

Five is an active member and sponsor of the Diversity and Disability forums, which help raise awareness and take action to increase employment and portrayal of under-represented sections of the community.

These forums help us promote these issues with suppliers, particularly those responsible for our output. For instance, we sponsor a film we send out to production companies on the effects of background noise on the hard of hearing. We also work with PACT (the UK trade association for independent film and TV) to explore how we can promote diversity issues. In addition to regular monitoring and analysis of employee statistics, we also monitor the ethnic diversity of those involved in the production process.

We employ runners from under-represented and disadvantaged backgrounds to provide opportunities for people to break into the industry and gain valuable and transferable experience and skills. For the past five years, we've employed a broadcast trainee from an underrepresented part of the community, and this year we have jointly sponsored a disabled trainee with Sky to work on our news programmes.

In 2007, we are participating in the Disability Standard, which will allow us to compare our efforts with other industries through an audit of our employment, marketing, communication, output and systems. We advertise all vacancies internally and externally, and we work with the Ethnic Media Group to target recruitment media aimed at ethnic minorities.

Operations

| | Television | | | | |
|-------------|-----------------------|-------|----------------|-------|--------------------|
| | Free TV | | Pay TV | | TV Services |
| Germany | RTL Television | 100% | RTL Crime | 100% | CBC |
| | Vox | 99.7% | RTL Living | 100% | |
| | RTL II | 35.9% | Passion | 100% | 100% |
| | Super RTL | 50% | | | |
| | RTL Shop | 100% | | | |
| | N-TV | 100% | | | |
| | Traumpartner TV | 100% | | | |
| France | M6 | 48.6% | Paris Première | 48.6% | |
| | W9 | 48.6% | Téva | 24.8% | |
| | RTL 9 ¹ | 35% | | | |
| Netherlands | RTL 4 ¹ | 100% | | | |
| | RTL 5 ¹ | 100% | | | |
| | RTL 7 ¹ | 100% | | | |
| UK | Five | 100% | | | |
| | Five US | 100% | | | |
| | Five Life | 100% | | | |
| Belgium | RTL-TVI ¹ | 66% | | | |
| | Club RTL ¹ | 66% | | | |
| | Plug TV ¹ | 66% | | | |
| Luxembourg | RTL Télé Lëtzebuerg | 100% | | | BCE |
| | Den 2. RTL | 100% | | | Enex |
| | | | | | 100% |
| | | | | | 76.4% |
| Croatia | RTL Televizija | 74% | | | |
| Spain | Antena 3 | 19.0% | | | |
| | Antena Neox | 19.0% | | | |
| | Antena Nova | 19.0% | | | |
| Hungary | RTL Klub | 49% | | | |
| USA | | | | | |
| Australia | | | | | |
| Italy | | | | | |
| Portugal | TVI (Media Capital) | 32.9% | | | |
| Russia | Ren TV | 30% | | | |

This chart illustrates the structure of RTL Group's principal businesses and undertakings as at 31 December 2006. The name of each company is followed by an indication of the percentage held directly or indirectly by RTL Group.

| Radio | | Content | | Rights² | |
|---|-------|--|------|---|------|
| 104.6 RTL | 100% | UFA Film & TV Produktion ³ | 100% | Universum Film | 100% |
| RTL Radio – Die besten Hits aller Zeiten ¹ | 100% | Grundy LE ³ | 100% | | |
| Antenne Bayern | 16% | Grundy UFA ³ | 100% | | |
| Radio Hamburg | 29.2% | Phoenix Group ³ | 51% | | |
| Hit-Radio | | Teamworx ³ | 100% | | |
| Antenne Niedersachsen | 36% | UFA Entertainment ³ | 100% | | |
| RTL ¹ | 100% | FremantleMedia France ³ | 100% | | |
| RTL 2 | 100% | Be Happy ³ | 100% | | |
| Fun Radio | 100% | | | | |
| | | Blue Circle ³ | 100% | FremantleMedia Operations ³ | 100% |
| | | | | Fremantle Productions ³ | 50% |
| | | TalkbackTHAMES ³ | 100% | FremantleMedia Worldwide ^{3,4} | 100% |
| Bel RTL | 44.2% | Fremantle Productions Belgium ³ | 100% | | |
| Radio Contact | 44.2% | | | | |
| RTL Radio Lëtzebuerg | 100% | | | CLT-UFA International ⁴ | 100% |
| | | Fremantle Produkcija ³ | 100% | | |
| | | Grundy Producciones ³ | 100% | | |
| | | Magyar Grundy UFA ³ | 100% | | |
| | | FremantleMedia North America ³ | 100% | | |
| | | Fremantle Productions Latin America ³ | 100% | | |
| | | Grundy Television ³ | 100% | | |
| | | Crackerjack ³ | 100% | | |
| | | Grundy Productions Italia ³ | 100% | | |
| | | | | | |
| | | | | | |

Principal businesses – extended list on page 162.

(1) Programmes broadcast by CLT-UFA under a Luxembourg license. (2) FremantleMedia has operations in 22 countries, including Portugal, Finland, Poland, Denmark, Netherlands, Japan, Indonesia and Brazil. (3) A FremantleMedia company. (4) Global

How we work



New technology, new distribution channels, new products, new ideas, new markets. Always something new, whether an opportunity or a threat. How does a large organisation such as RTL Group, the leading European entertainment network, keep itself out in front, and make the most of the knowledge and experience it holds?

“Network is the crucial word here,” says Elmar Heggen, Chief Financial Officer and Head of RTL Group’s Corporate Centre, “It best describes the relationship between our profit centres. Each is autonomous, led by its own CEO. This entrepreneurial approach ensures they can act quickly and flexibly in their local markets.” But the whole network of strong local operations is also linked by the Corporate Centre. “Decentralisation is our organisational philosophy,” explains Heggen, “however, the Corporate Centre has a very important role, for example shaping and implementing Group strategy, finances, our overall portfolio, and important things like developing the entrepreneurial talents of the future.” So, how does advice and information flow around the network?

“Syocos”, says Claire Davenport. “Short for Synergy Committees,” she quickly clarifies. Claire is Executive Vice President for Corporate Strategy and Business Synergies at RTL Group. Synergies is something of a buzzword in the media industry but companies in this sector do find it hard to put a concrete figure on any kind of synergy. Claire explains why: “Well, if you are setting up a new strand to your business, it’s incredibly useful to talk to someone who’s done it before, been there in your situation. But you’d find it hard to put a number on how valuable that information is.”

So that’s the purpose of the Syocos. To share information across the various profit centres of the Group to realise benefits – tangible or intangible. So while each profit centre makes its own management decisions, it is free to draw on the understanding and expertise of other RTL Group family members. To learn from mistakes, duplicate successes, pass on ideas, make suggestions. So how does it work?

“We have established Syocos where the CEOs and senior managers of our profit centres get together regularly – whoever is most relevant to the Syoco in question,” explains Claire, “It might be at director level, or it could be the experts responsible for more specific areas. And sometimes we find it’s beneficial to bring together both so we can share our in-depth expertise with senior level decision makers throughout the group.”

The committees follow a classical pyramid structure. All the profit centre CEOs are members of the Operations Management Committee (OMC), which meets every six to eight weeks. Then there are three major Syocos reporting in to them – one for Programming, one for Radio, and one to look at new Business Models. Each of these three then has appropriate sub-meetings feeding into it. So, for instance, the Programming Syoco sub-divides into Rights Negotiations, News & Current Affairs, Entertainment Formats, and International TV Research.

“It really allows TV and radio companies who aren’t competitors to learn from each other’s experiences, especially where markets are similar,” continues Claire, “It’s helpful in negotiation tactics too, and in finding partners. It also allows us to act as a group when appropriate, to offer something pan-European, which no other group can do in the same way.” The information exchange isn’t limited to committee meetings, of course. There are regular visits to each other’s offices to see how things work, and managers and directors know who to call at other profit centres when information is needed quickly.

“Each profit centre is autonomous, led by its own CEO. This entrepreneurial approach ensures they can act quickly and flexibly in their local markets.”

Elmar Heggen, Chief Financial Officer and Head of the Corporate Centre of RTL Group



Examples of subjects discussed at length in 2006 are VOD (video on demand) models, purchasing of new media rights, user-generated content and social networks plus, of course, the regular discussion of which shows work, and why – whether on RTL stations or competitor stations, as well as scheduling, promotional and production ideas.

One idea for 2006 was the introduction of the ‘Creative Circles’ programme. This project, developed by Corporate Human Resources, involved 12 young executives researching creative projects and developing them into new business ideas. As well as helping the Group identify and develop creative and management talent, it helps the participants broaden their business knowledge. Romain Mannelli, Executive Vice President Corporate HR, explains: “The approach is two-fold: the participants receive high quality training sessions in the areas of creative thinking, presentation skills, project management and working across cultures. At the same time, they create innovative business ideas for our Group. Overall a win-win situation for the participants as well as RTL Group.” Elmar Heggen confirms the approach: “Our young talents pitched three new business ideas to the OMC and we saw all three as worthy of further consideration and have assigned a senior mentor to each project.”

The three ideas from the young executives were all programme-based. But what else do the Sycos themselves expect to be discussing over the coming years? “An evolution of the topics discussed this year,” says Claire, “ideas on production and entertainment formats, and particularly as we are accelerating towards digitalisation, more and more we are exchanging views and advice on digital business models and digital switchover.”

Executive Committee

Gerhard Zeiler
Chief Executive Officer

Elmar Heggen
Chief Financial Officer and
Head of the Corporate Centre

Operations Management Committee

Gerhard Zeiler
Chief Executive Officer
Member of the Bertelsmann AG
Executive Board

Jane Lighting
Chief Executive Officer,
Five

Alain Berwick
Chief Executive Officer,
RTL Radio and Télé Letzebuerg

Christoph Mainusch
Chief Executive Officer,
RTL Televizija

Tony Cohen
Chief Executive Officer,
FremantleMedia

Romain Mannelli
Executive Vice President
Corporate HR

Claire Davenport
Executive Vice President Corporate
Strategy/Business Synergies

Anke Schäferkordt
Chief Executive Officer,
RTL Television

Vincent de Dorlodot
General Counsel

Nicolas de Tavernost
Président du Directoire,
M6

Philippe Delusinne
Chief Executive Officer,
TVI S.A.

Andreas Walker
Executive Vice President
Regional Operations

Axel Duroux
Chief Executive Officer,
RTL Radio (France)

Fons van Westerloo
Chief Executive Officer,
RTL Nederland

Dirk Gerkens
Chief Executive Officer,
RTL Klub

Gert Zimmer
Chief Executive Officer,
RTL Radio Deutschland

Elmar Heggen
Chief Financial Officer and
Head of the Corporate Centre

Eduardo Zulueta
Managing Director,
MABUAT (Spain)

Oliver Herrgesell
Executive Vice President
Communications and Marketing

Corporate governance

The Board of RTL Group recognises the importance of, and is committed to, high standards of corporate governance. The principles of good governance adopted by RTL Group have been applied in the following way. They are in line with the principles of corporate governance issued by the Luxembourg stock exchange.

Board of Directors and Chief Executive Officer

On 31 December 2006, the Board of RTL Group had nine members, one executive director, and eight non-executive directors. The non-executive directors elected at the Annual Shareholders meeting of 19 April 2006 were appointed for a period of three years. The executive director elected at the Annual Shareholders meeting of 19 April 2006 was appointed for a period of five years. The biographical details of the directors are set out on pages 34 to 35. Three of the non-executive directors, Onno Ruding, Jacques Santer and Martin Taylor, are independent of management and other outside interests that might interfere with the exercise of their independent judgement. The Internal Regulations and Governance (IRG) adopted by the Board set out the Company's procedures for ensuring good corporate governance. RTL Group has taken appropriate measures on dealing in company's shares.

The Board of Directors has to review, if requested with the assistance of an expert, that any transaction between RTL Group or any of its subsidiaries and any of the shareholders is at arm's length terms. Under the IRG the responsibility for day-to-day management of the Company is delegated to the CEO but the Board, which meets at least four times a year, has a formal schedule of matters reserved to it including approval of the annual overall Group budget, significant acquisitions and disposals, and of the Group's financial statements. The Board of Directors met four times in 2006, with an average attendance rate of 82.4 per cent, and adopted some decisions by circular resolution on matters presented and discussed at a previous Board meeting.

The IRG also provides for the establishment of the following Board committees.

Nomination and Compensation Committee

The Nomination and Compensation Committee is made up of four non-executive directors, one of them being an independent director, and meets at least twice a year. The Nomination and Compensation Committee consults with the CEO on the appointment and removal of executive directors and senior management and determines the Group's compensation policy.

Audit Committee

The Audit Committee is made up of four non-executive directors, two of whom are independent, and meets at least three times a year.

The Committee's plenary meetings are attended by the CEO, the CFO and the Head of Internal Audit with or without the external auditors.

The Committee reviews the overall risk management and control environment, financial reporting and standards of business conduct.

The Head of Internal Audit and the external auditors have direct access to the Chairman of the Audit Committee.

Directors' Fees

In 2006 a total of €0.7 million (2005: €0.8 million) was allocated in the form of fees to the non-executive members of the Board of Directors and the Committees that emanate from it.

How we manage risks

By their nature, media businesses are exposed to risk. Television and radio channels can lose audiences rapidly as new competitive threats emerge, with consequent loss of revenue. Broadcasters and producers are also exposed to legal risks, such as litigation by aggrieved individuals or organisations. Moreover, media businesses are more exposed than most to economic cycles – advertising is usually one of the first casualties in an economic downturn. RTL Group's international presence exposes it to further risks, such as adverse currency movements.

RTL Group has robust risk management processes in place, designed to ensure that risks are identified, monitored and controlled. Risk management is an essential part of our Group's system of internal controls and is founded on a specific policy and clearly defined set of procedures.

Definition of risk

RTL Group defines a risk as the danger of a negative development arising that could endanger the solvency or existence of a profit centre, or impact negatively on the income statement of the Group.

Risk reporting framework

We have developed a framework for the reporting of risks and related controls, in line with good corporate practice. This framework is based on a number of key principles:

- Comprehensive scope of risk assessment: risks are assessed within a framework of defined key risk categories. Regular risk assessments are undertaken to include a description of the risk, an indication of the potential financial impact, and the approach taken to mitigate the risk.
- Regular reporting: RTL Group's system of internal controls ensures that risks will be addressed, reported and mitigated when they arise. Within the specific risk reporting framework all significant risks are comprehensively assessed and reported to RTL Group management on a bi-annual basis. This ensures that the necessary actions are undertaken to manage, mitigate or offset the risks within the Group.
- Bottom-up approach: we assess risks at the level where they arise, i.e. in our operations.
- Harmonized reporting tool: our operations report on their risk assessment using a common reporting tool thus ensuring consistency in scope and approach.
- Consolidated Group matrix: we gain a comprehensive view of significant risks for the Group through the consolidation of the local risk assessments. A Risk Management Committee, chaired by the CFO and comprising senior Group management, prepares and reviews this consolidated Group risk matrix which is then submitted to RTL Group's Audit Committee.
- Audit approach: both the processes of local risk assessments as well as the consolidated Group risk matrix are regularly reviewed by the external auditors.

Going forward

RTL Group's risk management framework is constantly challenged, both at the level of our operations as well as at Group level through the Risk Management Committee, in order to ensure it reflects the risk profile of the Group at any given moment.

Risk management framework

| | |
|---|--|
| 1 | Goals and objectives based on Company Mission |
| 2 | Risk assessment at operations and headquarters |
| 3 | Mitigation measures and action plans to control risks |
| 4 | Risk management reporting |
| 5 | Consolidation of risk management report and review by risk management committee. Reporting to Audit Committee. |
| 6 | Actions at Group/local level |

RTL Group has robust risk management processes in place, designed to ensure that risks are identified, monitored and controlled.

Corporate governance

Major risk factors

| Type of risks | Description and areas of impact |
|-------------------------------------|---|
| External & Market Risks | |
| Cyclical Development of Economy | Economic development directly impacts the advertising market and therefore RTL Group revenue. |
| Legal | The local and European media regulations are subject to change. Some changes could alter businesses and revenue streams (for example, a ban of certain types of advertisements, opening of markets, deregulation of well regulated markets, cancellation of restrictions, limitation of advertising minutes). |
| Market Risks | |
| New Entrants & Market Fragmentation | As countries move towards digital switchover, market entry barriers are reduced. New entrants will also provide further choice to the viewer which may impact our position. |
| Risks in Key Business | |
| Audience & Market Share | A decrease in audience and/or market share may have a negative impact on RTL Group's revenue. |
| Inventories | There is a risk of over-accumulation of rights which would be unused or could become obsolete. This may imply right offs/impairments are necessary. |
| Customers | Bad debts or loss of customers may negatively impact RTL Group's financial statements. |
| Talent Retention & Management | RTL Group's success relies partly on key talents. Competitors may try to attract them away from the Group. |
| Suppliers | The supply of certain types of content is limited and may lead to a rise in costs. Over reliance on one supplier may also cause costs, in the long term, to rise. |
| Financial Risks | |
| Foreign Exchange Exposure | Effective management of foreign exchange risk is an important factor. The operating margin and broadcasting costs are impacted by foreign exchange volatility, especially if there is a strong increase of the USD versus EUR (feature films or sport/distribution rights purchases). |

Mitigation activities

RTL Group tries to diversify its revenue base through regional expansion as well as new products and services generating non-advertising revenue.

RTL Group tries to anticipate any changes in legislation and to act accordingly by developing and exploiting new revenue sources.

RTL Group's strategy is to embrace new digital opportunities by ensuring its channels and stations are platform neutral (available on the widest possible choice) and that we develop strong families of channels for the digital age based around our brands.

New talent and formats are developed or acquired. Performance of existing shows is under constant review with the aim of driving audience share performance and hence future revenue.

RTL Group has strict commercial policies, very close follow-up of existing inventories and strict criteria for approval of film investments proposals.

Credit analysis of all new advertisers is systematically undertaken to prevent such a potential risk to happen. Depending on the customer's credit worthiness credit insurances may be used. This risk is also mitigated by broadening the advertiser base.

Competitive remuneration and an attractive working environment are some of the tools to keep key talents at the Group.

The Group tries wherever possible to diversify its sources of supply. RTL Group benchmarks purchasing terms and conditions to identify best practices with the aim of reducing costs via, for example, joint purchasing.

RTL Group has in place a strict policy regarding Foreign Exchange management, which is monitored and followed up by Group Treasury, using plain vanilla hedge instruments to mitigate volatility on the income statement.

The Board



a)



b)



c)



d)



e)



f)

Executive Director

a)

Gerhard Zeiler (51)

Chief Executive Officer

Gerhard Zeiler, born in 1955 in Vienna (Austria), joined RTL Group in November 1998 when he was appointed Chief Executive Officer (CEO) of RTL Television in Cologne. In this capacity, Zeiler was responsible for the German RTL family of channels (RTL Television, Vox, RTL II, Super RTL, N-TV). In March 2003 Gerhard Zeiler was additionally appointed CEO of RTL Group. He handed over the management of RTL Television to Anke Schäferkordt in September 2005 to fully concentrate on RTL Group's international channel architecture. In his function as CEO of RTL Group, Gerhard Zeiler is a member of the Supervisory Boards of M6 in France and RTL Television in Germany and Chairman of the Board of M-RTL in Hungary. He is also a member of the Bertelsmann AG Executive Board since October 2005. Gerhard Zeiler began his career as a freelance journalist and then became press spokesman for the Austrian Minister for Education and the Arts, Dr. Fred Sinowatz, whom he eventually followed to the Federal Chancellor Office in 1983. Later he continued working in the same capacity for Federal Chancellor Dr. Franz Vranitzky. In 1986 he became Secretary-General of the Austrian public broadcaster ORF in Vienna. After a two-year period as CEO of Tele 5 and a further two-year period as CEO of RTL II, he was elected Chief Executive Officer of ORF in 1994 and stayed in this position until November 1998.

Non Executive Directors

b)

Siegfried Luther (62)

Chairman

Born in 1944, Siegfried Luther studied law and business management in Münster, Germany. In 1974, he joined Bertelsmann AG as director of the Tax Department. Seven years later, he was appointed Deputy Head of the Accounting and Tax Department. From 1985 on, he headed the Corporate Treasury Department. In July 1990, the Supervisory Board appointed Siegfried Luther to the Bertelsmann AG Executive Board. He also took over the responsibilities of Chief Financial Officer and Head of the Bertelsmann AG Corporate Centre. In August 2002, he was appointed Deputy Chairman of the Bertelsmann AG Executive Board. A member of the Board of Directors of RTL Group since July 2000 he was appointed Chairman of the Board in December 2004. Siegfried Luther retired from the Bertelsmann AG Executive Board when his contract expired on 31 December 2005. Member of the Supervisory Board of Infineon Technologies
Committee Membership: Audit, Nomination and Compensation
Appointed: 24 July 2000

c)

Martin Taylor (54)

Vice Chairman

Chairman of Syngenta
Committee Membership: Audit, Nomination and Compensation (Chairman)
Appointed: 25 July 2000

d)

Gérald Frère¹ (55)

Managing Director of Groupe Bruxelles Lambert, Chairman of TVI and Compagnie Nationale à Portefeuille, Vice Chairman of Pargesa Holding, Executive Director of Frère-Bourgeois, Director of Suez-Tractebel, Power Financial Corporation and Regent of the Banque Nationale de Belgique
Appointed: 21 July 2000



g)

h)

i)

j)

k)

l)

m)

e)

Günther Grüger (56)

Executive Vice President Corporate Controlling and Strategy of Bertelsmann AG

Appointed: 29 August 2006

f)

Jocelyn Lefebvre¹ (49)

Managing Director Europe of Power Corporation of Canada, President of Sagard Private Equity Partners, Director of Imerys and Suez-Tractebel

Appointed: 12 July 2001

g)

Thomas Rabe (41)

Member of the Bertelsmann AG Executive Board, CFO of Bertelsmann AG and Head of Bertelsmann Music Group

Committee Membership: Audit², Nomination and Compensation³

Appointed: 12 December 2005²

h)

Onno Ruding (67)

Retired Vice Chairman and Director of Citibank, former Minister of Finance of The Netherlands, Chairman of the Board of Centre for European Policy Studies, Member of the Boards of Corning, Alcan and Holcim

Committee Membership: Audit (Chairman)

Appointed: 12 September 2000

i)

Gilles Samyn¹ (56)

Managing Director of Compagnie Nationale à Portefeuille, Director of Pargesa and Groupe Bruxelles Lambert

Committee Membership: Nomination and Compensation

Appointed: 3 June 1999

j)

Jacques Santer (69)

Chairman of the Board of CLT-UFA, former Prime Minister of the Luxembourg Government and former President of the European Commission

Appointed: 9 December 2004

k)

Rolf Schmidt-Holtz⁴ (58)

From 10 February 2006, CEO of Sony BMG

Appointed: 1 March 2002

l)

Gunter Thielen (64)

Chairman of the Executive Board and CEO of Bertelsmann AG

Committee Membership: Nomination and Compensation

Appointed: 3 September 2002

m)

Ewald Walgenbach (47)

Member of the Bertelsmann AG Executive Board, CEO of Direct Group Bertelsmann

Appointed: 25 July 2000

¹ resigned on 4 July 2006

² effective 1 January 2006

³ effective 15 March 2006

⁴ resigned on 10 February 2006

Profit centres





Contents

- 38 **Germany**
Making a TV company fit for the digital age
- 42 **M6**
20 years old – time to raise a family
- 46 **FremantleMedia**
Television and the brand: a meeting of minds at FremantleMedia
- 50 **United Kingdom**
Five + two = three
- 54 **Netherlands**
The growing success of Netherlands RTL 5 – it's all in the family
- 58 **France Radio**
Today's hottest radio mix – tradition and modernity
- 62 **Belgium**
New home, new structure, new station
- 66 **Luxembourg**
Digital switchover? It's yesterday's news in Luxembourg
- 70 **Croatia**
From zero to hero – two years in the life of RTL Televizija
- 74 **Spain**
- 76 **Hungary**
- 78 **Russia**
- 80 **Portugal**



CSI: NY

The success of Vox continues to be driven by high-quality US series such as *CSI: NY*. Detective Mac Taylor heads the New York City Crime Lab, solving fascinating Manhattan murder mysteries.



Wer wird Millionär

The quiz show with Günther Jauch again proved a powerful audience favourite. Jauch also scores high ratings with the weekly magazine *Stern TV*.

Quiz show
in Germany

No.1



Das perfekte Dinner

The new format *Das perfekte Dinner* boosted Vox's access primetime ratings to new highs in 2006. The celebrity spin-off also drew large audiences.

Average audience share
target group: 14-49

13.9%



RTL aktuell

In a survey conducted by Forsa, *RTL aktuell* was declared the clear favourite among young viewers, who described it as appealing, varied, up-to-the-minute, easy to understand, and modern.



Fillmore!

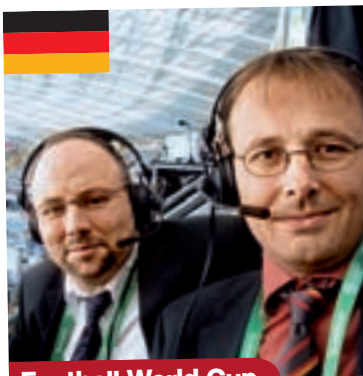
Super RTL's top audience favourites among 3-13 year-olds include access primetime series such as Disney's *Kim Possible* and *Fillmore!*



Liebling, wir bringen die Kinder um!

Reality soaps are an important part of RTL II's primetime grid. The newly launched nutritional show *Liebling, wir bringen die Kinder um!* plays to this strength.

New

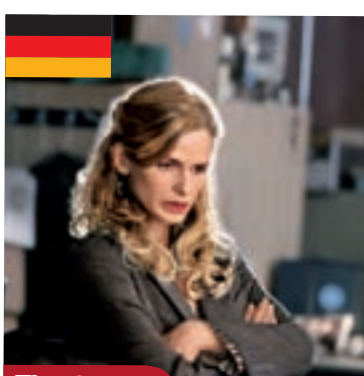


Football World Cup

RTL Radio Deutschland orchestrated the only national private radio broadcast of the FIFA World Cup.

No. of listeners daily
in million

30m



The Closer

Deputy Police Chief Brenda Leigh Johnson, AKA *The Closer*, comes from Atlanta to Los Angeles to head a special unit that handles sensitive, high-profile murder cases.



Boxing

In 2006 RTL Television made a successful return to the world of boxing with the broadcast of Vladimir Klitschko's match and with Axel Schulz's last fight.

No. of viewers
in million

11.5m

Germany

Television and radio



Highlights 2006

Good advertising business

Revenue in Germany increased by 5.8 per cent to €1,965 million, helped by a strengthened share of the TV advertising market. As a result, EBITA rose 23.4 per cent to €301 million.

New digital channels

In December 2006, RTL Television launched three digital pay-TV channels. These were two fiction channels; RTL Crime featuring crime series and action highlights, and Passion featuring tele-novelas and daily soaps; and a non-fiction channel RTL Living, with real-life formats.

Vox

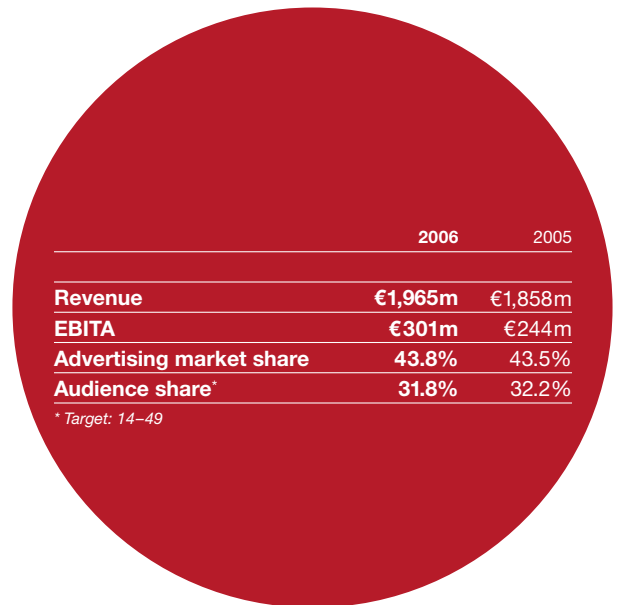
Vox has firmly established itself as the strongest channel in the 'second generation' of commercial broadcasters. In 2006 it was the only commercial channel in Germany that clearly grew its audience share in the key 14–49 target group.

Super RTL

Based on its popular children's entertainment brands *Toggo* and *Toggolino*, Super RTL managed to further expand its thriving merchandising activities.

RTL Radio Deutschland

RTL Radio Deutschland successfully orchestrated the only national private radio broadcast of the FIFA World Cup 2006. A total of 23 sub-licensed radio broadcasters, 12 of them RTL Radio Deutschland participations, offered information and services about the World Cup to more than 30 million listeners each day.



National advertising breakdown

Source: Nielsen Media Research

2006 (%)



| | |
|----------------|------|
| RTL Television | 27.4 |
| Vox | 6.9 |
| RTL II | 5.5 |
| Super RTL | 3.0 |
| N-TV | 1.0 |
| Sat 1 | 19.6 |
| Pro 7 | 16.7 |
| Kabel 1 | 5.6 |
| DSF | 3.3 |
| Others | 11.0 |

National audience breakdown

Source: GfK, Target: 14–49

2006 (%)



| | |
|----------------|------|
| RTL Television | 15.6 |
| Vox | 7.1 |
| RTL II | 6.0 |
| Super RTL | 2.5 |
| N-TV | 0.6 |
| Pro 7 | 11.6 |
| Sat 1 | 11.3 |
| ARD | 8.6 |
| ZDF | 7.8 |
| Kabel 1 | 5.4 |
| Others | 23.5 |



“With so much variety on offer, viewers will need more guidance and strong brands will provide this.”

*Anke Schäferkordt,
CEO of the German RTL family*

Making a TV company fit for the digital age

Digitalisation brings not only new channels for TV viewers, but new ways of accessing content – on any screen available, wherever and whenever they want. It certainly sounds healthy for consumer choice. But in a competitive analogue TV market like Germany, with more than 40 free channels already available, where’s the attraction of digitalisation for consumers?

“Yes, the analogue offer in Germany is already very good for customers,” says Anke Schäferkordt, CEO of the German RTL family, “but digitalisation is the future and our main goal is to be on every platform and every screen with our strong brands. We are establishing new brands for the digital world. But first of all we will bring what we already have, safely into the digital world.” Anke is referring to the RTL family of TV channels – including the main channels RTL and Vox, Super RTL, N-TV and RTL II.

As other articles in this publication – about France, the Netherlands, the UK – will testify, building a family of complementary channels is a strategy to protect your market position in a rapidly fragmenting market. Here, RTL Germany had a head start on colleagues in other territories. With more than 40 free analogue channels, the family strategy was already necessary and the company is some years into building a strong stable of channels to cover all the major target groups. Hence the emergence of Vox, where Anke used to be CEO, as a strong second generation channel with 7.1 per cent of the target group audience in 2006: “We built Vox by aiming at a clear target group with specific genres, a young upmarket channel with which we can appeal to advertisers and raise

our audience share. It’s been a great success.” Though not Vox’s main purpose, there’s also the potential to move its programming successes – *CSI*, for example – to the main RTL channel, where their broad appeal will improve ratings yet further. Of course the family was created for a competitive analogue landscape initially. But last year the RTL family became the first major German broadcasting group to begin digital broadcasts on the cable networks. Now negotiations are underway with further digital platforms. There is also a ‘watching brief’ over more TV channels for different target groups. “We have established our first three pay-TV channels, Passion, RTL Living and RTL Crime. We will see how they prosper,” says Anke. Digitalisation offers both many new opportunities and new challenges. “Our core business model is advertising financed. As people choose what and when they watch, we will have to make sure they see our advertising. That is one challenge. And we will also have to diversify and find other new services people will pay for.”

One of those new services is video on demand (VOD), which is growing, but still small in Germany, because as yet it is only computer-based. According to Anke: “We have to invest today and promote and monitor this. At this early stage it makes

RTL Now! offers RTL's strong programme brands as video on demand, while the fast-growing video community Clipfish.de already goes mobile.

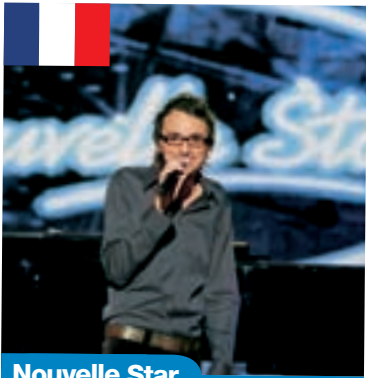


sense to integrate it as a service on our main website. We've taken our strong soaps and series like *Good Times*, *Bad Times* or *CSI: Miami* and put them in our VOD offer. We think the strong programme brands we establish through our television channels will be the drivers of our VOD service. With so much variety on offer in the digital future, viewers will need more guidance and strong brands will provide this."

Another fast growing new service is Clipfish.de, an online video portal where users upload predominantly self-produced video clips to make them accessible to the public. This is the fastest growing of the new services, with over 200 million page impressions a month. "We managed to establish this within a few months," says Anke. "We used our strong programmes like *Deutschland sucht den Superstar* (*German Idol*) to promote the platform on TV – for instance, we held online auditions on Clipfish.de." While Clipfish.de is fast growing in terms of usage, of course it's an investment for the future. "Again, we have to invest today for tomorrow. And we have to find out which kind of advertising our consumers are going to accept, and to market this to advertisers." Really, digitalisation is still a testing ground for TV companies. As well as the new services detailed above, there is podcasting and broadcasting to mobile

phones, where RTL content is already available for consumption, and a whole mass of other new services to research, test and launch. Companies have to move quickly while also thinking in the mid to long term, testing many new digital opportunities, and being careful to invest in the right projects at the right times. At present, RTL aims to build strong, wholly-owned brands rather than acquire shareholdings in existing products.

How is RTL positioned for this future? Anke Schäferkordt is confident: "We are not infrastructure owners, we have the content. We know how to entertain our audience, and digital means there are more ways to reach our audience. When digitalisation is mature, people will look for brands they know and trust. RTL is the strongest TV brand in Germany and if we use this in the right way we will remain successful. We definitely see more opportunities than threats."



Nouvelles Stars

The finale of season 4 attracted a record audience of 5.9 million viewers – up 1.4 million viewers compared to the final show of season 3.

No. of viewers in million

5.9m



D&CO

The lifestyle magazine hosted by Valérie Damidot scores excellent ratings for M6.

No. of viewers in million



Desperate Housewives

M6 broadcast the first season of the acclaimed US series in the summer of 2006 and reached an average 4.7 million viewers.

No. of viewers in million

4.7m



Menu W9

W9 is already one of the most watched new digital terrestrial channels, boosted by programmes such as *Les Simpsons*, *The Unit* and *Menu W9*.

No. of viewers in million



Vive la cantine

The two episodes of the new reality format about healthier nutrition for children, hosted by TV chef Cyril Lignac, reached an average 4.6 million viewers.

No. of viewers in million

4.6m



La Coupe du Monde

By broadcasting 31 matches of the football World Cup, M6 achieved new record audiences and changed its image to a truly generalist channel.

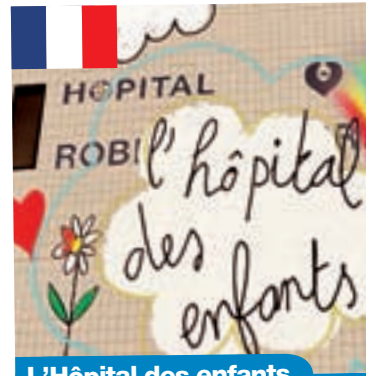
No. of World Cup broadcasts

31



Prison Break

The final episode of season 1, followed by the first episode in season 2, made M6 the most watched channel that evening. The first episode of season 2 also drew the fourth highest audience ever for M6.



L'Hôpital des enfants

The 20 episodes of this documentary series about a Parisian children's hospital were broadcast in spring 2006, drawing an average audience of 3.1 million viewers.

No. of viewers in million

3.1m



66 minutes

The information programme, hosted by Aïda Touihri, was successfully launched in 2006 – and continues to grow its audiences.

Highlights 2006

EBITA improvement despite significant programme investments

M6's advertising market share was stable, at 23.2 per cent, whilst EBITA reached another record level. The deconsolidation of TPS was more than offset by strong revenue growth from diversification activities.

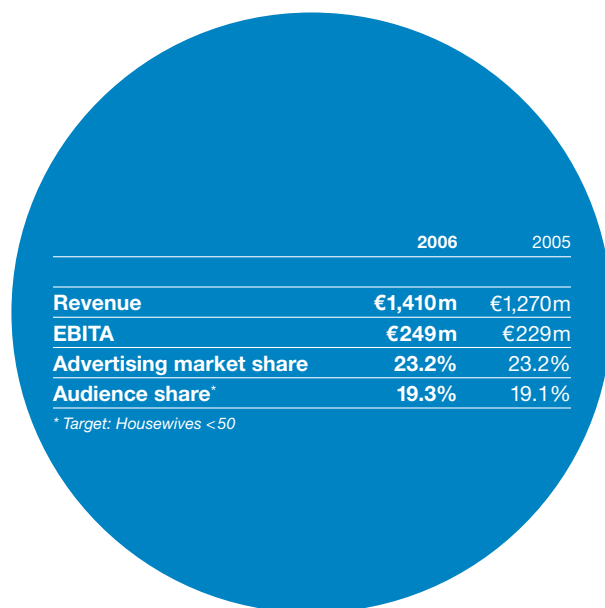
New audience records for M6

M6 has broken a number of audience records in 2006. With 132 evenings of more than 4 million viewers, up nearly 50 per cent on 2005, M6 has clearly demonstrated that its programming strategy is working. The clearest successes were in primetime where US series such as *Prison Break*, *Desperate Housewives* and *NCIS* stand out.

Other notable successes were in French fiction (first summer saga *Laura*) and sport, in particular the World Cup broadcasts including England vs. Portugal which brought an audience share of 43.8 per cent (4+) peaking at 8.0 million viewers.

Leader in diversification

M6 continues to lead in diversification. Its broad offering encompasses home shopping activities (including *Mistergooddeal.com*), M6 Mobile by Orange (more than 767,000 customers at the end of 2006) and web based activities, including video on demand where it received more than 700,000 downloads in 2006. M6's holding in Girondins de Bordeaux improved its result, as the football club finished second in the French championship and so qualified for the European Champions League (and thereafter the UEFA Cup).



National advertising breakdown

Source: TNS Secodip

2006 (%)

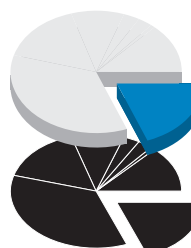


| | |
|-----------|-------------|
| M6 | 23.2 |
| TF1 | 54.8 |
| France 2 | 11.8 |
| France 3 | 7.3 |
| Others | 2.9 |

National audience breakdown

Source: Médiamétrie, Target: Housewives <50

2006 (%)



| | |
|-----------|-------------|
| M6 | 19.3 |
| TF1 | 35.3 |
| France 2 | 15.7 |
| France 3 | 10.1 |
| Canal+ | 3.1 |
| France 5 | 2.7 |
| Arte | 1.0 |
| Others | 12.8 |

20 years old – time to raise a family

Since its birth in 1987 as one of five free analogue TV channels, M6 has witnessed an acceleration towards what will soon be a 100 per cent digital and multi-channel landscape.

What should a TV company do in this fast-changing market, and how?

As multi-channel offerings have grown in France, they have traditionally been paid for by subscribers and received through cable or satellite. Now this world is changing. With the advent of digital terrestrial TV and high speed internet, free multi-channel TV is readily available, while the number of channels on pay TV is now in the hundreds. The choice available to French viewers is growing almost by the day. How do you keep them watching your output?

“To defend yourself against fragmentation of your audience you must launch a family of channels,” answers Nicolas de Tavernost, Chairman of the Management Board of M6 Group. “At present 66 per cent of the country still receives only analogue TV but this proportion will shrink rapidly. Almost seven million DTT adaptors have been sold in the last 18 months.”

Naturally, the Group had anticipated these developments, and had in fact started to create new channels for cable and satellite as far back as 1993. But now these individual offerings sit as a family of complementary channels. So, how does the process of creating a family work? “It starts with research,” says Nicolas. “First we look at our own know how. Then we ask where the commercial targets are, markets where we will attract advertising. With these two subjects in mind, we then buy or create channels where we can be a leader in the market.”

How does this work in practice? Nicolas leans back and studies the Paris skyline from his eighth floor window: “Well, to give an example, there are many news channels in France, a lot of competition, so we decided not to create another one. But we have a strong tradition in music, so we created specialist music channels – this is our know how. So is series channels, popular US series, we know this world well.” Nicolas leans forward again and counts the channels on his fingers as he describes each one’s attraction for advertisers: Téva, which is primarily aimed at women and has a growing audience in its target market of housewives under 50: Paris Première, a very important niche delivering advertisers an up-market audience, and now widely available: and W9 gaining high ratings from a young, modern audience.

W9 (or M6 upside down!) is based on the themes of music, action and entertainment. It is positioned as a second generalist channel and is free on TNT, the digital terrestrial service. Nicolas describes it as a very similar business proposition to Vox in Germany: “Vox took time to earn money but now it is very successful.” Is this where exchanges with colleagues from the wider RTL Group can be useful? “Yes”, says Nicolas, “TV is a local business but overall experiences can be the

“More so than ever we are in a position to seize new opportunities.”

*Nicolas de Tavernost,
Chairman of the Management Board
of M6 Group*



same in different countries.” So senior managers from M6 discuss with their foreign counterparts which products work, such as series and movies; they exchange views about distribution such as digital terrestrial; and there is a network for exchanging news and magazine items. Nicolas returns to the theme of Vox: “Just as they organise scheduling and series with the main RTL channel, and cross promote, we do the same between W9 and M6.”

Is there a danger of stealing your own viewers? “We prefer to have small cannibalisation of our own channels than let others eat us.” In fact, M6 and W9 are stronger together, with a 13.6 per cent share of the digital terrestrial audience compared to M6’s 12.5 per cent share of the analogue audience.

And how has M6, the mother channel, changed in the face of increasing competition? “With a wider offer, it has evolved into a truly generalist channel with exclusive events. We now transmit sport – we had 31 matches from the football World Cup and will broadcast Euro 2008.” With an increased focus on news and successful investment in US series, French drama and entertainment, M6 analogue channel is doing

very well. In 2006 it retained its audience share, increased its prime time share of its main target audience of housewives under 50, achieved a record average prime time audience, and was the only national channel to increase its ratings.

This is good news for the future of M6, because with analogue switch off planned within five years, each household will have at least twenty channels to choose from. M6 Group also now has a 5.1 per cent stake in the Canal Plus France satellite network. But there are other growing areas of distribution that require attention, and which will bring major change for TV companies: internet consumption and video on demand (VOD), as well as TV on mobile phones and other devices. Nicolas de Tavernost looks up as if surveying the future: “More so than ever we are in a position to seize new opportunities. We will prepare new products for mobiles and VOD. But probably not too many more channels. There has to be a balance between the number of channels and the content you have. So we will develop and build our brands, like W9, and develop and grow our content to organise it across the different platforms for our customers.” For the main channel, M6, the outlook is very simple, says Nicolas: “M6 will work on all the platforms.”



Prehistoric Park DVD

In August 2006, the *Prehistoric Park* DVD was released and entered the UK DVD charts at No. 2. It went on to sell over 100,000 copies by the end of the year.

UK
DVD charts

No.2



The X Factor

ITV 1's No.1 entertainment series for young adults in 2006 and also the No.1 entertainment show in Colombia, with audience shares exceeding 60 per cent.



American Idol

Judge Randy Jackson says: "This is the greatest music talent show ever." And fellow jurist Paula Abdul calls the show a "cultural phenomenon".

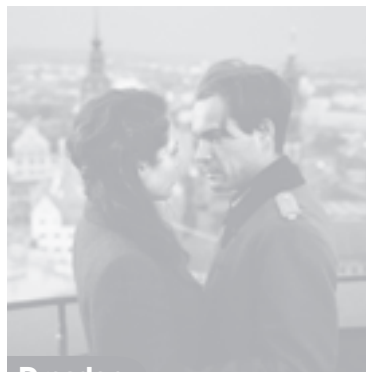
No. of viewers (final show)
in million

35.6m



Poker Face

First broadcast in the UK on ITV in the summer of 2006. So far, the brand new game show has been sold to 12 territories across the globe including Germany, Australia and Latin America.

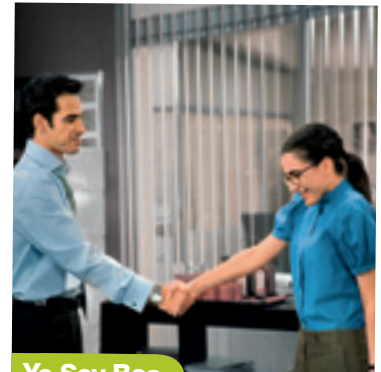


Dresden

The two-part drama, produced by Teamworx and aired in March 2006 on German public broadcaster ZDF, won the German TV Award for 'Best TV Movie.'

No. of viewers
in million

12m



Yo Soy Bea

The local adaptation of *Betty La Fea (Ugly Betty)* became Spain's highest rated telenovela ever with 4.1 million viewers.

No. of viewers
in million

4.1m

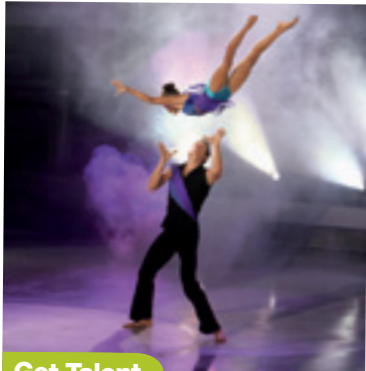


Verliebt in Berlin

A white wedding for Lisa Plenske: the first season's final episode of Grundy UFA's telenovela was watched by more than 7 million viewers.

No. of viewers
in million

7m



Got Talent

Having earned high ratings for NBC in the summer of 2006, the new format became an instant international hit. So far it has been sold to 14 territories.



La Squadra

Airing on Rai Tre since 2000, *La Squadra* averages a weekly audience of 2.2 million viewers.

No. of viewers
in million

2.2m



Highlights 2006

Another year of strong performance

FremantleMedia, RTL Group's worldwide production business, had another strong year. Revenue was up 19.1 per cent as it continued to enjoy successes both with new formats and established programme brands in all its key markets. For the first time, the company generated revenue of more than €1 billion. EBITA increased by 23.1 per cent to €128 million.

FremantleMedia Production

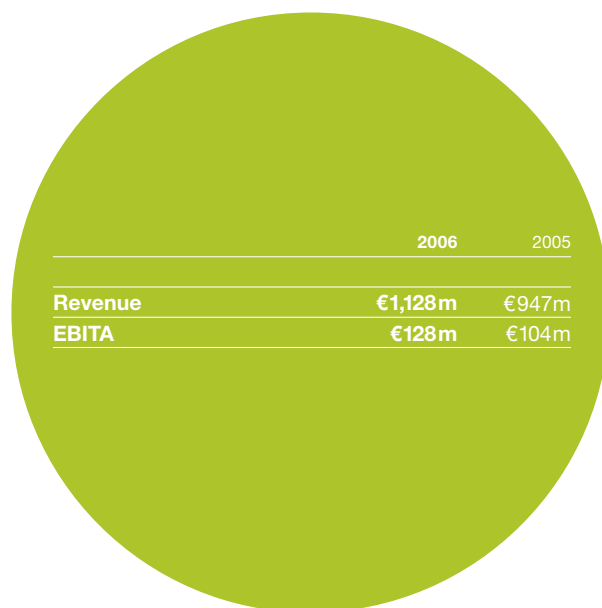
The company is one of the largest creators of international programme brands, producing programming in 22 countries. In the US, the company concluded season five of *American Idol* for Fox with 35.6 million viewers watching the final show, making it the most successful primetime series on US television.

In Germany, the production business continued to succeed with top-rated serial drama, light entertainment, daily soaps and event movies.

The UK business saw the launch of *Poker Face*, the return of the classic game show *The Price is Right* and *The X Factor*, which finished its third series in the UK with record audiences and a massive number of phone votes.

FremantleMedia Enterprises (FME)

A new division, FME is responsible for exploiting and developing FremantleMedia's properties off-screen in areas such as merchandising, the internet, interactive television and wireless.



Number of hours produced

| Programmes | 2006 | 2005 |
|--------------|---------------|-------|
| New | 2,780 | 2,632 |
| Existing | 7,377 | 5,920 |
| Total | 10,157 | 8,552 |

Breakdown of the hours produced by main markets

| | 2006 | 2005 |
|---------------|-------|-------|
| UK | 2,071 | 1,213 |
| Germany | 1,307 | 1,263 |
| United States | 661 | 483 |
| France | 423 | 371 |
| Italy | 138 | 320 |



“Offering broadcasters a brand rather than simply a TV show gives them a degree of certainty and predictability.”

Tony Cohen,
CEO of FremantleMedia

Television and the brand: a meeting of minds at FremantleMedia



The TV market is changing. Developing hit shows remains the aim but for an international production company like FremantleMedia that goal is only the beginning. A TV show whose format can gainfully be replicated across markets, and whose success offers the potential for brandbuilding and ancillary rights, is a far healthier proposition than a one-hit wonder. FremantleMedia is a master of the art of producing travelling formats, as these successful shows are known in the industry.

In many countries, audiences are fragmented across multiple channels. Broadcasters are finding it increasingly difficult to attract mass audiences, and also questioning the cost implications of maintaining in-house production. According to Tony Cohen, CEO of RTL Group's worldwide production arm FremantleMedia, these challenges are here to stay: “For us, offering broadcasters a brand rather than simply a TV show has never been more important. Broadcasters want audiences and seek publicity, and successful entertainment formats, tried and tested in other markets, can deliver both. It offers them a degree of certainty and reliability.”

Think *Idols* and *The X Factor* – but also think of popular serials, telenovelas, game shows and reality shows such as *The Price is Right*, *Family Feud*, *The Apprentice*, *Ugly Betty*, *Poker Face* and *Got Talent*. One of the biggest questions facing FremantleMedia is when a show becomes a success in one market, do you develop it internationally? Or do you set out to research, test and create shows that will work across borders? Tony clarifies the process: “Ultimately you always produce for the local market, the first market. The creative process doesn't work any differently than it always has. Centralised production would be very hard – local markets only care about what works locally.”

What has changed then? “Well,” says Tony, “the difference now is what we can do once a programme has been a success in one territory. We spot successes that can work elsewhere, and we can focus our production companies in areas we think have potential. It takes a long time to get a show on the air first time, but once proven, the take up and roll out can get faster and faster. In recent years we have become more systematic about this.”

Tony expands on this approach: “There are certain characteristics which when they come together can point to an

international success. Something that's had a major territory launch, like the UK or US, and on a mainstream channel. Then it should ideally be a show which is long-running or has a repeatable format, and has a clearly defined structure, distinct from anything else. We'll also consider the new platform possibilities, and the potential for income from events, merchandising or interactivity."

There are then two ways the process can work. FremantleMedia has a production presence in 22 territories and these teams will set about creating the local production of the show. Or, where FremantleMedia has no local production operation, the company pitches the show to a local broadcaster who uses a local production company. Either way the producer is then assigned consultants familiar with the mechanics and production of the show, offering the quality control and support that are crucial to the broadcasters. "These people are key to a successful roll out," says Tony. "Their aim is to make a show that's true to the spirit of the original success."

Another key to the business success of FremantleMedia is diversity. Tastes are different across markets, and tastes change over time. Sometimes this can happen unpredictably, such as the recent resurgence in drama and telenovelas crossing over successfully to non-Hispanic territories. So a portfolio of different genres is important, as is a wide portfolio of shows within each genre. "They don't all have to be immediate break-out successes," says Tony. "A mixture of fast-growing hits alongside big local successes and smaller, slower burners – shows whose success spreads gradually – is a good balance."

Once a show is a successful brand, of course, there is scope for ancillary rights management and interactivity. Whether the show suits voting, consumer products, scratch cards or



online karaoke, as long as such extension fits the essence of the brand, it can be a brand builder and money earner. The need to protect each brand is not lost on the company, and FremantleMedia Enterprises (FME) exists to do this, maintaining a direct relationship with any third-party licensees. FME is also pioneering ways of using technology to create an engaging experience, such as the success of text-voting for *American Idol*. Or even building the brand through 'old' technology, such as the live Las Vegas stage show of *The Price is Right*.

Though a part of the RTL Group, FremantleMedia's revenue and profits come mostly from non-RTL broadcasters. This is the best way to manage things from Tony's point of view: "Broad relationships with all the broadcasters in each market is best for business. Where the relationship with RTL Group as a whole helps is in size and stability. There are a lot of small operators in the production business. With FremantleMedia, broadcasters know they are dealing with someone who is financially sound."

The UK base is important to Tony as well. By his reckoning, production companies in the UK accounted for over half the world's travelling formats in the past year (with the US and the Netherlands making up a sizeable chunk of the rest). "The UK has a large and very competitive independent production sector, and this makes it a hotbed of innovation and creativity. In-house production isn't the best way to get creativity, and broadcasters generally accept this is a good thing, and are open minded to new concepts being pitched." And new concepts, of course, are the bread and butter of a company like FremantleMedia.



Cricket on Five

Five is the new home of terrestrial cricket coverage in the UK, bringing highlights of England's 2006 clashes with Pakistan and Sri Lanka to the nation.

New



Extraordinary people

Five's critically-acclaimed documentary strand. The most popular episode in 2006 was *The Seven Year Old Surgeon* with 2.9 million viewers.

No. of viewers
in million

2.9m



Fifth Gear

Five's motoring show, featuring its trademark authoritative tests of the world's most spectacular cars.



CSI

The latest series attracted up to 4.5 million viewers and an audience share of 18.8 per cent making it the most popular transmission of the US drama on the channel.

Peak audience share

18.8%



Home and Away

Five's highly popular Australian soap opera has been successfully extended to the new digital channel Five Life.



Respectable

A new comedy series following a group of young women working together, squabbling, chatting and bonding, like any other workforce. There's just one difference ... they work in a brothel.

New



Rupert the Bear

Rupert Bear is one of the most recognisable children's characters in the world. Created in 1920 he still enjoys an avid following 86 years after first appearing as a cartoon strip.



How Not To Decorate

Interior design gurus Colin McAllister and Justin Ryan question the dubious style choices made by the British public and attempt to rectify them with a team of builders, project managers and homeowners.

Highlights 2006

Difficult market conditions

The significant decline in the UK advertising market in 2006 affected the profitability of Five. As a result, underlying EBITA of the main channel declined to €21 million. In addition, the launch of two new digital channels in October 2006, incurred start up costs of €22 million, and so the EBITA for the profit centre was a small loss of €1 million.

Serial success

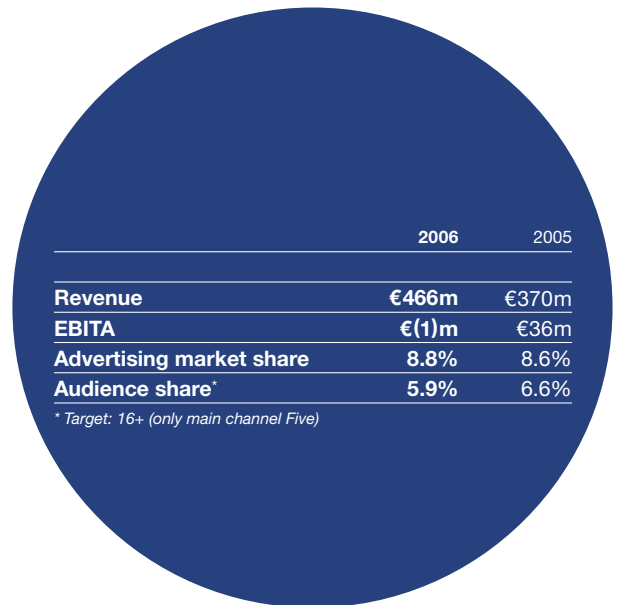
Five's most successful programmes in 2006 included *Home and Away*, *House* and, above all, the *CSI* brand. Other successful US dramas included *Law & Order*, *Prison Break*, *Criminal Minds* and *NCIS*.

Five Download

In October 2006, Five launched its video on demand service, Five Download, incorporating the *CSI* franchise. The service offers exclusive online access to the most recent series of all *CSI* brands. Ultimately the entire back catalogue will become available.

Multi channel penetration in the UK

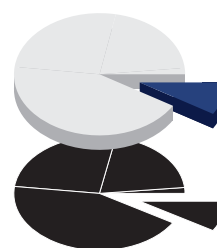
Multi channel TV had reached over 75 per cent of homes at the end of 2006, mainly helped by the growing success of the Freeview platform. To strengthen Five's market position in a highly competitive landscape, Five launched two new digital channels, Five US and Five Life (see over).



National advertising breakdown

Source: TV Industry

2006 (%)

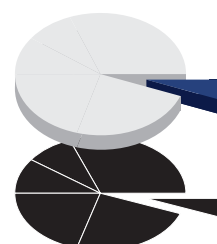


| | |
|-----------------|------------|
| Five | 8.8 |
| ITV | 43.2 |
| Cable/Satellite | 26.2 |
| Channel 4 | 20.2 |
| GMTV | 1.6 |

National audience breakdown

Source: BARB, Target: 16+

2006 (%)



| | |
|-------------|------------|
| Five | 5.9 |
| BBC 1 | 23.7 |
| ITV 1 | 20.3 |
| Channel 4 | 9.8 |
| BBC 2 | 9.1 |
| Others | 31.2 |



Five + two = three

Five has come a long way in a relatively short time. For nine years it has been a growth business as a single channel, and an established part of the British television landscape, all in the face of huge and constantly growing competition. But with more than 75 per cent of the market already digital, and counting, 2006 was the year to make digitalisation an opportunity rather than a threat.

The answer was two new digital channels, Five Life and Five US, launched in October 2006. Within a month both had established themselves within peaktime as two of the top 15 UK non-terrestrial channels. While Five's CEO Jane Lighting had been developing a multi-channel strategy for some time, the catalyst was the growth of the Freeview platform. According to Mark White, Five's Executive Director of Sales and project manager of the multi-channel launch: "Compared to satellite and cable, the Freeview digital terrestrial platform was the fastest growing by a mile. Every new customer was a home going from four or five channels to about 50, where Five was open to competition from the new digital channels launched by ITV and Channel 4." Much of the viewing the terrestrial channels are losing is being picked up by their own multiple channels, so getting the new channels on Freeview was a priority, and an integral part of the planning process.

The move was perhaps a little late in the day in the view of some media commentators, but becoming wholly owned by RTL Group in July 2005 had made the task easier. And Five had put the time to good use, learning from the experience of others in the market. Says Mark: "As well as that, we were particularly conscious of where we thought there were gaps in the market. We thought especially about what free-to-air customers already had on the Freeview platform, and what extra channels they might want, even though we would be on the other platforms as well."

“Two channels that built on Five’s established strengths and reputation.”

Mark White,
Five’s Executive Director of Sales



Five settled on two areas that both built on its established strengths and reputation, but have clear identities of their own. Five Life is definitely skewed toward the female audience. “We saw the satellite channels had the female 25–40 audience well covered,” says Mark White, “but there was definitely a gap in the Freeview offering for this market.” The channel offers a mixture of emotionally engaging content that reflects its audience’s modern lives – leisure, lifestyle, documentary, movies, with some US and Australian dramas exclusive to Five Life, and personalities like Trisha and Ellen Degeneres, and high ratings shows like *Home and Away*. Mark offers some more rationale: “As well as the many advertisers who target young women and housewives with children there’s also an opportunity to take FMCG (fast moving consumer goods) advertising revenue in these segments. And we’re not ignoring men, they will still find plenty to engage with.”

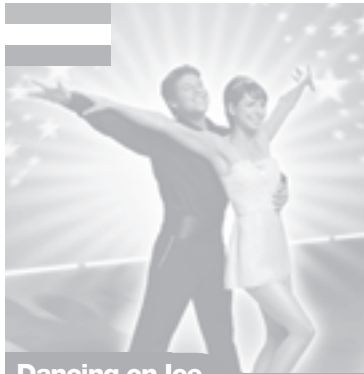
Five US is slightly more male though. With this channel it’s not such a case of identifying a gap in the market, but one of playing to Five’s strengths. “Yes,” says Mark, “viewers believe Five has the best of American content. And this is ‘smart America’ – intelligent drama like the *CSI* franchise, *Shark*, *Vanished*, and *Conviction*, documentaries, comedy with *Joey*, and the US sports shown overnight on Five packaged in a highlights programme on Five US.”

Each channel has its own identity and leans towards a particular audience. But both are clearly linked with Five and feel part of the Five family. This principle has been an important strand of the marketing campaign – and it’s not an easy task raising awareness of two new channels when there are already so many available. For Mark White: “The names were important. We’ve created the association with the main channel but

used names instead of numbers to give the channels their own personalities, and it has worked – people know the identities and are much clearer about what our channels stand for compared to channels which use numbers. The marketing supported this. Our ad and poster campaign used the power of the terrestrial Five brand, built understanding of the two new channels’ propositions, and clearly linked them together as a family of channels.”

Both new channels are already in the top 15 of the UK’s non-terrestrial channels across peaktime, and both have been seen by 15 million viewers so far. So it’s a good start, as the saying goes. The launch of the two new digital offerings gives Five itself more flexibility as a channel. “Yes,” says Mark, clearly getting excited at the prospect, “We will look and act even more as a family of complementary channels. We can make decisions with the family in mind – buying programmes which allow us to maximise the value of rights and transfer viewers between our family of channels through tactical scheduling, retaining viewers we otherwise would have lost.” He laughs at the thought: “It’s already like a giant jigsaw on the office floor!”

The other important factor in the success according to Mark White, is the people at Five: “Launching a portfolio of channels is very motivational.” There’s a definite pause as Mark recalls the demands of the past months: “Yes it was a lot of incredibly hard work for everybody, but it was also very exciting. New shows, new strategies, new propositions and about 50 new people – we’ve now got about 310 permanent staff. It’s all very positive, especially now we’re on air. Now we’ve got to build on the original thinking and continue to evolve in the ever changing digital world.” As Mark likes to say, “A channel is for life, not just for launch!”



Dancing on Ice

Entertainment formats are an important part of RTL 4's schedule. Over 1.7 million viewers watched Dutch and Belgium celebrities compete on the ice.

Average audience share
target group: shoppers 20-49

21.4%



Goede Tijden, Slechte Tijden

Holland's longest running soap opera, broadcast by RTL 4, keeps attracting millions of viewers each night. No bad times in sight for this juggernaut ...



Bones

The US series became one of RTL 5's most successful series in 2006, averaging a million viewers for each episode.



The X Factor

RTL 4's biggest talent show since *Idols* reached an average market share of 29.5 per cent in its key target group.

Average audience share
target group: shoppers 20-49

29.5%



Jensen!

On air since 2002 - RTL 5's highly popular late night show, hosted by Robert Jensen.



CSI: Miami

"Fingerprints are like old habits. They die hard". One of the most popular US crime series in the Netherlands, trademarked by the one-liners of its main character, Lt. Horatio Caine.



Beauty & De Nerd

Attractive women who rely primarily on their looks and intelligent men with limited social skills learned from each others' weaknesses and strengths in the Dutch version of *Beauty & De Nerd*.



Dat Zal Ze Leren!

Reality show in which 24 hip Dutch students went back in time and stayed at a 1950s style boarding school.

Peak audience share
target group: 20-34

21.5%

Netherlands

Television and radio

rt(4) rt(5) rt(7)

Highlights 2006

Family of stations maintaining market leadership

RTL Nederland maintained its leading market position despite a new competitor in the Dutch TV market and the broadcast of the football World Cup and winter Olympics on the public channel Nederland 2.

RTL 4 – the most reliable TV station

According to the 'European Trusted Brands' Study in 2006, RTL 4 was considered the most reliable television station in the Netherlands. The general-interest channel remains the basis for the success of RTL Nederland.

RTL 7 repositioned as 'second chance' broadcaster

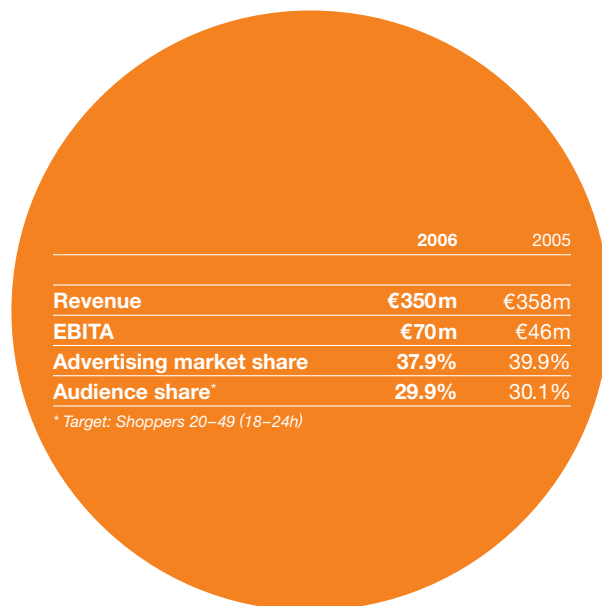
For RTL 7, the main focus of 2006 was football, especially European matches featuring Ajax (Amsterdam). It also offers repeats of the highlights of RTL 4 and RTL 5 within 24 hours.

Internet

In September 2006, the website RTL.nl was relaunched and is already one of the top ten major sites in the Netherlands. It includes both free and paid for video on demand, as well as the revamped online TV guide.

RTL Entertainment

RTL Nederland is diversifying its revenue streams. RTL Entertainment is responsible for producing and distributing Dutch feature films which will be available in the cinema, through video on demand, on DVD and broadcast on the RTL TV stations. The first of these films, *Wild Romance*, premiered in early November.



National advertising breakdown

Source: BBC

2006 (%)



| | |
|----------------------|-------------|
| RTL Nederland | 37.9 |
| SBS Group | 28.0* |
| Ster | 22.0* |
| Talpa | 5.5* |
| Others | 6.6* |

* estimates

National audience breakdown

Source: SKO, Target: Shoppers 20-49 (18-24h)

2006 (%)



| | |
|--------------|-------------|
| RTL 4 | 15.8 |
| RTL 5 | 9.3 |
| RTL 7 | 4.8 |
| SBS 6 | 11.9 |
| Nederland 2 | 10.2 |
| Nederland 1 | 9.7 |
| Net 5 | 7.3 |
| Nederland 3 | 6.5 |
| Talpa | 5.7 |
| Veronica | 5.2 |
| Others | 13.6 |

The growing success of Netherlands RTL 5 – it's all in the family

In August 2005 RTL Nederland launched RTL 4, RTL 5 and RTL 7 as a family of stations. The aim was to propel RTL 5 to become the second largest commercial TV station in the country. It is now exactly that in its target group of 20–34 year-olds, so everything has gone to plan, and through 2006 RTL 5 was the fastest growing station in the country. So, what were the reasons behind the move, and why has it been so successful?

“We save a lot of time and effort by sharing information across the Group.”

*Erland Galjaard,
Programme Director of RTL 5*

One of the big challenges for a TV business, now and in the future, is fragmentation – the proliferation of channels. Great for consumers – more channels equals more choice. But for TV companies? More channels equals more competition. The solution applied so well by RTL Nederland is to fragment yourself rather than be fragmented – and build a family of complementary channels. The thinking is, of course, for the family to protect your market share, or better still, increase it.

The lapse of the licence for RTL's Yorin in summer 2005 provided the ideal opportunity for RTL Nederland's CEO Fons van Westerlo to launch their family of channels strategy. For Erland Galjaard, RTL 5's programme director, the timing was good for other reasons as well: “In August 2005, John de Mol had launched a channel under the name Talpa, with the stated intention of becoming the biggest commercial channel. So this was a time when the viewer was being exposed to many new options, and a perfect time to build and extend what was already a very strong, reliable and positive brand – RTL, the first commercial station in the Netherlands.”

Yorin was discontinued, RTL 7 was launched and RTL 5 was repositioned as the second RTL channel, handily placed next to RTL 4 on the remote, and all part of a family well-promoted in a successful '457' relaunch campaign. Erland Galjaard leans forward eagerly: “Here, branding was as vital to RTL 5 as programming. What does Gerhard Zeiler say? ‘Content is king, but brand is the king's boss!’” Galjaard smiles as he recalls the saying. “We took on a younger, edgier character to appeal to a young audience – young not just in age, but in heart and mind. It's a big audience, one which advertisers have problems reaching. But they do watch TV and absorb a lot of information, and we are delivering them to the advertisers.”

RTL 5 is the biggest station for the 13–19, and 16–24 year old groups – and with a share of 11 per cent, it's the second biggest station in its target group, the 20–34 year olds. “These are the viewers of the future, and they are growing up with the RTL 5 brand,” says Erland Galjaard, “and we are using our ‘outspoken’ tone of voice to promote our content, too, showing them that the brand RTL 5 has the content they want. And they link the content to the brand, to the way we position ourselves.”

RTL 5 consistently brings viewers new series and develops new Dutch shows, steering clear of formats made big by competitors. It combines quality fiction such as *CSI: Miami*, *Prison Break* and *Bones*, with Dutch reality based on foreign successes such as *Beauty and the Geek*, *Brat Camp*, *Holland's Next Top Model* and home grown shows featuring Dutch celebrity



RTL 5 combines US quality fiction such as *Prison Break*...

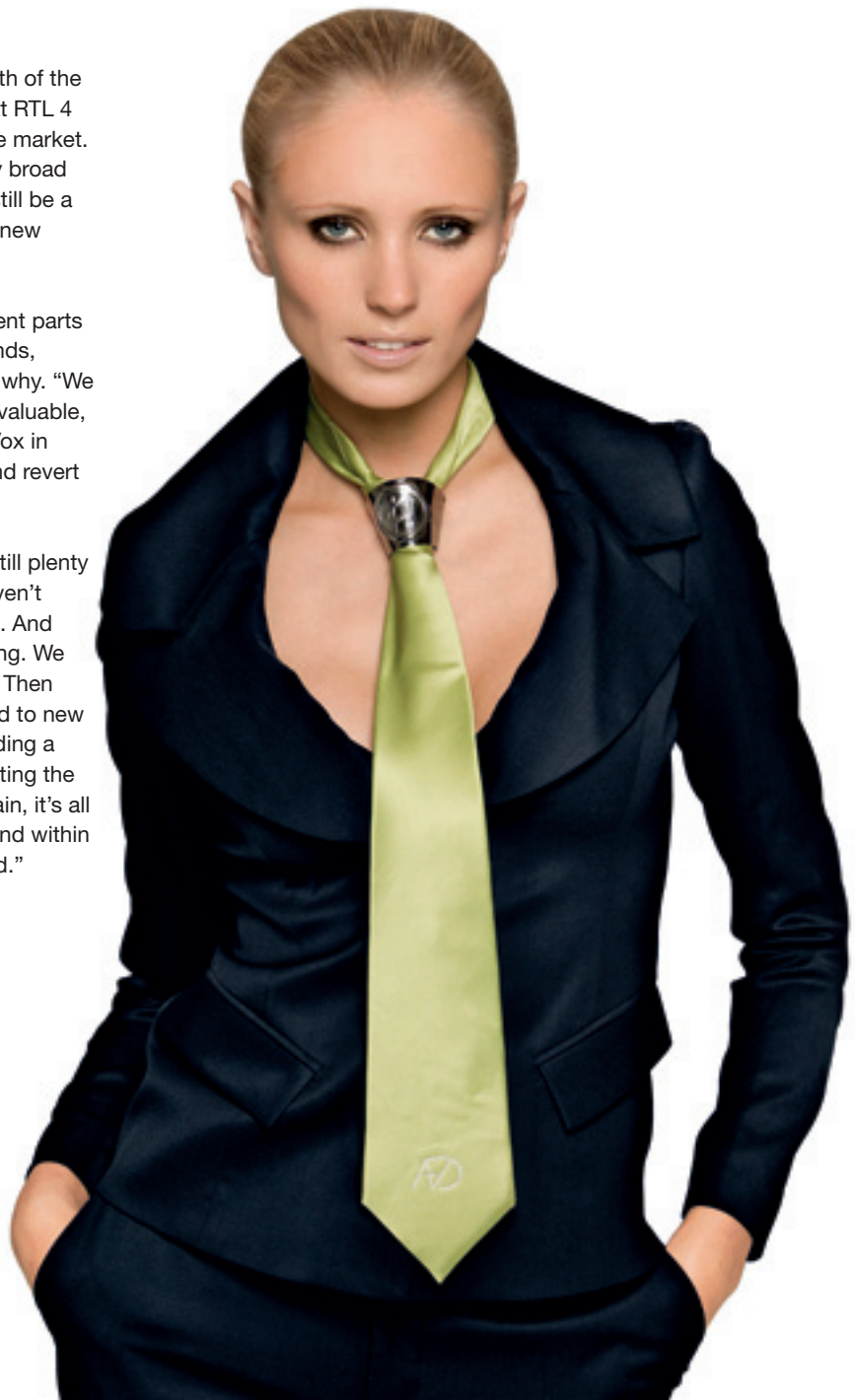
cook Herman den Blijker and talk show host Jensen. People also know the channel for running good movies. There are set movie nights, just as the scheduling offers 'power' nights – Mondays is reality, Tuesdays is always a cooking reality show after a US crime series. "People feel comfortable when they know what's coming," says Galjaard. "We also use the stars from our cook shows and talk shows on our idents, to help build the brand."

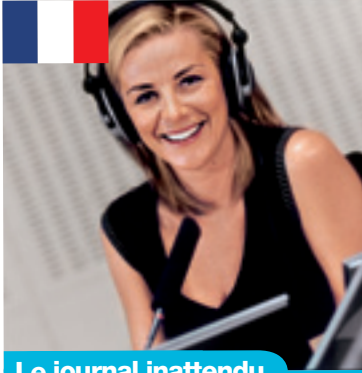
It's all been a great success. Not forgetting the strength of the family approach as well. "RTL 5 can work in areas that RTL 4 isn't offering. We can find gaps, the sweet spots in the market. Then there are shows which would never be on a very broad news and entertainment channel like RTL 4, but can still be a great success and still impart RTL quality. We can try new things, give people another choice."

Here lies the value of the wider RTL Group. The different parts of the Group meet and share information, discuss trends, scheduling, formats – what works, what doesn't, and why. "We save a lot of time and effort through this process. It's valuable, and it's good to note similarities with something like Vox in Germany, where big shows can become a success and revert from the second channel to the main one."

For the Netherlands' fastest growing station there is still plenty to aim for. Erland Galjaard will "look for genres we haven't touched on yet, but which will appeal to our audience. And we'll try new things even if the old ones are still working. We can still build on some evenings that aren't as strong. Then there is the revenue outside of TV, extending the brand to new platforms. People can view our new series about building a restaurant on the internet or on mobiles, it's all promoting the brand." He leans back in his chair to summarise: "Again, it's all about being part of a family. Then having a strong brand within that family, and constantly linking content to the brand."

...with Dutch reality based on foreign successes such as *Holland's Next Top Model*.





Le journal inattendu

In this high-profile show, Laurence Ferrari lets a celebrity present the news as editor-in-chief, thereby exposing personal and unexpected aspects of the famous guest's character.



La bonne touche

Popular presenter Jean-Pierre Foucault, assisted by comedian Cyril Hanouna, encourages listeners to rise to various challenges with the chance to win €10,000 per day. A fast-paced, witty tête-à-tête.



La tête dans les étoiles

Discover the hidden secrets of French celebrities' lives through a fantastic game highlighting the artist's career. The programme, presented by Laurent Boyer, also features unique sound material from historical archives.



RTL Matin

An essential format on RTL, a morning show dedicated to news reports, interviews and interactivity where listeners can call in to debate with Christophe Hondelatte.

Radio morning show in France

No.1



On ne pouvait pas le rater

A not-to-be-missed 10-minute morning show with Marc-Olivier Fogiel where he asks with his unique tone a direct question to a personality on the French scene. A cocktail of audacity and cleverness.



Les grosses têtes

This afternoon show will soon celebrate its 30th anniversary. Featuring the popular presenter Philippe Bouvard, it is one of the most popular programmes in France.

No. of listeners daily
in million

2m



Ça peut vous arriver

A unique 2-hour programme helps listeners to solve their legal problems. Supported by a lawyer and a team of specialists, presenter Julien Courbet tries to resolve each case, no matter how difficult.

Highlights 2006

RTL Radio

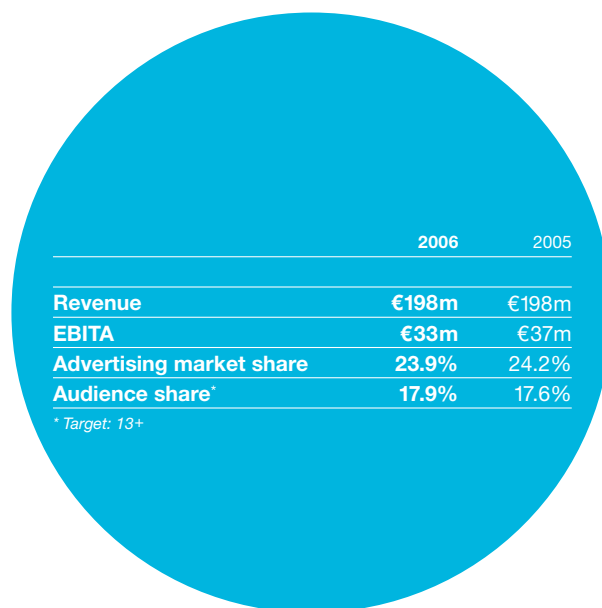
The flagship station in France celebrated its 40th anniversary in 2006, and concentrated on strengthening and revitalising its programmes. This new programme strategy re-established RTL Radio as the leader in all ratings criteria (see over).

RTL 2

RTL 2 launched some innovative new shows like *RTL 2 lunch 80*, which airs the best music of the 1980s every day between 12 noon and 1 pm, and a new morning show hosted by TV star Benjamin Castaldi. RTL 2 also continued to treat its listeners to exclusive live concerts, staged at the legendary Olympia.

Fun Radio

Fun Radio, the soul and dance station relaunched at the end of 2005, registered continuous growth in cumulated audience, gaining more than 420,000 listeners in a year. Capitalising on its core sound of dance music, Fun Radio reinforced all its music slots with a playlist more precisely tailored to its target audience and its *More than 40 uninterrupted minutes of soul & dance every hour* claim. Other key programmes include a fun and entertaining start to the day from 6am to 10am, and a night-time talk-show with a female bias.



National audience breakdown

Source: Médiamétrie, Target: 13+

2006 (%)



General interest radio networks

| | |
|--------------|-------------|
| RTL | 11.7 |
| France Inter | 8.4 |
| Europe 1 | 7.8 |

Music radio networks targeting adults

| | |
|--------------|------------|
| Nostalgie | 5.7 |
| RFM | 3.9 |
| RTL 2 | 2.8 |

Music radio networks targeting young listeners

| | |
|------------------|------------|
| NRJ | 7.3 |
| Fun Radio | 3.4 |
| Europe 2 | 2.7 |

Other formats 46.3

Today's hottest radio mix – tradition and modernity

RTL Radio is the leader among French radio stations. In 2006, it celebrated 40 years on air by regaining its crown, ranked in September/December as number one station in all three key criteria – audience share, daily accumulated audience and time spent listening. How has RTL Radio maintained its success over the years?

Axel Duroux is a man with a passion. Forget celebrating 40 years, forget celebrating number one status; spend some time with Axel Duroux, CEO of RTL Radio France, and it seems like every day is a celebration: “Do you know how to spell radio in French? R-T-L.” He smiles but he’s absolutely serious: “We’re known by 98 per cent of French people. 83 per cent of French people listen to the radio in France. One in six listen to RTL. The people that listen stay with us almost two hours a day.” The excitement with which he delivers this stream of figures is infectious.

Yes, it seems the French like their radio stations. There are 1,500 of them, after all. And the French certainly like RTL Radio. Its 12.7 per cent share of the audience in the most recent survey is way above any competitor. “We are popular because of the way we talk to people. We are close to people, they feel comfortable with RTL. We are their news and their entertainment. Our very first slogan sums it up – RTL. C’est vous – It’s you. It’s their radio, it’s followed the lives of French people for many years, all the big events, it means a lot of different things to many people.”

RTL has a proud history. Though originally a station in Luxembourg, it first moved to Paris in 1966 and by 1982 had become France’s favourite radio station. When the development of FM radio led to hundreds of stations, RTL developed a full FM network of its own to cover most of the population. As musical networks grew in popularity it purchased Fun Radio in 1993

RTL Radio’s legendary advertising campaigns are part of the station’s proud history.



“In the digital world people want content – news, current affairs, comedy, drama – and we have the full ownership of the content we broadcast.”

*Axel Duroux,
CEO of RTL Radio France*



and launched RTL 2 in 1995, to provide its own offering in this area, and to nibble away at the ratings of its competitors. So when challenged for its number one status in the early years of this decade, it was time for RTL to reinvent itself once more.

“It wasn’t really a reinvention,” says Axel Duroux, “we just had to be proud of our strengths, our tradition, and do what we had always been good at. When I was appointed in 2005, people said ‘we used to be a leader’. But the public’s perception of RTL was still very good. Of course with many TV stations and the internet, there are plenty of other attractions. My job really was just to go back to basics – to simplify our scheduling grid, so the audience knew what to expect and when, like our strong morning news shows. So people could once again identify with RTL – their station.”

The next step was to once again bring the strong RTL brand to the front of people’s minds, with big programmes and continual promotion. It has worked, and RTL is once again the leader. So, having revitalised RTL Radio by concentrating on its traditional strengths, the next task for Axel and his team is to carry the momentum forward into the digital age: “Radio is very popular, but in this day and age, who is going to buy their child a transistor radio?” says Axel.

Digitalisation offers countless commercial opportunities. New devices such as iPods and MP3 players bring the possibilities of podcasting – it is still radio but it isn’t live. You can pause,

rewind, listen when you want. One of RTL’s recent political comedy shows received a million downloads in one week, such is its popularity with young people. New distribution channels such as broadband allow people to listen from their computers, and receive enhanced information services at the same time. And digitalisation also brings better coverage for the national radio brands, overcoming the current inconvenience of different frequencies in different cities and regions. Digitalisation also brings the possibility of introducing new business applications, such as updated traffic information sent directly to cab or car companies.

All these opportunities hold great promise for RTL Radio. Axel confirms the reason: “RTL is content radio. In all these new digital worlds people want content – news, current affairs, comedy, drama – and we have the full ownership of the content we broadcast. A music radio station doesn’t have this in the same way. We also have the technology. Come with me and look at this.” As he bounces around the corridors of his radio station, Axel is as proud showing off the cabling ducts and the building work as he is explaining the features of his latest digital studios. “We’ve been here since 1966, but radio has been in this building since 1933. It has always changed with the times and always will. This building is ready for radio in the digital age.”

So, 40 years of RTL Radio to celebrate. And plenty to look forward to over the next 40 years. That’s the successful mix – tradition and modernity.





Le journal

The most-watched evening news programme on French-speaking Belgian TV – aired on RTL-TVI of course.

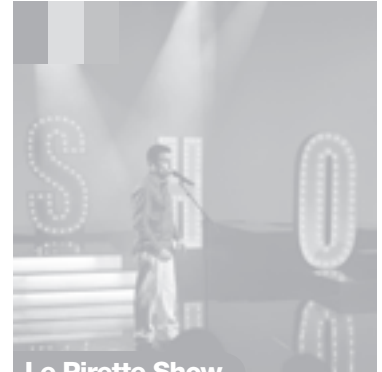
Evening news programme

No.1



Nip/Tuck

This US series, broadcast in Belgium by Plug TV, follows the lives of two Miami plastic surgeons, Sean McNamara and Christian Troy.



Le Pirette Show

627,000 viewers watched the show starring the Belgian comedian François Pirette on RTL-TVI in September 2006.



Lost

This award-winning US series follows the lives of a group of plane crash survivors on a mysterious tropical island. A critical and popular success the world over, it is a ratings driver for RTL-TVI as well.



Bel RTL

Bel RTL remains the preferred radio station in the French-speaking community of Belgium. The station scored a 19.6 per cent market share in 2006.

Audience share 2006
target group: 12+

19.6%



Les Simpsons

"D-oh!" Set in the fictional town of Springfield, the most-watched animated sitcom lampoons many aspects of American culture, society as a whole and even TV itself. Broadcast in Belgium by Club RTL.



Tout s'explique

From natural phenomena to brand-new technologies, from the world of physics to the latest innovations – RTL-TVI's popular science programme explains recent discoveries.



Pirates des Caraïbes

"This is the day you will always remember as the day you almost caught Captain Jack Sparrow." More than 560,000 viewers watched this pirate adventure film on RTL-TVI.

Belgium

Television and radio



Highlights 2006

RTL family of channels

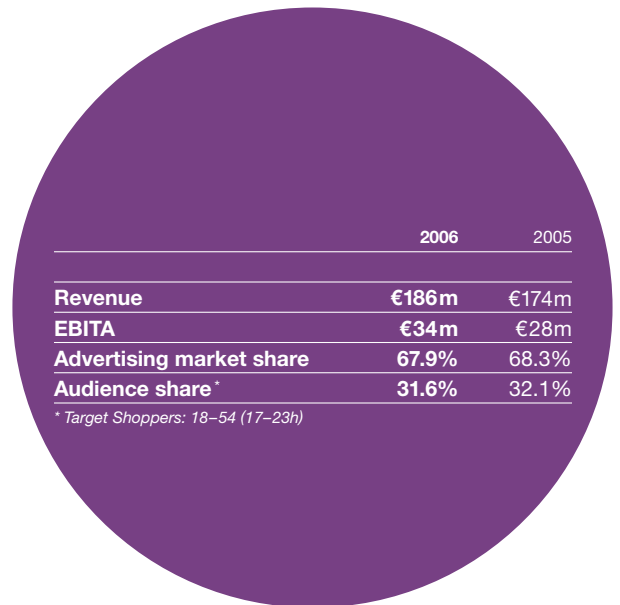
The RTL family of channels confirmed the remarkable fit between RTL-TVI (general interest), Club RTL (sport, children's programming and alternative fiction) and Plug TV (15–34 year-olds). The three channels aired 78 of the year's top 100 broadcasts.

Programme highlights

RTL-TVI's best performing broadcasts in 2006 were the comedy film *Podium* (almost 900,000 viewers) and the *Chaleur Charbon* show of the Belgian stand-up comedian François Pirette (883,000 viewers) – these were also the two most-watched programmes on French-speaking Belgian TV in 2006.

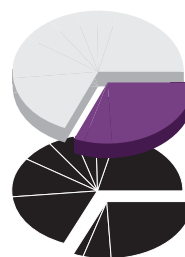
Le Grand Défi, a new political programme, drew record audiences in primetime on RTL-TVI. The evening news show *Le Journal* attracted an average 606,000 viewers, more than 160,000 viewers ahead of its direct competitor *JT* on the public broadcaster La Une.

2006 also saw successful series, including the *CSI* franchise, *Lost*, *Dr. House*, *Criminal Minds* and *Desperate Housewives*.



French-speaking Belgium audience breakdown

Source: Audimétrie, Target: Shoppers 18–54 (17–23h) 2006 (%)



| | |
|-------------|------|
| RTL-TVI | 24.2 |
| Club RTL | 5.3 |
| Plug TV | 2.1 |
| TF 1 | 16.9 |
| La Une | 11.2 |
| France 2 | 6.0 |
| AB 3 / AB 4 | 4.9 |
| La Deux | 4.3 |
| France 3 | 3.8 |
| Others | 21.3 |



New home, new structure, new station

RTL's new home in Brussels with new TV and radio studios, editorial and production offices.



After 20 years of broadcasting, RTL Group's Belgian radio stations have a new ownership structure and have launched a new music radio station, Mint. They also have a brand new home in the centre of Brussels where they can work alongside their TV colleagues. Everything points to the dawn of a new era.

Let's start with the new ownership structure. Radio H was created as a new holding company. RTL Group and TVI have a controlling stake in Radio H which has full ownership of several radio stations including Bel RTL, Contact and Contact 2.

For Philippe Delusinne, CEO of TVI, the new structure brings some much needed harmony to the sound of radio in Belgium: "Now we have a family of radio stations with a full offer covering different segments of the population. In particular Bel RTL can strengthen its position as a general interest station and Contact, making every effort not to alienate its current, broad audience, will return to its focus on music." While helping safeguard ownership and audience share of Contact, the new Radio H is helping consolidate other areas of business strategy.

It has also made possible the launch of a totally new station, Mint, aiming to become a leading rock and pop station for 25–44 year olds. "Mint takes the place of music station Contact 2, and BXL which was initially aimed at a small catchment audience in the Brussels area. It will play the well-known songs of the last 20 years as well as the best of the new releases and recent hits, and we are expecting great results." says Philippe. So Mint isn't a music station for a specialist genre, or a 'classics' station, but it is based on music, rather than being a generalist station. Mint probably most resembles RTL 2 in France, and is aimed at a young, urban, well-to-do audience, whom it hopes to get actively involved.

Mint hit the airwaves on the very same day that King Albert II of Belgium officially opened the company's new headquarters, RTL House, in central Brussels: "It was one of the most important events of the year in Belgium," says Philippe, "as well as the King, we hosted the Prime Minister, Guy Verhofstadt, and 2,000 other guests."

It's a new purpose-built premises suitable for a leading TV and radio station – with new TV and radio studios, editorial and production offices – what Philippe describes as a "centre of excellence for audio-visual companies. It really puts us on the map, keeps us at the top of the market. It's a good sign to all shareholders that we mean business and we're here to stay. We are part of the Belgian establishment. That's important for us." But more than that, it's also a very nice place to work, with fitness rooms, cinema facilities and many other modern comforts: "Yes it's good motivation for our staff," says Philippe, "and we can be proud when we invite people to visit."

Uniting TV channels RTL-TVI, Club RTL, Plug TV and radio stations Bel RTL, Mint and later this year Contact, the new HQ also brings the management teams together under one roof. It also houses teams looking at other media, and the new headquarters ensures RTL has the technology necessary for success in the digital age. According to Philippe: "We are ready for the evolution of radio, we can move quickly when we make decisions. Not only in radio but TV too, RTL is a highly profitable company in both. Plus we are also active in diversification and with new technology." So, new home, new structure, new station: "We are ready for the future, and looking forward to it." confirms Philippe.

"Now we have a family of radio stations with a full offer."

*Philippe Delusinne,
CEO of TVI*



Picco Bello

Luxembourg's most popular game show, on air since 1998.



Rebound

The basketball show gives fans all the information on the field and behind the scenes of one of the country's most popular sports.



Planet RTL

Young audiences' favourite programme for music, fashion and entertainment.



De Journal

RTL Télé Lëtzebuerg launched the 2006 season with a brand new, state-of-the-art news studio.

Audience share 2006
target group: 12+

59%



BCE

The core mission of BCE is to provide broadcasting services for 15 TV channels and 8 radio stations from its 6 transmitter sites in the Grand-Duchy of Luxembourg.



Kichen

This cooking show has welcomed all the best-known chefs since its launch over 10 years ago.



RTL Radio

RTL Radio Lëtzebuerg remains the country's reference station for both news and entertainment.

Audience share
target group: 12+

70%

Luxembourg

Television, radio
and technical services



Highlights 2006

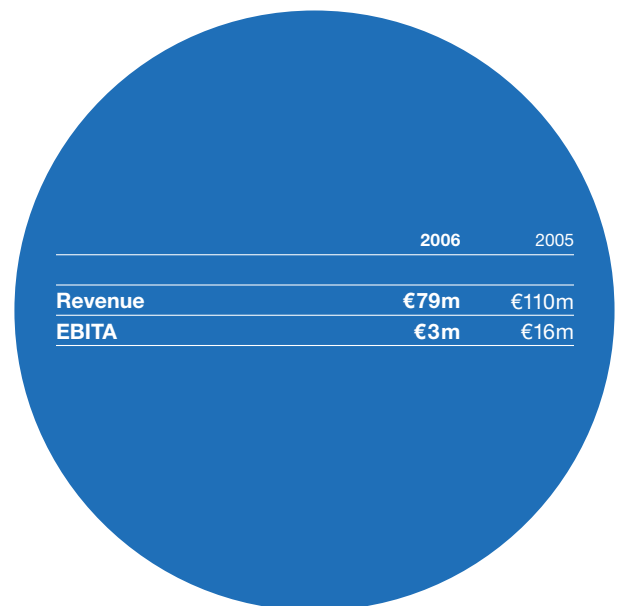
RTL Télé Lëtzebuerg has completely overhauled its news and magazine programmes – with a new look, a state-of-the-art studio, new graphics, and improved broadcasting technology. In September 2006, RTL launched a contemporary Sunday programme in which politicians answer journalists' questions on current affairs.

RTL Sports is live on site for the major local events. In 2006, RTL covered the country's first ever marathon, all of the excitement of local basketball, and on-the-spot coverage of the Tour de France in Esch. By popular demand, and a first for Luxembourg, RTL has begun broadcasting Champions League Football live.

RTL Entertainment keeps things fresh: top-notch entertainment programmes like *Boulevard*, *Planet RTL* and *Magazin* continued to draw large local audiences.

RTL Newmedia operates the leading internet portal in Luxembourg, RTL.lu. More than 58 per cent of all internet users in Luxembourg – over 150,000 unique visitors a month – visit for entertainment and news.

BCE, RTL Group's technical services provider, is based in Luxembourg. During the FIFA World Cup in Germany, the company's mobile equipment was used by several broadcasters, among them M6, for more than eight weeks.



Digital switchover? It's yesterday's news in Luxembourg

Switching off the analogue signal and broadcasting digital programmes only is the future for most of us. But Luxembourg, which is something of a trail-blazer in adopting new technology, has already made the move. It is the first EU member state to do so.

On 1 June 2006, RTL in Luxembourg started broadcasting nine different digital channels for terrestrial reception and from 1 September 2006, the country's broadcasts became digital only. If there was any particular reason for the timing, it wasn't necessarily a desire or need to be the first. But it was important to get there early. Tun van Rijswijck, of RTL Group's technical services provider Broadcasting Center Europe (BCE) says: "We had to defend the digital coverage by securing the spectrum frequencies available, and the CCR06 international conference in Geneva in May 2006 was the place to do that – we wanted to go there and say 'we are digital'. In any case, we had to do it one day," Tun continues, "and as there was no advantage to waiting, why not go ahead and do it? In fact, we had planned to be ready by early 2005, but had to wait until the DVB-T 'set top box' receivers necessary for digital terrestrial reception were available on the supermarket shelves." BCE is transmitting the digital signal from RTL's facility in Düdlingen, with nine different channels – the two Luxembourgish (RTL Télé Lëtzebuerg, Den 2. RTL), plus the French (M6), the Belgian (RTL-TVI, Club RTL, Plug TV) and the Dutch channels (RTL 4, RTL 5, RTL 7).

The main importance of digital switchover is not the immediate effect, but the many potential avenues it opens up – the programming possibilities, the new and varied platforms, the



“We are already testing nomadic applications such as public transport.”

*Tun van Rijswijck,
Chief Operations Officer of BCE*

Digitalisation means people can watch TV on their computers with a USB stick.

advances such as High Definition. Because, in actual fact, apart from a better quality of picture, not much has yet changed for most viewers. This is because around 95 per cent of viewers have cable and satellite and automatically receive the digital signal from their supplier. So only around 5 per cent of viewers needed to equip themselves with the DVB-T receiver.

“Yes, the many advantages of switchover are mostly opportunities for the future. Viewers can expect to start seeing the benefits of the flexibility we now have in programming,” says Lucien Linster, Director of Administration of RTL Télé Lëtzebuerg, “because the change gives RTL national coverage for its second channel, which up to September had been regional in cable. Both RTL channels are now broadcast 24 hours a day, an improvement on Astra satellite broadcasting where RTL Télé Lëtzebuerg is only included after 6pm. The channel used to show re-runs of news for people arriving home from work, and we can now show these on our second channel, Den 2. RTL. So we can show new content on RTL Télé Lëtzebuerg – for instance this year we are showing Champions League football for the first time. There is also a political angle to this – the platform is there to offer small channels nationwide coverage if they want it. In addition, if the surrounding countries wish to switch their transmission to digital, the market in Luxembourg is ready.”

Then there are the technical possibilities available with digitalisation. Tun van Rijswijck says they are looking at new opportunities to sell content: “on mobile phones for instance, or podcasts, and then there are nomadic applications such as on public transport. We are already testing ‘live’ updated RTL news on some buses in Luxembourg. And of course, digitalisation means you can watch TV on your computer with a USB stick, a possibility open to about two thirds of the country.” Lucien Linster picks up the thread: “When we show the next Tour de France people will be able to keep up with the action from their desks at work... or in the garden or the car. This is just a by-product but we gather a lot of people are interested in it.”

For the RTL Group and its established programme of creating cross-border synergies there is an opportunity to share useful information: “For example, for the TNT launch in France,” says Tun van Rijswijck, “we exchanged technical knowledge with M6, though with these things one always has to bear in mind different legal restrictions.”

So, in summary, Luxembourg is digital. It means better quality and better availability. What else? Watch this space. And get the podcast!



Vijesti

The channel's major news programme achieved an audience share of 27.2 per cent with reports on the most important events in Croatia and around the world.

Audience share
target group: 18-49



CSI: NY

The drama keeps track of the adventures of a group of forensic investigators who use modern technology to find crucial pieces of evidence in sometimes bizarre places.

Audience share
target group: 18-49

33.8%

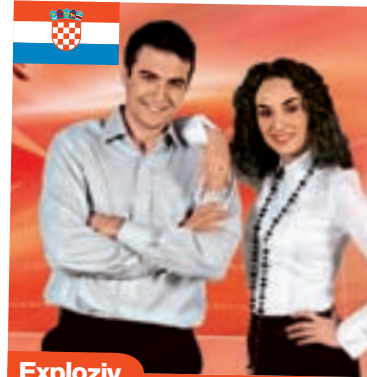


Zabranjena Ljubav

Secret desires. Hidden animosities. A tangled web of family relations. The daily soap increased its average audience share with its proven formula for success.

Audience share
target group: 18-49

32.0%



Exploziv

This tabloid magazine presents unusual stories about your average people—next-door daily from Monday to Friday. Current and intriguing topics are the assets that *Exploziv*'s crew has profiled into a unique style of expression.



Exkluziv

RTL Televizija's strong access primetime lineup also includes the celebrity magazine *Exkluziv* hosted by Tatjana Juric (pictured) and Marko Lusic.



Big Brother

The third season was once again a huge success for the channel. The final show of 2006 drew 72.5 per cent of the target audience.

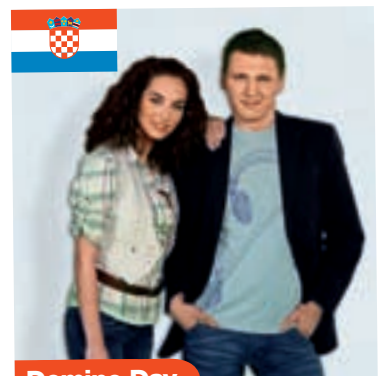
Audience share
target group: 18-49

72.5%



Invazija

The science fiction series tells the story of the aftermath of a hurricane, in which water-based extraterrestrials infiltrate a small Florida town and begin to take over the bodies of the town's inhabitants.



Domino Day

Young contestants from all over Europe set up 4.4 million domino stones weighing 35,200 kilograms.

Audience Share
target group: 18-49

45.8%

Highlights 2006

Break-even

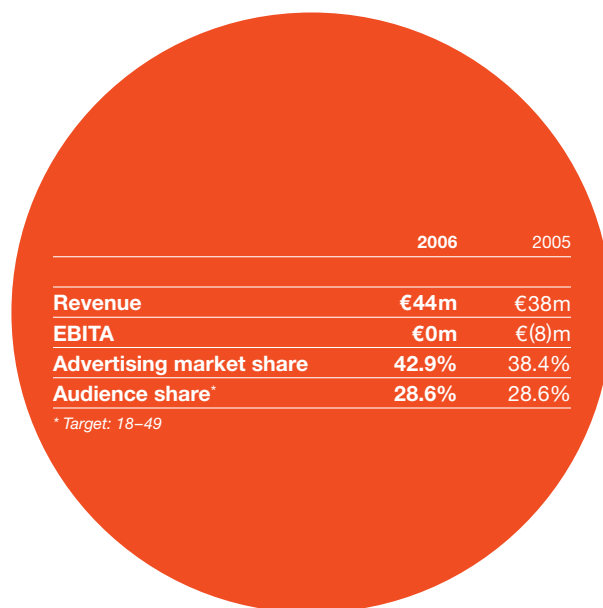
In its second full year of operations following its launch on 30 April 2004, RTL Televizija reached break-even.

Audience success

With a 28.6 per cent share of viewing in the 18–49 target group, RTL Televizija became Croatia's most-watched TV channel in this key demographic.

RTL Televizija's audience success is based on a mix of international formats such as *Big Brother*, US series and movies and locally developed news programmes and entertainment shows.

Another important pillar of RTL Televizija's success is its strong primetime line up, including the channel's major news programme *Vijesti*, the tabloid magazine shows *Exploziv* and *Exkluziv* as well as the daily soap *Zabranjena Ljubav* (*Forbidden Love*).



National advertising breakdown

Source: AGB Research Data (estimates)

2006 (%)



| | |
|-----------------------|-------------|
| RTL Televizija | 42.9 |
| HTV 1/2 | 43.3 |
| Nova | 13.8 |

National audience breakdown

Source: AGB Puls, Target: 18–49

2006 (%)



| | |
|-----------------------|-------------|
| RTL Televizija | 28.6 |
| HTV 1 | 28.2 |
| HTV 2 | 18.9 |
| Nova | 15.7 |
| Others | 8.6 |



International format, local success: the final of season three of *Big Brother* on RTL Televizija achieved 72.5 per cent of the target audience.

From zero to hero – two years in the life of RTL Televizija

By the end of 2006, its second full year of operation, RTL Televizija, Croatia's youngest commercial TV station, had achieved some remarkable results. Not only had it become the clear market leader in day and prime-time broadcasting to the vital 18–49 year old viewer group, but it had also broken even financially.

Our story starts in 2003 when the Croatian parliament decided to privatise one of its three public stations, HTV 3, which had an audience share of around 5 per cent. Of the seven applicants, RTL Group was awarded the franchise, and RTL Televizija launched on 30 April 2004. So, how do you build a station from scratch, and take it – perhaps uniquely so – from a standing start to top speed in such a short space of time?

Christoph Mainusch, CEO of RTL Televizija, picks up the story: “Well it wasn't exactly a standing start. RTL was known in the region, it's a big name and a strong brand, and so people were naturally curious. In addition, we were already tuned on people's remotes in the old HTV 3 position. And Croatia has one of the highest viewing times per individual in the world – four hours a day on average in the target audience. But it was hard work nevertheless. We started with ten desks, ten computers and ten people. Then we set out to build a really local station that was entertaining for the whole family. People just wanted to be entertained.”

In that statement the two key words are 'local' and 'entertaining', the qualities required to meet the tastes and desires of the target audience. RTL Televizija has achieved its success through its consistent programming policy, focusing on programmes the audience loves to watch. Starting with good licensing deals for successful foreign programmes, the station set about using the Group's experience and position to build up its roster of Croatian news shows and entertainment – but based on a successful mix of international formats such as *Big Brother* and locally developed shows. In effect, pursuing a television version of the business mantra 'think globally, act locally'.

“We started with ten desks, ten computers and ten people. Then we set out to build a really local station that was entertaining for the whole family.”

*Christoph Mainusch,
CEO of RTL Televizija*



Linked to this was a shrewd scheduling policy of broadcasting the same type of programme at similar times of day, and introducing special themed days, such as crime series days built around the *CSI* shows. Now, RTL Televizija is marginally ahead of HTV 1 in total viewing. But if you look at RTL Televizija's figures in primetime for September–December 2006, they show 36.3 per cent of the target audience while HTV 1 achieved 20.5 per cent of the audience share in primetime.

There have been some spectacular individual successes. The *Big Brother* final achieved 72.5 per cent of the target audience, while *Zabranjena Ljubav*, the first domestic soap opera, recorded 32.0 per cent. The most popular series in 2006 were *Prison Break* with 38.0 per cent and *CSI: New York* with 33.8 per cent audience share. RTL Televizija's News achieved an audience share of 27.2 per cent, while on the sporting front, Croatia's football match against Russia attracted 71.8 per cent of viewers. The result is that the other stations are having to change to compete, and pay closer attention to their scheduling, even copying ideas.

The market leading position, with clear positioning, better programme breaks and a younger audience, definitely helps the advertising 'power ratio'; that is, the advertising share as a proportion of the audience share. The total TV advertising market increased by 7.2 per cent in 2006 compared to 2005 while RTL Televizija advertising revenue increased by 19.9 per cent in the same period.

Aside from a successful programming policy, what else did it take? Says Mainusch: “Well, almost everything had to be done in house to start with. We recruited good young people who understood our strategy. We found the young Croatians highly

motivated and very dedicated. They still are. It's like a pioneering spirit – they are breaking new ground, making the TV landscape richer, not just for the audience but for themselves as well.”

The local emphasis is part of the future also. With a large number of new primetime shows planned for 2007, the focus will be on local comedy and local drama, with crime thrillers and crime docu-soaps planned. The station will be strengthening its informative programming too, with a political talk show and news and magazine programmes.

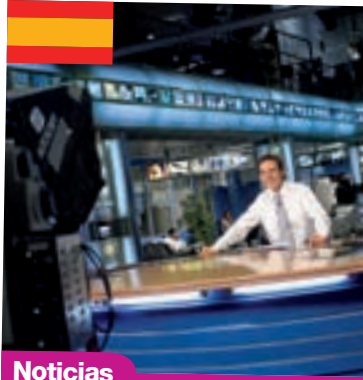
But as Christoph Mainusch is aware, there is plenty of hard work ahead: “In a small country like Croatia currently you obviously have to be the number one to be sure of generating a decent return. It is necessary that the regulatory bodies adopt media laws in line with European standards, so a second commercial broadcaster, even at number four on the market, could become profitable. With those media law changes, we will be able to develop a strategy for a family of channels. With digitalisation on the way we will look at thematic channels, and we will co-operate with all the new platforms, such as IPTV and video on demand. So there are plenty of ways in which the market will develop, not forgetting that we may at some stage want to look at geographical expansion within the region.”

Not a bad future at all for a company which started not so long ago with just ten people – it now employs 350. A final word from Christoph Mainusch about the success of RTL Televizija? “RTL is a strong brand, so the name and Group experience is part of the success. We have shown RTL Group can expand into new markets which offer potential for rapid growth. But we act independently. So just as important is the fact that this is a Croatian TV station, made for Croatians by Croatians.”



Territorio Champions

The first phase of the UEFA Champions League became the most-watched season of the past seven years.



Noticias

According to two major surveys, Antena 3 News is the best in Spain. Antena 3 Noticias is the most-watched news programme on Spanish TV.

Audience share
target group: 13-55

24.2%



Juega Conmigo Sésamo

In an effort to attract a preschool audience, Antena 3 launches Juega Conmigo Sésamo, based on the global television icon Sesame Street.



Los Simpson

The leading animated series in Spain, Los Simpson debuts its 17th season in primetime on Saturdays.



Pasión de Gavilanes

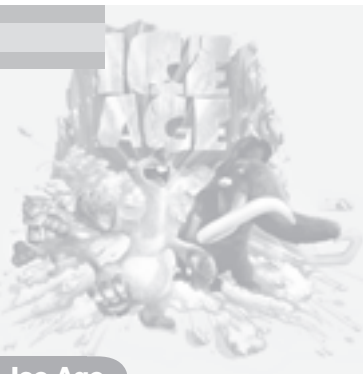
The soap opera becomes one of the TV phenomena of 2006 in Spain and ends up in the No. 1 spot.

No.1



Buenafuente

Spain's leading late-night show won the Ondas award for 'Best Entertainment Programme'.



Ice Age

Movies continue to provide a very solid audience share for Antena 3 with Ice Age being the most popular of all the films shown in 2006.

Movie on Spanish TV in 2006

No.1



Los Borgia

Antena 3's biggest blockbuster was released in 2006 to enormous public and critical acclaim.

Highlights 2006

Changed television landscape in Spain

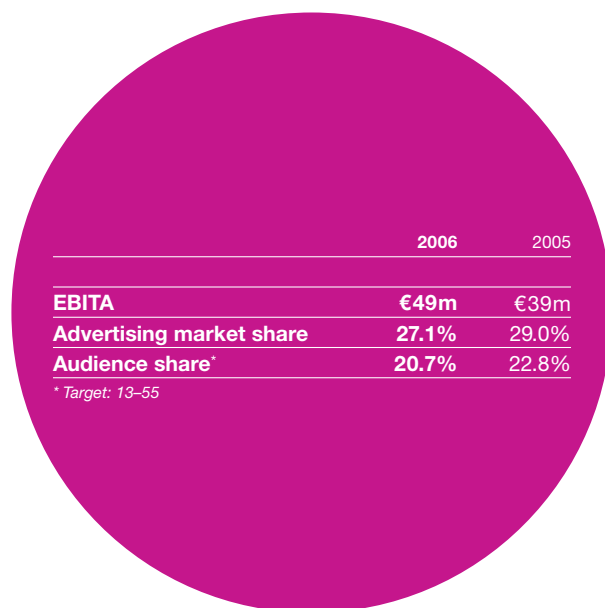
2006 saw a new television landscape in Spain following the launch of two stations – Cuatro and La Sexta. Inevitably, this led to reduced audience shares for the existing stations. Accordingly, Antena 3's audience share fell, with a share of 20.7 per cent of its target group 13–55, compared to 22.8 per cent in 2005. The Spanish market once again reported strong advertising growth, up an estimated 7.3 per cent on 2005.

Programme highlights

Antena 3 continues to offer a very successful broad range of programmes and formats to its audience. Notable successes in the year include the UEFA Champions League, the late night show *Buenafuente*, *Aqui no hay quien viva* and the telenovela *Pasion de Gavilanes*. Films continue to provide a very solid audience share with *Ice Age* being the most popular of all the films shown in 2006.

Share buy back

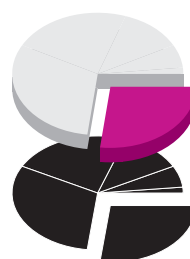
On 25 October 2006 Antena 3 announced it would buy back, for €18 a share, the 10 per cent stake held by the Santander Central Hispano Group. This transaction was approved at an EGM held at the end of November 2006. Half of the shares have been cancelled with a further 2 per cent used to pay an interim dividend to shareholders with the remainder being held as treasury stock. This affected the level of RTL Group's shareholding which has now risen from 17.3 per cent to 19.0 per cent.



National advertising breakdown

Source: Infoadex estimates

2006 (%)



| | |
|--------------------|-------------|
| Antena 3 | 27.1 |
| Telecinco | 30.9 |
| TVE (TVE 1 + La 2) | 22.4 |
| Forta | 12.0 |
| Cuatro | 6.0 |
| Sexta | 1.6 |

National audience breakdown

Source: TNS, Target: 13–55

2006 (%)



| | |
|--------------------|-------------|
| Antena 3 | 20.7 |
| Telecinco | 22.7 |
| TVE (TVE 1 + La 2) | 18.5 |
| Forta | 12.1 |
| Cuatro | 8.2 |
| Sexta | 2.3 |
| Others | 15.5 |

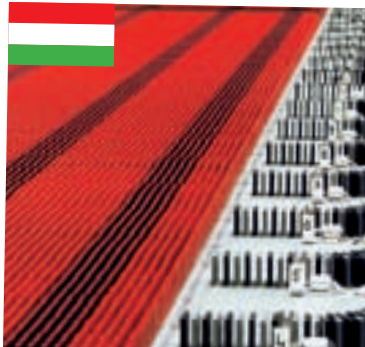


Szombat Esti Láz

RTL Klub aired two series of this celebrity dancing show in 2006. Each series comprised seven episodes, all of which scored excellent audience ratings.

Average audience share
target group: 18-49

42.5%



Domino Day

4,079,381 dominos – a new world record – were systematically toppled at the most recent Domino Day. Under the motto 'Music in Motion,' the dominos were set up in nine spectacular images ranging from hip hop to classical to pop.



Fabry

Sándor Fabry is RTL Klub's top talk show host. His stand-up comedy and talk show has been going strong for over six years and still draws more than 40 per cent of the target audience.



Mónika

On the screen for more than six years, Mónika Erdélyi is the host of the first and longest running daily afternoon talk show *Mónika* in Hungary.



Gyözike

The weekly reality docu-soap follows the life of Hungary's famous Roma rapper Gyözike and his family. The format continued to score high ratings in 2006.

Average audience share
target group: 18-49

38.9%



Gávölgyi

On the air for years, this Benny Hill-type sketch show which stars the popular Hungarian comedian Gávölgyi still performs very strongly.



Baratok közt

After its summer break, this local daily soap made a very strong comeback in fall 2006 thanks to a good cliffhanger at the end of the preceding season and effective advance promotion.



Cobra 11

This German action series drew large audiences on RTL Klub with an average audience share of 40.8 per cent in the target group in 2006.

Average audience share
target group: 18-49

40.8%

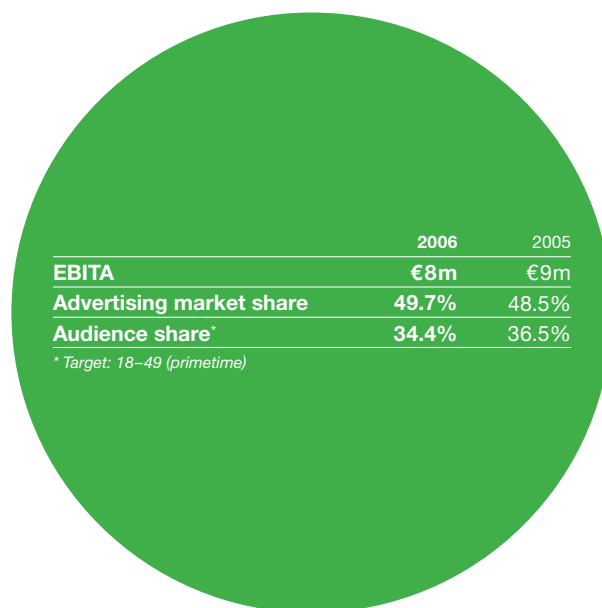
Highlights 2006

RTL Klub maintained its leadership position with an average audience share of 34.4 per cent in adults 18–49 (primetime) in 2006.

Programme highlights include formats such as the daily soap, *Barátok Közt (Best Friends)* which drew an average 39.4 per cent audience share in primetime in the target group, and the reality show *Győzike* which reported an average audience share of 38.9 per cent.

A new show, based on celebrity dancing, *Saturday Night Fever*, was launched in 2006 and over the two series recorded an average audience share of 42.5 per cent.

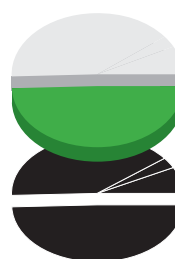
Overall, 16 out of the 20 most popular programmes on Hungarian television were broadcast by RTL Klub in 2006.



National advertising breakdown

Source: RTL Klub Estimates

2006 (%)

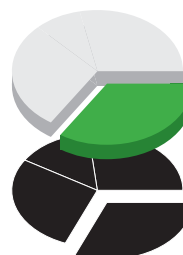


| | |
|-----------------|-------------|
| RTL Klub | 49.7 |
| TV 2 | 40.0 |
| MTV | 2.9 |
| Others | 7.4 |

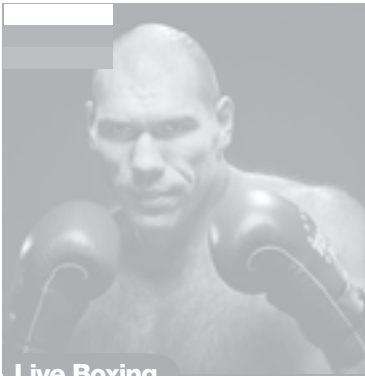
National audience breakdown

Source: AGB Hungary, Target: 18–49 (primetime)

2006 (%)



| | |
|-----------------|-------------|
| RTL Klub | 34.4 |
| TV 2 | 28.5 |
| MTV | 9.0 |
| Others | 28.1 |



Live Boxing

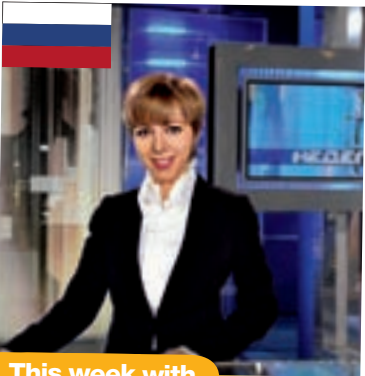
Ren TV secured the exclusive live broadcast rights for major boxing events featuring Russian champions such as the "Russian Giant" Nikolay Valuev. Apart from scoring high ratings, the fights also boosted Ren TV's brand considerably.

New



Clever (Bolshie Mozgolomy)

Local adaptation of a world-famous format, this is the first 'scientainment' show in the Russian TV landscape. The show attracts young and socially active audiences.



This week with Marianna Maximovskaya

One of the most respected news magazines in Russia. In Moscow the programme achieves double-digit audience shares.



Formula One

Ren TV became the first channel in Russia to air live races in all time zones. During its first year of Formula One broadcasting on Ren TV audience figures increased by almost 40 per cent.

New



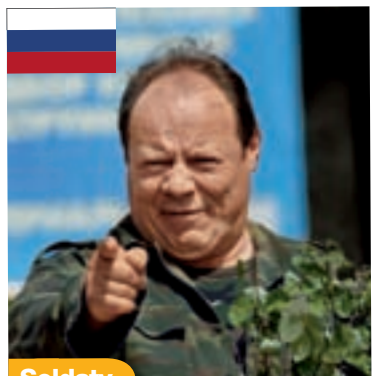
Private Stories

Private Stories depicts the fabulous and dazzling lives of Russian celebrities. From the very first episodes the programme conquered hearts and minds of more than 18 millions women all over Russia.



Supernanny

Supernanny is a local adaptation of the world famous parent-coaching format. Broadcast weekly on Thursdays, the programme attracted the family demographic and advertisers alike.



Soldaty

Original Russian 'dramedy' series about army life. *Soldaty* has been and apparently will continue to be for the foreseeable future a veritable ratings engine for Ren TV.

Average audience share
target group: Russia 6-54

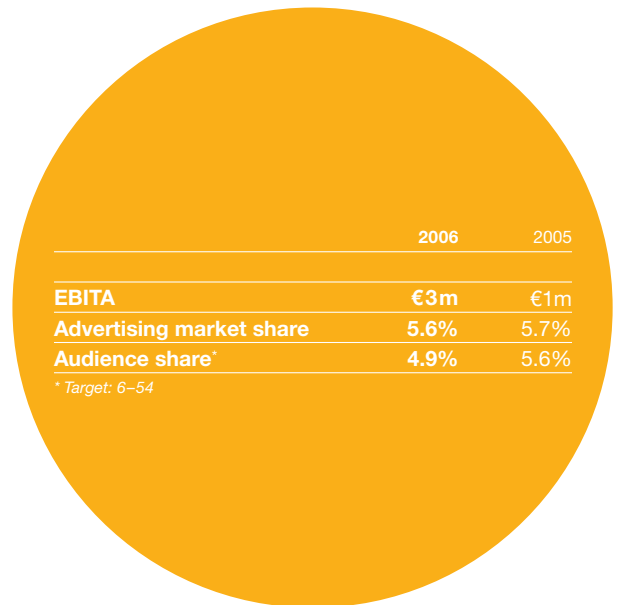
10%

Highlights 2006

In Russia, RTL Group holds a 30 per cent stake in Ren TV, a generalist channel with a broad offering. This now includes Formula One motor racing, new sitcoms such as *Perfect Strangers* and *Three is company* and entertainment formats such as *Clever*.

The advertising market once again performed strongly, up an estimated 28 per cent on 2005, driven largely by pricing effects as the new advertising regulations came into effect on 1 July 2006.

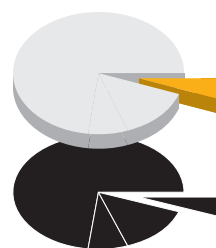
In summer 2006, Ren TV launched a large-scale national re-branding campaign, introducing a new look and logo. The goal of the campaign was to create a renovated, modern and recognizable image of Ren TV and to increase awareness of the channel.



National advertising breakdown

Source: Video International

2006 (%)

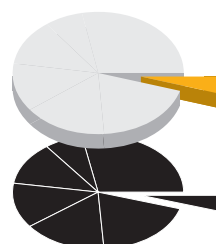


| | |
|---------------|------------|
| Ren TV | 5.6 |
| CTC | 14.0 |
| TNT | 7.5 |
| Others | 72.9 |

National audience breakdown

Source: TNS Gallup Media, Target: 6-54

2006 (%)



| | |
|---------------|------------|
| Ren TV | 4.9 |
| Channel 1 | 19.2 |
| Russia | 15.9 |
| STS | 12.6 |
| NTV | 12.2 |
| TNT | 7.3 |
| Others | 28.0 |



Batatoon

Batatoon the Clown brings laughter and entertainment to the youngest viewers on Sunday mornings.



Você na TV

This talk show, on air every weekday morning for three years running, has been growing its audience steadily.



Tu e Eu

This soap opera premiered in 2006 and already leads its timeslot, with an average audience share of 42.7 per cent.

Average audience share
target group: 4+

42.7%



Xmas Special 2006

TVI's Xmas special 2006 had most anchors, show hosts and their children singing for a campaign to raise money for paediatric hospitals. Even the General Manager had a go.



Rádio Comercial

Media Capital's main radio station using a national FM frequency with an adult contemporary format. In 2006 the station significantly increased its audience share.

Average audience share
2006

11.4%



Jornal Nacional

Jornal Nacional was the leading daily news programme on Portuguese TV, reaching an average audience share of 32.1 per cent.

Daily TV news programme
in Portugal

No.1



Doctor, Please Help

The reality show that helps people regain their self-confidence by improving their looks by means of aesthetic medical treatment.



Morangos com Açúcar

The longest-running fiction project on Portuguese television, this youth series is still the favourite programme among its core younger audiences.

Portugal

Television and radio

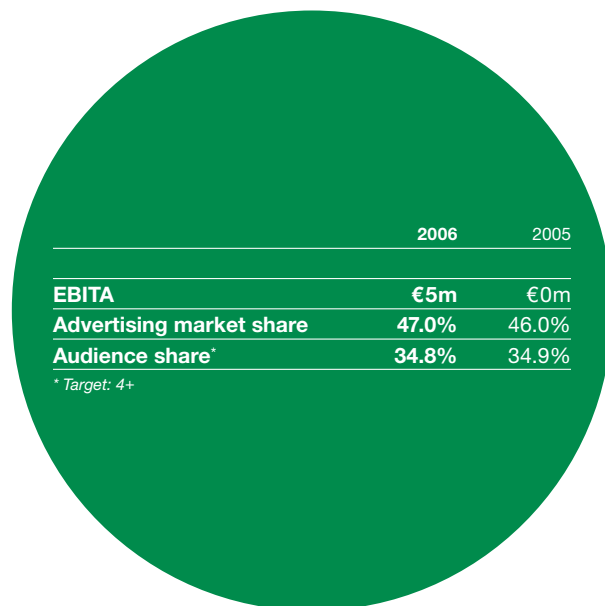


Highlights 2006

In Portugal, RTL Group held a 33 per cent stake in Media Capital which owns and runs the leading television channel, TVI, a generalist channel with a broad programme offer and an independent, innovative and popular style.

TVI maintained its position as the leading channel in terms of total audience, with a 34.8 per cent share (compared to 34.9 per cent in 2005). One of the key programming genres in TVI's grid is Portuguese fiction, based mostly on long-running formats such as tele-novelas. TVI also relies on two other main types of programmes – news, with three daily news services, and entertainment, based mainly on successful international formats.

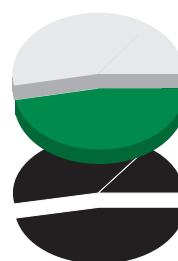
On 26 October 2006 Grupo Prisa, a 33 per cent shareholder in Media Capital, announced a preliminary offer, subject to market and regulatory approval, for the outstanding shares of Media Capital. On 22 January 2007 the market authorities, the CMVM, approved the terms and conditions of the voluntary offer which ran until 5 February 2007. Given the uncertainties surrounding both the pricing and the timing of a subsequent mandatory offer by Grupo Prisa, and the unlikelihood that a counter offer by RTL Group would succeed, RTL Group decided to sell its entire shareholding.



National advertising breakdown

Source: TVI/MC Estimates

2006 (%)



| | |
|------------|-------------|
| TVI | 47.0 |
| SIC | 38.0 |
| RTP 1 | 15.0 |

National audience breakdown

Source: Markttest, Target: 4+

2006 (%)



| | |
|------------|-------------|
| TVI | 34.8 |
| SIC | 30.4 |
| RTP 1 | 28.6 |
| a:2 | 6.2 |

Directors' report Auditors' report

and consolidated financial statements





Contents

- 84 **Directors' report**
- 109 **Auditors' report**
- 110 **Consolidated income statement**
- 111 **Consolidated balance sheet**
- 112 **Consolidated cash flow statement**
- 113 **Consolidated statement of changes in equity**

- 114 **Notes to the consolidated financial statements**
- 114 Significant accounting policies
- 125 Segment reporting
- 128 Acquisitions and disposals
- 132 Consolidated income statement
- 136 Consolidated balance sheet
- 153 Commitments and contingencies
- 157 Related parties
- 159 Interests in joint ventures
- 160 Accounting estimates and judgements
- 161 Subsequent events
- 162 Group undertakings

Directors' report

The Directors are pleased to present their report to the shareholders, with details on the businesses and the development of the Group, together with the financial statements for the year ended 31 December 2006 on pages 110–169.

Highlights

| | Year to December 2006 €m | Year to December 2005 €m | Per cent change |
|--|-----------------------------------|-----------------------------------|--------------------|
| Revenue | 5,640 | 5,115 | +10.3 |
| Underlying revenue¹ | 5,522 | 5,143 | +7.4 |
| Reported EBITA² | 851 | 758 | +12.3 |
| Restructuring costs and non recurring items | 2 | 8 | |
| Start up losses ³ | 36 | 31 | |
| Adjusted EBITA | 889 | 797 | +11.5 |
| Reported EBITA margin (%) | 15.1 | 14.8 | |
| Adjusted EBITA margin (%) | 15.8 | 15.6 | |
| Reported EBITA | 851 | 758 | +12.3 |
| Amortisation of fair value adjustments on acquisitions of subsidiaries and joint ventures | (14) | (16) | |
| Amortisation of fair value adjustments on acquisitions of associates | (2) | (2) | |
| Gain from sale of subsidiaries, joint ventures and other investments | 207 | 1 | |
| Net financial income/(expense) | 35 | (9) | |
| Income tax income/(expense), of which: | 34 | (116) | |
| Current tax expense | (188) | (134) | |
| Deferred tax income | 222 | 18 | |
| Profit for the year | 1,111 | 616 | +80.4 |
| Attributable to: | | | |
| Minority interest | 221 | 79 | |
| RTL Group shareholders | 890 | 537 | +65.7 |
| Adjusted EPS (EUR)⁴ | 3.52 | 2.96 | +18.9 |
| Proposed/paid ordinary dividend per share (EUR) | 1.20 | 1.05 | +14.3 |
| Proposed extraordinary dividend per share (EUR) | 1.80 | – | n.a. |

1) Adjusted for the full consolidation of Five and Mistergooddeal.com, disposal of TPS and other minor scope changes

2) EBITA represents earnings before interest and taxes excluding amortisation of fair value adjustments on acquisitions and gain/(loss) from sale of subsidiaries, joint ventures and other investments

3) Primarily launch costs of digital television channels in France, Germany and the UK

4) Adjusted earnings per share represents the net profit for the period adjusted for amortisation of fair value adjustments on acquisitions and impairment of goodwill, gain or loss from sale of subsidiaries, joint ventures and other investments, net of income tax expense and one-off tax effects

RTL Group headlines

- Reported EBITA of €851 million, up 12.3 per cent
- Group revenue of €5,640 million, up 10.3 per cent
- Reported EBITA margin improved to 15.1 per cent
- Net profit attributable to RTL Group shareholders of €890 million, up 65.7 per cent
- Net cash from operating activities of €864 million resulting in an operating cash conversion of 98 per cent
- Based on strong operating performance, a proposed ordinary dividend of €1.20 per share, up 14.3 per cent
- In the light of high cash generation following significant disposals, a proposed extraordinary dividend of €1.80 per share
- Current income tax expense of €188 million compensated by the recognition of a deferred tax asset, leading to an overall tax income of €34 million
- Non-advertising revenue increased from 38 to 39 per cent of total revenue

Profit centre highlights

- The five biggest profit contributors – the German family of channels, M6 in France, FremantleMedia, RTL Nederland and Antena 3 in Spain – all achieved record EBITA
- German family of channels increased its audience lead over ProSiebenSat1, good advertising business, significant EBITA improvement of 23.4 per cent (TV and radio)
- FremantleMedia successful with both new formats and established programme brands across all key markets, EBITA up 23.1 per cent
- M6 EBITA improved despite significant programme investments; deconsolidation of TPS more than offset by strong revenue growth from diversification activities
- RTL Nederland EBITA up over 50 per cent, driven by financial discipline and the discontinuation of its radio activities in 2006
- Five's EBITA decreased due to declining UK TV advertising market and significant start up costs in the new digital channels
- In its second full year of operation RTL Televizija in Croatia broke even

New digital activities across all profit centres

- New digital channels launched in the UK and Germany
- W9 in France already one of the country's most-watched new channels on digital terrestrial television (DTT)
- On-demand services and content already available from our broadcasters in France, Germany, UK, the Netherlands and from FremantleMedia
- Video websites Clipfish.de and Wideo.fr growing fast
- All major RTL radio stations offer podcasts

Directors' report

Revenue

Advertising market conditions were generally good across Europe in 2006, with the notable exception of the United Kingdom. Strong growth was reported in Spain, France, Germany and the Netherlands, while Belgium was stable.

A summary of RTL Group's key markets is shown below including net advertising market growth rates, gross advertising market shares and the share of the main target audience group.

| | Net TV advertising market growth rate 2006 (in per cent) | RTL Group gross advertising market share 2006 (in per cent) | RTL Group gross advertising market share 2005 (in per cent) | Audience share in main target group 2006 (in per cent) | Audience share in main target group 2005 (in per cent) |
|-------------|--|---|---|--|--|
| Germany | +3.7 ⁵ | 43.8 | 43.5 | 31.8 ⁶ | 32.2 ⁶ |
| France | +4.0 ⁵ | 23.2 | 23.2 | 19.3 ⁷ | 19.1 ⁷ |
| UK | -5.5 ⁵ | 8.8* | 8.6* | 6.0 ⁸ | 6.6 ⁸ |
| Netherlands | +3.3 ⁵ | 37.9* | 39.9* | 29.9 ⁹ | 30.1 ⁹ |
| Belgium | -0.1 ¹⁰ | 67.9 | 68.3 | 31.6 ¹¹ | 32.1 ¹¹ |
| Spain | +7.3 ¹² | 27.1 | 29.0 | 20.7 ¹³ | 22.8 ¹³ |
| Hungary | +3.3 ¹⁴ | 49.7* | 48.5* | 34.4 ¹⁵ | 36.5 ¹⁵ |

5) Industry/IREP and RTL Group estimates

6) Target group: 14-49

7) Target group: housewives under 50

8) Target group: 16+ (2006 including Five US and Five Life, launched in October 2006)

9) Target group: Shoppers 20-49, 18-24h

10) Source: IP estimate

11) Target group: Shoppers 18-54, 17-23h

12) Source:

Infoadex estimate

13) Target group:

13-55

14) Source:

RTL Klub estimate

15) Target group:

18-49, primetime

* net estimates

Revenue increased by 10.3 per cent to €5,640 million (2005: €5,115 million). On a like-for-like basis (adjusting for the main portfolio changes) revenue was up 7.4 per cent. The main scope changes affecting revenue result from the full consolidation of Mistergooddeal.com, the full consolidation of Five, the disposal of TPS and the sale of the Dutch radio activities.

| Revenue | Year to December 2006 €m | Year to December 2005 €m | Per cent change |
|--------------|-----------------------------|-----------------------------|-----------------|
| Television | 4,346 | 4,001 | +8.6 |
| Content | 1,176 | 1,022 | +15.1 |
| Radio | 240 | 242 | (0.8) |
| Other | 73 | 85 | (14.1) |
| Eliminations | (195) | (235) | (17.0) |
| Total | 5,640 | 5,115 | +10.3 |

EBITA

Reported EBITA increased by 12.3 per cent to €851 million, another record result.

The improvement was driven by RTL Germany, RTL Nederland, FremantleMedia,

M6 and Antena 3. Stripping out restructuring costs, non recurring items and start up losses,

EBITA was up 11.5 per cent to €889 million.

| EBITA | Year to December 2006 €m | Year to December 2005 €m | Reported EBITA margin 2006 (%) | Reported EBITA margin 2005 (%) |
|--------------|-----------------------------|-----------------------------|-----------------------------------|-----------------------------------|
| Television | 698 | 617 | 16.1 | 15.4 |
| Content | 131 | 125 | 11.1 | 12.2 |
| Radio | 51 | 35 | 21.2 | 14.5 |
| Other | (29) | (19) | (39.7) | (22.4) |
| Total | 851 | 758 | 15.1 | 14.8 |

| | Restructuring costs and non recurring items 2006 €m | Start up losses 2006 €m | Adjusted EBITA 2006 €m | Adjusted EBITA 2005 €m | Adjusted EBITA Margin 2006 (%) | Adjusted EBITA Margin 2005 (%) |
|-----------------------|--|----------------------------|---------------------------|---------------------------|-----------------------------------|-----------------------------------|
| Adjusted EBITA | | | | | | |
| Television | (3) | 35 | 730 | 651 | 16.8 | 16.3 |
| Content | 5 | – | 136 | 118 | 11.6 | 11.5 |
| Radio | – | 1 | 52 | 43 | 21.6 | 17.8 |
| Other | – | – | (29) | (15) | (39.7) | (17.6) |
| Total | 2 | 36 | 889 | 797 | 15.8 | 15.6 |

Group operating expenses increased to €4,949 million from €4,525 million, up 9.4 per cent. On an underlying basis and excluding the World Cup costs, Group operating expenses increased by less than 5 per cent.

Review by profit centre

| | Year to December 2006 €m | Year to December 2005 €m | Per cent change | Per cent of total 2006 | Per cent of total 2005 |
|---|-----------------------------|-----------------------------|-----------------|------------------------|------------------------|
| Revenue | | | | | |
| Germany – TV and radio | 1,965 | 1,858 | +5.8 | 34.8 | 36.3 |
| France – TV | 1,410 | 1,270 | +11.0 | 25.0 | 24.8 |
| FremantleMedia – Content | 1,128 | 947 | +19.1 | 20.0 | 18.5 |
| UK – TV | 466 | 370 | +26.0 | 8.3 | 7.2 |
| Netherlands – TV and radio | 350 | 358 | (2.2) | 6.2 | 7.0 |
| France – Radio | 198 | 198 | 0.0 | 3.5 | 3.9 |
| Belgium – TV and radio | 186 | 174 | +6.9 | 3.3 | 3.4 |
| Luxembourg – TV, radio and technical services | 79 | 110 | (28.2) | 1.4 | 2.2 |
| Croatia – TV | 44 | 38 | +15.8 | 0.8 | 0.7 |
| Others | 31 | 43 | (27.9) | 0.5 | 0.9 |
| Eliminations | (217) | (251) | (13.5) | (3.8) | (4.9) |
| Total revenue | 5,640 | 5,115 | +10.3 | 100.0 | 100.0 |

| | Year to December 2006 €m | Year to December 2005 €m | Per cent change | Per cent of total 2006 | Per cent of total 2005 |
|---|-----------------------------|-----------------------------|-----------------|------------------------|------------------------|
| EBITA | | | | | |
| Germany – TV and radio | 301 | 244 | +23.4 | 35.4 | 32.2 |
| France – TV | 249 | 229 | +8.7 | 29.3 | 30.2 |
| FremantleMedia – Content | 128 | 104 | +23.1 | 15.0 | 13.7 |
| UK – TV | (1) | 36 | n.a. | (0.1) | 4.7 |
| <i>of which: Five digital channels</i> | (22) | – | n.a. | – | – |
| Netherlands – TV and radio | 70 | 46 | +52.2 | 8.2 | 6.1 |
| France – Radio | 33 | 37 | (10.8) | 3.9 | 4.9 |
| Belgium – TV and radio | 34 | 28 | +21.4 | 4.0 | 3.7 |
| Luxembourg – TV, radio and technical services | 3 | 16 | (81.3) | 0.3 | 2.1 |
| Croatia – TV | 0 | (8) | n.a. | 0 | (1.0) |
| Spain – TV and radio | 49 | 39 | +25.6 | 5.8 | 5.1 |
| Sportfive | 0 | 1 | n.a. | 0 | 0.1 |
| Others | (15) | (14) | +7.1 | (1.8) | (1.8) |
| Reported EBITA | 851 | 758 | +12.3 | 100.0 | 100.0 |

Directors' report

Profit Centre Germany – Television and radio

Revenue in Germany increased by 5.8 per cent to €1,965 million (2005: €1,858 million), driven by a positive development in the TV advertising market.

As a result, EBITA rose 23.4 per cent to €301 million, from €244 million in 2005.

The average audience figures for the year 2006 were influenced by the football World Cup 2006 and the Olympic Winter Games in Turin. The Winter Games and most of the World Cup matches were televised by the public broadcasters ARD and ZDF. The combined average audience share of the RTL family of channels, in the 14-49 target group, decreased slightly to 31.8 per cent (2005: 32.2 per cent). However, mainly due to strongly improved ratings of Vox, the RTL family increased its lead over the ProSiebenSat1 family, whose average audience share declined to 29.4 per cent (2005: 30.3 per cent).

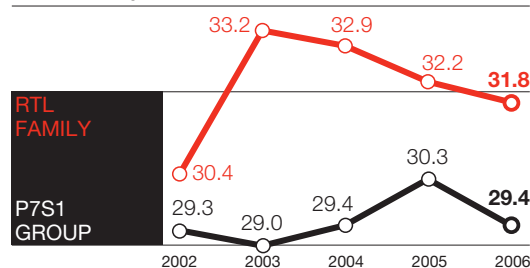
RTL Group also strengthened its leading position in the German TV advertising market and increased the combined share of its channels to 43.8 per cent from 43.5 per cent in 2005 (including RTL II).

In December 2006, RTL Television launched three digital pay-TV channels; two fiction channels featuring crime series and action highlights (RTL Crime), telenovelas and daily soaps (Passion, a 50/50 joint venture with UFA), and a non-fiction channel with real-life formats and feature reports (RTL Living).

TV audience share

Source: GfK, Target: 14-49

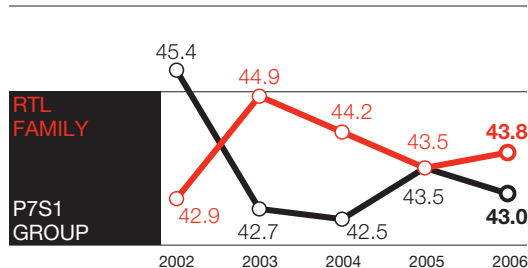
2002-2006 (%)



TV advertising share

Source: Nielsen Media Research

2002-2006 (%)



| | Year to December 2006 €m | Year to December 2005 €m | Per cent change |
|--|-----------------------------|-----------------------------|-----------------|
|--|-----------------------------|-----------------------------|-----------------|

Revenue

| | | | |
|--------------|--------------|--------------|-------------|
| TV | 1,850 | 1,755 | +5.4 |
| Radio | 17 | 14 | +21.4 |
| RTL Shop | 98 | 89 | +10.1 |
| Total | 1,965 | 1,858 | +5.8 |

EBITA

| | | | |
|---|------------|------------|--------------|
| TV | 314 | 265 | +18.5 |
| Radio | 4 | 4 | 0.0 |
| RTL Shop | (6)* | (4) | +50.0 |
| Start up losses and restructuring costs | (11) | (21) | n.a. |
| Total | 301 | 244 | +23.4 |

* includes €2 million of moving costs

RTL Television

Source: GfK, Target: 14-49

TV audience share

2002-2006 (%)

| | |
|----|------|
| 06 | 15.6 |
| 05 | 16.0 |
| 04 | 16.8 |
| 03 | 18.2 |
| 02 | 17.6 |

RTL Television

Source: Nielsen Media Research

TV advertising share

2002-2006 (%)

| | |
|----|------|
| 06 | 27.4 |
| 05 | 27.3 |
| 04 | 28.7 |
| 03 | 30.7 |
| 02 | 29.4 |

RTL Television was audience market leader in the key target group of 14–49 year-old viewers in Germany, for the fourteenth consecutive year, with a 15.6 per cent share (2005: 16.0 per cent). With 12.8 per cent, RTL Television was also again the leading commercial channel in terms of total audience share (2005: 13.2 per cent). The channel recorded high ratings with established audience favourites such as *Gute Zeiten, Schlechte Zeiten*, *Wer wird Millionär* and the third season of *Deutschland sucht den Superstar* as well as with new shows and series.

RTL Television's event and sports highlights drew large audiences in 2006. The two-part TV movie *Die Sturmflut* in February was a hit with both critics and viewers. The first part was watched by approximately 11.6 million viewers, a market share of 38.9 per cent in the target group, and the second part was close behind with 11.2 million viewers (market share 14–49: 39.2 per cent). RTL Television was the only commercial channel in Germany to provide live broadcasts of the football World Cup (eight matches in total) and these brought excellent viewer ratings. With over 14.6 million viewers the Portugal vs. Netherlands match on 25 June 2006 was RTL Television's most-watched programme in 2006. In November 2006, RTL Television made a successful return to the world of boxing with the night-time broadcast of the championship match between Vladimir Klitschko and Calvin Brock and in particular with Axel Schulz's failed comeback which was watched by 11.5 million viewers. Formula One motor racing remained highly popular throughout the year. Across all 18 races, RTL Television drew an average audience of 7.6 million viewers, well above the previous year's average of 6.9 million viewers.

In 2006, the most popular series on German television were again broadcast by RTL Television. With a market share of 24.4 per cent in the target group, *CSI: Miami* remained the undisputed number one US series on German television. After moving *CSI: Den Tätern auf der Spur* from Vox to RTL Television in November 2006, the series' average market share in the 14–49 target group increased significantly from 17.6 per cent (Vox) to 22.9 per cent (RTL Television). The new US series *Dr. House* also recorded an excellent market share of 20.6 per cent in the target group.

Entertainment formats have continued to be an important part of RTL Television's schedule. The eight-part show *Let's Dance*, with a market share of 22.0 per cent in the target group, became the year's most successful new programme on German television. The third season of *Deutschland sucht den Superstar* (market share 14–49: 28.7 per cent), the new show *Unglaublich! Die Show der Merkwürdigkeiten* (market share 14–49: 21.1 per cent) and the second season of the TV romance series *Bauer sucht Frau* (market share 14–49: 23.8 per cent) also performed well.

In 2006, young viewers once again preferred to obtain their information from RTL Television. Whether with *Punkt 9*, *Punkt 12*, *RTL aktuell* or *RTL Nachtjournal*, RTL news broadcasts were ahead of similar programmes on competitor channels.

Vox
Source: GfK, Target: 14–49

TV audience share
2002–2006 (%)



Vox
Source: Nielsen Media Research

TV advertising share
2002–2006 (%)



Vox closed its most successful year ever with a record 7.1 per cent market share in the 14–49 year-old demographic (2005: 6.4 per cent). With 7.9 per cent in November 2006, Vox achieved its highest monthly market share since going on air in 1992. Overall, Vox was the only commercial channel in Germany that clearly grew its audience share in the key 14–49 target group in 2006, and has firmly established itself as the strongest channel in the 'second generation' of commercial broadcasters.

The success of Vox continues to be driven by high-quality US series such as the *CSI* franchise, *Criminal Intent*, *Crossing Jordan* and the new series *The Closer*, with all of them recording double-digit primetime audience ratings. The high ratings of *CSI – Den Tätern auf der Spur* ultimately recommended the series to be broadcast by market leader RTL Television.

Directors' report

Access primetime ratings in the 14–49 target group improved strongly from 5.5 per cent in 2005 to 7.1 per cent in 2006 thanks to successful new launches. The workday magazine *Wissenshunger* scored a 7.7 per cent market share and *Menschen, Tiere & Doktoren* reached a 9.5 per cent average in the target group. Above all, the new format *Das perfekte Dinner*, scoring an average market share of 13.9 per cent in the target group, boosted Vox's access primetime ratings to new levels. The celebrity spin-off *Das perfekte Promi Dinner*, broadcast on Sunday evenings, also drew large audiences and will continue in 2007 with 30 new shows.

In 2006 Vox continued to present Hollywood movies on Thursday evenings. The channel drew large audiences with blockbusters such as *Independence Day* (market share 14–49: 19.4 per cent) or the cult movie *Dirty Dancing* (market share 14–49: 16.5 per cent).

RTL II

Source: GfK, Target: 14–49

TV audience share

2002–2006 (%)

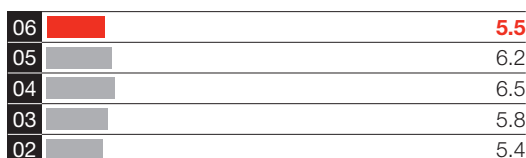


RTL II

Source: Nielsen Media Research

TV advertising share

2002–2006 (%)



RTL II finished the year with a 6.0 per cent share of viewing in the 14–49 target group, down from 6.5 per cent in 2005. The market share among 14–29 year-olds was 7.2 per cent (2005: 8.2 per cent). The decrease in audience share is mainly attributable to lower access primetime ratings. In February 2006 RTL II stopped the sixth season of *Big Brother – Das Dorf*, launched in March 2005 as a daily reality show. In addition, established primetime formats also performed below previous year's results.

However, reality-soaps such as *Frauentausch*, *Zuhause im Glück* or the newly launched *Liebling, wir bringen die Kinder um!* continued to be successful in 2006, with all of them recording double-digit peak ratings in the target group. The science show *Welt der Wunder* and its spin-off *Schau dich schlau* also scored high ratings. Among RTL II's best performing series were the science-fiction series *Stargate* and the US crime series *Law & Order: New York*.

RTL II's advertising sales, which are not marketed by IP Germany, declined considerably with the channel's advertising market share down to 5.5 per cent from 6.2 per cent in 2005.

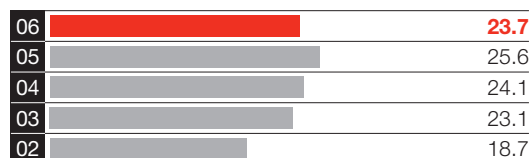
The channel's contribution to RTL Group's EBITA was €4 million in 2006 from €9 million in 2005.

Super RTL

Source: GfK, Target: 3–13

TV audience share

2002–2006 (%)

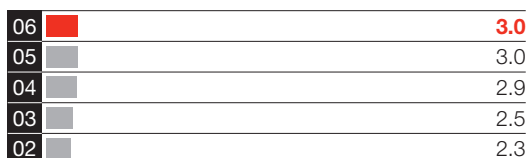


Super RTL

Source: Nielsen Media Research

TV advertising share

2002–2006 (%)



Super RTL remained the clear market leader among young viewers and achieved an audience share in its target group 3–13 year olds of 23.7 per cent (2005: 25.6 per cent). Based on its popular children's entertainment brands *Toggo* and *Toggolino*, the Cologne-based channel managed to further expand its thriving merchandising activities. The share of non-advertising revenue increased to 25.0 per cent of total revenue.

Top audience favourites among 3–13 year-olds included access primetime series such as Disney's *Kim Possible* and *Fillmore!*, and the cult children's series *Sponge Bob*. Super RTL's own productions such as *Wow – Die Entdeckerzone* and *Toggo TV* also performed strongly, with peak market shares exceeding 46 per cent in the target group.

Super RTL's web activities continued to be very successful. Its online entertainment portal for children, *Toggo.de*, logged an average 115 million page impressions per month, while the two educational sites – *Toggolino Club* and *Toggo Clever Club* – already have more than 100,000 subscribers, proving that parents are willing to pay for premium online content. The newly launched platform *Toni.de*, created in co-operation with Random House Audio, became Germany's biggest download portal for children's audiobooks.

N-TV reached an average 5.2 million viewers a day in its target group 14+ during 2006. The channel's average monthly market share in its target group remained stable at 0.6 per cent. Newly introduced business formats included a view of events on Wall Street with *N-TV Wall Street* and the interactive stock-market programme *Boerse@N-TV*. New talk shows were also successfully launched in 2006, among them *Busch@N-TV* with host Leo Busch giving viewers a chance to have their say online, by SMS and in the studio.

Despite a growth in revenue at **RTL Shop**, EBITA was down due to several one-offs, including the relocation to new premises in Hanover. Starting mid of January 2007, RTL Shop increased its live programming from 8 to 16 hours per day.

RTL Interactive incorporates RTL Television's diversification businesses. In addition to established activities such as merchandising and online, teletext and telephone services, RTL Interactive has been successfully involved in the booming field of video communities since mid-2006, when the RTL subsidiary launched *Clipfish.de*. Users can upload predominately self-produced clips to make them accessible to a broader public. After just six months, at the end of 2006, the *Clipfish* community already had close to 100,000 registered members. The website also co-operates with RTL programmes such as *Deutschland sucht den Superstar (German Idol)*. RTL Interactive is also involved in mobile TV trials and video on demand.

104.6 RTL (Berlin/Brandenburg) Radio audience share
Source: MA 2005, Target: 14+ 2002–2006 (%)

| Year | Radio audience share (%) |
|------|--------------------------|
| 06 | 9.0 |
| 05 | 8.3 |
| 04 | 7.6 |
| 03 | 10.4 |
| 02 | 9.4 |

104.6 RTL (Berlin/Brandenburg) Radio advertising share
Source: Nielsen Media Research 2002–2006 (%)

| Year | Radio advertising share (%) |
|------|-----------------------------|
| 06 | 14.2 |
| 05 | 13.4 |
| 04 | 14.2 |
| 03 | 15.1 |
| 02 | 17.4 |

Antenne Bayern (Bavaria) Radio audience share
Source: MA 2005, Target: 14+ 2002–2006 (%)

| Year | Radio audience share (%) |
|------|--------------------------|
| 06 | 35.6 |
| 05 | 25.0 |
| 04 | 20.4 |
| 03 | 22.1 |
| 02 | 22.4 |

Antenne Bayern (Bavaria) Radio advertising share
Source: Nielsen Media Research 2002–2006 (%)

| Year | Radio advertising share (%) |
|------|-----------------------------|
| 06 | 49.4 |
| 05 | 46.2 |
| 04 | 48.0 |
| 03 | 46.4 |
| 02 | 47.3 |

RTL Radio Deutschland outperformed a slightly growing radio advertising market. Most importantly, the flagship station 104.6 RTL regained leadership in the highly competitive Berlin radio market. Antenne Bayern exceeded the threshold of one million listeners per average hour in Bavaria and achieved its best ever audience ratings.

RTL Radio Deutschland successfully orchestrated the only national private radio broadcast of the FIFA World Cup 2006. A total of 23 sub-licensed radio broadcasters, 12 of them RTL Radio Deutschland participations, offered information and services about the World Cup to more than 30 million listeners per day.

In 2006, our German radio holding company continued to develop its portfolio of shareholdings. After having sold the 40 per cent stake in BB Radio in January 2006, the German media authorities approved the acquisition of a 33.85 per cent share in Spreeradio. Furthermore, the company increased its shareholding in Hitradio RTL Sachsen to 68.7 per cent. At the end of 2006, the German radio portfolio contained investments in 20 stations, mostly minority participations because of regulatory constraints in Germany. These stations have a combined average audience of almost 5 million listeners per hour.

Directors' report

Profit Centre France – Television

The audience share of M6 increased to an all-time record high of 19.3 per cent (target group housewives under 50) from 19.1 per cent in 2005. Advertising market share was stable, at 23.2 per cent, whilst EBITA reached another new record level.

| | Year to December 2006 €m | Year to December 2005 €m | Per cent change |
|-----------------------|-----------------------------------|-----------------------------------|--------------------|
| Revenue | 1,410 | 1,270 | +11.0 |
| Underlying EBITA | 258 | 236 | +9.3 |
| Start up losses | (9) | (7) | |
| Reported EBITA | 249 | 229 | +8.7 |

M6 TV audience share
Source: Médiamétrie, Target: Housewives <50
2002–2006 (%)

| | |
|----|------|
| 06 | 19.3 |
| 05 | 19.1 |
| 04 | 18.6 |
| 03 | 18.5 |
| 02 | 19.1 |

M6 TV advertising share
Source: TNS Secodip
2002–2006 (%)

| | |
|----|------|
| 06 | 23.2 |
| 05 | 23.2 |
| 04 | 22.1 |
| 03 | 22.4 |
| 02 | 22.8 |

Revenue at M6 increased by 11.0 per cent to €1,410 million (2005: €1,270 million). The increase is partly due to a positive development in the advertising market, strong diversification revenue and also scope changes, notably Mistergooddeal.com.

In terms of audiences, M6 has broken a number of records in 2006. With 132 evenings of more than 4 million viewers, up nearly 50 per cent on 2005, M6 has clearly demonstrated that its programming strategy is working. The most positive development came in primetime where US series such as *Prison Break*, *Desperate Housewives* and *NCIS* stand out. The final episode of season 1 of *Prison Break*, followed by the first episode in season 2, made M6 the most-watched channel that evening. Such was the success of this programme that the first episode of series 2 became the fourth highest ever audience for the station (with 7.5 million viewers). Entertainment and lifestyle formats such as *Nouvelle Star*, which attracted a record audience of 5.9 million viewers for the final (27.6 per cent in the 4+ age group), and *Vive la cantine* and *D&CO* re-enforced this development. Other notable successes were also made in French fiction (first summer saga *Laura*), the acclaimed documentary *L'Hôpital des enfants* and sport, in particular the World Cup broadcasts including England vs. Portugal which brought an audience share of 43.8 per cent (4+) peaking at 8.0 million viewers.

M6 has also successfully launched a mini-generalist station, W9, on the French free DTT (digital terrestrial television) platform. W9 is already one of the most-watched new DTT channels, in terms of cumulated daily audiences, and further programme investment is to be expected in the years ahead of the planned digital switchover in 2011 when the channel will reach 100 per cent coverage.

M6 continues to be a leader in the field of diversification. Its broad offering encompasses home shopping activities (including Mistergooddeal.com which was acquired at the end of 2005), M6 Mobile by Orange (more than 767,000 clients at the end of 2006) and web based activities, including VOD (video on demand) with already more than 700,000 downloads in 2006. M6's holding in the football club Girondins de Bordeaux improved its result after finishing second in the French championship (Ligue 1) in the 2005/2006 season and thereby qualifying for the European Champions League (and thereafter the UEFA Cup). Rights trading activities were further strengthened by the acquisition, on 28 August 2006, of 100 per cent of the movie production company Mandarin Films, owner of a library of movie rights including *Brice de Nice* and *Sky Fighters*.

Following the agreement reached with Vivendi/Canal Plus regarding the acquisition of TPS, the operational results of TPS have only been included until 31 August 2006 in the consolidated accounts of RTL Group. Completion of the transaction occurred on 4 January 2007. Following the completion of this transaction M6 Group holds a 5.1 per cent stake in the new pay television entity Canal Plus France.

Profit Centre FremantleMedia – Content

FremantleMedia, RTL Group's worldwide production business, had another year of strong performance. Revenue was up 19.1 per cent to €1,128 million (2005: €947 million) as the company continues to enjoy successes both with new formats and established programme brands across all its key markets. EBITA increased by 23.1 per cent to €128 million (2005: €104 million).

| | Year to December 2006 €m | Year to December 2005 €m | Per cent change |
|-----------------------|-----------------------------------|-----------------------------------|--------------------|
| Revenue | 1,128 | 947 | +19.1 |
| Reported EBITA | 128 | 104 | +23.1 |

In 2006, FremantleMedia's global network of production companies produced 10,157 hours of award-winning primetime programming spanning drama, serial drama, entertainment, factual programming and comedy.

FremantleMedia Production

FremantleMedia produces programming in 22 countries, making it one of the largest creators of international programme brands. *Idols*, the world's favourite music talent show, continued its global dominance in 2006. Successful series ended in Australia and New Zealand with Bulgaria and Vietnam joining the *Idols* family. The show is currently on air or in production across Europe, in the US, Arabia, Latin America, Asia, Russia and South Africa. However, in 2006 *Idols* was only one of several international hits from FremantleMedia. Following its high ratings for NBC in the summer of 2006, the *Got Talent* format became an instant international hit. By the end of 2006, the show had been commissioned in nine countries, with strong interest in several other countries across the globe. The French adaptation *Incroyable Talent*, produced by FremantleMedia France, rated as M6's second most-watched entertainment show of the year. *The X Factor* fever has reached the Netherlands, where the first series boosted the audience share of RTL 4. With commissions in Russia, Iceland, Portugal, Spain and Greece, *The X Factor* is becoming a firm European favourite. *Poker Face*, first broadcast in the UK on ITV in the summer of 2006, has so far gained commissions in 12 countries.

In the **US**, FremantleMedia North America concluded season five of *American Idol* for Fox with another set of records – 35.6 million viewers watched the final show, making it the most successful primetime series on US television. Other shows launched in the US include *American Inventor*, *Gameshow Marathon* and *America's Got Talent*. In June, the US network Lifetime ordered a 20 episode telenovela, based on the popular German telenovela *Bianca*, which had been created and produced by FremantleMedia's Grundy UFA.

In **Germany**, the production business run by UFA continued to be successful with top-rated serial drama, light entertainment, daily soap-operas and event movies such as *Die Sturmflut*, *Tornado* and *Dresden*. The two-part drama *Dresden*, produced by Teamworx and broadcast in March 2006 on public broadcaster ZDF, drew more than 12 million viewers and won the German TV Award for 'Best TV Movie'. The first season's final episode of Grundy UFA's telenovela *Verliebt in Berlin* was watched by more than 7 million viewers. Ratings of the third season of *Deutschland sucht den Superstar*, broadcast on RTL Television, were up more than 30 per cent compared to the second season. New episodes of *Bella Block*, Germany's most popular female crime inspector, continued to attract large audiences for ZDF. UFA Entertainment successfully launched two new long-running docu shows, *Wissenshungrer* for Vox and *Zuhause im Glück* for RTL II.

The production business in the **UK** saw the launch of *Poker Face*, the return of the classic game show *The Price is Right* and *The X Factor*, which finished its third series in the UK, gaining record audiences of up to 10.8 million and a massive number of phone votes. *The Green Wing* comedy had another successful series with huge DVD sales. Other highly-rated productions in the UK included *The Apprentice*, the No.1 show for BBC 2 in 2006, the new comedies *The IT Crowd* (for Channel 4) and *Man Stroke Woman* (for BBC 3) as well as the weekly drama *The Bill*. Airing on ITV 1 for over 20 years, *The Bill* is the UK's longest running crime series gaining audiences of up to 7.3 million viewers

Australia also saw success with *The Biggest Loser* and *Jamie's Kitchen Australia*, while the global comedy format *Distraction* had a strong debut in Italy.

Directors' report

FremantleMedia Enterprises

In 2006, FremantleMedia Enterprises (FME) was created as a new division, bringing the commercial exploitation arms together under one umbrella.

The division is responsible for exploiting and developing FremantleMedia's properties off-screen in areas such as merchandising, the internet, interactive television and wireless. Season five of *American Idol*, for example, has been sold to over 150 territories. The brand has also been extended off-air into products ranging from collectable coins to branded cars. *The X Factor* has also had its brand extended into many product lines including experiential gaming booths, karaoke machines, apparel and new interactive applications such as the *Fan Central* community site.

The live show of *The Price is Right* launched in Las Vegas, as a first in a series of 'on stage' participatory game shows from FremantleMedia. *Family Feud Live* was another, staged in Atlantic City. The shows took their usual formats, with contestants being selected from the studio audience, allowing them to compete in a live entertainment experience.

Atomic Wedgie, developed with Mobliss, is a new channel for mobile phones, available via the US mobile operator Sprint. *Atomic Wedgie* features hours of original programming as well as content from FremantleMedia's extensive library.

In August 2006, the *Prehistoric Park* DVD was released and sold over 100,000 copies until the end of the year. On the first week of release the DVD entered the UK DVD charts at number two, Fremantle Home Entertainment's highest ever position for a DVD release. It has been sold in over 40 territories.

Profit Centre UK – Television

The significant decline in the UK advertising market in 2006 impacted the profitability of Five. As a consequence, underlying EBITA of the main channel declined from €36 million in 2005 to €21 million in 2006. In addition, significant investments in the two new digital channels, Five US and Five Life, launched in October 2006, led to start up costs of €22 million. As a result of these two effects, reported EBITA for the profit centre was a small loss of €1 million. On a 100 per cent basis, in pounds sterling, reported EBITA fell to 2 million pounds from 32 million pounds in 2005.

Due to the impact of the full consolidation of Five (from September 2005) revenue rose 25.9 per cent to €466 million from €370 million. On a 100 per cent basis, in pounds sterling, revenue fell 1.8 per cent to 318 million pounds from 324 million pounds in 2005.

| | Year to December 2006 €m | Year to December 2005 ¹⁶ €m | Per cent change |
|--|-----------------------------------|---|--------------------|
| Revenue | 466 | 370 | +25.9 |
| <i>Revenue in local currency 100%</i> | <i>318</i> | <i>324</i> | <i>(1.8)</i> |
| Underlying EBITA – Five main channel | 21 | 36 | (41.7) |
| Start up costs | (22) | – | n.a. |
| Reported EBITA | (1) | 36 | |
| <i>Underlying EBITA in local currency 100%</i> | <i>17</i> | <i>32</i> | |
| <i>Start up costs in local currency 100%</i> | <i>15</i> | <i>–</i> | |
| <i>Reported EBITA in local currency 100%</i> | <i>2</i> | <i>32</i> | |

¹⁶ From 1 September 2005 Five has been fully consolidated into the accounts of RTL Group (previously proportionately)

Five
Source: BARB, Target: 16+

TV audience share
2002–2006 (%)

Five
Source: TV Industry

TV advertising share*
2002–2006 (%)

| | | |
|----|--|------------|
| 06 | | 5.9 |
| 05 | | 6.6 |
| 04 | | 6.7 |
| 03 | | 6.6 |
| 02 | | 6.5 |

| | | |
|----|--|------------|
| 06 | | 8.8 |
| 05 | | 8.6 |
| 04 | | 8.2 |
| 03 | | 7.9 |
| 02 | | 7.5 |

*historical positions
for 2002–2005
restated to exclude
sponsorship

Five's airtime sales were down 4.8 per cent, whereas the overall market declined by 5.5 per cent year on year. As a result, Five's share of net TV advertising revenue has increased from 8.6 per cent to 8.8 per cent in 2006. Five's diversification revenue streams grew by 17 per cent relative to 2005.

Five's adult share of viewing was 5.9 per cent in 2006, down from 6.6 per cent in 2005. This decrease is mainly due to the continuing audience fragmentation of the UK TV market. Multi-channel penetration had reached above 75 per cent of homes at the end of 2006. During 2006 a significant proportion of multi channel viewing came from digital channels belonging to the incumbent terrestrial channels which was largely due to the continuing success of the Freeview platform. By the end of 2006 there were estimated to be 16 million Freeview sets across all homes which offers a great opportunity for the terrestrial digital channels to continue this growth in 2007.

To seize this opportunity and to strengthen Five's market position in a highly competitive landscape, Five launched two new digital channels, Five US and Five Life, in October 2006. Both channels are available on all three digital platforms (Freeview, cable, satellite) and both channels have grown their viewing since launch. The combined adult share of viewing for the total Five family, including Five US and Five Life, reached 6.0 per cent in 2006.

The increase in digital penetration has also contributed to Five's increase in reach (homes who are watching Five) to 89.8 per cent of total homes (2005: 88.5 per cent).

Five's most successful programmes in 2006 included *Home and Away*, *House* and, above all, the *CSI* brand, which has also been extended to Five US. The latest series of *CSI* attracted up to 4.5 million viewers and an audience share of 18.8 per cent making it the most popular transmission of the US drama on the channel. There were a number of other successful US drama shows including *Law & Order*, *Prison Break*, *Criminal Minds* and *NCIS*.

Films have also continued to be an important part of Five's schedule and recently have been very successful on Five US. The most successful films included the transmission of *Men in Black 2* (3.9 million viewers and an audience share of 14.6 per cent) and *Home Alone 2: Lost in New York* (3.6 million viewers and an audience share of 17.6 per cent). In 2006 Five signed a deal for the Columbia studio output for the years 2006 to 2008. This will include the Free-TV premieres of *The Da Vinci Code* and *The Pink Panther* in 2008 and *Spider Man 3* in 2009.

Five continued to invest heavily in lifestyle programmes such as *Build a New Life in the Country* and *Diet Doctors: Inside & Out* which performed well. Other factual programmes such as *Fifth Gear*, *Hidden Lives* and *Extraordinary People* also performed well, with the most popular programme being *The Seven Year Old Surgeon* (2.9 million viewers and an audience share of 11.9 per cent).

In October 2006, Five launched its video on demand service, Five Download, incorporating the *CSI* franchise. The service offers exclusive online access to the most recent series of all *CSI* brands, with ultimately the entire back catalogue becoming available.

Directors' report

Profit Centre Netherlands – Television and radio

EBITA was significantly up at €70 million (2005: €46 million) driven by financial discipline and the discontinuation of RTL Nederland's radio activities. The reported EBITA improvement of the radio operations also included a one-time income of €8 million relating to the reimbursement of the upfront fees paid for Yorin FM and RTL FM radio licences. Total revenue was slightly down at €350 million (2005: €358 million) due to the sale of the radio station Yorin FM in January 2006 and the closure of RTL FM in July 2006.

RTL Nederland maintained its leading market position despite a new competitor in the Dutch TV market – John de Mol's channel Talpa – and the broadcast of the football World Cup and winter Olympics on the public channel Nederland 2. Amongst shoppers 20–49, the three channels of RTL Nederland achieved an audience share of 29.9 per cent (2005: 30.1 per cent) and were the clear market leaders.

The net TV advertising market share of RTL Nederland was 37.9 per cent (2005: 39.9 per cent).

| | Year to December 2006 €m | Year to December 2005 €m | Per cent change |
|----------------|-----------------------------------|-----------------------------------|--------------------|
| Revenue | | | |
| TV | 348 | 345 | +0.9 |
| Radio | 2 | 13 | (84.6) |
| Total | 350 | 358 | (2.2) |
| EBITA | | | |
| TV | 68 | 54 | +25.9 |
| Radio | 2 | (8) | n.a. |
| Total | 70 | 46 | +52.2 |

RTL 4 TV audience share
Source: SKO, Target: Shoppers 20–49 (18–24h) 2002–2006 (%)

| | |
|----|------|
| 06 | 15.8 |
| 05 | 17.6 |
| 04 | 18.2 |
| 03 | 19.1 |
| 02 | 17.9 |

RTL 4 TV advertising share
Source: SPOT 2002–2006 (%)

| | |
|----|------|
| 06 | 22.9 |
| 05 | 27.0 |
| 04 | 30.8 |
| 03 | 26.1 |
| 02 | 25.8 |

RTL 4 remains the basis for the success of RTL Nederland. With a 15.8 per cent audience share in its key target group of shoppers aged 20–49 (2005: 17.6 per cent) RTL 4 retained its position as the market-leading family channel. The most-watched programmes in 2006 were the CSI series, soap opera *Goede Tijden, Slechte Tijden*, the leading daily entertainment magazine *RTL Boulevard* as well as the channel's show highlights *The X Factor* (market share: 29.5 per cent), *Dancing with the Stars* (market share: 22.6 per cent), *Dancing on Ice* (market share: 21.4 per cent) and *Idols* (market share: 32.5 per cent).

RTL 5 TV audience share
Source: SKO, Target: 20–34 2005–2006 (%)

| | |
|----|------|
| 06 | 11.0 |
| 05 | 9.0 |

RTL 5 TV advertising share
Source: SPOT 2005–2006 (%)

| | |
|----|------|
| 06 | 10.0 |
| 05 | 8.1 |

*12 August–
31 December 2005

Since its repositioning in August 2005, RTL 5 has continually increased its audience share. In 2006, the channel recorded an average 11.0 per cent market share in its core demographic 20–34 (12 August–31 December 2005: 9.0 per cent) – putting it in second place behind RTL 4 (15.5 per cent), and in front of SBS 6 (10.8 per cent). US series such as *CSI: Miami*, *CSI: New York*, *Bones* and *Prison Break* made a significant contribution to this success. Programmes such as *Holland's Next Top Model*, *Herrie In De Keuken* with top chef Herman den Blijker and the talk show *Jensen!* also performed strongly.

*12 August–
31 December 2005

RTL 7 **TV audience share**
Source: SKO, Target: Men 20–49 2005–2006 (%)

| | | |
|----|--|------------|
| 06 | | 5.4 |
| 05 | | 4.8 |

RTL 7 **TV advertising share**
Source: SPOT 2005–2006 (%)

| | | |
|----|--|------------|
| 06 | | 5.0 |
| 05 | | 4.8 |

RTL 7 achieved an average share of viewing of 5.4 per cent among men aged 20–49 (12 August–31 December 2005: 4.8 per cent). The main focus of 2006 was football, especially Champions League matches featuring Ajax (Amsterdam) and the UEFA Cup. In 2006, RTL 7 was also repositioned as a ‘second chance broadcaster’ offering repeats of the highlights of RTL 4 and RTL 5 within 24 hours.

In September 2006, the website **RTL.nl** was relaunched as the digital brand of the family of channels. In 2006 RTL.nl occupied 10th place on the list of major sites in the Netherlands. This is due in part to the expansion of video on demand, both free (*RTL Gemist*, the *RTL Missed Show*) and paid (series and films), as well as the revamped online TV guide.

Profit Centre France – Radio

The French radio family increased its audience share (target group 13+) to 17.9 per cent from 17.6 per cent in 2005. Reported EBITA was down by 10.8 per cent mainly due to two factors: restructuring costs related to a voluntary redundancy plan and non-recurring costs for programme grid changes on RTL Radio. With a combined net advertising growth of 3.3 per cent, the three stations outperformed a growing net radio advertising market, which was estimated to be up by 1.5 per cent in 2006. However, growth in advertising revenue was offset by lower non-advertising revenue and one-time items.

| | Year to December 2006 €m | Year to December 2005 €m | Per cent change |
|-----------------------|-----------------------------------|-----------------------------------|--------------------|
| Revenue | 198 | 198 | 0.0 |
| Underlying EBITA | 40 | 37 | +8.1 |
| Restructuring costs | (7) | – | |
| Reported EBITA | 33 | 37 | (10.8) |

In 2006 the French radio family adapted its structures and processes to maintain its profitability in a more competitive market. Major initiatives included a voluntary redundancy plan at RTL Radio, the recruitment of new key managers in the areas of programme, news and communications and the implementation of a commercial efficiency plan in the sales house. These steps were taken to prepare the stations for the digital switchover and to anticipate the start of TV advertising by retailers in France in 2007.

RTL **Radio audience share**
Source: Médiamétrie, Target: 13+ (since Sept. 2002) 2002–2006 (%)

| | | |
|----|--|-------------|
| 06 | | 11.7 |
| 05 | | 11.5 |
| 04 | | 11.7 |
| 03 | | 11.7 |
| 02 | | 12.8 |

RTL **Radio advertising share**
Source: TNS Secodip 2002–2006 (%)

| | | |
|----|--|-------------|
| 06 | | 15.8 |
| 05 | | 16.2 |
| 04 | | 17.2 |
| 03 | | 19.0 |
| 02 | | 19.3 |

RTL Radio, the flagship station in France, which celebrated its 40th anniversary in 2006, concentrated on strengthening and revitalising its programmes. The new grid pattern for the 2006/2007 season implemented a clear and simplified structure, focusing on the station’s key hosts. The length of ‘classic’ shows, such as Philippe Bouvard’s *Les grosses têtes* or Julien Courbet’s *Ca peut vous arriver*, was successfully extended. Christophe Hondelatte was appointed new anchorman of the morning news, introducing a new pace and spirit to the station’s traditional news slot. A newly launched game show hosted by Jean-Pierre Foucault and Cyril Hanouna increased its average audience by 11 per cent in just two months.

Directors' report

The new programme strategy re-established RTL Radio as the leader in all ratings criteria. In the last audience measure of 2006 (Médiamétrie November–December) RTL Radio recorded a market share of 12.7 per cent, the station's best result since the extension of the Médiamétrie survey to 13 year-olds in 2002. RTL Radio also ranked first again in daily cumulated audience and time spent listening.

RTL Radio's share of the gross radio advertising market was 15.8 per cent (2005: 16.2 per cent).

In 2007, the station will continue to create must-hear events, ranging from concerts and news scoops to programmes with exclusive political guests, especially with regard to the upcoming Presidential Election in France.

RTL 2 Radio audience share

Source: Médiamétrie, Target: 13+ (since Sept. 2002) 2002–2006 (%)

| Year | Share (%) |
|------|-----------|
| 06 | 2.8 |
| 05 | 3.0 |
| 04 | 2.7 |
| 03 | 2.7 |
| 02 | 2.6 |

RTL 2 Radio advertising share

Source: TNS Secodip 2002–2006 (%)

| Year | Share (%) |
|------|-----------|
| 06 | 4.7 |
| 05 | 4.1 |
| 04 | 4.0 |
| 03 | 3.9 |
| 02 | 3.9 |

RTL 2, the pop-rock station, ended 2006 with high audience shares across all target groups between the ages of 20 and 49, but especially in its core target of 30–39 year-old-listeners.

RTL 2 launched some innovative new shows like *RTL 2 lunch 80*, which airs the best music of the 1980s every day between 12 noon and 1 pm, and a new morning show hosted by TV star Benjamin Castaldi. Muse, Phil Collins, Santana and U2 are part of the core sound of RTL 2 and the station is the official partner of Ben Harper, Aerosmith and Bryan Ferry, to name just a few. RTL 2 also continued to treat its listeners to exclusive live concerts, staged at the legendary Olympia with Keane, Texas and Starsailor.

Fun Radio Radio audience share

Source: Médiamétrie, Target: 13+ (since Sept. 2002) 2002–2006 (%)

| Year | Share (%) |
|------|-----------|
| 06 | 3.4 |
| 05 | 3.1 |
| 04 | 3.2 |
| 03 | 3.6 |
| 02 | 4.2 |

Fun Radio Radio advertising share

Source: TNS Secodip 2002–2006 (%)

| Year | Share (%) |
|------|-----------|
| 06 | 3.4 |
| 05 | 3.9 |
| 04 | 4.2 |
| 03 | 4.8 |
| 02 | 4.9 |

Fun Radio, the soul and dance station relaunched at the end of 2005, registered continuous growth in cumulated audience, gaining more than 420,000 listeners in a year.

Capitalising on its core sound – dance music represented by artists such as Beyoncé, Pussycat Dolls or Bob Sinclar – Fun Radio reinforced all its music slots with a playlist more precisely tailored to its target audience and its *More than 40 uninterrupted minutes of soul & dance every hour* claim. Other key programmes include a fun and entertaining start to the day from 6am to 10am, and a female skewed night-time talk-show. In December 2006, the station achieved the highest year-on-year growth rate of all French music stations, both in cumulated audience and audience share.

Profit Centre Belgium – Television and radio

The combined audience share of the RTL family of TV channels (target group: shoppers 18–54, 17–23h) fell slightly from last year's 32.1 per cent to 31.6 per cent. EBITA increased by 21.4 per cent to €34 million (2005: €28 million), while revenue was up to €186 million from €174 million in 2005. Profitability, as expressed in return on sales, improved further to 18.3 per cent.

| | Year to December 2006 €m | Year to December 2005 €m | Per cent change |
|----------------|-----------------------------------|-----------------------------------|--------------------|
| Revenue | | | |
| TV | 157 | 154 | +1.9 |
| Radio | 29 | 20 | +45.0 |
| Total | 186 | 174 | +6.9 |
| EBITA | | | |
| TV | 23 | 20 | +15.0 |
| Radio | 11 | 8 | +37.5 |
| Total | 34 | 28 | +21.4 |

RTL-TVI TV audience share

Source: Audimétrie, Target: Shoppers 18–54 (17–23h) 2002–2006 (%)

| | | |
|----|--|------|
| 06 | | 24.2 |
| 05 | | 24.1 |
| 04 | | 24.7 |
| 03 | | 24.5 |
| 02 | | 24.0 |

Club RTL TV audience share

Source: Audimétrie, Target: Men 18–54 2002–2006 (%)

| | | |
|----|--|-----|
| 06 | | 6.0 |
| 05 | | 6.2 |
| 04 | | 6.8 |
| 03 | | 6.4 |
| 02 | | 7.1 |

Plug TV TV audience share

Source: Audimétrie, Target: 15–34 2004–2006 (%)

| | | |
|----|--|-----|
| 06 | | 3.5 |
| 05 | | 4.5 |
| 04 | | 4.1 |

RTL-TVI/Club RTL/Plug TV* TV advertising share

Source: MDB South 2002–2006 (%)

(French-speaking Belgium)

| | | |
|----|--|------|
| 06 | | 67.9 |
| 05 | | 68.3 |
| 04 | | 66.7 |
| 03 | | 66.9 |
| 02 | | 65.8 |

*including Plug TV since 2004

For the TV advertising business, the first six months of the year – which showed a downturn compared to 2005 – were offset by a more positive second half. RTL's gross advertising share decreased slightly to 67.9 per cent (2005: 68.3 per cent). In terms of positioning, the RTL family of channels confirmed the remarkable fit between RTL-TVI (general interest), Club RTL (sport, children's programming and alternative fiction) and Plug TV (15–34 year-olds). The three channels aired 78 of the year's top 100 broadcasts. RTL-TVI's best performing broadcasts in 2006 were the comedy film *Podium* (almost 900,000 viewers) and the *Chaleur Charbon* show of the Belgian stand-up comedian François Pirette (883,000 viewers) – these were also the two most-watched programmes on French-speaking Belgian TV in 2006. *Le Grand Défi*, a new political programme, drew record audiences in primetime on RTL-TVI. The evening news show *Le Journal* attracted an average 606,000 viewers, more than 160,000 viewers ahead of its direct competitor *JT* on the public broadcaster La Une. 2006 also saw successful series, including the *CSI* franchise, *Lost*, *Dr. House*, *Criminal Minds* and *Desperate Housewives* with an average audience share of 35.9 per cent.

TVI SA pursued its policy of diversification, both in the interactive sector and in home-shopping. The newly created RTL Digital department will develop and launch digital projects for radio, television and other media.

Directors' report

Bel RTL Radio audience share

Source: Cim Radio (Spring wave), Target: 12+ 2002–2006 (%)

| Year | Radio audience share (%) |
|------|--------------------------|
| 06 | 19.6 |
| 05 | 21.1 |
| 04 | 18.8 |
| 03 | 19.4 |
| 02 | 20.6 |

Radio Contact Radio audience share

Source: Cim Radio (Spring wave), Target: 12+ 2002–2006 (%)

(South of Belgium)

| Year | Radio audience share (%) |
|------|--------------------------|
| 06 | 15.0 |
| 05 | 15.6 |
| 04 | 12.6 |
| 03 | 14.0 |
| 02 | 14.8 |

A major radio project was launched in 2006 which has enabled RTL Group to gain control over the Contact radio operations. The outcome of this transaction will allow RTL Group to harmonise its radio offering and consolidate its position in the market.

Another major event in 2006 was the move to the new building in Brussels. It covers 18,000 square metres, making it possible to bring all teams from TV, radio and other media together under a shared roof.

Profit Centre Luxembourg – Television, radio and technical services

This profit centre comprises the Luxembourg radio and television businesses, Broadcasting Center Europe (BCE), the technical services provider, IP Network and CLT-UFA International, the rights trading activity.

| | Year to December 2006 €m | Year to December 2005 €m | Per cent change |
|---|-----------------------------|-----------------------------|-----------------|
| Revenue | 79 | 110 | (28.2) |
| <i>Of which: CLT-UFA International</i> | 14 | 52 | (73.1) |
| <i>Other Luxembourg activities</i> | 65 | 58 | +12.1 |
| Reported EBITA | 3 | 16 | (81.3) |
| <i>Of which: CLT-UFA International</i> | (2) | 10 | n.a. |
| <i>Reversal of impairment and start up losses</i> | – | 3 | n.a. |
| <i>Other Luxembourg activities</i> | 5 | 3 | +66.7 |

RTL Radio Lëtzebuerg remains the country's reference station for both news and entertainment. The station's audience share (12+, Monday to Friday, 5-24h) remained stable at 70 per cent, compared to 71 per cent in 2005. **RTL Télé Lëtzebuerg** achieved a primetime audience share of 59 per cent (12+, Monday to Friday, 19-20h), down from 67 per cent in 2005. The decrease is attributable to changes in survey methodology (more channels were tracked by the new market research institute) and to the fact that the channel did not broadcast the 2006 football World Cup. In 2006, RTL Télé Lëtzebuerg completely overhauled its news and magazine programmes – with a new look, state-of-the-art studio and improved broadcasting technology. The channel has also begun broadcasting Champions League football live in Luxembourgish.

BCE, RTL Group's technical services company, fostered the harmonisation of its technical infrastructures within RTL Group. In London (FremantleMedia), Paris (M6, RTL Radio, RTL 9) and Cologne (RTL Television) new high bandwidth fibre links were installed to provide cost effective broadcast, IT and archiving solutions for RTL Group's local operations. During the FIFA World Cup in Germany, the company's mobile equipment was used by several broadcasters, among them M6, for more than eight weeks. In 2006, BCE contributed to the move of the Belgian RTL family into its new building. The service provider also continued to extend its external customer base by exploring new markets to fully exploit its existing resources.

CLT-UFA International (CUI) manages a portfolio of film rights, series and other rights. In line with the strategic decision to wind down the business over time and not to invest in additional rights, the company's revenue declined considerably in 2006. The re-allocation of Belgian rights from CUI to TVI in 2006 further added to this effect.

Profit Centre Croatia – Television

In its second full year of operations following its launch on 30 April 2004, RTL Televizija reached break-even in 2006. EBITA improved from minus €8 million in 2005 to €0 million in 2006. Revenue grew strongly by 15.8 per cent to €44 million (2005: €38 million).

RTL Televizija's share of viewing in the 18–49 target group remained stable on a very high level (28.6 per cent), while the audience share of public broadcaster HTV 1 declined from 32.1 per cent in 2005 to 28.2 per cent in 2006. As a result, RTL Televizija became Croatia's most-watched TV channel in the key 18–49 age category. Driven by its strong ratings, the channel also outperformed the TV advertising market, increasing its market share to 42.9 per cent in 2006 (2005: 38.4 per cent).

| | Year to December 2006 €m | Year to December 2005 €m | Per cent change |
|-----------------------|-----------------------------------|-----------------------------------|--------------------|
| Revenue | 44 | 38 | +15.8 |
| Reported EBITA | 0 | (8) | n.a. |

RTL Televizija

Source: AGB Puls, Target: 18–49

TV audience share

2004–2006 (%)

| | | |
|-----|--|------|
| 06 | | 28.6 |
| 05 | | 28.6 |
| 04* | | 29.5 |

RTL Televizija

Source: AGB Research Data (estimates)

TV advertising share

2004–2006 (%)

| | | |
|-----|--|------|
| 06 | | 42.9 |
| 05 | | 38.4 |
| 04* | | 16.3 |

*launched in April 2004

RTL Televizija's audience success is based on a successful mix of international formats such as *Big Brother*, US series, movies and locally developed news programmes and entertainment shows. The third season of *Big Brother* was once again a huge success for the channel. The 2006 season opening show achieved an audience share of 64.5 per cent, while the final show drew 72.5 per cent of the target audience.

The most popular US series in Croatia were broadcast on RTL Televizija: the first season of *Zakon braće* (*Prison Break*) attracted an average of 38.0 per cent of viewers aged between 18 and 49, making it the most-watched US series. *Invazija* (*Invasion*), *Kosti* (*Bones*) and the *CSI* franchise also scored excellent ratings above the 30.0 per cent level.

Further programme highlights included the locally produced entertainment format *Mijenjam ženu* (*Wife Swap*) which drew an average audience share of 33.0 per cent, the locally produced sitcom *Bibin svijet* (audience share 18–49: 32.5 per cent) and the first season of *Fear Factor* (audience share 18–49: 35.5 per cent). RTL Televizija also aired seven of the ten most-watched movies on Croatian television in 2006.

Another important pillar of RTL Televizija's success is its strong access primetime lineup. This includes the channel's major news programme *Vijesti* (audience share 18–49: 27.2 per cent), the tabloid magazine shows *Exploziv* and *Exkluziv* as well as the daily soap *Zabranjena ljubav* (*Forbidden Love*). The series, produced by FremantleMedia, increased its average audience share to 32.0 per cent (2005: 29.3 per cent).

Directors' report

Profit Centre Spain – Television and radio

2006 saw a changed television landscape in Spain following the launch of two new stations – Cuatro and La Sexta. This led inevitably to a reduction in audience shares for the previous incumbents. Accordingly, Antena 3's audience share in 2006 fell compared to last year, reporting an audience share of 20.7 per cent (target group 13–55) from 22.8 per cent in 2005.

The Spanish market once again reported strong advertising market growth, up an estimated 7.3 per cent on 2005. Antena 3's share of the advertising market fell slightly to 27.1 per cent from 29.0 per cent, reflecting the arrival of the two new entrants. Antena 3 continues to offer a very successful broad range of programmes and formats to its audience. Notable successes in the year include the UEFA Champions League, the late night show *Buenafuente*, *Aquí no hay quien viva* and the telenovela *Pasion de Gavilanes*. Films continue to provide a very solid audience share for Antena 3 with *Ice Age* being the most popular of all those shown in 2006.

Antena 3

Source: TNS, Target: 13–55

TV audience share 2002–2006 (%)

| | |
|----|------|
| 06 | 20.7 |
| 05 | 22.8 |
| 04 | 21.9 |
| 03 | 20.9 |
| 02 | 21.6 |

Antena 3

Source: Infoadex & internal estimates

TV advertising share 2002–2006 (%)

| | |
|----|------|
| 06 | 27.1 |
| 05 | 29.0 |
| 04 | 26.8 |
| 03 | 24.4 |
| 02 | 25.5 |

On 3 August 2006 Antena 3 reached an agreement with Telefónica whereby Telefónica will assume 30 per cent of the costs incurred by Antena 3 in relation to the March 2004 arbitration decision awarded against it concerning Grupo Radio Blanca. Accordingly, following this agreement with Telefónica, a one-off income has been recorded in the second half of the year. RTL Group's share of this one-off income amounts to €11 million.

On 25 October 2006 Antena 3 announced that it would buy back, for €18 per share, the 10 per cent stake held by the Santander Central Hispano Group. This transaction was approved at an EGM held at the end of November 2006. Half of the shares have been cancelled with a further 2 per cent used to pay an interim dividend to shareholders with the remainder being held as treasury stock. This had a mechanical effect on the level of RTL Group's shareholding which has risen from 17.3 per cent to 19.0 per cent following this operation.

The profit contributed to RTL Group was €49 million, up from €39 million in 2005, an increase of 25.6 per cent.

Profit Centre Sportfive

Since it was established in 1984, Sportfive has grown into one of the largest sports marketing companies in the world, covering the whole range of sports rights marketing, from stadium advertising and hospitality programmes to shirt sponsorships and the sale of international TV rights. In the FIFA World Cup 2006 qualification cycle, Sportfive marketed 253 of the 282 matches.

| | Year to December 2006 €m | Year to December 2005 €m | Per cent change |
|-----------------------|-----------------------------------|-----------------------------------|--------------------|
| Reported EBITA | 0 | 1 | n.a. |

In the second half of 2006 the shareholders of Sportfive launched a competitive tender process as part of an agreed strategic exit. On 20 November 2006 RTL Group announced that it had sold its 25 per cent stake, as part of the full acquisition of Sportfive, to Lagardère SCA. The transaction was completed in January 2007 following approval from the European Commission on 18 January 2007. RTL Group received total cash proceeds of €126 million following this disposal, of which €61 million was received in 2006 with the remainder received on completion of the transaction.

The profit contributed to RTL Group was €0 million (2005 : €1 million).

Profit Centre Others

This profit centre now comprises the corporate centre, the participations in RTL Klub (Hungary), Ren TV (Russia), Media Capital (Portugal) and other minor investments.

| | Year to December 2006 €m | Year to December 2005 €m | Per cent Change |
|-----------------------|-----------------------------------|-----------------------------------|--------------------|
| Revenue | 31 | 43 | (27.9) |
| Reported EBITA | (15) | (14) | +7.1 |
| Others | | - | |
| Corporate centre | (31) | (24) | +29.2 |
| RTL Klub | 8 | 9 | (11.1) |
| Ren TV | 3 | 1 | n.a. |
| Media Capital | 5 | 0 | n.a. |

RTL Klub TV audience share

Source: AGB Hungary, Target: 18–49 (primetime) 2002–2006 (%)

| | | |
|----|--|------|
| 06 | | 34.4 |
| 05 | | 36.5 |
| 04 | | 36.5 |
| 03 | | 39.7 |
| 02 | | 42.1 |

RTL Klub TV advertising share

Source: RTL Klub Estimates 2002–2006 (%)

| | | |
|----|--|------|
| 06 | | 49.7 |
| 05 | | 48.5 |
| 04 | | 50.0 |
| 03 | | 52.0 |
| 02 | | 57.0 |

RTL Klub maintained its leadership position with an average audience share of 34.4 per cent in adults 18–49 (primetime) in 2006. Programme highlights include formats such as the daily soap, *Barátok Közt* (*Best Friends*) which drew an average 39.4 per cent audience share in primetime in the target group and the reality show *Gyözike* which reported an average audience share of 38.9 per cent. A new show, based on celebrity dancing, *Saturday Night Fever*, was launched in 2006 and over the two series recorded an average audience share of 42.5 per cent. Overall, 16 out of the 20 most popular programmes on Hungarian television were broadcast by RTL Klub in 2006.

RTL Group's share of the results fell slightly to €8 million (2005: €9 million) partly as a result of adverse currency movements.

Ren TV TV audience share

Source: TNS Gallup Media, Target: 6–54 2002–2006 (%)

| | | |
|----|--|-----|
| 06 | | 4.9 |
| 05 | | 5.6 |
| 04 | | 5.9 |
| 03 | | 6.1 |
| 02 | | 6.1 |

Ren TV TV advertising share

Source: Video International 2004–2006 (%)

| | | |
|----|--|-----|
| 06 | | 5.6 |
| 05 | | 5.7 |
| 04 | | 5.3 |

In Russia, RTL Group holds a 30 per cent stake in **Ren TV**. Ren TV is a generalist channel with a broad offering which now includes Formula One motor racing, new sitcoms such as *Perfect Strangers* and *Three is a company* and entertainment formats such as *Clever*. The advertising market once again performed strongly, up an estimated 28 per cent on 2005, driven largely by pricing effects as the new advertising regulations, applicable from 1 July 2006, came into effect. This new law restricts the amount of minutage to 12 minutes per hour and total advertising time to 15 per cent (from 20 per cent) of total broadcasting time. The effect of this new law has been the reduction of advertising inventory by approximately 20 to 30 per cent. In the age group 6–54 Ren TV achieved an audience share of 4.9 per cent (2005: 5.6 per cent) and finished the year with an advertising market share of 5.6 per cent (2005: 5.7 per cent).

RTL Group's share of the results was €3 million (2005: €1 million – due to the first time equity consolidation of Ren TV as from 1 October 2005).

Directors' report

TVI

Source: Marktest, Target: 4+

TV audience share 2002–2006 (%)

| | | |
|----|--|------|
| 06 | | 34.8 |
| 05 | | 34.9 |
| 04 | | 33.1 |
| 03 | | 32.5 |
| 02 | | 35.1 |

TVI

Source: TVI/MC Estimates

TV advertising share 2002–2006 (%)

| | | |
|----|--|------|
| 06 | | 47.0 |
| 05 | | 46.0 |
| 04 | | 43.0 |
| 03 | | 44.0 |
| 02 | | 46.0 |

In Portugal, RTL Group held a 33 per cent stake in **Media Capital** which owns and runs the leading television channel, TVI, a generalist channel with a broad programme offer and a dynamic, independent, innovative and popular style. TVI maintained its position as the leading channel in terms of total audience, with a 34.8 per cent share (compared to 34.9 per cent in 2005).

On 26 October 2006 Grupo Prisa, a 33 per cent shareholder in Media Capital, announced a preliminary offer, subject to market and regulatory approval, for the outstanding shares of Media Capital. On 22 January 2007 the market authorities, the CMVM, approved the terms and conditions of the voluntary offer which ran until 5 February 2007. Given the uncertainties surrounding both the pricing and the timing of a subsequent mandatory offer by Grupo Prisa, and the unlikelihood that a counter offer by RTL Group would succeed, RTL Group decided to sell its entire shareholding.

RTL Group's share of the results was €5 million (2005: €0 million – due to the first time equity consolidation of Media Capital as from mid-December 2005).

Portfolio changes

In April 2006 the Group acquired the remaining 50 per cent of N-TV from CNN. The purchase accounting of the business combination resulted in the recognition of goodwill of €29 million.

Following the announcement made by M6 and TF1 in December 2005 that TPS was to be combined with the pay TV activities of Group Canal Plus, the operational results of TPS have only been included into the consolidated accounts of RTL Group, via M6, until 31 August 2006. This reflects the loss of control from this date. In January 2007 the deal was completed with Vivendi/Group Canal Plus leaving M6 Group with a 5.1 per cent shareholding in Canal Plus France.

Share of results of associates

| | Year to December 2006 €m | Year to December 2005 €m | Per cent change |
|-----------------|-----------------------------------|-----------------------------------|--------------------|
| EBITA | | | |
| – Antena 3 | 49 | 39 | +25.6 |
| – RTL Klub | 8 | 9 | (11.1) |
| – Media Capital | 5 | 0 | n.a. |
| – RTL II | 4 | 9 | (55.6) |
| – Ren TV | 3 | 1 | n.a. |
| Others | 3 | 5 | (40.0) |
| Total | 72 | 63 | +14.3 |

The total contribution of the associated companies increased to €72 million (2005: €63 million). The major explanation of the improved results is due to Antena 3 which reported a one-off income (€11 million) following a settlement with Telefónica regarding Onda Cero. The 2006 results also include the full year results of both Ren TV in Russia and Media Capital in Portugal.

Interest income/expense (net) and financial results other than interest

Net interest income amounted to €2 million (2005: expense €11 million) reflecting the further improvement of the average cash position. It also includes interest charges on pension and lease liabilities. The financial results other than interest include impairments on financial assets as well as fair value adjustments on embedded derivatives and put options.

Amortisation of fair value adjustments on acquisitions of subsidiaries, joint ventures and associates

This heading includes the costs related to the amortisation of fair value adjustments on the acquisitions of Five, M6, Ren TV (purchase accounting completed in 2006), Media Capital (purchase accounting completed in 2006) and N-TV (purchase accounting completed in 2006). The majority of the expense relates to Five and M6 with respectively €6 million each being recorded as amortisation in 2006 (against €2 million and €14 million respectively in 2005).

Gain from sale of subsidiaries, joint ventures and other investments

There was a net gain from sale of subsidiaries, joint ventures and other investments in 2006 amounting to €207 million (2005: €1 million). The main transaction that occurred in 2006 was the sale of TPS (by M6).

Income tax income/(expense)

The normalised Group tax rate was approximately 28 per cent (2005: 29 per cent).

In 2006 the tax income of €34 million (2005: expense of €116 million) is largely a result of the recognition of a deferred tax asset. In December 2006 RTL Group reached an agreement with the relevant tax authorities enabling an additional deferred tax asset, amounting to €234 million, to be recognised in the full year consolidated accounts of RTL Group. The deferred tax asset will be amortised over a remaining period of 13 years. The value of the deferred tax asset has been computed based upon the current applicable tax rate.

Profit for the year attributable to RTL Group shareholders

The profit for the year attributable to RTL Group shareholders was €890 million (2005: profit €537 million) up 65.7 per cent year on year. This substantial increase has been driven by the strong operating performance, the non-cash capital gain made on the disposal of TPS (by M6) and the one-off deferred tax asset that was recognised in 2006.

Earnings per share

Reported earnings per share, based upon 153,618,853 shares, was €5.79 per share (2005: €3.50 per share). The adjusted earnings per share, taking into account the amortisation of fair value adjustments on acquisitions and impairment of goodwill, gain or loss from sale of subsidiaries, joint ventures and other investments, net of income tax expense and one-off tax effects, increased to €3.52 (2005: €2.96) per share.

Net cash position

The consolidated net cash position at 31 December 2006 was €734 million (2005: reported net cash €267 million). The Group continues to generate significant operating cash flow with an EBITA cash conversion of 98 per cent (2005: 120 per cent).

| | As at 31 December 2006 €m | As at 31 December 2005 €m |
|--|------------------------------------|------------------------------------|
| Net cash position | | |
| Gross balance sheet debt | (106) | (75) |
| Less: Loans receivable¹⁷ | 5 | 10 |
| Gross Financial debt | (101) | (65) |
| Add: Cash | 348 | 332 |
| Add: Cash deposit | 487 | – |
| Net cash position | 734¹⁸ | 267 |

17) In 2005 the loans receivable relate to N-TV and TCM (via M6). In 2006, the loans receivable relate to just TCM (via M6)

18) Of which €196 million held by M6 (2005 : €241 million)

Own shares

RTL Group has an issued share capital of €191,900,551 divided into 154,787,554 fully paid up shares with no defined nominal value. RTL Group directly and indirectly holds 0.76 per cent (2005: 0.76 per cent) of RTL Group's shares.

Directors' report

Related party transactions

In April 2002, RTL Group entered into a €300 million loan agreement with Bertelsmann AG. The loan was granted to RTL Group for a period of 3 years. In accordance with the terms of the loan agreement, this loan was fully re-paid by RTL Group in April 2005.

The interest expense for the year amounts to €0 million (2005: €5 million).

On 5 November 2002, RTL Group entered into a €300 million 364 days (renewable) Revolving Credit Facility with Bertelsmann AG. The Facility has been granted to RTL Group initially for the period from 8 November 2002 to 31 August 2004. The term of the Facility was extended to 31 August 2006. The Facility bore interest at a rate per annum equal to the sum of the EONIA rate plus a 25 basis point margin. The Facility was amended on the 1 December 2005 resulting in a new margin of 22 basis points over EONIA and was rolled over until 1 December 2006. The Facility is renewable for a further two more periods of 364 days beyond 1 December 2006. As at 31 December 2006, the balance of the Facility used by RTL Group amounts to €0 million (2005: €12 million).

The interest expense for the year amounts to €0 million (2005: €1 million).

During the year RTL Group has invested its short term cash surplus with its parent company Bertelsmann AG,

- on an overnight basis at an EONIA flat rate return (until 27 December 2006) and from then on at EONIA plus 10 basis points;

or

- on a 1 month basis at a EURIBOR flat rate return (until 27 December 2006) and from then on at EURIBOR plus 10 basis points;

or

- on a 3 month basis at a EURIBOR plus 10 basis points return (from 27 December 2006).

As at 31 December 2006 the balance amounts to €387 million (2005: €0 million) on an overnight basis and €100 million (2005: €0 million) on a 3 month basis.

The interest income for the year amounts to €4 million.

During the year commitment fees on unused credit facilities granted by Bertelsmann AG amounted to €0.2 million (2005: €0.7 million).

Share option plan

On 25 July 2000, RTL Group launched a share option plan for the directors, senior management and employees of the Group. Under the terms of the plan, the option price reflects the market value of the shares on the date that they are granted. The market value is defined as the average stock price on the Brussels exchange for the 20 working days preceding the grant, or as otherwise decided by the Board of Directors. The options vest in equal tranches on the second, third and fourth anniversary of the date of grant and lapse after 10 years. The total number of options granted and accepted by the beneficiaries at the end of 2006 was 147,800 (2005: 173,300).

Significant litigations

RTL Group has been made a party to litigation between several of its minority shareholders on the one hand and Bertelsmann and GBL on the other hand in relation to the acquisition by Bertelsmann of the RTL Group shares previously owned by GBL. On 8 July 2003, the Luxembourg Civil Court rejected the claim of the minority shareholders. The judgment was appealed. On 12 July 2006, the Court of Appeal of Luxembourg confirmed the judgement of the court of first instance. The minority shareholders lodged a final appeal against this judgement to the Luxembourg Supreme Court ('Cour de Cassation'). A judgement of the Luxembourg Supreme Court is not expected before the second semester 2007. RTL Group believes that whatever the outcome of that litigation it should not have any direct impact on the Group, because on one hand it has not been a party to that transaction and its involvement is limited to solely entering any transfer of shares into the shareholders register, and on the other hand, the appeal to the Supreme Court is restricted to a limited set of legal issues not involving RTL Group.

In September 2002, the minority shareholders have filed a lawsuit against RTL Group, its Directors, Bertelsmann, BWTV and WAZ with regard to the free float. They are seeking a Court decision obliging RTL Group to increase the free float and prohibiting other defendants to make additional purchases of RTL Group shares.

The minority shareholders also dispute the decision by RTL Group to de-list its shares from the London Stock Exchange. On 31 December 2002, the Court of appeal of Luxembourg, sitting in summary proceeding, confirmed the Court decision pronounced in summary proceeding on 25 October 2002 that held the claim inadmissible. The de-listing of RTL Group's shares from the London Stock Exchange took effect from 31 December 2002. As a consequence of the de-listing, the minority shareholders requested the Luxembourg Civil Court to order the re-listing of the shares on the London Stock Exchange.

The Court decided to join both claims (free float and de-listing). On 30 March 2004 the Court dismissed the claims of the minority shareholders who in turn lodged an appeal. On 12 July 2006 the Court of Appeal of Luxembourg confirmed the judgement of the court of first instance. On 22 November 2006 the minority shareholders appealed the decision to the Supreme Court of Luxembourg.

The decision to award RTL Nederland a licence to operate RTL FM in 2003 has been challenged in court by a number of its competitors. On 19 May 2006 the Dutch State decided to revoke the licence as of 8 July 2006 and to attribute it to one of the competitors. This decision was appealed by RTL Nederland in an interim injunction proceeding but on 29 June 2006 the appeal was lost. On 8 July 2006 the terrestrial broadcasting of RTL FM was ended. RTL Nederland is considering its options including seeking damages from the State of Netherlands.

RTL Group's Board of Directors is not aware of any other significant litigation.

Post balance sheet events

In the second half of 2006 the shareholders of Sportfive launched a competitive tender process as part of an agreed strategic exit. On 20 November 2006 RTL Group announced that it had sold its 25 per cent stake, as part of the full acquisition of Sportfive, to Lagardère SCA. The transaction was completed on 18 January 2007 following approval from the European Commission. RTL Group received total cash proceeds of €126 million following this disposal, of which €61 million was received in 2006, following the Sportfive Group restructuring.

On 22 January 2007 the Portuguese market regulators approved the launch of a voluntary offer for the shares of Media Capital by Grupo Prisa. The offer period ran from 23 January to 5 February 2007 and was priced at €7.40 per share. RTL Group decided to sell its entire shareholding resulting in cash proceeds of €209 million for the Group.

The Luxembourg Government, RTL Group S.A., CLT-UFA and Bertelsmann AG signed on 15 February 2007 the renewal of the concession contract that will run until the end of 2020. The contract is the framework for the historical partnership that developed over time between the Grand Duchy of Luxembourg and CLT-UFA. Under the terms of the contract the Luxembourg Government will continue to make internationally awarded television and radio frequencies available to CLT-UFA. In return CLT-UFA will continue to produce and finance a public TV programme for the Grand Duchy.

Profit appropriation (RTL Group S.A.)¹⁹

The statutory accounts of RTL Group S.A. show a profit for the financial year 2006 of €214 028 089 (2005: profit of €76 051 681). Taking into account the profit carried forward as at 31 December 2006 of €1 651 837 997, the share premium (€5 782 185 577) and the profit for the year (€214 028 089), the amount available for distribution is €7 648 051 863. The Board of Directors recommends to the General Meeting of Shareholders on 18 April 2007 the distribution of a gross final dividend per share of €3.00 (2005: €1.05 per share) of which an extraordinary dividend of €1.80 per share (2005: €0 per share).

If the General Meeting of Shareholders accepts this proposal, RTL Group will distribute for the financial year 2006 a total dividend of €464 million.

¹⁹⁾ Amounts in € except where stated

Directors' report

Outlook

Although visibility still remains limited, RTL Group is cautiously optimistic about the advertising market in 2007. In France, M6 will benefit from the start of TV advertising by retailers and our channels in Germany have had a promising start to the year.

RTL Group is preparing for the digital age by building multi-channel offerings in its key markets and by further increasing non-advertising revenue. For a content and brand company such as RTL Group, the digital world offers a lot of opportunities for new business models – be it video on demand, mobile TV, IPTV, or online communities. In 2007, the Group's operations will step up their efforts to seize these opportunities.

7 March 2007

The Board of Directors

Auditors' report

PRICEWATERHOUSECOOPERS 



To the Shareholders of RTL Group S.A.

Report of the Réviseurs d'Entreprises on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of RTL Group S.A. and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as at 31 December 2006 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 110 to 169.

Board of directors' responsibility for the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the Réviseurs d'Entreprises

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the Institut des Réviseurs d'Entreprises. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the Réviseurs d'Entreprises, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the Réviseurs d'Entreprises consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements as set out on pages 110 to 169 give a true and fair view of the consolidated financial position of the Group as of 31 December 2006, and of its financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The consolidated management report, which is the responsibility of the board of directors is in accordance with the consolidated financial statements.

Luxembourg, 7 March 2007



PricewaterhouseCoopers S.à r.l.
Réviseur d'Entreprises

Pascal Rakovsky



KPMG Audit S.à r.l.
Réviseurs d'Entreprises

Philippe Meyer

Consolidated income statement

for the year ended 31 December 2006

| | Notes | 2006 €m | 2005 €m |
|---|-------|--------------|------------|
| Revenue | 4. 1. | 5,640 | 5,115 |
| Other operating income | | 86 | 103 |
| Consumption of current programme rights | | (1,968) | (1,788) |
| Depreciation, amortisation and impairment | | (217) | (219) |
| Other operating expense | 4. 2. | (2,764) | (2,518) |
| Amortisation of fair value adjustments on acquisitions of subsidiaries and joint ventures | | (14) | (16) |
| Gain/(loss) from sale of subsidiaries, joint ventures and other investments | 4. 3. | 207 | 1 |
| Profit from operating activities | | 970 | 678 |
| Share of results of associates | 5. 4. | 72 | 63 |
| Earnings before interest and taxes ("EBIT") | | 1,042 | 741 |
| Net interest income/(expense) | 4. 4. | 2 | (11) |
| Financial results other than interest | 4. 5. | 33 | 2 |
| Profit before taxes | | 1,077 | 732 |
| Income tax income/(expense) | 4. 6. | 34 | (116) |
| Profit for the year | | 1,111 | 616 |
| Attributable to: | | | |
| RTL Group shareholders | | 890 | 537 |
| Minority interest | | 221 | 79 |
| Profit for the year | | 1,111 | 616 |
| EBITA* | | 851 | 758 |
| Amortisation of fair value adjustments on acquisitions of subsidiaries and joint ventures | | (14) | (16) |
| Amortisation of fair value adjustments on acquisitions of associates | 5. 4. | (2) | (2) |
| Gain/(loss) from sale of subsidiaries, joint ventures and other investments | | 207 | 1 |
| Earnings before interest and taxes ("EBIT") | | 1,042 | 741 |
| Earnings per share (in €) | | | |
| - Basic | 4. 7. | 5.79 | 3.50 |
| - Diluted | 4. 7. | 5.79 | 3.50 |

* EBITA represents earnings before interest and taxes excluding amortisation of fair value adjustments on acquisitions and gain/(loss) from sale of subsidiaries, joint ventures and other investments.

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated balance sheet

as at 31 December 2006

| | Notes | 2006 €m | 2005* €m |
|--|-----------|--------------|--------------|
| Non-current assets | | | |
| Programme rights | 5.1. | 93 | 118 |
| Goodwill | 5.1. 5.2. | 3,144 | 3,078 |
| Other intangible assets | 5.1. | 336 | 257 |
| Property, plant and equipment | 5.3. | 354 | 334 |
| Investments in associates | 5.2. 5.4. | 573 | 617 |
| Loans and other financial assets | 5.5. | 482 | 176 |
| Deferred tax assets | 5.6. | 385 | 199 |
| | | 5,367 | 4,779 |
| Current assets | | | |
| Programme rights | 5.7. | 1,390 | 1,352 |
| Other inventories | | 46 | 34 |
| Income tax receivable | | 122 | 172 |
| Accounts receivable | 5.8. | 1,742 | 1,149 |
| Cash and cash equivalents | 5.9. | 348 | 332 |
| Assets classified as held for sale | 5.10. | 9 | 294 |
| | | 3,657 | 3,333 |
| Current liabilities | | | |
| Loans and bank overdrafts | 5.11. | 67 | 25 |
| Income tax payable | | 218 | 178 |
| Accounts payable | 5.12. | 1,933 | 1,788 |
| Provisions | 5.13. | 160 | 118 |
| Liabilities directly associated with non-current assets classified as held for sale | 5.10. | 1 | 248 |
| | | 2,379 | 2,357 |
| Net current assets | | 1,278 | 976 |
| Non-current liabilities | | | |
| Loans | 5.11. | 39 | 50 |
| Accounts payable | 5.12. | 259 | 118 |
| Provisions | 5.13. | 107 | 120 |
| Deferred tax liabilities | 5.6. | 79 | 119 |
| | | 484 | 407 |
| Net assets | | 6,161 | 5,348 |
| Equity attributable to RTL Group shareholders | | 5,638 | 4,973 |
| Equity attributable to minority interest | | 523 | 375 |
| Equity | | 6,161 | 5,348 |

* restated (see note 1.2.1.)

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated cash flow statement

for the year ended 31 December 2006

| | Notes | 2006 €m | 2005 €m |
|---|-----------|--------------|--------------|
| Cash flows from operating activities | | | |
| Profit before taxes | | 1,077 | 732 |
| Adjustments for: | | | |
| - Depreciation and amortisation | | 178 | 186 |
| - Value adjustments, impairment and provisions | | 132 | 109 |
| - Equity-settled share-based payments expenses | | 9 | 4 |
| - (Gain)/loss on disposal of assets | | (216) | (12) |
| - Financial results including net interest expense and share of results of associates | | (76) | 35 |
| Use of provisions | 5.13. | (51) | (23) |
| Working capital changes | | (86) | 37 |
| Income taxes paid | | (103) | (81) |
| Net cash from operating activities | | 864 | 987 |
| Cash flows from investing activities | | | |
| Acquisitions of: | | | |
| - Programme rights | | (45) | (68) |
| - Five, net of cash acquired | 3.4. | - | (357) |
| - Other subsidiaries and joint ventures net of cash acquired | 3.4. | (36) | (46) |
| - Other intangible and tangible assets | | (113) | (106) |
| - Other investments and financial assets | | (41) | (219) |
| Current deposit with shareholder | 5.8. 7.1. | (486) | - |
| | | (721) | (796) |
| Proceeds from the sale of intangible and tangible assets | | 26 | 16 |
| Disposal of: | 3.6. | | |
| - TPS, net of cash disposed of | | (70) | - |
| - Other subsidiaries and joint ventures net of cash disposed of | | 12 | - |
| Proceeds from the sale of other investments and financial assets | | 95 | 69 |
| Interest received | | 28 | 12 |
| Current deposit with shareholder | 7.1. | - | 208 |
| | | 91 | 305 |
| Net cash used in investing activities | | (630) | (491) |
| Cash flows from financing activities | | | |
| Interest paid | | (12) | (34) |
| Proceeds from loans | | 113 | 195 |
| Repayment of loans | | (76) | (474) |
| Net change in bank overdraft | | (7) | 12 |
| Dividends paid | | (235) | (209) |
| Net cash used in financing activities | | (217) | (510) |
| Net increase/(decrease) in cash and cash equivalents | | 17 | (14) |
| Cash and cash equivalents at beginning of year | | 332 | 346 |
| Effect of exchange rate fluctuation on cash held | | (1) | 2 |
| Effect of cash in disposal group held for sale | 5.10. | - | (2) |
| Cash and cash equivalents at end of year | | 348 | 332 |

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

for the year ended 31 December 2006

| Notes | Share capital €m | Share premium €m | Treasury shares €m | Currency translation reserve €m | Hedging reserve €m | Revaluation reserve €m | Retained earnings €m | Equity attributable to RTL Group shareholders €m | Equity attributable to minority interest €m | Total equity €m |
|--|---------------------|---------------------|-----------------------|------------------------------------|-----------------------|---------------------------|-------------------------|---|--|--------------------|
| Balance at 31 December 2004 | 192 | 6,454 | (44) | (124) | (49) | 79 | (1,993) | 4,515 | 347 | 4,862 |
| Gains and losses: | | | | | | | | | | |
| Currency translation adjustment | 5. 15.3. | - | - | 5 | - | - | - | 5 | 3 | 8 |
| Net change on cash flow hedging instruments | 5. 15.4. | - | - | - | 55 | - | - | 55 | 3 | 58 |
| Net change on available for sale assets | 5. 15.5. | - | - | - | - | (1) | - | (1) | - | (1) |
| Net profit for the year | | - | - | - | - | - | 537 | 537 | 79 | 616 |
| | | - | - | 5 | 55 | (1) | 537 | 596 | 85 | 681 |
| Capital transactions with owners and distribution to owners: | | | | | | | | | | |
| Dividends | 5. 15.6. | - | - | - | - | - | (146) | (146) | (65) | (211) |
| Equity-settled transactions net of tax | 5. 15.7. | - | - | - | - | - | 2 | 2 | 2 | 4 |
| Business combinations and other transactions: | | | | | | | | | | |
| Acquisition of associates achieved in stages | 5. 15.5. | - | - | - | - | 3 | - | 3 | - | 3 |
| Transactions on minority interest | | - | - | - | - | - | 3 | 3 | 6 | 9 |
| Balance at 31 December 2005 | 192 | 6,454 | (44) | (119) | 6 | 81 | (1,597) | 4,973 | 375 | 5,348 |
| Gains and losses: | | | | | | | | | | |
| Currency translation adjustment | 5. 15.3. | - | - | 2 | - | - | - | 2 | (1) | 1 |
| Net change on cash flow hedging instruments | 5. 15.4. | - | - | - | (28) | - | - | (28) | (2) | (30) |
| Net change on available for sale assets | 5. 15.5. | - | - | - | - | 2 | - | 2 | - | 2 |
| Net profit for the year | | - | - | - | - | - | 890 | 890 | 221 | 1,111 |
| | | - | - | 2 | (28) | 2 | 890 | 866 | 218 | 1,084 |
| Capital transactions with owners and distribution to owners: | | | | | | | | | | |
| Dividends | 5. 15.6. | - | - | - | - | - | (161) | (161) | (74) | (235) |
| Equity-settled transactions net of tax | 5. 15.7. | - | - | - | - | - | 4 | 4 | 5 | 9 |
| Business combinations and other transactions: | | | | | | | | | | |
| Transactions on minority interest | | - | - | - | - | - | 2 | 2 | (1) | 1 |
| Transactions on treasury shares of associates | 5. 4.1. | - | - | - | - | - | (46) | (46) | - | (46) |
| Balance at 31 December 2006 | 192 | 6,454 | (44) | (117) | (22) | 83 | (908) | 5,638 | 523 | 6,161 |

The accompanying notes form an integral part of these consolidated financial statements.

1. Significant accounting policies

RTL Group S.A. (the “Company”) is a company domiciled in Luxembourg. The consolidated financial statements of the Company for the year ended 31 December 2006 comprise the Company and its subsidiaries (together referred to as “the Group”) and the Group’s interest in associates and jointly controlled entities. RTL Group is the parent company of a multinational television, radio and production Group holding, directly or indirectly, investments in 734 companies. The list of the principal Group undertakings as at 31 December 2006 is set out in note 11.

The Company is listed on the Brussels and Luxembourg Stock Exchanges.

RTL Group is a television, radio and production company. The Group operates television channels and radio stations in Europe and produces television content such as game shows and soaps.

The ultimate parent company of RTL Group S.A. preparing consolidated financial statements, Bertelsmann AG, includes in its consolidated financial statements those of RTL Group S.A.. Bertelsmann AG is a company incorporated under German law whose registered office is established at Carl-Bertelsmann-Strasse 270, D-33311 Gütersloh in Germany. Consolidated financial statements for Bertelsmann AG can be obtained at their registered office.

The financial statements were authorised for issue by the Board of Directors on 7 March 2007.

1.1. Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

1.2. Basis of preparation

1.2.1. Consolidated financial statements

The consolidated financial statements are presented in millions of €, which is the Company functional and presentation currency, and have been prepared under the historical cost convention except in respect of available-for-sale investments, financial assets at fair value through profit or loss and derivative financial instruments which are shown at fair value as well as assets and liabilities which have been revalued by applying the purchase accounting method. The carrying amount of recognised assets and liabilities that are hedged in accordance with IAS 39 (fair value hedge) is adjusted to record changes in the fair value attributable to the risks that are being hedged.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 9.

The accounting policies have been consistently applied by Group enterprises and are consistent with those used in the previous year except for the change in accounting policy relating to the control over subsidiaries (“de facto control”) and for the application of the revised and new standards and interpretations effective as from 1 January 2006 described below:

- Amendments to IAS 19 “Employee benefits, Actuarial Gains and Losses, Group Plans and Disclosures” introduces an option of an alternative recognition approach for actuarial gains or losses. The adoption of the amendments only impacts the format and extent of disclosures presented in the Group’s accounts 2006. Moreover no additional information is disclosed concerning multi-employer plans as already provided previously. The Group intends to change in 2007 the accounting policy adopted for recognition, outside of the income statement, of actuarial gains or losses. The adoption of this option in 2007 will have a positive impact of €2 million on the profit before taxes 2006 which will be presented in the consolidated financial statements 2007.

The following amendments and interpretations, which are mandatory for accounting periods beginning on or after 1 January 2006, did not have any effect on the financial statements of the Group and did not give rise to additional disclosures:

- Amendments to IAS 21 “The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation”;
- Amendments to IAS 39 “Financial Instruments: Recognition and Measurement – Cash Flow Hedge Accounting of Forecast Intra-group Transactions”;
- Amendments to IAS 39 “Financial Instruments: Recognition and Measurement – The Fair Value Option”;
- Amendments to IAS 39 and IFRS 4 “Financial Guarantee Contracts”;
- IFRS 6 “Exploration for and Evaluation of Mineral Resources”;
- IFRIC 4 “Determining whether an Arrangement contains a Lease” provides guidance in determining whether arrangements contain a lease to which lease accounting must be applied. This change in accounting policy has no significant impact on the financial statements;
- IFRIC 5 “Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds” incorporating to amendment to IAS 39;
- IFRIC 6 “Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment”.

The IASB has issued the following standards and amendments to standards that will be effective for the Group as from 1 January 2007 or after. The Group has not elected to early adopt those standards or amendments to existing standards.

- IFRS 7 “Financial Instruments: Disclosures” and the Amendment to IAS 1 “Presentation of Financial Statements: Capital Disclosures” require extensive disclosures about the significance of financial instruments for an entity’s financial position and performance, and qualitative and quantitative disclosures on the nature and extent of risks. IFRS 7 and amended IAS 1, which become mandatory for the Group’s 2007 financial statements, will require additional disclosures with respect to Group’s risk management and share capital;
- IFRS 8 “Operating Segments” sets out requirements for disclosure of information about an entity’s operating segments and also about the entity’s products and services, the geographical areas in which they operate, and its major customers. IFRS 8 will require additional disclosures on these items;
- IFRIC 7 “Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies” addresses the application of IAS 29 when an economy first becomes hyperinflationary and in particular the accounting for deferred tax;
- IFRIC 8 “Scope of IFRS 2 Share-based Payment” addresses the accounting for share-based payment transactions in which some or all of goods or services received cannot be specifically identified;
- IFRIC 9 “Reassessment of Embedded Derivatives” requires that a reassessment of whether embedded derivative should be separated from the underlying host contract; it concludes that this should be made only when there are changes to the contract;
- IFRIC 10 “Interim Financial Reporting and Impairment” prohibits the reversal of an impairment loss recognised in a previous interim period in respect of goodwill, an investment in an equity instrument or a financial asset carried at cost. IFRIC 10 will become mandatory for the Group’s 2007 financial statements, and will apply to goodwill, investments in equity instruments, and financial assets carried at cost prospectively from the date that the Group first applied the measurement criteria of IAS 36 and IAS 39 respectively (i.e., 1 January 2004);

- IFRIC 11 “Group and Treasury Share Transactions” provides guidance in applying IFRS 2 “Sharebased Payment” in three circumstances:
 - (1) Share-based payment involving an entity’s own equity instruments in which the entity chooses or is required to buy its own equity instruments (treasury shares) to settle the share-based payment obligation – is this an equity-settled or cash-settled transaction?
 - (2) A parent grants rights to its equity instruments to employees of its subsidiary – how to account in the individual entities’ financial statements?
 - (3) A subsidiary grants rights to equity instruments of its parent to its employees – how to account in the individual entities’ financial statements?

The purchase accounting for the business combination of Mistergooddeal had been determined on a provisional basis in 2005. The fair value exercise has been completed in 2006 and the 2005 comparative information has been restated as follows to reflect this adjustment. €9 million has been recognised for the brand applying the royalty relief method with a useful life of 10 years. A related deferred tax liability has been recognised for an amount of €3 million. There was a corresponding reduction in goodwill of €6 million to give total goodwill arising on the acquisition of €32 million.

1.3. Principles of consolidation

1.3.1. Subsidiaries

Subsidiaries are those undertakings controlled by the Company. Control exists when the Company has the power or ability (“de facto control”), directly or indirectly, to govern the financial and operating policies of an undertaking so as to obtain benefits from its activities. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Company controls another entity. Directly or indirectly held subsidiaries are consolidated from the date on which control is transferred to the Company and are no longer consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Company. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Company’s share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

The full consolidation method is used, whereby the assets, liabilities, income and expenses are fully incorporated. The proportion of the net assets and net income attributable to minority shareholders is presented separately as a minority interest in the consolidated balance sheet and in the consolidated income statement.

1.3.2. Joint ventures

A joint venture is an entity where the control of economic activity is contractually shared with one or more parties whereby no party on its own exercises effective control.

The purchase method of accounting is used to account for the acquisition of joint ventures by the Company.

Joint ventures are accounted for using proportionate consolidation. Under this method the Group includes its proportionate share of the joint venture’s income and expenses, assets and liabilities and cash flows in the relevant components of the consolidated financial statements, on a line-by-line basis.

1. 3. 3. Associates

Associates are defined as those investments, not classified as either subsidiaries or joint ventures, where the Group is able to exercise a significant influence. Such investments are recorded in the consolidated balance sheet using the equity method of accounting. Under this method the Group's share of the post-acquisition profits or losses of associates is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against "Investments in associates".

The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

1. 3. 4. Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealised gains arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and joint ventures are eliminated to the extent of the Group's interest in the undertaking. Unrealised gains resulting from transactions with associates are eliminated against the investment in the associate. Unrealised losses are eliminated in the same way as unrealised gains except that they are only eliminated to the extent that there is no evidence of impairment.

1. 4. Foreign currency translation

1. 4. 1. Foreign currency transactions and balances

Transactions in foreign currencies are translated in the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Euro at foreign exchange rates ruling at the dates the fair value was determined.

1. 4. 2. Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated using the foreign exchange rate prevailing at the balance sheet date. Income and expenses are translated at the average exchange rate for the year under review. The foreign currency translation differences resulting from this treatment and those resulting from the translation of the foreign operations' opening net asset values at year-end rates are recognised directly in a separate component of equity.

Exchange differences arising from the translation of the net investment in a foreign operation or associated undertaking and financial instruments, which are designated and qualified as hedges of such investments, are recognised directly in a separate component of equity. On disposal of a foreign operation, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

1.5. Derivative financial instruments and hedging activities

Derivative financial instruments are initially recognised at fair value in the balance sheet at the date a derivative contract is entered into and are subsequently re-measured at fair value.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges in respect of on-balance sheet assets and liabilities are recorded in the income statement, along with any change in the fair value of the hedged asset or liability that is attributable to the hedged risk.

The accounting treatment applied to cash flow hedges in respect of off-balance sheet assets and liabilities can be summarised as follows:

- For qualifying hedges, the effective component of fair value changes on the hedging instrument (mostly foreign currency forward contracts or cash balances in foreign currencies) is deferred in “Hedging reserve”;
- Amounts deferred in “Hedging reserve” are subsequently released to the income statement in the periods in which the hedged item impacts the income statement or are used to adjust the carrying value of assets purchased (basis adjustment). When hedging forecast purchases of programme rights in foreign currency, releases from equity via a basis adjustment occurs when the programme right is recognised on-balance sheet in accordance with the Group’s policy;
- The ineffective component of the fair value changes on the hedging instrument is recorded directly in the income statement.

The fair value of foreign currency forward contracts is determined by using forward exchange market rates at the balance sheet date.

Certain financial derivative transactions, while constituting effective economic hedges under the Group’s risk management policy, do not qualify for hedge accounting under the specific rules in IAS 39. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting under IAS 39 are recognised immediately in the income statement.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting under IAS 39, any cumulative gain or loss included in the “Hedging reserve” is deferred until the committed or forecast transaction ultimately impacts the income statement. However, if a committed or forecast transaction is no longer expected to occur, then the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

For qualifying hedge relationships, the Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking the hedge. This process includes linking all derivatives designated as hedges to specific assets and liabilities or to specific firm commitments or forecast transactions. The Group also documents, both at the hedge inception and on an ongoing basis, its assessment of whether the hedging derivatives are effective in offsetting changes in fair values or cash flows of the hedged items.

1.6. Current/non-current distinction

Current assets are assets expected to be realised or consumed in the normal course of the Group’s operating cycle (normally within one year). All other assets are classified as non-current assets.

Current liabilities are liabilities expected to be settled by use of cash generated in the normal course of the Group’s operating cycle (normally within one year) or liabilities due within one year from the reporting date. All other liabilities are classified as non-current liabilities.

1.7. Intangible assets

1.7.1. Owned non-current programme rights

Non-current programme rights are initially recognised at acquisition cost or production cost which includes staff costs and an appropriate portion of relevant overheads, when the Group controls, in substance, the respective assets and the risks and rewards attached to them.

Non-current programme rights include (co)productions and audiovisual rights acquired, with the primary intention to broadcast or sell them as part of the Group's long-term operations. Non-current programme rights are amortised based on expected revenues. The amortisation charge is based on the ratio of net revenues for the period over total estimated net revenues. Estimates of total net revenues are reviewed periodically and additional impairment losses are recognised if appropriate.

1.7.2. Leases

Leases of programme rights where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases. Assets held under finance leases, and the related obligations, are recognised on the balance sheet at the lower of their fair value and the present value of minimum lease payments at the inception of the lease, less accumulated amortisation and impairment losses. Such assets are amortised like similar assets acquired in straightforward purchases (see note 1.7.1.). Each lease payment is allocated between the liability and finance charge so as to achieve a constant rate on the outstanding finance balance. The corresponding lease obligations, net of finance charges, are included in loans payable. The interest element of the finance charge is charged to the income statement over the lease period.

Leases where all the risks and benefits of ownership are effectively retained by the lessor, are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

1.7.3. Goodwill

Acquisitions are accounted for by application of the purchase method of accounting. Goodwill arising from applying this method represents the difference between the cost of the acquisition of subsidiaries, associates and joint ventures and the Group's share of the fair value of net identifiable assets acquired. Goodwill on acquisitions of subsidiaries and joint ventures is recognised as an intangible asset. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of the cash generating units represents the Group's investment in a geographical area of operation by business segment except for the content business, which is considered as a sole cash-generating unit for worldwide operations.

Goodwill on acquisitions of associates is included in "Investments in associates".

Negative goodwill arising on an acquisition is recognised directly in profit or loss.

1.7.4. Other intangible assets

Other intangible assets with a definite useful life, which are acquired by the Group, are stated at cost less accumulated amortisation and impairment losses. They comprise licences (other than (co)production, audiovisual and sport rights), trademarks and similar rights as well as EDP software. They are amortised on a straight-line basis over their estimated useful life as follows:

Licences: 7 to 20 years

Software: maximum 3 years

Brands, unless an indefinite useful life can be justified, and customer relationships acquired through business combinations are amortised on a straight-line basis over their estimated useful life.

Other intangible assets with an indefinite useful life are tested annually for impairment and whenever there is an indication that the intangible asset may be impaired.

1.8. Property, plant and equipment

1.8.1. Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is recognised on a straight-line basis over the estimated useful lives of the assets as follows:

- Land: Nil;
- Buildings: 10 to 25 years;
- Technical equipment: 4 to 10 years;
- Other fixtures and fittings, tools and equipment: 3 to 10 years.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in operating profit.

Depreciation methods and useful lives, as well as residual values, are reassessed annually.

1.8.2. Leases

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases. Assets held under finance leases and the related obligations are recognised on the balance sheet at the lower of their fair value and the present value of minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Such assets are depreciated on the same basis as owned assets (see 1.8.1.). Each lease payment is allocated between the liability and finance charge so as to achieve a constant rate on the outstanding finance balance. The corresponding lease obligations, net of finance charges, are included in loans payable. The interest element of the finance charge is charged to the income statement over the lease period.

Leases where all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

1.8.3. Subsequent expenditure

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised, with the carrying amount of the component that is to be replaced being written off. Other subsequent expenditure is capitalised only when it increases the future economic benefits that will be derived from the item of property, plant and equipment. All other expenditure is expensed as incurred.

1.9. Loans and investments

Loans are recognised initially at fair value plus transaction costs. In subsequent periods, loans are stated at amortised cost using the effective yield method, less any valuation allowance for credit risk. Any difference between nominal value, net of transaction costs, and redemption value is recognised using the effective interest method in the income statement over the period of the loan.

Non-current and current investments comprise available-for-sale assets and investments designated at fair value through profit or loss.

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale and are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis. Available-for-sale investments are subsequently carried at fair value. Cost of purchase includes transaction costs. Unrealised gains and losses arising from changes in the fair value of available-for-sale investments are included, net of deferred income tax, in "Revaluation reserve" in equity in the period in which they arise.

Financial instruments are designated at fair value through profit or loss if they contain one or more embedded derivatives which cannot be measured separately. Changes in fair value are recognised in profit or loss.

All purchases and sales of non-current and current investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the asset.

The fair value of publicly traded investments is based on quoted market prices at the balance sheet date. The fair value of non-publicly traded investments is based on the estimated discounted value of future cash flows.

Fixed term deposits with an original term of more than 90 days are presented under “Marketable securities and other short-term investments” and are stated at cost.

1. 10. Current programme rights

Current programme rights are initially recognised at acquisition cost or Group production cost when the Group controls, in substance, the respective assets and the risks and rewards attached to them.

Current programme rights include programmes in progress, (co)productions as well as rights acquired with the primary intention to be broadcast or sold in the normal course of the Group’s operating cycle. Current programme rights are stated at the lower of cost and net realisable value. Net realisable value represents management assessment of rights that are not likely to be broadcast. They are consumed based on either the expected number of transmissions or expected revenues in order to match the costs of consumption with the benefits received. The rates of consumption applied for broadcasting rights are the following:

- Blockbusters (films resulting in a large amount of cinema tickets), “mini-series” (mainly own productions with a large budget), other films, series, TV movies and (co)productions are consumed over a maximum of 2 transmissions as follows: at least 67 per cent upon the first transmission, with the remainder upon the second transmission;
- Soaps, in-house productions, quiz and game shows, sports and other events, documentaries and music shows are fully consumed upon the first transmission;
- Children’s programmes and cartoons are consumed over a maximum of 2 transmissions as follows: at least 50 per cent upon the first transmission, with the remainder upon the second transmission.

1. 11. Accounts receivable

Trade accounts receivable arise from the sale of goods and services related to the Group’s operating activities. Other accounts receivable include VAT recoverable, prepaid expenses and the fair value of derivative assets. Trade and other accounts receivable are measured at amortised cost. Impairment losses on trade and other accounts receivable, except derivative assets, are recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original term of receivables.

Accrued income is stated at the amounts expected to be received.

1. 12. Cash and cash equivalents

Cash and cash equivalents are carried in balance sheet at cost and include cash in hand, postal and bank accounts, as well as balances receivable on demand and deposits with an original maturity of less than 90 days.

Bank overdrafts are included within current liabilities.

1. 13. Impairment of non financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of other assets than goodwill, an impairment loss is reversed when there is an indication that the conditions that caused the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. The carrying value after the reversal of the impairment loss cannot exceed the carrying amount that would have been determined, net of depreciation as amortisation, if no impairment loss had been recognised.

1. 14. Impairment of financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. Impairment testing of trade receivables is described in note 1.11..

1. 15. Accounts payable

Trade accounts payable arise from the purchase of assets, goods and services relating to the Group's operating activities. Other accounts payable comprise in addition to VAT, fair value of derivative liabilities and accrued expenses, payable on capital expenditure. Trade and other accounts payable are measured at amortised cost, except derivatives which are measured at fair value.

1. 16. Loans payable

Interest-bearing current and non-current liabilities are recognised initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing current and non-current liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings using the effective interest method.

1. 17. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation to transfer economic benefits as a result of past events. The amounts recognised represent management's best estimate of the expenditures that will be required to settle the obligation as of the balance sheet date. Provisions are measured by discounting the expected future cash flows to settle the obligation at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligation.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan and the restructuring has either commenced or has been announced publicly. Costs relating to the ongoing activities of the Group are not provided for.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

1. 18. Employee benefits

1. 18. 1. Pension benefits

The Group operates or participates in both defined contribution and defined benefit plans, according to the national laws and regulations of the countries in which it operates. The assets of the plans are generally held in separate trustee-administered funds and some of the plans are operated through pension funds that are legally independent from the Group. The pension plans are generally funded by payments from employees and by the relevant Group companies, taking into account the recommendations of independent qualified actuaries.

Pension costs and obligations relating to defined benefit plans are recognised based on the projected unit credit method. Actuarial gains and losses arising from the periodical assessments of the actuaries are recognised to the extent that they exceed 10 per cent of the higher of the plan assets and the projected benefit obligation. The amount exceeding this “corridor” is amortised over the estimated average remaining service lives of the employees concerned.

Pension costs relating to defined contribution plans (including deferred compensation plans that are defined contribution plans in nature) are recognised when an employee has rendered service in exchange for the contributions due by the employer.

1. 18. 2. Other benefits

Many Group companies provide death in service benefits, and spouses and children’s benefits. The costs associated with these benefits are recognised when an employee has rendered service in exchange for the contributions due by the employer.

1. 18. 3. Equity compensation benefits

Share options are granted to certain directors and senior employees. The options are granted at the market price on the date of the grant and are exercisable at that price.

For share options that were granted before 7 November 2002, no compensation cost is recognised in the income statement. When the options are exercised, the proceeds received net of any transaction costs are credited to share capital and share premium.

For share options that were granted after 7 November 2002, the fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using a binomial model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

1. 19. Share capital

1. 19. 1. Equity transaction costs

Incremental external costs directly attributable to the issue of new shares, other than in connection with a business combination, are deducted, net of the related income taxes, against the gross proceeds recorded in equity. Share issue costs incurred in connection with a business combination are included in the cost of acquisition.

1. 19. 2. Treasury shares

Where the Company or its subsidiaries purchases the Company’s own equity shares, the consideration paid, including any attributable transaction costs net of income taxes, is shown in deduction of equity as “Treasury shares”.

1. 19. 3. Dividends

Dividends on ordinary shares are recorded in the consolidated financial statements in the period in which they are approved by the Company’s shareholders.

1. 20. Revenue presentation and recognition

Revenue includes sales of rights and licence income, (co)productions, advertising revenues and other sales, net of sales deductions such as cash rebates, credit notes, discounts, refunds and VAT. Agency commissions are presented as a deduction from advertising revenues.

Revenue is recognised when the Group has transferred the significant risks and rewards of ownership and the control over the goods sold and the amount of revenue can be measured reliably. Specifically, advertising sales are recognised when the related advertisement or commercial is broadcast and sales of programme rights under licences are recognised when the programme material has been accepted by the licensee as being in accordance with the conditions of the licence agreement.

Barter revenue is recognised if goods or services in a barter transaction are of a dissimilar nature and if revenue has economic substance and can be reliably measured. Revenue from barter transactions is recognised at the fair value of the goods or services received, adjusted for any cash involved in the transaction.

1. 21. Interest income/expense

Interest income/expense is recognised on a time proportion basis using the effective interest method.

1. 22. Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.

Deferred taxes are recognised according to the balance sheet liability method on any temporary difference between the carrying amount for consolidation purposes and the tax base of the Group's assets and liabilities. Temporary differences are not provided for when the initial recognition of assets or liabilities affects neither accounting nor taxable profit and when differences relate to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. No temporary differences are recognised on the initial recognition of goodwill. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences and losses carried forward can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

1. 23. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as treasury shares.

The diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The only category of dilutive potential ordinary shares is share options.

1.24. Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

1.25. Non-current assets held for sale

Non-current assets (or disposal groups) are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather through a continuing use.

2. Segment reporting

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure. Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment earnings are presented after elimination of inter-segment profit.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business segments

The Group comprises the following main business segments:

Television

RTL Group's television segment comprises interests in 39 free-to-air television channels in 11 European countries and a range of technical services, covering broadcasting and transmission as well as production and post-production.

Content

RTL Group produces programmes for television covering a wide range of genres, ranging from action adventure and science fiction to game shows and drama series, situation comedies and sports. The content segment is divided into two parts: production and distribution. Production comprises the production of original programmes for broadcasters; distribution comprises the distribution of programme rights made by RTL Group or acquired/licensed from third-party producers.

Radio

RTL Group's commercial radio segment comprises interests in 33 radio stations in 6 countries.

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

2.1. Business segments

| | Television | | Content | |
|---|--------------|--------------|--------------|--------------|
| | 2006 €m | 2005* €m | 2006 €m | 2005 €m |
| Revenue from external customers | 4,325 | 3,973 | 1,028 | 849 |
| Inter-segment revenue | 21 | 28 | 148 | 173 |
| Total revenue | 4,346 | 4,001 | 1,176 | 1,022 |
| Profit/(loss) from operating activities | 819 | 544 | 131 | 122 |
| Share of results of associates | 69 | 58 | – | – |
| EBIT | 888 | 602 | 131 | 122 |
| EBITA | 698 | 617 | 131 | 125 |
| Amortisation of fair value adjustments on acquisitions of subsidiaries and joint ventures | (14) | (16) | – | – |
| Amortisation of fair value adjustments on acquisitions of associates | (1) | – | (1) | (2) |
| Gain/(loss) from sale of subsidiaries, joint ventures and other investments | 205 | 1 | 1 | (1) |
| EBIT | 888 | 602 | 131 | 122 |
| Net interest income/(expense) | | | | |
| Financial results other than interest | | | | |
| Income tax income/(expense) | | | | |
| Profit for the year | | | | |
| Attributable to: | | | | |
| RTL Group shareholders | | | | |
| Minority interest | | | | |
| Segment assets | 5,353 | 4,747 | 1,389 | 1,383 |
| Investment in associates | 516 | 535 | 1 | 22 |
| Assets classified as held for sale | – | 258 | 2 | – |
| Other assets | | | | |
| Total assets | | | | |
| Segment liabilities | 2,054 | 1,764 | 436 | 378 |
| Liabilities directly associated with non-current assets classified as held for sale | – | 233 | – | – |
| Other liabilities | | | | |
| Total liabilities | | | | |
| Net assets | | | | |
| Capital expenditure | 262 | 490 | 26 | 35 |
| Depreciation and amortisation | (127) | (121) | (40) | (48) |
| Impairment losses excluding goodwill | (3) | (1) | (5) | 6 |

* restated (see note 1.2.1.)

2.2. Geographical segments

| | Germany | | France | | UK | |
|------------------------------------|------------|------------|------------|-------------|------------|------------|
| | 2006 €m | 2005 €m | 2006 €m | 2005* €m | 2006 €m | 2005 €m |
| Revenue | 2,106 | 1,991 | 1,611 | 1,545 | 761 | 619 |
| Segment assets | 2,079 | 2,164 | 1,980 | 1,596 | 1,793 | 1,576 |
| Assets classified as held for sale | – | 7 | 9 | 254 | – | – |
| Capital expenditure | 48 | 35 | 82 | 120 | 107 | 333 |

* restated (see note 1.2.1.)

| 2006 €m | Radio | Other operations | | Eliminations | | 2006 €m | Total 2005* €m |
|------------|------------|------------------|------------|--------------|------------|------------|----------------------|
| | 2005 €m | 2006 €m | 2005 €m | 2006 €m | 2005 €m | | |
| 244 | 245 | 43 | 48 | - | - | 5,640 | 5,115 |
| (4) | (3) | 30 | 37 | (195) | (235) | - | - |
| 240 | 242 | 73 | 85 | (195) | (235) | 5,640 | 5,115 |
| 48 | 31 | (28) | (19) | - | - | 970 | 678 |
| 3 | 5 | - | - | - | - | 72 | 63 |
| 51 | 36 | (28) | (19) | - | - | 1,042 | 741 |
| 51 | 35 | (29) | (19) | - | - | 851 | 758 |
| - | - | - | - | - | - | (14) | (16) |
| - | - | - | - | - | - | (2) | (2) |
| - | 1 | 1 | - | - | - | 207 | 1 |
| 51 | 36 | (28) | (19) | - | - | 1,042 | 741 |
| | | | | | | 2 | (11) |
| | | | | | | 33 | 2 |
| | | | | | | 34 | (116) |
| | | | | | | 1,111 | 616 |
| | | | | | | 890 | 537 |
| | | | | | | 221 | 79 |
| 297 | 241 | 409 | 434 | (467) | (432) | 6,981 | 6,373 |
| 56 | 60 | - | - | - | - | 573 | 617 |
| - | 27 | 7 | 9 | - | - | 9 | 294 |
| | | | | | | 1,461 | 828 |
| | | | | | | 9,024 | 8,112 |
| 185 | 179 | 244 | 240 | (459) | (417) | 2,460 | 2,144 |
| 1 | 15 | - | - | - | - | 1 | 248 |
| | | | | | | 402 | 372 |
| | | | | | | 2,863 | 2,764 |
| | | | | | | 6,161 | 5,348 |
| 19 | 7 | 5 | 6 | - | - | 312 | 538 |
| (6) | (11) | (5) | (6) | - | - | (178) | (186) |
| - | (3) | - | - | - | - | (8) | 2 |

| 2006 €m | Netherlands | Other regions | | Eliminations | | 2006 €m | Total 2005* €m |
|------------|-------------|---------------|------------|--------------|------------|------------|----------------------|
| | 2005 €m | 2006 €m | 2005 €m | 2006 €m | 2005 €m | | |
| 619 | 590 | 980 | 754 | (437) | (384) | 5,640 | 5,115 |
| 350 | 395 | 1,040 | 926 | (261) | (284) | 6,981 | 6,373 |
| - | 23 | - | 10 | - | - | 9 | 294 |
| 4 | 6 | 71 | 44 | - | - | 312 | 538 |

3. Acquisitions and disposals

3.1. Acquisitions and increases in interests held in subsidiaries and joint ventures

Details of significant acquisitions in the year ended 31 December 2006 are set out in note 3.2.. Acquisitions have been consolidated using the purchase method of accounting with goodwill being recognised as an asset. All acquisitions have been included in the consolidated accounts from the date that control has been transferred to the Group.

In aggregate, the acquired businesses contributed revenue of €46 million and profit attributable to RTL Group shareholders of €13 million for the post acquisition period to 31 December 2006. Had the business combinations been at the beginning of the year, the revenue and the profit attributable to RTL Group shareholders would have amounted to €5,645 million and €902 million respectively.

3.2. Details of significant acquisitions and disposals, increases in interests held in subsidiaries and joint ventures

2006

Contact

Since 1 October 2006, RTL Group and its shareholding partners in the Belgian radio operations have brought together the following assets to Radio Belgium Holding S.A.:

- INADI S.A. operating under the Bel RTL brand and previously controlled;
- All companies operating under the Contact brand and equity accounted for until 1 October 2006. From this date RTL Group gained control of the Contact operations and these have been fully consolidated as from 1 October 2006. The transaction qualifies as a business combination. The purchase accounting led to no recognition of significant additional fair values directly attributable to the net assets acquired.

The consideration was €7 million and this resulted in the recognition of an additional goodwill of €8 million allocated to Contact. The goodwill previously presented in "Investments in associates" and related to Contact has been transferred to "Goodwill" (€6 million).

Mandarin Films

On 19 July 2006, M6 Group completed the acquisition of the 100 per cent of Mandarin Films SAS, a production company owning a library of movie rights. It has been fully consolidated as from 1 July 2006.

The consideration paid amounted to €11 million and this resulted in the recognition of no goodwill following the completion of a fair value exercise. The net related adjustments amount to €10 million. On this basis, it has been determined that:

- A fair value of €11 million on the catalogue of rights amortised based on expected revenues, with a corresponding deferred tax liability amounting to €4 million;
- A step-up of €4 million on accounts receivable, with a corresponding deferred tax liability amounting to €1 million.

N-TV

On 24 April 2006, following the approval of the German Cartel Office on 11 April 2006, RTL Group acquired the remaining 50 per cent in the German news channel from the co-shareholder CNN. It has been fully consolidated since that date. Until this date, N-TV has been accounted for using the proportionate consolidation method.

The transaction qualifies as a business combination since RTL Group has gained control of N-TV. The purchase accounting led to no recognition of additional fair values directly attributable to the net assets acquired. Most of the goodwill is attributable to the synergies arising from the control of N-TV.

The total consideration paid was €17 million and this resulted in the recognition of an additional goodwill of €29 million.

TPS Group

On 6 January 2006, Vivendi Universal, TF1 and M6 signed an agreement in accordance with the announcement made on 16 December 2005. This agreement aimed to bring together the French pay-TV businesses of Group Canal+ and TPS into Canal+ France, a new group controlled by Vivendi in the following way:

- TF1 and M6 contribute 100 per cent of TPS to Canal+ France for a shareholding in the new group of 9.9 per cent and 5.1 per cent respectively;
- TF1 and M6 have a put option exercisable after 3 years after the completion of the transaction at a minimum guaranteed amount of €1.13 billion for the shareholding of 15 per cent (i.e. €384.2 million for the shares held by M6), corresponding to an overall floor valuation of the new group of €7.5 billion.

On 6 January 2006, Vivendi paid an advance of €150 million to TF1 and M6 (i.e. €51 million to M6) to be reimbursed, interest included, at the date of completion of the deal.

During 2006, the terms and conditions of the transaction were finalised between the various parties including the first steps leading up to final completion which included, amongst others, the recapitalisation of TPS. The main steps involved in this process can be summarised as follows:

- 30 August 2006: approval of the transaction by the French anti-trust authorities subject to the commitments made by both Vivendi and Canal+ France;
- 31 August 2006: closure of the accounting reference period from which a number of the technical steps are based for the contribution of TPS to the new entity;
- 1 September 2006: transitory period for the TPS operation during which Canal+ nominates a CEO and both TF1 and M6 lose joint operational and financial control over TPS;
- 30 November 2006: recapitalisation of TPS by both TF1 and M6 (M6 for an amount of €66.6 million);
- 19 December 2006: signing of the contribution agreements moving the entire TPS activities under TPS Gestion S.A., a company held by both TF1 (66 per cent) and M6 (34 per cent). At the same time signing of a contribution agreement approving the sale to Canal+ France of TPS Gestion S.A. subject to the approval of each of the contribution agreements by the relevant general meetings of shareholders called on 4 January 2007;
- 4 January 2007: approval of the transaction by each of the relevant general meetings of shareholders resulting in completion of the deal as of this date. M6 reimburses Vivendi for a total amount of €52.5 million, including interest, for the advance payment received from Vivendi on 6 January 2006.

The date from which the put option on the shares of Canal+ France held by M6 becomes exercisable has been fixed at February 2010.

Following the completion of this transaction M6 has become a 5.1 per cent shareholder in Canal+ France alongside Vivendi (65 per cent), Lagardère (20 per cent) who has participated from the beginning of 2006 in the consolidation process given their previous 34 per cent holding in CanalSat and TF1 (9.9 per cent). M6 does not participate in the Board of Directors of Canal+ France.

The main assets of Canal+ France are CanalSat, TPS, Multithématiques, Média Overseas, Canal Distribution (all 100 per cent shareholdings) and Canal+ SA (49 per cent shareholding).

The accounting effects of this transaction can be summarised as follows:

- From 16 December 2005, TPS has been treated in the Group accounts as an asset held for sale in conformity with IFRS 5. Under the rules of IFRS 5 intangible and tangible assets have ceased to be amortised from December 2005 onwards;
- The loss of joint control by both TF1 and M6 from 1 September 2006 has resulted in the effect that only 8 months of net result (based upon M6's proportionate share) has been consolidated into the Group accounts;
- The gain on disposal of TPS to Canal+ France has been recognised in 2006;
- The 5.1 per cent shareholding in Canal+ France, which was received in exchange for its participation in TPS by M6 has been treated as a financial asset at fair value through profit or loss. Under IAS 39 (amended) this asset is designated as a hybrid financial instrument made up of both an underlying financial asset (the shares in Canal+ France) and an embedded derivative (the put option) whose fair value cannot be separately determined. As at 31 December the fair value of this instrument is based on a floor value of this asset in 2010 (€384.2 million) and the difference between the normalised return and the underlying return on the investment in Canal+ France. The fair value of the hybrid financial instrument amounts to €324.0 million as at 31 December 2006 and will be revalued upon each closing, with differences being shown in "Financial results other than interest", until 2010 so as to reach the floor price or higher fair value;
- The impact of the TPS disposal corresponds therefore to the fair value of the shares in Canal+ France less the carrying amount of TPS in the Group accounts at the date of disposal plus related transaction costs.

In 2006 the cash flow movements related to this transaction include the following elements: cash advance from Vivendi for an amount of €51 million, cash outflow relating to the recapitalisation of TPS and other expenses including the fees incurred (€70 million). There will be a significant cash outflow in 2007 (relating to the reimbursement, to Vivendi, of the cash advance for an amount of €52.5 million, interest included, originally received on 6 January 2006).

2005

Five Group

On 1 September 2005, following the approval of the European Commission on 26 August 2005, RTL Group completed the acquisition from United Business Media (UBM) of the 35.4 per cent share in Five Group ("Five") for a consideration paid in cash of €67 million. As part of the transaction, the loans granted by UBM to Five were fully repaid for an amount of €300 million. The transaction qualifies as a business combination since RTL Group gained control of Five. Prior to the acquisition, Five was proportionately consolidated. In accordance with IFRS 3, RTL Group allocated the cost of the transaction by recognising Five's identifiable assets, liabilities and contingent liabilities at their fair value at the date of the transaction as follows:

Assets acquired upon which the fair value exercise has been undertaken

| | Nature | Carrying amount value | Incremental value €m | Fair value €m | Amortisation period |
|-------------------------|--------------------------|-----------------------|----------------------|---------------|---------------------|
| Other intangible assets | Brand Five | – | 37 | 37 | 10 years |
| Other intangible assets | Customer relationships | – | 25 | 25 | 10 years |
| Deferred tax asset | Tax losses carry forward | – | 24 | 24 | Not applicable |
| Total | | | 86 | 86 | |

Five's brand has been recognised for an amount of €37 million. The brand value is the ability to produce revenue. The fair value for this intangible asset is an estimate of an annual royalty rate under a Brand Licensing Agreement. A useful life of 10 years has been determined for the brand taking into account a variety of factors including the length of the licence, the audience and the advertising share of Five and the fragmentation of the market.

Five earns the majority of its revenues from selling advertising slots and these slots are sold through a network of media agencies. The fair value of customer relationships corresponds to the price that a third party would be ready to pay in an arms length transaction to acquire the portfolio of existing customers. This has been estimated to be €25 million.

A deferred tax asset has been recognised on tax losses carried forward at the date of acquisition for an amount of €24 million.

The business combination resulted in the recognition of goodwill amounting to €256 million:

| | |
|---|------------|
| Carrying amount of net assets at the acquisition date | 43 |
| Incremental value: | |
| – Intangible assets (gross amount) | 62 |
| – Deferred tax liability (30 per cent) | (18) |
| – Deferred tax asset | 24 |
| Fair value of net assets acquired | 111 |
| Total purchase consideration | 367 |
| Goodwill | 256 |

Five's net profit since the acquisition date included in the profit attributable to RTL Group shareholders for the year amounts to €17 million. Had the business combination been at the beginning of the year, the revenue and the profit attributable to RTL Group shareholders would have amounted to €5,219 million and €546 million respectively.

Mistergooddeal

On 15 November 2005, M6 acquired 95 per cent of Mistergooddeal, one of the leading French e-commerce businesses dealing in discount branded products. The consideration was €43 million and this resulted in goodwill of €38 million. The purchase accounting for the business combination was determined on a provisional basis (see note 1.2.1.).

3.3. Assets and liabilities acquired

Details of the net assets acquired and goodwill are as follows:

| | 2006 €m | 2005* €m |
|--|------------|-------------|
| Purchase consideration: | | |
| - Cash paid | 43 | 419 |
| - Prior years payments on acquisitions | 2 | 9 |
| - Deferred payments on acquisition | 2 | - |
| Total purchase consideration | 47 | 428 |
| Less fair value of net assets acquired | (3) | (133) |
| Acquisition of minority interest | (3) | - |
| Goodwill | 41 | 295 |

* restated (see note 1.2.1.)

3.4. Cash (inflow)/outflow on acquisitions

The net assets and liabilities arising from the acquisitions are as follows:

| | 2006 Fair value €m | 2005* Fair value €m |
|--|--------------------------|---------------------------|
| Cash and cash equivalents | 7 | 16 |
| Property, plant and equipment | 2 | 9 |
| Other intangible assets | - | 72 |
| Financial assets | - | 7 |
| Current and non-current programme rights | 12 | 72 |
| Accounts receivable (trade and other) | 29 | 22 |
| Accounts payable (trade and other) | (26) | (68) |
| Other provisions | - | (2) |
| Interest bearing loans and borrowings | (12) | - |
| Net deferred tax assets/(liabilities) | (4) | 4 |
| Minority interest | - | 1 |
| Net assets acquired | 8 | 133 |
| Elimination of the contribution of companies previously accounted for using the equity method | (5) | - |
| Goodwill from acquisition of subsidiaries and joint ventures | 41 | 295 |
| Acquisition of minority interest | 3 | - |
| Total purchase consideration | 47 | 428 |
| Less : | | |
| Deferred payments on acquisitions | (2) | - |
| Prior year payments on acquisitions | (2) | (9) |
| Cash and cash equivalents in operations acquired | (7) | (16) |
| Cash outflow on acquisitions | 36 | 403 |
| Out of which: | | |
| Five (see note 3.2.) | - | 357 |
| Others | 36 | 46 |

* restated (see note 1.2.1.)

3.5. Assets and liabilities disposed of

Details of net assets disposed of and net gain on disposal are as follows:

| | 2006 €m | 2005 €m |
|--|------------|------------|
| Disposal proceeds | 312 | - |
| Net assets disposed of | (106) | - |
| Net gain on disposal of subsidiaries and joint ventures (see note 4.3.) | 206 | - |

3.6. Cash inflow on disposals

| | 2006 €m | 2005 €m |
|---|--------------|------------|
| Cash and cash equivalents | (69) | – |
| Accounts receivable (trade and other) | (1) | – |
| Assets classified as held for sale | (272) | – |
| Accounts payable (trade and other) | 1 | – |
| Liabilities directly associated with non-current assets classified as held for sale | 235 | – |
| Net assets disposed of | (106) | – |
| Total disposal proceeds | 312 | – |
| Less: | | |
| Consideration received in the form of financial assets (Canal+ France) | (306) | – |
| Deferred consideration on disposal | 5 | – |
| Cash and cash equivalents in operations disposed of | (69) | – |
| Cash outflow on disposals | (58) | – |
| Out of which: | | |
| TPS (see note 3.2.) | (70) | – |
| Others | 12 | – |

4. Consolidated income statement

4.1. Revenue

| | 2006 €m | % | 2005 €m | % |
|--|--------------|-------------|--------------|-------------|
| Net spot advertising sales | 3,252 | 58% | 3,002 | 59% |
| Net bartering advertising sales | 36 | 1% | 38 | 1% |
| Net other advertising sales | 130 | 2% | 109 | 2% |
| Net advertising sales | 3,418 | 61% | 3,149 | 62% |
| Net film, programme and other rights sales | 1,196 | 21% | 935 | 18% |
| Diversification and other revenue | 1,026 | 18% | 1,031 | 20% |
| | 5,640 | 100% | 5,115 | 100% |

4.2. Other operating expense

| | Notes | 2006 €m | 2005* €m |
|---|--------|--------------|--------------|
| Personnel costs | 4.2.1. | 844 | 795 |
| External cost of live programmes | | 412 | 374 |
| Intellectual property expenses | | 224 | 175 |
| External cost of transmitting | | 201 | 165 |
| Consumption of other inventories | | 200 | 121 |
| Other marketing, promotion and public relations costs | | 170 | 151 |
| Rental costs | | 91 | 93 |
| Operating taxes | | 68 | 63 |
| Audit, consulting and legal fees | | 62 | 58 |
| Repairs and maintenance | | 57 | 54 |
| Marketing and promotion costs – barter | | 36 | 45 |
| Others | | 399 | 424 |
| | | 2,764 | 2,518 |

* reclassified

Operating foreign exchange and derivative losses amount to €3 million (2005: €1 million).

4.2.1. Personnel costs

| | 2006 €m | 2005 €m |
|------------------------------------|------------|------------|
| Wages and salaries | 660 | 601 |
| Social security | 135 | 130 |
| Share options granted to employees | 9 | 4 |
| Pension costs | 8 | 15 |
| Other personnel costs | 32 | 45 |
| | 844 | 795 |

Amounts set out above, exclude personnel costs of €209 million (2005: €174 million), that are capitalised and which represent costs of employees directly allocated to the production of programmes. Pension benefits relate to defined contribution and benefit plans (see note 5.14.).

An analysis of the average number of employees for undertakings held by the Group is set out below:

| | 2006 €m | 2005 €m |
|--|--------------|--------------|
| Employees of fully consolidated undertakings (1) | 8,551 | 8,388 |
| Employees of joint ventures (2) | 237 | 383 |
| | 8,788 | 8,771 |

(1) of which 9 relate to disposal group (RTL FM B.V.) (2005: 130)

(2) of which 147 relate to disposal group (TPS Group) (2005: 244)

Employees of joint ventures reflect the number of employees based on the Group's ownership in these joint ventures. The decrease in the number of employees in joint ventures is mainly due to the full disposal of TPS. Five Group and Mistergooddeal S.A. are reflected in the category "Employees of fully consolidated undertakings" on the whole year (2005: 4 months and 1.5 month respectively). In addition, "Employees of fully consolidated undertakings" mainly increased due to expanding activities of M6 Group and RTL Hrvatska d.o.o..

4.3. Gain/(loss) from sale of subsidiaries, joint ventures and other investments

The "Gain/(loss) from sale of subsidiaries, joint ventures and other investments" relates to the following:

2006

| | |
|---|--------------|
| ■ Gain on sale of the investment in the TPS Group joint venture (see note 3.2.) | €201 million |
| ■ Gain on sale of the investment in the Yorin FM subsidiary | €3 million |
| ■ Gain on sale of the investment in the S4M subsidiary (see note 7.1.) | €1 million |
| ■ Gain on sale of the investment in the Telescope Inc. subsidiary | €1 million |
| ■ Gain on sale of an other investment (Athletline) | €1 million |

2005

| | |
|---|------------|
| ■ Gain on sale of the investment in the Sud Radio associate | €1 million |
|---|------------|

4.4. Net interest income/(expense)

| | 2006 €m | 2005 €m |
|------------------|------------|-------------|
| Interest income | 25 | 22 |
| Interest expense | (23) | (33) |
| | 2 | (11) |

"Interest income" includes an amount of €4 million (2005: €2 million) in respect of deposits to Bertelsmann AG (see note 7.1.).

"Interest expense" includes an amount of €0.4 million (2005: €6 million) in respect of loans and facilities from Bertelsmann AG (see note 7.1.).

4.5. Financial results other than interest

| | 2006 €m | 2005 €m |
|---|------------|------------|
| Impairment losses on financial assets | (4) | (3) |
| Fair value changes on derivatives | 7 | – |
| Commitment fee on unused credit facilities (see note 7.1.) | – | (1) |
| Fair value change on financial instrument designated at fair value through profit or loss (see note 3.2.) | 18 | – |
| Other financial results | 12 | 6 |
| | 33 | 2 |

“Fair value changes on derivatives” includes non-operating losses and gains on foreign exchange derivatives of €7 million (2005: €0 million).

4.6. Income tax (income)/expense

| | 2006 €m | 2005 €m |
|-------------------------------|-------------|------------|
| Current tax expense | 188 | 134 |
| Deferred tax (income)/expense | (222) | (18) |
| | (34) | 116 |

The income tax on the Group profit before tax differs from the theoretical amount that would arise using the Luxembourg tax rate as follows:

| | 2006 €m | | 2005 €m | |
|---|-------------|---------------|------------|--------------|
| Profit before taxes | 1,077 | | 732 | |
| Income tax rate applicable in Luxembourg | 29.63% | | 30.38% | |
| Tax calculated at domestic tax rate applicable to profits in Luxembourg | 319 | | 222 | |
| Effects of tax rate in foreign jurisdictions and German trade tax | 64 | | 41 | |
| Tax calculated at domestic tax rate applicable to profits in the respective countries | 383 | 35.6% | 263 | 35.9% |
| Change in tax regulation and status | 2 | | – | |
| Non deductible expenses | 26 | | 8 | |
| Tax exempt revenue | (109) | | (27) | |
| Recognition of deferred tax assets | (8) | | – | |
| Effect of intercompany transactions | – | | (84) | |
| Tax incentives not recognised in the income statement | (13) | | – | |
| Effect of tax losses utilised | (43) | | (33) | |
| Tax expense before adjustment on prior years | 238 | 22.1% | 127 | 17.3% |
| Current tax adjustment on prior years | (5) | | (28) | |
| Deferred tax adjustment on prior years | (267) | | 17 | |
| Income tax (income)/expense | (34) | (3.2%) | 116 | 15.8% |

Tax exempt revenue mainly relate to capital gains (€84 million) and to the share of results of associates (€21 million).

Effect of intercompany transactions in 2005 resulted from non compensating tax effect arising on a transaction between Group companies.

Income tax adjustments on prior years comprise:

2006

- €5 million of current income tax mainly attributable to the decision on 9 August 2006 of the German Supreme Tax Court (BFH) that the CLT-UFA German branch (now liquidated) had to be taxed with the tax rate for distributions of corporations;
- €256 million of deferred tax related to a non-recurring transaction between Group entities in 2005 following the agreement reached in December 2006 with the relevant authorities on the determination of the amount of an intangible asset. As at 31 December 2005 €59 million had been estimated and already recognised in relation with this transaction;
- €11 million of deferred tax mainly attributable to the amortisation of goodwill non-deductible for tax purposes and previously not considered.

2005

- €16 million of current income tax received on tax relief in the United Kingdom;
- €12 million of current income tax received mainly attributable to the tax audit conducted in the Netherlands and in Germany;
- €17 million of deferred tax mainly attributable to the amortisation of tax deductible goodwill previously not considered.

4.7. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to RTL Group shareholders of €890 million (2005: €537 million) and a weighted average number of ordinary shares outstanding during the year of 153,618,853 (2005: 153,618,853), calculated as follows:

| | 2006 | 2005 |
|---|--------------------|-------------|
| Profit attributable to RTL Group shareholders (in €million) | 890 | 537 |
| Weighted average number of ordinary shares: | | |
| Issued ordinary shares at 1 January | 154,787,554 | 154,787,554 |
| Effect of own shares held | (1,168,701) | (1,168,701) |
| Weighted average number of ordinary shares | 153,618,853 | 153,618,853 |
| Basic earnings per share (in €) | 5.79 | 3.50 |
| Diluted earnings per share (in €) | 5.79 | 3.50 |

For 2006 and 2005, there is no dilutive impact of the share option plan as all options are out of the money.

5. Consolidated balance sheet

5.1. Programme rights, goodwill and other intangible assets

| | (Co)- productions €m | Distribution and broad- casting rights €m | Advance payments and productions in progress €m | Total programme rights (1) €m | Goodwill* €m | Other intangible assets* €m |
|--|----------------------------|--|---|--|-----------------|--------------------------------------|
| Cost | | | | | | |
| Balance at 1 January 2005 | 565 | 890 | 31 | 1,486 | 5,163 | 422 |
| Effect of movements in foreign exchange | 45 | 14 | – | 59 | 5 | 1 |
| Additions | 18 | 22 | 28 | 68 | – | 29 |
| Disposals | (6) | (39) | (1) | (46) | – | (19) |
| Subsidiaries and joint ventures acquired (2)* | – | – | – | – | 295 | 75 |
| Transfer to assets classified as held for sale | – | – | (1) | (1) | (99) | (94) |
| Transfers and other changes | (10) | 51 | (28) | 13 | – | (16) |
| Balance at 31 December 2005 | 612 | 938 | 29 | 1,579 | 5,364 | 398 |
| Effect of movements in foreign exchange | (34) | (11) | – | (45) | 10 | 3 |
| Additions | 17 | 7 | 29 | 53 | – | 120 |
| Disposals | (39) | (26) | – | (65) | – | (26) |
| Subsidiaries and joint ventures acquired | – | 12 | – | 12 | 41 | – |
| Transfers and other changes | 10 | (59) | (45) | (94) | 15 | (5) |
| Balance at 31 December 2006 | 566 | 861 | 13 | 1,440 | 5,430 | 490 |
| Amortisation and impairment losses | | | | | | |
| Balance at 1 January 2005 | (557) | (804) | – | (1,361) | (2,286) | (161) |
| Effect of movements in foreign exchange | (45) | (13) | – | (58) | – | (1) |
| Amortisation charge for the year | (21) | (51) | – | (72) | – | (39) |
| Impairment losses recognised for the year | (1) | (2) | – | (3) | – | (6) |
| Reversal of impairment | 1 | 9 | – | 10 | – | – |
| Disposals | 6 | 39 | – | 45 | – | 14 |
| Subsidiaries and joint ventures acquired (2) | – | – | – | – | – | (3) |
| Transfer to assets classified as held for sale | – | – | – | – | – | 34 |
| Transfers and other changes | 12 | (34) | – | (22) | – | 21 |
| Balance at 31 December 2005 | (605) | (856) | – | (1,461) | (2,286) | (141) |
| Effect of movements in foreign exchange | 34 | 10 | – | 44 | – | (1) |
| Amortisation charge for the year | (23) | (62) | – | (85) | – | (29) |
| Impairment losses recognised for the year | – | (4) | – | (4) | – | (3) |
| Reversal of impairment | – | 1 | – | 1 | – | – |
| Disposals | 39 | 26 | – | 65 | – | 18 |
| Transfers and other changes | – | 93 | – | 93 | – | 2 |
| Balance at 31 December 2006 | (555) | (792) | – | (1,347) | (2,286) | (154) |
| Carrying amount: | | | | | | |
| At 31 December 2005 | 7 | 82 | 29 | 118 | 3,078 | 257 |
| At 31 December 2006 | 11 | 69 | 13 | 93 | 3,144 | 336 |

* restated (see note 1.2.1.)

(1) Programme rights include internally generated capitalised rights

(2) Including gain of control of Five

Other intangible assets mainly include Five, Mistergooddeal and M6 brands for €161 million (2005: €156 million) and M6 and Five customer relationships of €42 million (2005: €47 million).

The increase in "Other intangible assets" mainly relates to the acquisition of digital capacity in the UK. The related discounted debt (expiring in 2014) is presented in "Non-current accounts payable" (see note 5.12.).

The M6 brand is considered to have an indefinite useful life and has been recognised for an amount of €120 million. As at 31 December 2006 an impairment test was performed and did not lead to any impairment.

5.2. Impairment test for goodwill

Goodwill is allocated to the Group's cash-generating units identified according to geographical area of operation and business segment except for the content business which is considered as a sole cash-generating unit for worldwide operations.

A segment-level summary of the goodwill allocation is as follows:

| | 2006 €m | 2005* €m |
|--|--------------|--------------|
| Germany | | |
| Television | 865 | 836 |
| Radio | 14 | 14 |
| France | | |
| Television | 389 | 382 |
| Radio | 65 | 65 |
| Netherlands | | |
| Television | 124 | 124 |
| UK | | |
| Television | 757 | 746 |
| Content | 899 | 894 |
| Other regions | | |
| Television | 17 | 17 |
| Radio | 14 | - |
| Total goodwill on cash-generating units | 3,144 | 3,078 |
| Germany | | |
| Television | 24 | 24 |
| Radio | 49 | 45 |
| Content | - | 8 |
| Other regions | | |
| Television | 339 | 337 |
| Radio | - | 6 |
| Total goodwill on associates | 412 | 420 |
| Goodwill | 3,556 | 3,498 |

*restated (see note 5.4.)

The recoverable amounts of cash-generating units are determined based on value-in-use calculations or trading comparables (EBITA multiples). Value in use calculations use cash flow projections based on financial budgets prepared by management covering a 3 year period. Cash flows beyond the 3 year period are extrapolated using the estimated growth rates stated below. The growth rates do not exceed the long-term average growth rate for the business in which the cash-generating unit operates.

Key assumptions used for the value-in-use calculations are as follows:

| | Television % a year | Content % a year | Radio % a year |
|-------------------|------------------------|---------------------|-------------------|
| Growth rate | 0.0–3.5 | 3.0 | 2.0–3.0 |
| Discount rate (1) | 8.5–10.0 | 9.5 | 9.0 |

(1) except Ren TV Group (17%)

These assumptions have been used for the analysis of each cash-generating unit within the business segment. Management determined budgeted gross margin based on past performance and its expectations for the market development. The discount rates used reflect specific risks relating to the relevant segments. No impairment loss has been recorded in 2006 and 2005.

5.3. Property, plant and equipment

| | Land, buildings and improvements €m | Technical equipment €m | Other €m | Total €m |
|--|--|------------------------------|--------------|--------------|
| Cost | | | | |
| Balance at 1 January 2005 | 412 | 294 | 272 | 978 |
| Effect of movements in foreign exchange | 1 | – | 1 | 2 |
| Additions | 6 | 19 | 43 | 68 |
| Disposals | (12) | (17) | (26) | (55) |
| Subsidiaries and joint ventures acquired (1) | 9 | 1 | 4 | 14 |
| Transfer to assets classified as held for sale | (24) | – | (120) | (144) |
| Transfers and other changes | 3 | (14) | 9 | (2) |
| Balance at 31 December 2005 | 395 | 283 | 183 | 861 |
| Effect of movements in foreign exchange | 1 | – | (1) | – |
| Additions | 3 | 24 | 59 | 86 |
| Disposals | (4) | (5) | (13) | (22) |
| Subsidiaries and joint ventures acquired (2) | – | 3 | 1 | 4 |
| Transfers and other changes | 9 | 2 | (6) | 5 |
| Balance at 31 December 2006 | 404 | 307 | 223 | 934 |
| Depreciation and impairment losses | | | | |
| Balance at 1 January 2005 | (165) | (235) | (201) | (601) |
| Effect of movements in foreign exchange | – | – | (1) | (1) |
| Depreciation charge for the year | (23) | (22) | (30) | (75) |
| Impairment losses reversed for the year | 1 | – | – | 1 |
| Disposals | 10 | 17 | 24 | 51 |
| Subsidiaries and joint ventures acquired (1) | (1) | (1) | (3) | (5) |
| Transfer to assets classified as held for sale | 8 | – | 97 | 105 |
| Transfers and other changes | (2) | 9 | (9) | (2) |
| Balance at 31 December 2005 | (172) | (232) | (123) | (527) |
| Depreciation charge for the year | (21) | (22) | (21) | (64) |
| Impairment losses reversed for the year | (1) | – | – | (1) |
| Disposals | 3 | 5 | 11 | 19 |
| Subsidiaries and joint ventures acquired (2) | – | (2) | – | (2) |
| Transfers and other changes | (6) | – | 1 | (5) |
| Balance at 31 December 2006 | (197) | (251) | (132) | (580) |
| Carrying amount: | | | | |
| At 31 December 2005 | 223 | 51 | 60 | 334 |
| At 31 December 2006 | 207 | 56 | 91 | 354 |

(1) Including gain of control of Five
(2) Including gain of control of N-TV

Net tangible assets held under finance leases at 31 December 2006 amount to €12 million (2005: €13 million).

5.4. Investments in associates

| | 2006 €m | 2005 €m |
|--|------------|------------|
| Balance at 1 January | 617 | 376 |
| Effect of movements in foreign exchange | (1) | – |
| Share of results of associates | 72 | 63 |
| Dividend distribution | (38) | (61) |
| Change in ownership interest | (79) | 246 |
| Transfer to assets classified as held for sale | (2) | (4) |
| Transfers and other changes | 4 | (3) |
| Balance at 31 December | 573 | 617 |

Share of results of associates:

| | 2006 €m | 2005 €m |
|--|------------|------------|
| Share of result after tax | 74 | 65 |
| Amortisation of fair value adjustments on acquisitions of associates | (2) | (2) |
| | 72 | 63 |

Antena 3 De Television Group contributed to the “Share of results of associates” for €49 million (2005: €39 million). On 3 August 2006, an agreement for the settlement of the litigation between Uniprex, a wholly owned subsidiary of Antena 3 and Grupo Radio Blanca was reached. The settlement resulted in a €11 million non-recurring income in “Share of result of associates” in 2006.

“Investments in associates” at 31 December 2006 include goodwill of €412 million (2005: €420 million).

5.4.1. Change in ownership interest

The impacts of acquisitions of associates are presented below:

| | 2006 €m | 2005* €m |
|---|------------|-------------|
| Purchase consideration: | | |
| – Cash paid | 8 | 181 |
| – Dividends in kind | 15 | – |
| – Prior years payments on acquisitions | 1 | 63 |
| – Deferred consideration | 1 | – |
| Total purchase consideration | 25 | 244 |
| Less fair value of net assets acquired | (17) | (54) |
| Goodwill on acquisitions of associates | 8 | 190 |
| | | |
| | 2006 €m | 2005* €m |
| Investments in associates | 17 | 57 |
| Acquisition of associates achieved in stages | – | (3) |
| Net assets acquired | 17 | 54 |
| Goodwill on acquisitions of associates | 8 | 190 |
| Total purchase consideration | 25 | 244 |
| Less: | | |
| Prior years payments on acquisitions | (1) | (63) |
| – Dividends in kind | (15) | – |
| – Deferred consideration | (1) | – |
| Cash outflow in acquiring associates | 8 | 181 |

* restated following the completion of the purchase accounting for Media Capital and Ren TV Group

The impacts of disposals of associates are presented below:

| | 2006 €m | 2005 €m |
|---|------------|------------|
| Disposal proceeds | 4 | – |
| Net assets disposed of | (4) | – |
| Net profit on disposal of associates | – | – |
| | 2006 €m | 2005 €m |
| Investments in associates | (4) | – |
| Net assets disposed | (4) | – |
| Total disposal proceeds | 4 | – |
| Cash inflow on disposal associates | 4 | – |

2006

Antena 3 De Television Group

In accordance with the resolutions decided by the Shareholders' Extraordinary General Meeting held on 29 November 2006, the following main operations were executed in December 2006:

- Reduction of the share capital by 5 per cent by refunding contributions to one shareholder, Santander Group (€200 million);
- Acquisition of treasury shares representing 5 per cent of the share capital from Santander Group (€200 million);
- Distribution of an extraordinary dividend mainly in form of treasury shares (€94 million).

Antena 3 additionally disposed of treasury shares in 2006 (€160 million, net of acquisitions).

All these operations have contributed to increase the Group interest as at 31 December 2006 from 17.3 to 19 per cent after deduction of the treasury shares. Following these operations RTL Group recognised a change in ownership interest for €46 million (i.e. a decrease of the equity attributable to the shareholders) and an additional goodwill related to the distribution in kind (€5 million).

Contact

See note 3.2..

Sportfive Group

Following the decision of the Sportfive shareholders to sell Sportfive Group, a Sale and Purchase Agreement was signed on 19 November 2006 with Lagardère relating to the disposal of the shares in Sportfive Group SAS (French holding of Sportfive Group). The acquisition was subject to regulatory approvals which were subsequently obtained on 18 January 2007.

On this basis, Sportfive Group has been equity accounted for until 30 September 2006 after the completion of the restructuring steps and classified as a disposal group, in accordance with IFRS 5 (see note 5.10.), as from 1 October 2006.

The restructuring steps consisted of:

- Reimbursement of the financial debt to the shareholders (RTL Group portion amounted to €34 million, interest included);
- Interim distribution of share premium (RTL Group share amounted to €20 million presented in "Change in ownership interest").

Following the classification as non-current asset held for sale, no result has been recorded for RTL Group share of Sportfive Group results for the last quarter of 2006.

2005

Media Capital Group

On 15 December 2005, RTL Group obtained a significant influence in the Portuguese group Media Capital, following its increased shareholding to 33 per cent. The investment in Media Capital has been equity accounted for from mid-December 2005 to 31 December 2005, resulting in the recognition of a goodwill

amounting to €128 million and included in "Investments in associates". Prior to the step acquisition, Media Capital Group was presented as an available-for-sale financial asset. The purchase accounting has been determined on a provisional basis and was completed in 2006.

Ren TV Group

On 1 October 2005, the Group acquired a 30 per cent interest in the Russian television and production group Ren TV. The investment in Ren TV has been equity accounted for from 1 October 2005 to 31 December 2005, resulting in the recognition of a goodwill amounting to €67 million included in "Investments in associates". The purchase accounting has been determined on a provisional basis and was completed in 2006.

The purchase accounting related to Media Capital Group and Ren TV Group, which had been determined on a provisional basis in 2005, has been completed in 2006 and has generated the following reclassifications on the 2005 comparative information ("Investments in associates"):

| Assets acquired upon which the fair value exercise has been undertaken and related deferred tax liability | Incremental value €m | Reclassification in goodwill on associates €m | Amortisation period |
|---|-------------------------|--|---------------------|
| Media Capital Group | | | |
| - Brand TVI | 19 | (6) | 10 years |
| - Related deferred tax liability | - | 1 | - |
| | | (5) | |
| Ren TV Group | | | |
| - Brand Ren TV | 12 | (4) | 10 years |
| - Buildings | 8 | (2) | 25 years |
| - Related deferred tax liability | - | 2 | - |
| | | (4) | |

5.4.2. Summarised financial information

The summarised financial information on the main associates of the Group, on a 100 per cent basis, is as follows:

| 2006 | Country of incorporation | Assets €m | Liabilities €m | Equity €m | Revenues €m | Profit/(loss) for the year €m | Interest held % |
|------------------------------|--------------------------|--------------|-------------------|--------------|----------------|-------------------------------------|--------------------|
| Antena 3 De Television Group | Spain | 906 | 650 | 256 | 934 | 290 | 19.0 |
| Media Capital Group | Portugal | 351 | 204 | 147 | 230 | 16 | 32.9 |
| M-RTL rt | Hungary | 119 | 72 | 47 | 120 | 13 | 48.8 |
| Ren TV Group | Russia | 127 | 92 | 35 | 96 | 10 | 30.0 |
| RTL 2 GmbH & CoKG | Germany | 114 | 90 | 24 | 242 | 12 | 35.8 |

| 2005 | Country of incorporation | Assets €m | Liabilities €m | Equity €m | Revenues €m | Profit/(loss) for the year €m | Interest held % |
|------------------------------|--------------------------|--------------|-------------------|--------------|----------------|-------------------------------------|--------------------|
| Antena 3 De Television Group | Spain | 1,003 | 610 | 393 | 932 | 226 | 17.3 |
| Media Capital Group | Portugal | 350 | 219 | 131 | 221 | 13 | 32.9 |
| M-RTL rt | Hungary | 120 | 77 | 44 | 124 | 12 | 48.8 |
| Ren TV Group | Russia | 43 | 19 | 23 | 76 | 9 | 30.0 |
| RTL 2 GmbH & CoKG | Germany | 145 | 105 | 40 | 272 | 25 | 35.8 |
| Sportfive Group | France | 749 | 697 | 52 | 526 | (4) | 24.9 |

Based on their published price quotations as at 31 December 2006, the fair values of 100 per cent of Antena 3 and Media Capital amount to €3,766 million and €706 million respectively (2005: €4,476 million and €606 million).

5.5. Loans and other financial assets

| | 2006 €m | 2005 €m |
|---|------------|------------|
| Loans to associates | 12 | 38 |
| Other loans and financial assets | 87 | 78 |
| Financial instrument at fair value through profit or loss (see note 3.2.) | 324 | – |
| Available-for-sale investments | 58 | 58 |
| Surplus in the defined benefit plans (see note 5.14.) | 1 | 2 |
| | 482 | 176 |

No reversal of impairment losses has been recorded in 2006 and 2005.

The movements in available-for-sale investments are as follows:

| | 2006 €m | 2005 €m |
|--------------------------------|------------|------------|
| Balance at 1 January | 58 | 115 |
| Net acquisitions and disposals | 1 | 110 |
| Change in fair value | 2 | 35 |
| Impairment losses | (5) | (4) |
| Other changes | 2 | (198) |
| Balance at 31 December | 58 | 58 |

In 2005, other changes included the effect of the acquisition, achieved in stages during 2004 and 2005, of Media Capital Group, equity accounted for as from 15 December 2005.

No reversal of impairment losses have been recorded in 2006 and 2005.

5.6. Deferred tax assets and liabilities

| | 2006 €m | 2005* €m |
|--------------------------|------------|-------------|
| Deferred tax assets | 385 | 199 |
| Deferred tax liabilities | (79) | (119) |
| | 306 | 80 |

| | 2006 €m | 2005* €m |
|---|------------|-------------|
| Balance at 1 January | 80 | 76 |
| Income statement change | 222 | 18 |
| Tax charged to equity | 9 | (29) |
| Change in consolidation scope | (5) | 5 |
| Transfer to assets classified as held for sale | – | (2) |
| Transfer to liabilities directly associated with non-current assets classified as held for sale | – | 12 |
| Balance at 31 December | 306 | 80 |

* restated (see note 1.2.1.)

In addition, the Group has deductible temporary differences originated by an intra-group transaction which will reverse during the next 13 years (see note 4.6.).

Unrecognised deferred tax assets amount to €1,740 million as at December 31, 2006 (2005: €2,129 million).

Deferred tax assets are recognised on tax losses-carry forwards to the extent that realisation of the related tax benefit through the future taxable profits are probable. The Group has unrecognised tax losses of €5,783 million (2005: €5,894 million) to carry forward against future taxable income. The most significant portion of these tax losses are generated in Luxembourg and have no expiry date.

The movement in deferred tax assets and liabilities during the year is as follows:

| | Balance at 1 January 2006 €m | (Charged)/ credited to income statement €m | (Charged)/ credited to equity €m | Change in consolidation scope €m | Transfers and other changes €m | Balance at 31 December 2006 €m |
|-------------------------------|---------------------------------------|--|---|---|---|---|
| Deferred tax assets | | | | | | |
| Intangible assets | 55 | 239 | - | - | - | 294 |
| Programme rights | 37 | - | - | - | - | 37 |
| Property, plant and equipment | 3 | - | - | - | - | 3 |
| Provisions | 61 | 2 | - | - | - | 63 |
| Tax losses | 53 | (19) | - | 2 | - | 36 |
| Others | 26 | (7) | 8 | (1) | - | 26 |
| Set off of tax | (36) | - | - | - | (38) | (74) |
| | 199 | 215 | 8 | 1 | (38) | 385 |

| | Balance at 1 January 2006* €m | (Charged)/ credited to income statement €m | (Charged)/ credited to equity €m | Change in consolidation scope €m | Transfers and other changes €m | Balance at 31 December 2006 €m |
|---------------------------------|--|--|---|---|---|---|
| Deferred tax liabilities | | | | | | |
| Intangible assets | (109) | 6 | - | (5) | - | (108) |
| Property, plant and equipment | (21) | 1 | - | - | - | (20) |
| Provisions | (6) | 4 | - | - | - | (2) |
| Others | (19) | (4) | 1 | (1) | - | (23) |
| Set off of tax | 36 | - | - | - | 38 | 74 |
| | (119) | 7 | 1 | (6) | 38 | (79) |

* restated (see note 1.2.1.)

5.7. Current programme rights

| | Gross value €m | 2006 Valuation allowance €m | Net value €m | Gross value €m | 2005 Valuation allowance €m | Net value €m |
|--|----------------------|--------------------------------------|--------------------|----------------------|--------------------------------------|--------------------|
| (Co)productions | 456 | (235) | 221 | 477 | (217) | 260 |
| TV programmes | 43 | (10) | 33 | 75 | (6) | 69 |
| Other distribution and broadcasting rights | 1,133 | (264) | 869 | 990 | (206) | 784 |
| Sub-total programme rights | 1,632 | (509) | 1,123 | 1,542 | (429) | 1,113 |
| (Co)productions and programmes in progress | 125 | (16) | 109 | 121 | (15) | 106 |
| Advance, payments on (co)productions, programmes and rights | 159 | (1) | 158 | 133 | - | 133 |
| Sub-total programme rights in progress | 284 | (17) | 267 | 254 | (15) | 239 |
| | 1,916 | (526) | 1,390 | 1,796 | (444) | 1,352 |

Additions and reversals of valuation allowance have been recorded for €(65) million and €27 million respectively in 2006 (2005: €(71) million and €31 million).

5.8. Accounts receivable

| | Under 1 year €m | 2006 Over 1 year €m | Total €m | Under 1 year €m | 2005 Over 1 year €m | Total €m |
|--|-----------------------|------------------------------|--------------|-----------------------|------------------------------|--------------|
| Trade accounts receivable | 895 | 7 | 902 | 764 | 2 | 766 |
| Accounts receivable from associates | 21 | 1 | 22 | 20 | – | 20 |
| VAT receivable | 102 | – | 102 | 95 | – | 95 |
| Prepaid expenses | 55 | – | 55 | 66 | – | 66 |
| Accrued interest on loans and other financial assets | 1 | – | 1 | 1 | – | 1 |
| Fair value of derivative assets | – | – | – | 7 | – | 7 |
| Current deposit with shareholder (see note 7.1.) | 487 | – | 487 | – | – | – |
| Other accounts receivable | 170 | 3 | 173 | 184 | 10 | 194 |
| | 1,731 | 11 | 1,742 | 1,137 | 12 | 1,149 |

Additions and reversals of valuation allowance have been recorded for €(21) million and €18 million respectively in 2006 (2005: €(20) million and €14 million).

5.9. Cash and cash equivalents

| | 2006 €m | 2005 €m |
|---------------------------------|------------|------------|
| Cash in hand and at bank | 108 | 126 |
| Fixed term deposits (<3 months) | 220 | 201 |
| Other cash equivalents | 20 | 5 |
| | 348 | 332 |

5.10. Assets classified as held for sale and liabilities directly associated with non-current assets classified as held for sale

Non-current assets classified as held for sale:

Disposal groups held for sale:

| | 2006 €m | 2005 €m |
|-------------------------------|------------|------------|
| Programme rights | – | 1 |
| Goodwill | – | 99 |
| Other intangible assets | – | 60 |
| Property, plant and equipment | – | 22 |
| Deferred tax assets | – | 2 |
| Other inventories | – | 32 |
| Accounts receivable | – | 55 |
| Cash and cash equivalents | – | 2 |
| | – | 273 |

Non-current assets held for sale:

| | 2006 €m | 2005 €m |
|-------------------------------|------------|------------|
| Property, plant and equipment | 7 | 17 |
| Investments in associates | 2 | 4 |
| | 9 | 21 |

Liabilities directly associated with non-current assets classified as held for sale:

| | 2006 €m | 2005 €m |
|---------------------------|------------|------------|
| Loans and bank overdrafts | - | 56 |
| Accounts payable | 1 | 165 |
| Provisions | - | 15 |
| Deferred tax liabilities | - | 12 |
| | 1 | 248 |

The carrying amount of the disposal groups is €(1) million at 31 December 2006 (2005: €25 million).

At 31 December 2006, the non-current assets held for sale consist of a building located in Paris and Sportfive Group (see note 5.4.1.).

5.11. Loans and bank overdrafts

Current liabilities

| | 2006 €m | 2005 €m |
|--|------------|------------|
| Bank overdrafts | 7 | 7 |
| Bank loans payable | 5 | 2 |
| Current portion of other non-current loans payable | - | 1 |
| Leasing liabilities | 2 | 2 |
| Other current loans payable | 53 | 13 |
| | 67 | 25 |

“Other current loans payable” includes an amount owed to Vivendi by M6 Group, of €51 million (principal amount) as part of the TPS transaction (see note 3.2.).

Non-current liabilities

| | 2006 €m | 2005 €m |
|---------------------------------|------------|------------|
| Bank loans payable | 20 | 25 |
| Leasing liabilities | 13 | 13 |
| Other non-current loans payable | 6 | 12 |
| | 39 | 50 |

| Term and debt repayment schedule 2006 | Under 1 year €m | 1-5 years €m | Over 5 years €m | Total carrying amount €m |
|--|-----------------------|--------------------|-----------------------|-----------------------------------|
| Bank overdraft | 7 | - | - | 7 |
| Bank loans payable | 5 | 20 | - | 25 |
| Leasing liabilities | 2 | 6 | 7 | 15 |
| Other loans payable | 53 | 6 | - | 59 |
| | 67 | 32 | 7 | 106 |

| Term and debt repayment schedule 2005 | Under 1 year €m | 1-5 years €m | Over 5 years €m | Total carrying amount €m |
|--|-----------------------|--------------------|-----------------------|-----------------------------------|
| Bank overdraft | 7 | - | - | 7 |
| Bank loans payable | 2 | 24 | 1 | 27 |
| Current portion of other non-current loans payable | 1 | - | - | 1 |
| Leasing liabilities | 2 | 7 | 6 | 15 |
| Other loans payable | 13 | 6 | 6 | 25 |
| | 25 | 37 | 13 | 75 |

5.12. Accounts payable

Current accounts payable

| | 2006 €m | 2005 €m |
|--------------------------------------|--------------|--------------|
| Amounts due to associates | 12 | 12 |
| Trade accounts payable | 1,131 | 1,066 |
| Fair value of derivative liabilities | 34 | 7 |
| Other accounts payable | 756 | 703 |
| | 1,933 | 1,788 |

“Fair value of derivative liabilities” represents the fair value of forward foreign exchange contracts for an amount of €34 million (2005: €7 million).

“Other accounts payable” includes deferred income for an amount of €115 million (2005: €104 million).

Non-current accounts payable

| | 1-5 years €m | 2006 Over 5 years €m | Total €m | 1-5 years €m | 2005 Over 5 years €m | Total €m |
|------------------------|--------------------|-------------------------------|-------------|--------------------|-------------------------------|-------------|
| Other accounts payable | 146 | 113 | 259 | 60 | 58 | 118 |

The increase of non-current accounts payable mainly relates to the acquisition of digital capacity (see note 5.1.).

5.13. Provisions

| | Employee benefits (1) €m | Litigations (2) €m | Restructuring €m | Onerous contracts (3) €m | Other provisions (4) €m | Total €m |
|-------------------------------------|--------------------------------|-----------------------|---------------------|--------------------------------|-------------------------------|-------------|
| Balance at 1 January 2006 | 87 | 29 | 12 | 47 | 63 | 238 |
| Provisions made during the year | 20 | 20 | 13 | 30 | 31 | 114 |
| Provisions used during the year | (16) | (2) | (5) | (18) | (10) | (51) |
| Provisions reversed during the year | (6) | (7) | – | (4) | (17) | (34) |
| Other changes | 1 | 2 | – | – | (3) | – |
| Balance at 31 December 2006 | 86 | 42 | 20 | 55 | 64 | 267 |

| | 2006 €m | 2005 €m |
|-------------|------------|------------|
| Non-current | 107 | 120 |
| Current | 160 | 118 |
| | 267 | 238 |

(1) “Employee benefits” comprise provisions for defined benefit obligations for €75 million (2005: €77 million) (see note 5.14.) and provision for other employee benefits for €11 million (2005: €10 million).

(2) “Litigations” include provisions made by M6 Group for €23 million (2005: €20 million of which €7 million transferred to liabilities directly associated with non-current assets classified as held for sale), RTL TVI for €7 million (2005: €5 million), FremantleMedia Group Ltd for €5 million (2005: €0 million) and various other minor litigations for €7 million (2005: €4 million).

(3) “Onerous contracts” mainly comprise provisions made by RTL Television GmbH for €37 million (2005: €26 million) and FremantleMedia Services Ltd for €12 million (2005: €13 million).

(4) “Other provisions” primarily include provisions made by M6 Group for €39 million (2005: €36 million) and FremantleMedia Group Ltd for €5 million (2005: €0 million).

5.14. Employee benefits

RTL Group operates or participates in a number of defined benefit and defined contribution plans throughout Europe. These plans have been set up and are operated in accordance with national laws and regulations. A description of the principal defined benefit plans of the Group is given below:

Belgium

Employees of RTL TVI S.A. participate in a defined benefit plan insured with the insurance company AXA, which provides pension benefits to members and their dependants on retirement and death.

France

Ediradio, ID and IP France operate retirement indemnity plans, which by law, provide lump sums to employees on retirement. The lump sums are based on service and salary at date of termination of employment in accordance with the applicable collective agreement. The Ediradio, ID retirement indemnity plan is partly funded by an insurance contract with AXA. M6 Group participates in a defined benefit plan which provides pension benefits to members on retirement.

Germany

Employees of UFA Berlin Group (including UFA Fernsehproduktion, UFA Entertainment, UFA Film & TV Produktion), Universum Film, UFA Film & Fernsehen and RTL Group Deutschland participate in the multi-employer Bertelsmann plan. The plan is unfunded and defined benefit in nature. Each employer which participates in this plan has separately identifiable liabilities.

RTL Television, AVE Hörfunkbeteiligung and IP Deutschland operate their own retirement arrangements. IP Deutschland sponsors individual plans for five employees and former employees providing defined pension benefits to each employee at retirement.

RTL Television sponsors individual plans for three employees providing defined pension benefits to each employee at retirement. In addition, a number of employees participate in a support fund providing pension benefits to members and their dependants on retirement and death.

Luxembourg

Employees of CLT-UFA, RTL Group and Broadcasting Center Europe participate in a defined benefit plan, which provides pension benefits to members and their dependants on retirement, death and disability. CLT-UFA, RTL Group and BCE set up provision for the unfunded retirement benefit plan. Death and disability are insured with Fortis Luxembourg-Vie.

United Kingdom

FremantleMedia Group Limited operates the Fremantle Group Pension Plan ("the Fremantle Plan"), which was established on 29 December 2000 and was, prior to 1 September 2005, known as the RTL Group UK Pension Plan. The Fremantle Plan provides both defined benefit and defined contribution benefits.

The amounts recognised in the balance sheet are determined as follows:

| | 2006 €m | 2005 €m |
|--|------------|------------|
| Present value of funded obligations | 78 | 80 |
| Fair value of plan assets | (58) | (55) |
| Present value of unfunded obligations | 68 | 74 |
| Deficit/(surplus) | 88 | 99 |
| Unrecognised actuarial gains/(losses) | (14) | (24) |
| Net liability/(asset) | 74 | 75 |
| Provisions in the balance sheet (see note 5.13.) | 75 | 77 |
| Assets in the balance sheet (see note 5.5.) | (1) | (2) |

As RTL Group has no legal right to realise the surplus in the UK plan and settle the obligations under the other plans of the Group, the surplus in the above mentioned plan is presented in assets and the obligations under the plans in France, Germany, Luxembourg and Belgium are shown under provisions.

| | 2006 €m | 2005 €m |
|---|------------|------------|
| Experience adjustments on provisions (gains)/losses | (4) | - |
| Experience adjustments on assets gains/(losses) | - | - |

The movement in the funded/unfunded defined benefit obligation over the year is as follows:

| | 2006 €m | 2005 €m |
|--------------------------------------|------------|------------|
| Beginning of year | 154 | 123 |
| Current service cost | 9 | 8 |
| Interest cost | 6 | 9 |
| Past service (gains)/losses | – | 3 |
| Actuarial (gains)/losses | (10) | 15 |
| Employee contributions | 1 | 1 |
| Benefits paid by employer | (5) | (4) |
| Benefits paid out of the plan assets | (2) | (1) |
| Settlements and curtailments | (10) | (1) |
| Foreign exchange differences | 1 | – |
| Others | 2 | 1 |
| End of year | 146 | 154 |

The movement in the fair value of plan assets of the year is as follows:

| | 2006 €m | 2005 €m |
|--------------------------------------|------------|------------|
| Beginning of year | 55 | 39 |
| Expected return on plan assets | 3 | 5 |
| Actuarial gains/(losses) | (1) | 1 |
| Employer contributions | 4 | 9 |
| Employee contributions | 1 | 1 |
| Benefits paid out of the plan assets | (2) | (1) |
| Settlements | (3) | – |
| Foreign exchange differences | 1 | 1 |
| End of year | 58 | 55 |

Plan assets are comprised as follows:

| | 2006 €m | 2005 €m |
|--------------------------------------|------------|------------|
| Equity instruments | 36 | 35 |
| Debt instruments | 21 | 16 |
| Property | 1 | – |
| Other | – | 4 |
| Fair value of any plan assets | 58 | 55 |

The actual return on plan assets was €2 million (2005: €7 million).

Expected contributions to post-employment benefit plans for the year ending 31 December 2007 are €3 million.

The amounts recognised in the income statement are as follows:

| | 2006 €m | 2005 €m |
|---|------------|------------|
| Current service cost | 9 | 8 |
| Past service cost | – | 3 |
| Settlements and curtailments | (7) | (1) |
| Total included in employee benefit expense (see note 4.2.1.) | 2 | 10 |

| | 2006 €m | 2005 €m |
|--|------------|------------|
| Interest cost | 6 | 9 |
| Expected return on plan assets | (3) | (5) |
| Actuarial (gains)/losses | 2 | 2 |
| Total included in net interest expense (see note 4.4.) | 5 | 6 |

The principal actuarial assumptions used were as follows:

| | 2006 % a year | 2005 % a year |
|--------------------------------|------------------|------------------|
| Discount rate | 4.25–4.90 | 4.00–5.00 |
| Expected return on plan assets | 4.00–6.80 | 3.75–6.40 |
| Long term inflation rate | 1.80–2.00 | 1.70–2.90 |
| Future salary increases | 1.00–5.00 | 0.00–4.90 |
| Future pension increases | 1.90–2.90 | 1.70–2.90 |

5.15. Equity

5.15.1. Share capital

As at 31 December 2006, the subscribed capital amounts to €192 million (2005: €192 million) and is represented by 154,787,554 (2005: 154,787,554) fully paid-up ordinary shares, without nominal value. All shares have the same rights and entitlements.

5.15.2. Treasury shares

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group. At 31 December 2006, the Group holds 1,168,701 own shares (2005: 1,168,701) at a cost of €44 million (2005: €44 million).

5.15.3. Currency translation reserve

The currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations that are not integral to the operations of the Company, as well as loans designated to form part of the Group's net investment in specific undertakings as repayment of those loans is not anticipated within the foreseeable future.

5.15.4. Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

5.15.5. Revaluation reserve

The revaluation reserve includes:

- The cumulative net change in the fair value of available-for-sale investments until the investment is derecognised for €32 million (2005: €30 million);
- The cumulative increase in the fair value of the intangible assets and property, plant and equipment following the gain of control of M6 and the acquisition of associates achieved in stages amounting to €51 million (2005: €51 million).

5.15.6. Dividends

At the Annual General Meeting of RTL Group on 18 April 2007, a dividend in respect of 2006 of €3.0 per share (of which an extraordinary dividend of €1.80 per share) is to be proposed. These financial statements do not reflect the final proposed dividend payable, which will be accounted for as an appropriation of retained earnings in 2007. The dividends in respect of 2005 amounted to €1.05 per share (€163 million).

5.15.7. Share options

RTL Group Stock Option Plan

At 25 July 2000, the Group established a share option programme for certain directors and employees.

Eligibility

All participants in the Stock Option Plan ("SOP") must be employed by RTL Group or one of its subsidiaries at the time of granting the options under the SOP.

Grant

The number of options granted to a participant under the SOP is at the discretion of the compensation committee, being the Board of Directors of the Company or a duly constituted committee thereof, established amongst other things, for the purpose of operating the SOP. Participants may renounce options granted to them. Participants will not be required to pay any sum in respect of the grant of any options to them under the SOP.

Scheme limits

The number of ordinary shares, which may be placed under option under the SOP in any year, may not be more than a half per cent of the Company's issued ordinary share capital.

Exercise price

The exercise price to be paid by a participant in order to exercise options which are granted under the SOP will be the average closing middle market price of shares in the Company on the Brussels Stock Exchange over 20 dealing days preceding the date of grant or such other, higher or lower, amount as determined by the compensation committee.

Exercise

Options will normally be exercisable as to one third on each of the second, third and fourth anniversaries of the date of grant or in accordance with such other vesting schedule as determined by the compensation committee. Options must normally be exercised before the expiry of 10 years from the date of grant or such shorter period as determined by the compensation committee. Options may be exercised earlier in the event of death.

Share options outstanding (in thousands) at the end of the year have the following terms:

| Expiry date | Exercise price €m | Number of options 2006 | Number of options 2005 |
|---------------|----------------------|------------------------------|------------------------------|
| August 2010 | 120.00 | 6 | 6 |
| December 2010 | 85.24 | 141 | 166 |
| May 2011 | 85.24 | 1 | 1 |
| | | 148 | 173 |

Movements in the number of share options are as follows:

| In thousands of options | Average exercise price in € per share | 2006 | Average exercise price in € per share | 2005 |
|---|---|-------------|---|------|
| Options outstanding at the beginning of the year | 86 | 173 | 86 | 217 |
| Options expired/cancelled during the year | 85 | (25) | 85 | (44) |
| Options outstanding at the end of the year | 87 | 148 | 86 | 173 |

The market price of RTL Group shares on the Brussels Stock Exchange was €84.7 as at 29 December 2006.

M6 Share Option Plan

M6 has established employee share option plans open to directors and certain employees within the Group. The number of options granted to participants is determined by the Board of Directors of Metropole Television in accordance with the authorisation given by the General Meeting of Shareholders.

The terms and conditions of the grants are as follows, whereby all options are settled by physical delivery of shares:

| Grant date | Number of options initially granted (in thousands) | Remaining options (in thousands) | Vesting conditions | Contractual life of options (1) |
|----------------------------|--|----------------------------------|---|---------------------------------|
| Stock options plans | | | | |
| 01-2000 | 175.00 | 17.50 | 4 years of service | 7 years |
| 06-2000 | 338.10 | 189.50 | 4 years of service | 7 years |
| 06-2001 | 551.80 | 345.30 | 4 years of service | 7 years |
| 06-2002 | 710.50 | 516.50 | 4 years of service | 7 years |
| 07-2003 | 713.50 | 588.50 | 4 years of service | 7 years |
| 11-2003 | 20.00 | 20.00 | 4 years of service | 7 years |
| 04-2004 | 861.50 | 721.50 | 4 years of service | 7 years |
| 06-2005 | 635.50 | 587.00 | 4 years of service | 7 years |
| 06-2006 | 736.70 | 728.70 | 4 years of service | 7 years |
| Free shares plans | | | | |
| 06-2005 | 106.70 | 93.80 | 2 years of service + performance conditions | |
| 06-2006 | 480.40 | 452.80 | 2 years of service | |
| Total | 5,329.70 | 4,261.10 | | |

(1) Contractual life of options corresponds to the vesting period (i.e. 4 years) plus 3 years (which represents the time frame during which the options can be exercised)

The price to be paid to exercise each of the remaining options is 95 per cent of the average value of shares in Metropole Television on the Paris Stock Exchange over the 20 trading days preceding the date of grant with the exception of the management free share allocation plan.

Movements in the number of share options are as follows:

| In thousands of options | Average exercise price in € per share | 2006 | Average exercise price in € per share | 2005 |
|---|---------------------------------------|--------------|---------------------------------------|--------------|
| Options outstanding at the beginning of the year | 27 | 3,421 | 26 | 3,513 |
| Options issued during the year | 25 | 737 | 20 | 636 |
| Options exercised during the year | 19 | (194) | 16 | (572) |
| Options expired during the year | 35 | (249) | 29 | (156) |
| Options outstanding at the end of the year | 26 | 3,715 | 27 | 3,421 |

Approximately 544 thousand free shares are still exercisable at the end of the year against 104 thousand at the beginning of the year. 480 thousand free shares were granted during the year with 40 thousand forfeited.

Shares options outstanding (in thousands) at the end of the year have the following terms:

| | Expiry date | Exercise price in € | Number of options 2006 | Number of options 2005 |
|---------------------------------|-------------|---------------------|------------------------|------------------------|
| Stock options plans | | | | |
| | 2006 | 18.76 | – | 194 |
| | 2007 | 57.40 | 206 | 239 |
| | 2008 | 30.80 | 345 | 377 |
| | 2009 | 28.06 | 517 | 558 |
| | 2010 | 22.32 | 609 | 645 |
| | 2011 | 24.97 | 722 | 773 |
| | 2012 | 19.94 | 587 | 635 |
| | 2013 | 24.60 | 729 | – |
| | | | 3,715 | 3,421 |
| Free shares plans | | | | |
| | 2005 | | 93 | 104 |
| | 2006 | | 453 | – |
| | | | 546 | 104 |
| Total | | | 4,261 | 3,525 |
| Out of which exercisable | | | 1,069 | 810 |

The market price of M6 on the Paris Stock Exchange was €27.06 as at 31 December 2006.

The fair value of services received in return for share options granted is measured by reference to the fair value of the share options granted. The estimate of fair value of the services received is measured based on a binomial model. Free shares are valued at the share price at the date they are granted less the discounted dividends that employees can not receive during vesting period.

| Grant date | Share Price | Strike Price | Volatility % | Risk-free interest rate % | Expected return % | Liquidity discount % | Option Life | Employee Expense 2006 €m | Employee Expense 2005 €m |
|----------------------------|-------------|--------------|--------------|---------------------------|-------------------|----------------------|-------------|--------------------------|--------------------------|
| Stock options plans | | | | | | | | | |
| 25/07/2003 | 23.66 | 22.48 | 52.3 | 3.05 | 4.58 | 15 | 6 years | 1.7 | 1.3 |
| 14/11/2003 | 25.07 | 23.82 | 52.3 | 3.54 | 4.32 | 15 | 6 years | 0.0 | 0.0 |
| 28/04/2004 | 24.97 | 24.97 | 52.3 | 3.32 | 4.34 | 15 | 6 years | 1.9 | 1.6 |
| 02/06/2005 | 20.17 | 19.94 | 41.8 | 3.24 | 5.24 | 15 | 6 years | 0.9 | 0.4 |
| 06/06/2006 | 24.63 | 24.60 | 43.1 | 4.02 | 3.81 | 15 | 6 years | 0.8 | 0.0 |
| | | | | | | | | 5.3 | 3.3 |
| Free shares plans | | | | | | | | | |
| 02/06/2005 | 20.17 | N/A | N/A | 3.24 | 5.24 | 0 | 2 years | 0.8 | 0.7 |
| 06/06/2006 | 24.63 | N/A | N/A | 4.02 | 3.81 | 0 | 2 years | 3.1 | 0.0 |
| | | | | | | | | 3.9 | 0.7 |
| Total | | | | | | | | 9.2 | 4.0 |

6. Commitments and contingencies

* The obligations in respect of transmission and distribution of signals which do not provide the Group with the exclusive use of assets and the portion of these obligations relating to services are disclosed separately. 2005 comparatives have been reclassified accordingly.

| | 2006 €m | 2005* €m |
|--|------------|-------------|
| Guarantees and endorsements given | 110 | 157 |
| Contracts for purchasing rights, (co)productions and programmes | 2,216 | 2,435 |
| Operating leases | 581 | 560 |
| Purchase obligations in respect of transmission and distribution | 335 | 258 |
| Other long-term contracts and commitments | 398 | 498 |

6.1. Contracts for purchasing rights, co-productions and programmes

The Group has signed commitments to purchase audiovisual rights and programmes and to conclude agreements for (co)production rights amounting to €2,216 million (2005: €2,435 million).

6.2. Operating leases

Non-cancellable operating lease rentals are as follows:

| Lease payments | 2006 | | | | 2005 | | | |
|-----------------------------------|-----------------------|-----------------|-----------------------|-------------|-----------------------|-----------------|-----------------------|-------------|
| | Under 1 year €m | 1-5 years €m | Over 5 years €m | Total €m | Under 1 year €m | 1-5 years €m | Over 5 years €m | Total €m |
| Leasing of satellite transponders | 48 | 111 | 30 | 189 | 40 | 90 | 3 | 133 |
| Other operating leases | 49 | 167 | 176 | 392 | 42 | 188 | 197 | 427 |
| | 97 | 278 | 206 | 581 | 82 | 278 | 200 | 560 |

“Other operating leases” mainly relate to the rental of offices, buildings and equipments in Germany, France and the United Kingdom.

One of the leased properties has been sublet by the Group. The head lease and sublease expire in September 2011. Sublease payments of €4 million are expected to be received during the following financial year.

6.3. Purchase obligations in respect of transmission and distribution

These obligations result from agreements with providers of services related to the terrestrial and cable transmission and distribution of the analogical and digital signals of the RTL Group TV channels and radio stations.

6.4. Other long-term contracts and commitments

The Group has “Other long-term contracts and commitments” amounting to €398 million as at 31 December 2006 (2005: €498 million). These relate to a number of items including broadcasting licences, production services sale and lease back transactions in respect of FremantleMedia and commitments to purchase assets other than programmes and rights.

FremantleMedia has arrangements for a remaining period of 11 years in relation to sale and lease back transactions for an amount of €121 million (2005: €129 million). Under these arrangements, FremantleMedia has sold programme rights to a special purpose vehicle and simultaneously leased back the assets under a finance lease arrangement. The cash received is placed in a “restricted bank account” at an AA rated bank in order to satisfy the lease payments. Fees received by FremantleMedia were recognised in the income statement when entering into these arrangements.

6.5. Licence agreement

In the course of their activities, several Group companies benefit from frequency licence agreements, which commit the Group in various ways, depending upon the legal regulation in force in the countries concerned.

6.6. Financial risk management

Financial risks of the Group mainly comprise the Group's exposure to foreign currency risk in respect of purchases and sales of programme rights and to interest rate risk in relation to the Group's debt. The Group seeks to minimise the potential adverse effects of changing financial markets on its performance through the use of derivative financial instruments such as foreign exchange contracts and interest rate swaps.

Group Treasury carries out risk management activities in accordance with Treasury policies approved by the Board of Directors. The Board has issued written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, the use of derivative financial instruments and the investment of excess liquidity.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, including most notably exposures to USD and GBP. For the Group as a whole, cash flow, net income and net worth are optimised by reference to €. Foreign exchange risks faced by individual group companies, however, are managed or hedged against the functional currency of the relevant entity.

Group Treasury periodically collects from the companies' forecasts of foreign currency exposures arising from signed output deals and programme rights in order to monitor the Group's overall foreign currency exposure. Entities exposed to foreign currency risk are responsible for hedging their exposures in accordance with the Treasury policies approved by the Board. Companies in the Group use forward contracts, transacted with Group Treasury, to hedge their exposure to foreign currency risk. Group Treasury is responsible for hedging on a one-to-one basis the exposure above the materiality level of USD 100,000 in each currency by using external foreign currency derivative contracts. Below this threshold, hedging is done on a bulk basis.

The foreign currency management policy of the Group is to hedge 100 per cent of the recognised monetary foreign currency exposures arising from cash, receivables, payables, loans and borrowings denominated in currencies other than €. Group companies' hedge about 90 per cent of known cash flows linked to programme rights, which constitute firm commitments, and between 25 per cent and 85 per cent of longer term (between 2 and 5 years) forecast cash flows arising from foreign currency denominated output deals.

The Group's policy is not to apply the foreign currency cash flow hedge model defined under IAS 39 to economic hedges of exposures arising from recognised foreign currency monetary assets and liabilities, as there is a natural offset of gains and losses in the income statement between the revaluation of the hedging derivative and of the hedged exposure.

The foreign currency cash flow hedge accounting model defined under IAS 39 is applied by those companies which account for the majority of the Group's foreign currency exposure, when:

- hedged foreign currency exposures relate to programme right transactions which have not yet been recognised on balance sheet (such as forecast or firm purchases of programme rights, for which the licence period has not yet begun) and;
- amounts are sufficiently material to justify the need for hedge accounting.

The number of foreign currency cash flow hedge relationships amounts to 324 at year-end 2006. The fair value of forward foreign exchange contracts is detailed as follows:

| | 2006 €m | 2005 €m |
|--|-------------|------------|
| Fair value of forward foreign exchange contracts (cash flow hedge) | (34) | (7) |
| Fair value of other forward foreign exchange contracts | – | 7 |
| | (34) | – |

The notional amounts of forward exchange contracts as at 31 December 2006 are as follows:

| | 2007 £m | 2008 £m | 2009 £m | 2010 £m | >2010 £m | Total £m |
|--------------|--------------|-------------|------------|------------|-------------|--------------|
| Buy | 62 | – | – | – | – | 62 |
| Sell | (378) | (22) | (6) | – | – | (406) |
| Total | (316) | (22) | (6) | – | – | (344) |

| | 2007 \$m | 2008 \$m | 2009 \$m | 2010 \$m | >2010 \$m | Total \$m |
|--------------|-------------|-------------|-------------|-------------|--------------|--------------|
| Buy | 686 | 207 | 145 | 38 | 15 | 1,091 |
| Sell | (182) | (23) | (12) | (5) | – | (222) |
| Total | 504 | 184 | 133 | 33 | 15 | 869 |

Interest rate risk

The management of interest rate risk is centralised at the level of Group Treasury.

The objective of the interest rate risk management policy is to minimise the interest rate funding cost over the long term and to maximise the cash excess return.

The Group believes this objective is more likely to be achieved with floating rate rather than fixed rate debt in a positive yield curve environment. This policy will be maintained as long as the Treasury and Risk Management Committee judges the level of the interest cover appropriate. Interest rate derivatives are only used if they hedge existing interest rate liabilities and satisfy the stringent criteria of hedge accounting.

Group Treasury uses various indicators to monitor interest rate risk such as a targeted net fixed/floating rate debt ratio, duration, basis point value (increase in interest rate costs resulting from a basis point increase in interest rate) and interest cover.

There is no interest rate derivative position (I.R.S.) outstanding as of the 31 December 2006 (the notional amount was €27 million in 2005).

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicate their effective interest rates at balance sheet date and the periods in which they reprice:

| | Notes | Effective interest rate % | Total amount €m | 6 months or less €m | 6–12 months €m | 1–2 years €m | 2–5 years €m | Over 5 years €m |
|--|-------|---------------------------|-----------------|---------------------|----------------|--------------|--------------|-----------------|
| Loans to associates – fixed rate | 5.5. | 4.0 | 12 | – | – | – | 12 | – |
| Other loans – floating rate | 5.5. | 3.8 | 7 | – | 7 | – | – | – |
| Current deposit – floating rate | 5.8. | 3.8 | 486 | 486 | – | – | – | – |
| Cash and cash equivalents (not earning assets) | 5.9. | – | 18 | 18 | – | – | – | – |
| Cash and cash equivalents (earning assets) | 5.9. | 2.9 | 330 | 330 | – | – | – | – |
| Bank loans – floating rate | 5.11. | 4.6 | (25) | (16) | (9) | – | – | – |
| Bank overdrafts | 5.11. | 3.2 | (7) | (7) | – | – | – | – |
| Leasing liabilities – fixed rate | 5.11. | 6.3 | (15) | (1) | (1) | (3) | (3) | (7) |
| Loans payable – floating rate | 5.11. | 2.8 | (59) | (57) | (2) | – | – | – |
| At 31 December 2006 | | | 747 | 753 | (5) | (3) | 9 | (7) |

| | Notes | Effective interest rate % | Total amount €m | 6 months or less €m | 6–12 months €m | 1–2 years €m | 2–5 years €m | Over 5 years €m |
|--|-------|---------------------------|-----------------|---------------------|----------------|--------------|--------------|-----------------|
| Loans to associates – fixed rate | 5.5. | 9.4 | 38 | – | – | – | 6 | 32 |
| Other loans – floating rate | 5.5. | 3.4 | 34 | 4 | 30 | – | – | – |
| Cash and cash equivalents (not earning assets) | 5.9. | – | 22 | 22 | – | – | – | – |
| Cash and cash equivalents (earning assets) | 5.9. | 2.2 | 310 | 310 | – | – | – | – |
| Bank loans – floating rate | 5.11. | 4.0 | (27) | (27) | – | – | – | – |
| Bank overdrafts | 5.11. | 2.3 | (7) | (7) | – | – | – | – |
| Leasing liabilities – fixed rate | 5.11. | 6.3 | (15) | (1) | (1) | (3) | (4) | (6) |
| Loans payable – floating rate | 5.11. | 2.2 | (6) | (6) | – | – | – | – |
| Loans payable – fixed rate | 5.11. | 2.5 | (20) | (14) | – | – | – | (6) |
| At 31 December 2005 | | | 329 | 281 | 29 | (3) | 2 | 20 |

The carrying amounts of financial instruments presented above approximate their fair values.

Credit risk

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Derivative counter parties and cash transactions are limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any one financial institution.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, Group Treasury aims at maintaining flexibility in funding by keeping committed credit lines available. Group Treasury monitors on a monthly basis the level of the “Liquidity Head Room” (total committed facilities minus current utilisation). The outstanding “Liquidity Head Room” amounts to €410 million at year-end with Bertelsmann Group (see note 7.1.) and banks.

Market risks

The Group takes an exposure to market risks on some equity-index debt instruments, which are exposed to specific equity market movements and are not designated as hedges. These instruments are recorded at amortised cost whereas the equity-index elements are recorded at fair value in the consolidated balance sheet with the related gains and losses immediately recognised in income. The net gain incurred in 2006 in respect of these instruments amounts to €6 million (2005: gain of €7 million).

7. Related parties

Identity of related parties

As at 31 December 2006 the principal shareholder of the Group is Bertelsmann TV Beteiligungs GmbH (90 per cent). The remainder of the Group's shares are publicly listed on the Brussels and Luxembourg stock exchanges. The Group also has a related party relationship with its associates, joint ventures and with its directors and executive officers.

7.1. Transactions with shareholders

During the year the Group made sales of goods and services, purchases of goods and services to Bertelsmann Group amounting to €36 million (2005: €17 million) and €68 million (2005: €56 million) respectively. At the year-end, the Group had receivables and payables due from / to Bertelsmann Group amounting to €26 million (2005: €12 million) and €15 million (2005: €14 million) respectively.

In April 2002, RTL Group entered into a €300 million loan agreement with Bertelsmann AG. The loan was granted to RTL Group for a period of 3 years. In accordance with the terms of the loan agreement, this loan was fully repaid by RTL Group in April 2005. The interest expense for the year amounts to €nil million (2005: €5 million).

On 5 November 2002, RTL Group entered into a €300 million 364 days (renewable) Revolving Credit Facility with Bertelsmann AG. The Facility has been granted to RTL Group initially for the period from 8 November 2002 to 31 August 2004. The term of the Facility was extended to 31 August 2006. The Facility bore interest at a rate per annum equal to the sum of the EONIA rate plus a 25 basis points margin. The Facility was amended on 1 December 2005 resulting in a new margin of 22 basis points over EONIA and was rolled over until 1 December 2006. The Facility is renewable for a further two more periods of 365 days beyond 1 December 2006. As at 31 December 2006, the balance of the Facility used by RTL Group amounts to €nil million (2005: €12 million). The interest expense for the year amounts to €0.4 million (2005: €1 million).

During the year RTL Group has invested its short term cash surplus from working capital with its parent company Bertelsmann AG. Interest rates are based on an overnight basis on EONIA until 27 December 2006, and EONIA plus 10 basis points from then on, or on a 1 month basis on Euribor until 27 December 2006, and Euribor plus 10 basis points from then on; or on a 3 month basis on Euribor plus 10 basis points.

Bertelsmann AG grants to RTL Group a pledge on all shares of its wholly owned French subsidiary Media Communication S.A.S. as security for all payments due by Bertelsmann AG. The total amount of the deposits does not exceed 60 per cent of the fair value of the pledged asset, which is revalued on a regular basis. As at 31 December 2006 the amount deposited amounts to €387 million (2005: €nil million) on an overnight basis and €100 million on a 3 month basis. The interest income for the year amounts to €4 million (2005: €2 million).

During the year commitment fees on unused credit facilities granted by Bertelsmann AG amounted to €nil million (2005: €1 million).

In January 2006, the disposal by RTL Group of 80 per cent of S4M Solutions for Media GmbH to Bertelsmann Group resulted for RTL Group in a gain amounting to €1 million.

The UK Group relief of Five Group and FremantleMedia Group to Bertelsmann Group resulted in a tax income of €15 million.

7.2. Transactions with associates and joint ventures

The following transactions were carried out with associates and joint ventures:

| | 2006 €m | 2005 €m |
|--|------------|------------|
| Sales of goods and services to related parties: | | |
| Associates | 53 | 51 |
| Joint ventures | 29 | 38 |
| | 82 | 89 |
| Purchase of goods and services from related parties: | | |
| Associates | 6 | 8 |
| Joint ventures | 11 | 7 |
| | 17 | 15 |

Sales and purchases to and from associates and joint ventures were carried out on commercial terms and conditions and at market prices.

Year-end balances arising from sales and purchases of goods and services are as follows:

| | 2006 €m | 2005 €m |
|---|------------|------------|
| Accounts receivable from related parties: | | |
| Associates | 13 | 9 |
| Joint ventures | 3 | 9 |
| | 16 | 18 |
| Accounts payable to related parties: | | |
| Associates | 3 | 9 |
| Joint ventures | 4 | 3 |
| | 7 | 12 |

7.3. Transactions with key management personnel

In addition to their salaries, the Group also provides non-cash benefits to its key management personnel, and contributes to a post-employment defined benefit plan on its behalf.

The key management personnel compensation is as follows:

| | 2006 €m | 2005 €m |
|--|------------|------------|
| Short-term benefits and termination benefits | 4.4 | 4.5 |
| Post-employment benefits | 0.8 | 0.2 |
| Other long-term benefits | 2.4 | 0.9 |
| | 7.6 | 5.6 |

The aggregate number of share options granted to key management personnel of the Company during 2006 and 2005 was nil. The outstanding number of share options granted to directors and executive officers of the Company at the end of the year was 11,500 (2005: 11,500).

7.4. Directors' fees

In 2006, a total of €0.7 million (2005: €0.8 million) was allocated in the form of attendance fees to the non-executive members of the Board of Directors of RTL Group S.A. and the committees that emanate from it with respect to their functions within RTL Group S.A. as well as other Group companies.

8. Interests in joint ventures

The main joint ventures state as follows:

| | Country of incorporation | Consolidation rate | |
|-----------------------------------|--------------------------|--------------------|-----------|
| | | 2006 % | 2005 % |
| Five Group (1) | UK | – | – |
| n-tv GmbH (2) | Germany | – | 50.00 |
| RTL Disney Fernsehen GmbH & Co KG | Germany | 50.00 | 50.00 |
| TCM Droits Audiovisuels SNC | France | 50.00 | 50.00 |
| TPS Group (3) | France | – | 34.00 |

(1) Five Group has been proportionately consolidated in the income statement from 1 January to 31 August 2005

(2) N-TV has been proportionately consolidated in the income statement from 1 January to 31 March 2006

(3) TPS Group has been considered as a disposal group as at 31 December 2005 and has been proportionately consolidated in the income statement from 1 January to 31 August 2006

Included in the consolidated financial statements are the following items that represent the Group's interests in the assets and liabilities, income and expenses of the joint ventures:

| | 2006 €m | 2005 €m |
|-------------------------|-------------|------------|
| Non-current assets | 25 | 31 |
| Current assets | 51 | 279 |
| Non-current liabilities | (9) | (31) |
| Current liabilities | (50) | (266) |
| Net assets | 17 | 13 |

| | 2006 €m | 2005 €m |
|----------|--------------|------------|
| Income | 238 | 510 |
| Expenses | (198) | (466) |

Included in the consolidated financial statements are the following items that represent the Group's interests in the commitments of the joint ventures:

| | 2006 €m | 2005 €m |
|---|------------|------------|
| Contracts for purchasing rights, (co)productions and programmes | 6 | 197 |
| Operating leases | 8 | 57 |
| Other long term contracts and commitments | 11 | 33 |

9. 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.

9.1. Programme rights

The Group's accounting for non-current programme rights requires management judgements as it relates to estimates made of total net revenue used in the determination of the amortisation charge and impairment loss for the year.

In addition, management judgement is required to assess, taking into account factors such as the future programme grid, the realised/expected audience of the programme, the current programme rights that are not likely to be broadcast and the related valuation allowance.

9.2. Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1.7.3. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations or trading comparable (EBITA multiples). These calculations require the use of estimates (see note 5.2.).

9.3. Fair value of available-for-sale investments and financial assets at fair value through profit or loss

The Group has used discounted cash flow analysis for various available-for-sale investments and financial assets at fair value through profit or loss that were not traded in active markets.

The carrying amount of available-for-sale investments would be an estimated €5 million lower or higher were the discount rate used in the discounted cash flow analysis to differ by 10 per cent from management's estimates.

9.4. Income and deferred taxes

The Group is subject to income taxes in numerous jurisdictions. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

9.5. Pension benefits

The Group has adopted the following approaches for the pension assumptions:

- The discount rate for defined benefit provision equals the yield on the AA corporate bonds;
- The expected return on assets equals the return expected on the market value of assets at the start of the year; and
- The rate of salary increase is the best estimate of the future.

10. Subsequent events

In the second half of 2006, the shareholders of Sportfive launched a competitive tender process as part of an agreed strategic exit. On 20 November 2006, the Group announced that it had sold its 25 per cent stake, as part of the full acquisition of Sportfive, to Lagardère S.C.A.. The transaction was completed in January 2007 following approval from the European Commission on 18 January 2007. The Group received total cash proceeds of €126 million following this disposal, of which €61 million was received in 2006, following the Sportfive Group restructuring (see note 5.10.).

On 22 January 2007, the Portuguese market regulators approved the launch of a voluntary offer for the shares of Media Capital by Grupo Prisa. The offer period ran from 23 January to 5 February 2007 and was priced at €7.4 per share. The Group decided to sell its shareholding, resulting in cash proceeds of €209 million for the Group.

The Luxembourg Government, RTL Group S.A., CLT-UFA and Bertelsmann AG signed on 15 February 2007 the renewal of the concession contract that will run until the end of 2020. The contract is the framework for the historical partnership that developed over time between the Grand Duchy of Luxembourg and CLT-UFA. Under the terms of the contract the Luxembourg Government will continue to make internationally awarded television and radio frequencies available to CLT-UFA. In return CLT-UFA will continue to produce and finance a public TV programme for the Grand Duchy.

11. Group undertakings

| | Group's owner- ship 2006 | Consoli- dated method (1) | Note | Group's owner- ship 2005 | Consoli- dated method (1) |
|--------------------|-----------------------------------|------------------------------------|------|-----------------------------------|------------------------------------|
| Luxembourg* | | | | | |
| RTL Group SA | | M | | | M |

Broadcasting TV

| | Group's owner- ship 2006 | Consoli- dated method (1) | Note | Group's owner- ship 2005 | Consoli- dated method (1) |
|---|-----------------------------------|------------------------------------|------|-----------------------------------|------------------------------------|
| Austria* | | | | | |
| IPA Plus (Oesterreich) Verm. für Fernsehwerbung GmbH | 49.8 | F | | 49.8 | F |
| Belgium* | | | | | |
| Home Shopping Service Belgique SA | (2) 48.8 | F | (2) | 48.8 | F |
| IP Belgium SA | (24) - | NC | | 65.8 | F |
| Media Corner SA | 65.8 | F | | 65.4 | F |
| Société Européenne de Télévente Belgique GIE | (2) 48.4 | F | (2) | 48.4 | F |
| TVI SA | 65.8 | F | | 65.8 | F |
| Unité 15 Belgique SA | (2) 48.8 | F | (2) | 48.8 | F |
| Croatia* | | | | | |
| RTL Hrvatska d.o.o. (formerly RTL Croatia d.o.o.) | 73.8 | F | | 65.3 | F |
| Cyprus* | | | | | |
| Bluescreen Ltd | 99.7 | F | | 99.7 | F |
| France* | | | | | |
| A ton service SAS (formerly M6 Operation SAS) | (2) 48.8 | F | (2) | 48.8 | F |
| Boutiques du monde SNC | (2) 48.8 | F | (2) | 48.8 | F |
| Capital Productions SA | (2) 48.8 | F | (2) | 48.8 | F |
| Citato Sarl | (2) 39.1 | F | (2) | 38.7 | F |
| Club Téléachat SNC | (2) 48.8 | F | (2) | 48.8 | F |
| Culture Mag Editions SNC | (2) 44.0 | F | (2) | 44.0 | F |
| Echo6 SAS | (2) 24.4 | P | | - | NC |
| Edit TV/W9 SNC | (2) 48.8 | F | (2) | 48.8 | F |
| Extension TV Série Club SA | (2) 24.4 | P | (2) | 24.4 | P |
| Femmes en ville SAS | (2) 24.4 | P | | - | NC |
| Football Club des Girondins de Bordeaux SA SP | (2) 48.7 | F | (2) | 48.7 | F |
| FUN TV SNC | (2) 48.8 | F | (2) | 48.8 | F |
| Home Shopping Service SA | (2) 48.8 | F | (2) | 48.8 | F |
| Immobilière M6 SA | (2) 48.8 | F | (2) | 48.8 | F |
| IP Network SA | 99.7 | F | | - | NC |
| LABO Productions Sarl | (2) 48.8 | F | (2) | 48.4 | F |
| Live Stage SAS | (2) 48.4 | F | (2) | 34.0 | F |
| M6 Affaires SAS | (2) 48.8 | F | (2) | 48.8 | F |
| M6 Bordeaux SAS | (2) 48.8 | F | (2) | 48.8 | F |
| M6 Communication SAS | (2) 48.8 | F | (2) | 48.8 | F |
| M6 Development SAS | (2) 48.8 | F | (2) | 48.8 | F |
| M6 Diffusions SA | (2) 48.8 | F | (2) | 48.8 | F |
| M6 Editions SA | (2) 48.8 | F | (2) | 48.8 | F |
| M6 Evenements SA | (2) 48.8 | F | (2) | 48.8 | F |
| M6 Films SA | (2) 48.8 | F | (2) | 48.8 | F |
| M6 Foot SAS | (2) 48.8 | F | (2) | 48.8 | F |
| M6 Interactions SAS | (2) 48.8 | F | (2) | 48.8 | F |
| M6 Numérique SNC | (2) 48.8 | F | (2) | 48.8 | F |
| M6 Publicité SAS | (2) 48.8 | F | (2) | 48.8 | F |
| M6 Studio SAS | (2) 48.8 | F | (2) | 48.8 | F |
| M6 Thématique SA | (2) 48.8 | F | (2) | 48.8 | F |

| Broadcasting TV | Note | Group's owner- ship 2006 | Consoli- dated method (1) | Note | Group's owner- ship 2005 | Consoli- dated method (1) |
|---|------|-----------------------------------|------------------------------------|------|-----------------------------------|------------------------------------|
| M6 Toulouse SAS | (2) | 48.8 | F | (2) | 48.8 | F |
| M6 Web SAS | (2) | 48.8 | F | (2) | 48.8 | F |
| Mandarin Films SAS | (2) | 48.8 | F | | - | NC |
| Mandarin SAS | (2) | 48.8 | F | (2) | 48.8 | F |
| Métropole Production SA | (2) | 48.8 | F | (2) | 48.8 | F |
| Métropole Télévision SA | (2) | 48.8 | F | (2) | 48.8 | F |
| Mistergooddeal SA | (2) | 45.9 | F | (2) | 45.9 | F |
| Multiplex R4 SAS | (2) | 28.5 | F | (2) | 28.2 | F |
| Multivision SNC | (29) | - | NC | (2) | 16.5 | P |
| Panoramic Press (formerly TPS Enterprise SNC) | (29) | - | NC | (2) | 16.6 | P |
| Paris Première SA | (2) | 48.8 | F | (2) | 48.8 | F |
| Retail concept SAS (formerly M6 Creation SAS) | (2) | 48.8 | F | (2) | 48.8 | F |
| RTL Net SAS | | 99.7 | F | | 99.7 | F |
| SCI du 107 SCI | (2) | 48.8 | F | (2) | 48.8 | F |
| SEDI TV SNC | (2) | 24.9 | F | (2) | 24.9 | F |
| Série Club SA | (2) | 24.4 | P | (2) | 24.4 | P |
| SNC SA | | 48.8 | F | | 48.8 | F |
| SND SA | (2) | 48.8 | F | (2) | 48.8 | F |
| Studio 89 Productions SAS | (2) | 48.8 | F | (2) | 48.8 | F |
| TCM Droits Audiovisuels SNC | (2) | 24.4 | P | (2) | 24.4 | P |
| Tecipress SA | (2) | 48.8 | F | (2) | 48.8 | F |
| Télévente Promotion SA | (2) | 48.8 | F | (2) | 48.8 | F |
| TF6 Gestion SA | (2) | 24.4 | P | (2) | 24.4 | P |
| TF6 SCS | (2) | 24.4 | P | (2) | 24.4 | P |
| TPS Cinéfaz SNC | (29) | - | NC | (2) | 16.6 | P |
| TPS Cinéma SNC | (29) | - | NC | (2) | 16.6 | P |
| TPS Cinéstar SNC | (29) | - | NC | (2) | 16.6 | P |
| TPS Cinétoile SNC | (29) | - | NC | (2) | 16.6 | P |
| TPS Foot SNC | (29) | - | NC | (2) | 16.6 | P |
| TPS Interactif SNC (formerly TPS Services SNC) | (29) | - | NC | (2) | 16.6 | P |
| TPS Jeunesse SNC | (29) | - | NC | (2) | 16.6 | P |
| TPS Motivation SA | (29) | - | NC | (2) | 16.6 | P |
| TPS SNC | (29) | - | NC | (2) | 16.6 | P |
| TPS Sport SNC | (29) | - | NC | (2) | 16.6 | P |
| TPS Terminaux SNC | (29) | - | NC | (2) | 16.6 | P |
| TV Store SA | (23) | - | NC | (2) | 48.8 | F |
| Unité 15 France SA (formerly Unité 15 France SA) | (2) | 48.8 | F | (2) | 48.8 | F |
| W9 Productions SAS | (2) | 48.8 | F | (2) | 48.8 | F |

| Broadcasting TV | Note | Group's owner- ship 2006 | Consoli- dated method (1) | Note | Group's owner- ship 2005 | Consoli- dated method (1) |
|---|------|-----------------------------------|------------------------------------|------|-----------------------------------|------------------------------------|
| Germany* | | | | | | |
| CBC Cologne Broadcasting Center GmbH | | 99.7 | F | | 99.7 | F |
| CLT-Vermögensverwaltungs GmbH | | 99.7 | F | | 99.7 | F |
| Creation GmbH (formerly House Of Promotion Produktions GmbH) | | 99.7 | F | | 99.7 | F |
| El Cartel GmbH | | 35.8 | E | | 35.8 | E |
| GZSZ Vermarktungsgesellschaft mbH | | 99.7 | F | | 99.7 | F |
| IP Deutschland GmbH | | 99.7 | F | | 99.7 | F |
| IP Medien KG | | 99.7 | F | | 84.7 | F |
| IP New Media GmbH | (23) | - | NC | | 99.7 | F |
| Mediascore GmbH | | 75.0 | F | | 75.0 | F |
| Norddeich TV Produktions GmbH | | 74.8 | F | | 74.8 | F |
| n-tv Nachrichtenfernsehen GmbH & CoKG | | 99.7 | F | | 49.8 | P |
| n-tv Services GmbH | | 99.7 | F | | 49.8 | P |
| RTL Disney Fernsehen GmbH & Co.KG | | 49.8 | P | | 49.8 | P |
| RTL Enterprises GmbH | | 99.7 | F | | 99.7 | F |
| RTL Group GmbH | | 99.7 | F | | 99.7 | F |
| RTL Hessen GmbH | | 99.7 | F | | 99.7 | F |
| RTL Hessen Programmfenster GmbH (formerly RTL Hessen GmbH) | | 59.8 | F | | 59.8 | F |
| RTL INTERACTIVE GmbH | | 99.7 | F | | 99.7 | F |
| RTL Media Services GmbH | | 99.7 | F | | 99.7 | F |
| RTL NET GmbH | | 99.7 | F | | 99.7 | F |
| RTL Nord GmbH | | 99.7 | F | | 99.7 | F |
| RTL Shop GmbH | | 99.7 | F | | 99.7 | F |
| RTL Television GmbH | | 99.7 | F | | 99.7 | F |
| RTL2 Fernsehen Geschäftsführung GmbH | | 35.8 | E | | 35.8 | E |
| RTL2 Fernsehen GmbH & Co.KG | | 35.8 | E | | 35.8 | E |
| S4M Solutions For Media GmbH | | 19.8 | E | | 99.7 | F |
| Tele West KG | | 99.7 | F | | 99.7 | F |
| Traumpartner TV GmbH | | 99.7 | F | | 99.7 | F |
| Vox Film & Fernseh GmbH & Co.KG | | 99.4 | F | | 99.4 | F |
| Hungary* | | | | | | |
| Home Shopping Service Hongrie SA | (2) | 48.8 | F | (2) | 48.8 | F |
| M-RTL Rt | | 48.8 | E | | 48.8 | E |
| Luxembourg* | | | | | | |
| Broadcasting Center Europe SA | | 99.7 | F | | 99.7 | F |
| Filmflux SA | | 99.7 | F | | 99.7 | F |
| IP Network International SA | | 99.7 | F | | - | NC |
| RTL9 SA | | 34.9 | E | | 34.9 | E |
| RTL9 SA & Cie SECS | | 34.8 | E | | 34.8 | E |

Notes to the consolidated financial statements

| Broadcasting TV | Note | Group's ownership 2006 | Consolidated method (1) | Note | Group's ownership 2005 | Consolidated method (1) |
|--|------|------------------------|-------------------------|------|------------------------|-------------------------|
| Netherlands* | | | | | | |
| IP iMedia BV | | 99.7 | F | | 99.7 | F |
| IPN SA | (23) | - | NC | | 99.7 | F |
| RTL Group Beheer BV | | 100.0 | F | | 100.0 | F |
| RTL Nederland Broadcast Operation BV (formerly Broadcasting Center Nederland BV) | | 99.7 | F | | 99.7 | F |
| RTL Nederland BV | | 99.7 | F | | 99.7 | F |
| RTL Nederland Interactief BV (formerly RTL iMedia Holding BV) | | 99.7 | F | | 99.7 | F |
| RTL Nederland Producties BV | | 99.7 | F | | - | NC |
| RTL Nederland Sales BV | | 99.7 | F | | - | NC |
| Portugal* | | | | | | |
| Agefinan SA | (28) | 32.9 | E | (28) | 32.9 | E |
| Auto Basic Motor SA | (28) | 32.9 | E | (28) | 32.9 | E |
| BTP SA | (28) | 32.9 | E | (28) | 32.9 | E |
| Camarins Lda | (28) | 32.9 | E | (28) | 32.9 | E |
| Casa Da Criacao | (28) | 32.9 | E | (28) | 32.9 | E |
| Cena Editorial SA | (28) | 32.9 | E | (28) | 32.9 | E |
| Central Discos SA | (28) | 32.9 | E | (28) | 32.9 | E |
| CLMC - Multimedia S.A | (28) | 32.9 | E | (28) | 32.9 | E |
| Edicoes Expansao Economica Lda | (28) | 32.9 | E | (28) | 32.9 | E |
| EMAV Lda | (28) | 32.9 | E | (28) | 32.9 | E |
| EPC Lda | (28) | 32.9 | E | (28) | 32.9 | E |
| Expansao Economica Sa (Eventos) | (28) | 32.9 | E | (28) | 32.9 | E |
| Expolider SA | (28) | 32.9 | E | (28) | 32.9 | E |
| Farol Muica Lda | (28) | 32.9 | E | (28) | 32.9 | E |
| Fealmar SA | (28) | 32.9 | E | (28) | 32.9 | E |
| Grupo Media Capital Sgps Sa | (28) | 32.9 | E | (28) | 32.9 | E |
| Kimberley Trading SA | (28) | 32.9 | E | (28) | 32.9 | E |
| Mce - Media Capital Edicoes Lda | (28) | 32.9 | E | (28) | 32.9 | E |
| MCR - Radiofonia e Publicidade SA | (28) | 32.9 | E | (28) | 32.9 | E |
| Med Cap Technologies SA | (28) | 32.9 | E | (28) | 32.9 | E |
| Media Capital - Editora Multimedia SA | (28) | 32.9 | E | (28) | 32.9 | E |
| Media Capital SA | (28) | 32.9 | E | (28) | 32.9 | E |
| Media Capital Entertainment Lda | (28) | 32.9 | E | (28) | 32.9 | E |
| Media Capital Outdoor SA | (28) | 32.9 | E | (28) | 32.9 | E |
| Media Capital Telecomunicacoes SA | (28) | 32.9 | E | (28) | 32.9 | E |

| Broadcasting TV | Note | Group's ownership 2006 | Consolidated method (1) | Note | Group's ownership 2005 | Consolidated method (1) |
|--|------|------------------------|-------------------------|------|------------------------|-------------------------|
| Meglo - Media Global Sgps SA | (28) | 32.9 | E | (28) | 32.9 | E |
| Moveis de Novela Lda | (28) | 32.9 | E | (28) | 32.9 | E |
| Multicena SA | (28) | 32.9 | E | (28) | 32.9 | E |
| Nanook - Empresa Europeia De Producao De Documentarios Lda | (28) | 32.9 | E | (28) | 32.9 | E |
| Nbp - Iberica - Producciones Audiovisuales SA | (28) | 32.9 | E | (28) | 32.9 | E |
| Nbp - Oficina De Actores Lda | (28) | 32.9 | E | (28) | 32.9 | E |
| Nbp - Producao Em Video SA | (28) | 32.9 | E | (28) | 32.9 | E |
| Pressetep SA | (28) | 32.9 | E | (28) | 32.9 | E |
| Publicarris SA | (28) | 32.9 | E | (28) | 32.9 | E |
| Publimetro SA | (28) | 32.9 | E | (28) | 32.9 | E |
| Publipartner Lda | (28) | 32.9 | E | (28) | 32.9 | E |
| R. Cidade SA | (28) | 32.9 | E | (28) | 32.9 | E |
| Radio Comercial SA | (28) | 32.9 | E | (28) | 32.9 | E |
| Radio Regional De Lisboa SA | (28) | 32.9 | E | (28) | 32.9 | E |
| Radio XXI Lda | (28) | 32.9 | E | (28) | 32.9 | E |
| RETI SA | (28) | 32.9 | E | (28) | 32.9 | E |
| Setepcom - Equipamentos E Espacos Comerciais SA | (24) | - | NC | (28) | 32.9 | E |
| Sinersom Lda | (23) | - | NC | (28) | 32.9 | E |
| STM SA | (28) | 32.9 | E | (28) | 32.9 | E |
| TCS SA | (28) | 32.9 | E | (28) | 32.9 | E |
| Teatro Mais Lda | (28) | 32.9 | E | (28) | 32.9 | E |
| Transjornal - Edicoes De Publicoens S.A | (28) | 32.9 | E | (28) | 32.9 | E |
| Transpublicidade - Publicidade Em Transportes S.A | (28) | 32.9 | E | (28) | 32.9 | E |
| TVI - Televisao Independente SA | (28) | 32.9 | E | (28) | 32.9 | E |
| Uniao De Leiria SAD | (28) | 32.9 | E | (28) | 32.9 | E |
| Unidivisa SA | (28) | 32.9 | E | (28) | 32.9 | E |

| Broadcasting TV | Note | Group's owner- ship 2006 | Consoli- dated method (1) | Note | Group's owner- ship 2005 | Consoli- dated method (1) |
|---|------|-----------------------------------|------------------------------------|------|-----------------------------------|------------------------------------|
| Russia* | | | | | | |
| Aksept OOO | (27) | 29.9 | E | (27) | 29.9 | E |
| OOO Media Holding REN TV | (27) | 29.9 | E | (27) | 29.9 | E |
| OOO NPP Spectre | (27) | 15.3 | E | (27) | 15.3 | E |
| OOO REN TV Bryansk | (27) | 17.6 | E | (27) | 17.6 | E |
| OOO RTL Russland | | 99.7 | F | | 99.7 | F |
| REN TV Television Company ZAO | (27) | 29.9 | E | (27) | 29.9 | E |
| ZAO ACB Prestige Television Company | (27) | 29.9 | E | (27) | 29.9 | E |
| ZAO Telecom-Azov | (27) | 22.5 | E | (27) | 22.5 | E |
| Spain* | | | | | | |
| Antena 3 de Television SA | (7) | 19.0 | E | (7) | 17.3 | E |
| Antena 3 Directo SAU | (7) | 19.0 | E | | - | NC |
| Antena 3 Editorial SA | (7) | 19.0 | E | (7) | 17.3 | E |
| Antena 3 Multimedia SLU | (7) | 19.0 | E | (7) | 17.3 | E |
| Antena 3 Tematica SAU | (7) | 19.0 | E | | - | NC |
| Antena de Radiodifusion SAU (formerly Cadena de Voz de Radio Difusion SA) | (7) | 19.0 | E | (7) | 17.3 | E |
| Atres Advertising SLU | (7) | 19.0 | E | (7) | 17.3 | E |
| Canal Factoria de Ficción SA | (7) | 7.6 | E | (7) | 6.9 | E |
| Canal Media Radio Galicia SLU | (7) | 19.0 | E | (7) | 17.3 | E |
| Canal Media Radio SAU | (7) | 19.0 | E | (7) | 17.3 | E |
| Canal Radio Castilla y Leon SLU | (7) | 19.0 | E | | - | NC |
| Canal Radio Valencia SLU | (7) | 19.0 | E | | - | NC |
| Compania Tres Mil Ochocientas SLU | (7) | 19.0 | E | (7) | 17.3 | E |
| Corporacion Radiofonica Region de Murcia SA | (7) | 9.5 | E | | - | NC |
| Corporacion Radiofonica Castilla Leon SAU | (7) | 19.0 | E | | - | NC |
| Ensueno Films SLU | (7) | 19.0 | E | (7) | 17.3 | E |
| Estaciones Radiofonicas de Aragon SAU | (7) | 19.0 | E | (7) | 17.3 | E |
| Grupo Universal Emisoras de Radio Amanecer SAU | (7) | 19.0 | E | (7) | 17.3 | E |
| Guadiana Producciones SAU | (7) | 19.0 | E | | - | NC |
| I3 Television SL | (7) | 9.5 | E | | - | NC |
| Ipar Ondas SAU | (7) | 19.0 | E | (7) | 17.3 | E |
| La Veu de Lleida SLU | (7) | 19.0 | E | (7) | 17.3 | E |
| Medipress Valencia SAU | (7) | 19.0 | E | (7) | 17.3 | E |
| Movierecord Cine SAU | (7) | 19.0 | E | (7) | 17.3 | E |
| Onda Cero SAU | (7) | 19.0 | E | (7) | 17.3 | E |
| Ondadit SLU | (7) | 19.0 | E | (7) | 17.3 | E |

| Broadcasting TV | Note | Group's owner- ship 2006 | Consoli- dated method (1) | Note | Group's owner- ship 2005 | Consoli- dated method (1) |
|--|------|-----------------------------------|------------------------------------|------|-----------------------------------|------------------------------------|
| Organizaciones Deportivas Y Culturales De Unipublic SAU | (7) | 19.0 | E | (7) | 17.3 | E |
| Publicidad 3 SAU | (7) | 19.0 | E | (7) | 17.3 | E |
| Radio Alamedilla SAU | (7) | 19.0 | E | (7) | 17.3 | E |
| Radio Noticias 90 SAU | (7) | 19.0 | E | (7) | 17.3 | E |
| Radio Sistemas Radiofonicos Cinco SLU | (7) | 19.0 | E | (7) | 17.3 | E |
| Radio Tormes SAU | (7) | 19.0 | E | (7) | 17.3 | E |
| RKOR RADIO SLU | (7) | 19.0 | E | | - | NC |
| RTL Group Communications SLU | | 100.0 | F | | 100.0 | F |
| Teledifusion Madrid SA | (7) | 1.9 | E | | - | NC |
| Unimedia Central de Medios SA | (7) | 9.3 | E | | - | NC |
| Uniprex SAU | (7) | 19.0 | E | (7) | 17.3 | E |
| Uniprex Television Digital Catalana SLU | (7) | 19.0 | E | (7) | 17.3 | E |
| Uniprex Television Digital Terrestre Andalusia SLU | (7) | 19.0 | E | | - | NC |
| Uniprex Television Digital Terrestre Canarias SLU | (7) | 19.0 | E | | - | NC |
| Uniprex Television SLU | (7) | 19.0 | E | (7) | 17.3 | E |
| Uniprex Valencia TV SLU | (7) | 19.0 | E | (7) | 17.3 | E |
| Unipublic SAU | (7) | 19.0 | E | (7) | 17.3 | E |
| VNews Agencia de Noticias SL | (7) | 9.5 | E | | - | NC |
| Switzerland* | | | | | | |
| IP Multimedia (Schweiz) AG | | 22.9 | E | | - | NC |
| UK* | | | | | | |
| 5 Direct Ltd | (3) | 99.7 | F | (3) | 99.7 | F |
| Channel 5 Broadcasting Ltd | (3) | 99.7 | F | (3) | 99.7 | F |
| Channel 5 Engineering Services Ltd | (3) | 99.7 | F | (3) | 91.7 | F |
| Channel 5 Interactive Ltd | (3) | 99.7 | F | (3) | 99.7 | F |
| Channel 5 Music Ltd | (3) | 99.7 | F | (3) | 99.7 | F |
| Channel 5 Television Group Ltd | (3) | 99.7 | F | (3) | 99.7 | F |
| Channel 5 Text Ltd | (3) | 99.7 | F | (3) | 99.7 | F |
| Top Up TV 1 Ltd | (3) | 99.7 | F | (3) | 99.7 | F |

Notes to the consolidated financial statements

| Content | Note | Group's ownership 2006 | Consolidated method (1) | Note | Group's ownership 2005 | Consolidated method (1) |
|---|------|------------------------|-------------------------|------|------------------------|-------------------------|
| Antigua* | | | | | | |
| Grundy International Operations Ltd | | 100.0 | F | | 100.0 | F |
| Argentina* | | | | | | |
| Sportfive SA Argentina | (6) | 24.9 | E | (6) | 24.9 | E |
| Australia* | | | | | | |
| Bernesse Pty Ltd | (17) | 100.0 | F | (17) | 100.0 | F |
| Christie Films Pty Ltd | (12) | 49.0 | F | (12) | 49.0 | F |
| Crackerjack Productions Pty Ltd | | 100.0 | F | | 100.0 | F |
| Fremantle (AUS) Productions Pty Ltd | (9) | 100.0 | F | (9) | 100.0 | F |
| FremantleMedia Australia Pty Ltd | (12) | 100.0 | F | (12) | 100.0 | F |
| FremantleMedia Australia Holdings Pty Ltd | (17) | 100.0 | F | (17) | 100.0 | F |
| Grundy Entertainment Pty Ltd | (17) | 100.0 | F | (17) | 100.0 | F |
| Grundy Film Financing Ltd | (17) | 100.0 | F | (17) | 100.0 | F |
| Grundy Films Pty Ltd | (17) | 100.0 | F | (17) | 100.0 | F |
| Grundy Organization Pty Ltd | (17) | 100.0 | F | (17) | 100.0 | F |
| Grundy Television Pty Ltd | (17) | 100.0 | F | (17) | 100.0 | F |
| Grundy Travel Pty Ltd | (17) | 100.0 | F | (17) | 100.0 | F |
| International Sports Media Pty Ltd | (6) | 24.9 | E | | - | NC |
| UK TV Ltd | (12) | 20.0 | F | (12) | 20.0 | F |
| Belgium* | | | | | | |
| Belga Films SA | | 65.8 | F | | 65.8 | F |
| Fremantle Productions Belgium NV | | 100.0 | F | | 100.0 | F |
| Media - Foot Belgique srl | (6) | 24.9 | E | (6) | 24.9 | E |
| Brazil* | | | | | | |
| Sportfive Sulamerica Ltda | (6) | 24.9 | E | (6) | 24.9 | E |
| Croatia* | | | | | | |
| Fremantle Produkcija d.o.o. | | 100.0 | F | | 100.0 | F |
| Denmark* | | | | | | |
| Blu A/S | | 75.0 | F | | 75.0 | F |
| Sponsomatic APS | (6) | 24.9 | E | | - | NC |

| Content | Note | Group's ownership 2006 | Consolidated method (1) | Note | Group's ownership 2005 | Consolidated method (1) |
|---|------|------------------------|-------------------------|------|------------------------|-------------------------|
| Finland* | | | | | | |
| Fremantle Entertainment OY | | 100.0 | F | | 100.0 | F |
| Fremantle Productions Oy | | 100.0 | F | | 100.0 | F |
| France* | | | | | | |
| Be Happy Productions SAS | | 100.0 | F | | 100.0 | F |
| Dedicated To Sport Sarl | (25) | - | NC | (6) | 24.9 | E |
| Football France Promotion SA | (6) | 24.9 | E | (6) | 24.9 | E |
| Fremantle France SAS | | 100.0 | F | | 100.0 | F |
| FremantleMedia Drama Productions SAS | | 100.0 | F | | - | NC |
| Gdl Gie | (6) | 24.9 | E | (6) | 24.9 | E |
| S5 Group SAS | (6) | 24.9 | E | (6) | 24.9 | E |
| SEDS SA | (6) | 24.9 | E | (6) | 24.9 | E |
| Sportfive SA (formerly Groupe JC Darmon SA) | (6) | 24.9 | E | (6) | 24.9 | E |
| Sportfive Tennis SA (formerly Palais des Sports de Toulouse SA) | (6) | 24.9 | E | (6) | 24.9 | E |
| TV Presse Productions SAS | | 70.0 | F | | - | NC |
| UFA Sports Iberia SL | (6) | 24.9 | E | (6) | 24.9 | E |
| Germany* | | | | | | |
| CLT-UFA Multi Media GmbH | | 99.7 | F | | 99.7 | F |
| Cologne Sitcom Produktions GmbH | (20) | 50.2 | F | (20) | 50.2 | F |
| Cologne Sitcom Verwaltung GmbH | (20) | 50.2 | F | (20) | 50.2 | F |
| Deutsche Synchron Film GmbH & Co KG | (8) | 50.8 | F | (8) | 50.8 | F |
| Fremantle Licensing Germany GmbH (formerly Geo Film GmbH) | | 99.7 | F | | 99.7 | F |
| Grundy Light Entertainment GmbH (formerly HDTV-Entert. Dressler GmbH) | | 100.0 | F | | 100.0 | F |
| Grundy Light Entertainment/White Balance GmbH GBR | | 50.8 | F | | 50.8 | F |
| Grundy UFA TV Produktions GmbH | (4) | 99.7 | F | (4) | 99.7 | F |
| HSV UFA Stadionmanagement und Verwaltungen GmbH | (6) | 6.2 | E | (6) | 6.2 | E |
| HSV Vermögensverwaltungs GmbH | (6) | 0.2 | E | (6) | 0.2 | E |
| I2I Musikproduktions & Musikverlags GmbH | | 99.7 | F | | 99.7 | F |
| ISPR GmbH | (6) | 24.9 | E | (6) | 24.9 | E |
| Juniper Group GmbH | (6) | 6.4 | E | | - | NC |
| MOVE Sportspromotion GmbH | (6) | 24.9 | E | (6) | 24.9 | E |
| Objektiv Film GmbH | (5) | 99.7 | F | (5) | 99.7 | F |
| Phöbus Film GmbH & Co Produktions KG | (8) | 50.8 | F | (8) | 50.8 | F |
| Phönix Film Karlheinz Brunnemann GmbH & Co KG | (8) | 50.8 | F | (8) | 50.8 | F |
| Phönix Geschäftsführungs GmbH | (8) | 50.8 | F | (8) | 50.8 | F |
| RTL Group Deutschland Markenverwaltungs GmbH | | 99.7 | F | | 99.7 | F |
| Sportfive GmbH | (6) | 24.9 | E | (6) | 24.9 | E |
| Sportfive GmbH & CoKG | (6) | 24.9 | E | (6) | 24.9 | E |
| Sportfive Intermediate GmbH | (6) | 24.9 | E | (6) | 24.9 | E |
| Sportfive Tixx GmbH | (24) | - | NC | (6) | 24.9 | E |
| Sportfive Verwaltungs GmbH | (6) | 24.9 | E | (6) | 24.9 | E |

| Content | Note | Group's owner- ship 2006 | Consoli- dated method (1) | Note | Group's owner- ship 2005 | Consoli- dated method (1) |
|---|------|-----------------------------------|------------------------------------|------|-----------------------------------|------------------------------------|
| Stadion Frankfurt Management GmbH | (6) | 12.5 | E | (6) | 12.5 | E |
| Teamworx Television & Film GmbH | | 99.7 | F | | 99.7 | F |
| Treibtsch Produktion Holding GmbH | (5) | 99.7 | F | (5) | 99.7 | F |
| Treibtsch Produktion Holding GmbH & Co.KG | (5) | 99.7 | F | (5) | 99.7 | F |
| UFA - Fernsehproduktion GmbH | (4) | 99.7 | F | (4) | 99.7 | F |
| UFA - Filmproduktion GmbH | (4) | 99.7 | F | (4) | 99.7 | F |
| UFA Entertainment GmbH | (4) | 99.7 | F | (4) | 99.7 | F |
| UFA Film - und Medienproduktion GmbH (ex <i>START Television Produktions GmbH</i>) | (20) | 100.0 | F | (20) | 100.0 | F |
| UFA Film & Fernseh GmbH | (4) | 99.7 | F | (4) | 99.7 | F |
| UFA Film & TV Produktion GmbH | (4) | 99.7 | F | (4) | 99.7 | F |
| UFA Film Finance GmbH | (4) | 99.7 | F | (4) | 99.7 | F |
| UFA International Film & TV Produktions GmbH | (4) | 99.7 | F | (4) | 99.7 | F |
| Universum Film AllRights GmbH | (23) | - | NC | | 99.7 | F |
| Universum Film GmbH | | 99.7 | F | | 99.7 | F |
| Greece* | | | | | | |
| Fremantle Productions SA | | 100.0 | F | | 100.0 | F |
| Hong-Kong* | | | | | | |
| Fremantle Productions Asia Ltd | | 100.0 | F | | 100.0 | F |
| Hungary* | | | | | | |
| Grundy Magyarorszag TV Musorg Kft | | 100.0 | F | | 100.0 | F |
| Magyar Grundy UFA KFT | | 99.7 | F | | 99.7 | F |
| India* | | | | | | |
| Fremantle India TV Productions Pvt Ltd | | 100.0 | F | | 100.0 | F |
| Indonesia* | | | | | | |
| PT Dunia Visitama | | 100.0 | F | | 100.0 | F |
| Italy* | | | | | | |
| Grundy Productions Italy Spa | | 100.0 | F | | 100.0 | F |
| Sportfive Italy SA (formerly <i>Bastino Multimedia</i>) | (6) | 24.9 | E | (6) | 24.9 | E |

| Content | Note | Group's owner- ship 2006 | Consoli- dated method (1) | Note | Group's owner- ship 2005 | Consoli- dated method (1) |
|---|------|-----------------------------------|------------------------------------|------|-----------------------------------|------------------------------------|
| Japan* | | | | | | |
| FremantleMedia Japan KK | | 100.0 | F | | 100.0 | F |
| Luxembourg* | | | | | | |
| FremantleMedia SA (formerly <i>RTL UK Holdings SA</i>) | | 100.0 | F | | 100.0 | F |
| Hei Elei Film Productions SA (formerly <i>IFP SA</i>) | | 99.7 | F | | 99.7 | F |
| Multimedia Global Finance SA | (6) | 24.9 | E | (6) | 24.9 | E |
| S5 Finco Sàrl | (6) | 27.7 | E | (6) | 27.7 | E |
| S5 Hatrick Sàrl | (6) | 24.9 | E | (6) | 24.9 | E |
| S5 Luxembourg SCA | (6) | 24.9 | E | (6) | 24.9 | E |
| S5 Sàrl | (6) | 24.9 | E | (6) | 24.9 | E |
| Malaysia* | | | | | | |
| Sportfive Asia Sdn. Bhd. | (6) | 24.9 | E | (6) | 24.9 | E |
| Sportfive Malaysia Sdn. Bhd. (formerly <i>UFA Sports Malaysia Sdn. Bhd.</i>) | (6) | 17.4 | E | (6) | 17.4 | E |
| Mexico* | | | | | | |
| Grundy Productions SA de CV | | 100.0 | F | | 100.0 | F |
| Netherlands* | | | | | | |
| Blue Circle BV (formerly <i>RTL 4 Productions BV</i>) | | 99.7 | F | | 99.7 | F |
| FremantleMedia (Netherlands) BV | (15) | 100.0 | F | (15) | 100.0 | F |
| FremantleMedia Operations BV | (15) | 100.0 | F | (15) | 100.0 | F |
| FremantleMedia Overseas Holdings BV | | 100.0 | F | | 100.0 | F |
| Grundy Endemol Productions VOF | (11) | 50.0 | P | (11) | 50.0 | P |
| Grundy International Holdings (I) BV | | 100.0 | F | | 100.0 | F |
| JOHO Services BV | (6) | 24.9 | E | (6) | 24.9 | E |
| Sports Rights Acquisition BV | (6) | 24.9 | E | (6) | 24.9 | E |
| Poland* | | | | | | |
| Fremantle Polska Sp.Zo.O | | 100.0 | F | | 100.0 | F |
| Sportfive SP Zoo (formerly <i>UFA Sports SP Zoo</i>) | (6) | 24.9 | E | (6) | 24.9 | E |
| Portugal* | | | | | | |
| Fremantle Producoes TV SA | | 100.0 | F | | 100.0 | F |
| Russia* | | | | | | |
| Fremantle Productions LLC | | 100.0 | F | | - | NC |
| Singapore* | | | | | | |
| Fremantle Productions Asia Pte Ltd | | 100.0 | F | | 100.0 | F |
| South Africa* | | | | | | |
| Fremantle Productions (South Africa) (PTY) Ltd | (24) | - | NC | | 100.0 | F |

Notes to the consolidated financial statements

| Content | Note | Group's ownership 2006 | Consolidated method (1) | Note | Group's ownership 2005 | Consolidated method (1) |
|--|------|------------------------|-------------------------|------|------------------------|-------------------------|
| Spain* | | | | | | |
| Fremantle de Espana SL | (9) | 95.0 | F | (9) | 95.0 | F |
| Grundy Producciones SA | | 100.0 | F | | 100.0 | F |
| Switzerland* | | | | | | |
| Grundy Schweiz AG | | 65.0 | F | | 65.0 | F |
| Sportfive International Sarl | (6) | 24.9 | E | (6) | 24.9 | E |
| Turkey* | | | | | | |
| FremantleMedia TV Film Yapim | | 100.0 | F | | 100.0 | F |
| Sportfive Turkey Ltd Sirketi | (6) | 24.7 | E | (6) | 24.7 | E |
| UK* | | | | | | |
| Active Sports Marketing Ltd. | (6) | 24.9 | E | | - | NC |
| Alomo Productions Ltd | (19) | 100.0 | F | (19) | 100.0 | F |
| Clement/La Fresnais Productions Ltd | (19) | 100.0 | F | (19) | 100.0 | F |
| Eurowide Television Ltd (formerly Channel Three Ltd) | (19) | 100.0 | F | (19) | 100.0 | F |
| Fox Sport Ltd | (6) | 24.9 | E | | - | NC |
| Fremantle (UK) Productions Ltd | | 100.0 | F | | 100.0 | F |
| FremantleMedia Ltd | | 100.0 | F | | 100.0 | F |
| FremantleMedia Group Ltd | (13) | 100.0 | F | (13) | 100.0 | F |
| FremantleMedia Overseas Ltd | | 100.0 | F | | 100.0 | F |
| FremantleMedia Services Ltd (formerly Little Pond Television Ltd) | | 100.0 | F | | 100.0 | F |
| FremantleMedia Worldwide Ltd | (26) | - | NC | | 100.0 | F |
| Grundy Productions Ltd | (26) | - | NC | | 100.0 | F |
| PTV Dormant Ltd | (25) | - | NC | (19) | 100.0 | F |
| Select TV Communications Cons Ltd | (25) | - | NC | (19) | 100.0 | F |
| Select TV Ltd | (19) | 100.0 | F | (19) | 100.0 | F |
| Somerford Brooke Productions Ltd (formerly Little Pond Television Ltd) | (19) | 100.0 | F | (19) | 100.0 | F |
| Sport Rights Acquisitions Ltd (formerly Sport+ UK Ltd) | (6) | 24.9 | E | (6) | 24.9 | E |
| Sportfive International Ltd | (6) | 24.9 | E | (6) | 24.9 | E |
| Talkback (UK) Productions Ltd | | 100.0 | F | | 100.0 | F |
| Talkback Productions Ltd | (21) | 100.0 | F | (21) | 100.0 | F |
| Talkback Thames Ltd (formerly Not Any Old Radio Commercials Ltd) | (21) | 100.0 | F | (21) | 100.0 | F |
| Thames Television Holdings Ltd | | 100.0 | F | | 100.0 | F |
| Thames Television Ltd | (22) | 100.0 | F | (22) | 100.0 | F |
| United World Television Ltd (formerly Select TV International Ltd) | (19) | 100.0 | F | (19) | 100.0 | F |
| Witzend Productions Ltd | (19) | 100.0 | F | (19) | 100.0 | F |

| Content | Note | Group's ownership 2006 | Consolidated method (1) | Note | Group's ownership 2005 | Consolidated method (1) |
|--|------|------------------------|-------------------------|------|------------------------|-------------------------|
| USA* | | | | | | |
| All American Entertainment Inc. | (14) | 100.0 | F | (14) | 100.0 | F |
| All American Music Group | (14) | 100.0 | F | (14) | 100.0 | F |
| Allied Communications Inc. | | 100.0 | F | | 100.0 | F |
| American Idols Productions Inc. | (14) | 100.0 | F | (14) | 100.0 | F |
| Feudin' Productions Inc. | (14) | 100.0 | F | (14) | 100.0 | F |
| Fremantle Goodson Inc. | (14) | 100.0 | F | (14) | 100.0 | F |
| Fremantle International Inc. | (14) | 100.0 | F | (14) | 100.0 | F |
| Fremantle Merchandising Inc. | (14) | 100.0 | F | (14) | 100.0 | F |
| Fremantle Productions Inc. | (14) | 100.0 | F | (14) | 100.0 | F |
| Fremantle Productions Latin America Inc. | | 100.0 | F | | 100.0 | F |
| Fremantle Productions North America Inc. | (14) | 100.0 | F | (14) | 100.0 | F |
| FremantleMedia Holdings Inc. | | 100.0 | F | | 100.0 | F |
| FremantleMedia Licensing Inc. | (9) | 100.0 | F | (9) | 100.0 | F |
| FremantleMedia North America Inc. (formerly Pearson Television Inc.) | (14) | 100.0 | F | (14) | 100.0 | F |
| Good Games Live Inc. | (14) | 100.0 | F | (14) | 100.0 | F |
| Good Games Productions Inc. | (14) | 100.0 | F | (14) | 100.0 | F |
| Grundy Music Services Inc. | (14) | 100.0 | F | (14) | 100.0 | F |
| Kickoff Productions Inc. | (14) | 100.0 | F | (14) | 100.0 | F |
| LBS Communications Inc. | (14) | 100.0 | F | (14) | 100.0 | F |
| Little Pond Television Inc. | (14) | 100.0 | F | (14) | 100.0 | F |
| Mark Goodson Productions LLC | (14) | 100.0 | F | (14) | 100.0 | F |
| MG Productions Inc. | (14) | 100.0 | F | (14) | 100.0 | F |
| OTL Productions Inc. | (14) | 100.0 | F | (14) | 100.0 | F |
| Reg Grundy Productions Holdings Inc. | (14) | 100.0 | F | (14) | 100.0 | F |
| Reg Grundy Productions Inc. | (14) | 100.0 | F | (14) | 100.0 | F |
| Sportfive USA LLC | (6) | 24.9 | E | (6) | 24.9 | E |
| Telescope Inc. | (24) | - | NC | | 100.0 | F |
| Terrapin Communications Inc. | (14) | 100.0 | F | (14) | 100.0 | F |
| Terrapin Productions Inc. | (14) | 100.0 | F | (14) | 100.0 | F |
| The Baywatch Productions Company | (14) | 100.0 | F | (14) | 100.0 | F |
| The Price is Right Productions Inc. | (14) | 100.0 | F | (14) | 100.0 | F |
| Thumbdance LLC | | 50.0 | P | | - | NC |
| Tick Tock Productions Inc. | (14) | 100.0 | F | (14) | 100.0 | F |

Broadcasting Radio

| | Note | Group's owner- ship 2006 | Consoli- dated method (1) | Note | Group's owner- ship 2005 | Consoli- dated method (1) |
|--|------|-----------------------------------|------------------------------------|------|-----------------------------------|------------------------------------|
| Belgium* | | | | | | |
| Cobel D SA | (26) | - | NC | | 21.1 | E |
| Cobelfra SA | | 44.1 | F | | 34.6 | E |
| Contact Properties SA | (26) | - | NC | | 24.9 | E |
| Contact SA | | 49.8 | P | | 49.7 | E |
| Contact SAT SA | (26) | - | NC | | 42.4 | E |
| Contact Vlaanderen NV | | 42.1 | P | | 40.4 | E |
| Inadi SA | | 44.1 | F | | 42.8 | F |
| IP Plurimédia SA | | 65.8 | F | | 65.8 | F |
| Joker FM SA | | 44.1 | F | | 39.8 | E |
| Radio Belgium Holding SA | | 44.1 | F | | - | NC |
| France* | | | | | | |
| Ediradio SA | | 99.7 | F | | 99.7 | F |
| ID (Information et Diffusion) Sarl | | 99.7 | F | | 99.7 | F |
| IP France SA | | 99.7 | F | | 99.7 | F |
| IP Régions SA | | 99.7 | F | | 99.7 | F |
| RTL Fun Développement Sarl | | 99.7 | F | | 99.7 | F |
| SCP Sarl | | 99.7 | F | | 99.7 | F |
| SERC SA | | 99.7 | F | | 99.7 | F |
| Sodera SA | | 99.7 | F | | 99.7 | F |
| Germany* | | | | | | |
| AH Antenne Hörfunksender GmbH & CoKG | | 53.3 | E | | 53.3 | E |
| Antenne Mecklenburg-Vorpommern GmbH & CoKG | | 25.4 | E | | 25.4 | E |
| Antenne Niedersachsen Gesch. GmbH & CoKG | | 35.9 | E | | 35.9 | E |
| Antenne Sachsen Hörfunks- und Versorgungs GmbH | | 68.4 | F | | 55.3 | E |
| AVE Gesellsch. für Hörfunkbe- teiligungen GmbH | | 99.7 | F | | 99.7 | F |
| AVE I Vermögensverwaltungs- gesellschaft mbH & Co.KG | | 49.7 | E | | 49.7 | E |
| AVE II Vermögens- verwaltungsgesellschaft | | 99.7 | F | | 99.7 | F |
| AVE V GmbH | | 99.7 | F | | 99.7 | F |
| AVE VI KG | | 49.7 | E | | 49.7 | E |
| BB Radio Landeswelle Brandenburg GmbH & CoKG | (24) | - | NC | | 39.9 | E |
| BCS Broadcast Sachsen GmbH & Co.KG | | 37.6 | E | | 30.4 | E |
| Neue Spreeradio Hoerfunkgesellschaft mbH | | 33.7 | E | | - | NC |
| Radio Center Berlin GmbH | | 99.7 | F | | 99.7 | F |
| Radio Hamburg GmbH & CoKG | | 29.1 | E | | 29.1 | E |
| Radio Systems GmbH | | 99.7 | F | | 99.7 | F |
| RB BLAUEN GmbH | | 42.0 | E | | 39.4 | E |
| RTL Radio Berlin GmbH | | 99.7 | F | | 99.7 | F |
| RTL Radio Deutschland GmbH | | 99.7 | F | | 99.7 | F |
| RTL Radio Vermarktungs GmbH & CoKG | | 99.7 | F | | 99.7 | F |
| UFA Programmgesellschaft in Bayern mbH | | 99.7 | F | | 99.7 | F |
| Netherlands* | | | | | | |
| RTL FM BV (formerly Holland FM BV) | | 99.7 | F | | 99.7 | F |
| Yorin FM BV (formerly Northsea Media Network BV) | (24) | - | NC | | 99.7 | F |

Others

| | Note | Group's owner- ship 2006 | Consoli- dated method (1) | Note | Group's owner- ship 2005 | Consoli- dated method (1) |
|--|------|-----------------------------------|------------------------------------|------|-----------------------------------|------------------------------------|
| Belgium* | | | | | | |
| Audiomedia Investments Bruxelles SA | | 100.0 | F | | 100.0 | F |
| TVI Interactions SA (formerly TVI Editions SA) | | 65.8 | F | | 65.8 | F |
| France* | | | | | | |
| Société Immobilière Bayard d'Antin SA | | 99.7 | F | | 99.7 | F |
| Germany* | | | | | | |
| RTL Group Central & Eastern Europe GmbH | | 99.7 | F | | 99.7 | F |
| RTL Group Deutschland GmbH | | 99.7 | F | | 99.7 | F |
| RTL Group Vermögensverwaltungs GmbH (formerly Darpar 128 GmbH) | | 100.0 | F | | 100.0 | F |
| Luxembourg* | | | | | | |
| B. & C.E. SA | | 99.7 | F | | 99.7 | F |
| CLT-UFA SA | | 99.7 | F | | 99.7 | F |
| IP Luxembourg Sarl | | 99.7 | F | | 99.7 | F |
| RTL Group Central & Eastern Europe SA | | 99.7 | F | | 99.7 | F |
| RTL Group Germany SA | | 99.7 | F | | 99.7 | F |
| UK* | | | | | | |
| CLT-UFA UK Radio Ltd | | 99.7 | F | | 99.7 | F |
| CLT-UFA UK Television Ltd | | 99.7 | F | | 99.7 | F |
| RTL UK Ltd | (26) | - | NC | | 100.0 | F |

*country of incorporation

(1) M : parent company
F : full consolidation
P : proportionate
E : equity accounting
NC : not consolidated

(2) M6 Group
(3) Five Group (formerly Channel 5 Group)
(4) UFA Berlin Group
(5) Trebitsch Group
(6) Sportfive Group
(7) Antena 3 De Television Group
(8) Phoenix Group
(9) Fremantle Licensing Group
(10) Fremantle Productions Argentina Group
(11) Fremantle Productions Group
(12) FremantleMedia Australia Group
(13) FremantleMedia Central Group
(14) FremantleMedia North America Group
(15) FremantleMedia Productions Netherlands Group
(16) Grundy Light Entertainment Group
(17) Grundy Organisation (Holdings) Group
(18) Grundy Productions Italy Group
(19) Select TV Group
(20) Start Television Produktions Group
(21) Talkback Productions Group
(22) Thames Television Group
(23) Company absorbed by a company of the Group
(24) Company sold
(25) Company liquidated
(26) Company not trading anymore
(27) REN TV Group
(28) Media Capital Group
(29) TPS Group

Credits



Mixed Sources

Product group from well-managed forests, controlled sources and recycled wood or fiber
www.fsc.org Cert no. SCS-COC-00804
© 1996 Forest Stewardship Council

The FSC material used consists of the cover pages 1 to 6 and the content pages 3 to 170.

Publisher

RTL Group
45, Bd Pierre Frieden
L-1543 Luxembourg
Luxembourg

Editor

RTL Group
Corporate Communications and Marketing
Feature stories by Richard Owsley, Writers Ltd., Bristol

Design, concept consulting

Ringzwei, Hamburg

Photography

Paul Schimhofer; p. 4, 7, 8, 28-29 (7), 72, 82-83
Heiko Prigge; p. 10-13 (6), 36-37
RTL PR; p. 14-15, 34-35 (13), 64-65 (2), 48-49 (5)
RTL/Stefan Erhard; p. 16-19 (5)
RTL/Stefan Gregorowius; p. 20, 22
Alain Denantes/Gamma/StudioX; p. 21 above
Télévie; p. 21 below
Carolien Sikken; p. 23
Farrow Design; p. 25
RTL/Stephan Pick; p. 40
G.B., Diebold/Corbis; p. 41
Gilles Bassignac/Gamma/StudioX; p. 45
Robert Vos/ANP; p. 54
Jeremy Cowart/Fox; p. 57 above
Christian Ray; p. 57 below
RTL/Stephane Ruet; p. 58
Gary Burchelle/Gettyimages; p. 69

Production

Ringzwei, Hamburg
Produktionsbüro Romey von Malottky GmbH, Hamburg
Filestyle Medienproduktion GmbH (Pre-Press), Hamburg

Print

Scheel Print-Medien GmbH, Waiblingen-Hohenacker

Further information

For journalists

Corporate Communications
Phone: +352 2486 5201

For analysts and investors

Investor Relations
Phone: +352 2486 5074

www.rtlgroup.com

Five year summary

| | 2006 €m | 2005 €m | 2004 €m | 2003 €m | 2002 €m |
|---|--------------|------------|------------|------------|-------------|
| Revenue | 5,640 | 5,115 | 4,878 | 4,452 | 4,362 |
| – of which net advertising sales | 3,418 | 3,149 | 3,016 | 2,706 | 2,697 |
| Other operating income | 86 | 103 | 118 | 76 | 83 |
| Consumption of current programme rights | (1,968) | (1,788) | (1,607) | (1,501) | (1,411) |
| Depreciation, amortisation and impairment | (217) | (219) | (233) | (335) | (339) |
| Other operating expense | (2,764) | (2,518) | (2,495) | (2,201) | (2,305) |
| Amortisation and impairment of goodwill and fair value adjustments on acquisitions of subsidiaries and joint ventures | (14) | (16) | (13) | (317) | (298) |
| Gain/(loss) from sale of subsidiaries, joint ventures and other investments | 207 | 1 | (18) | 3 | (5) |
| Profit from operating activities | 970 | 678 | 630 | 177 | 87 |
| Share of results of associates | 72 | 63 | 42 | (4) | 34 |
| Earnings before interest and taxes (“EBIT”) | 1,042 | 741 | 672 | 173 | 121 |
| Net interest income/(expense) | 2 | (11) | (25) | (35) | (36) |
| Financial results other than interest | 33 | 2 | (19) | (20) | (47) |
| Profit before taxes | 1,077 | 732 | 628 | 118 | 38 |
| Income tax income/(expense) | 34 | (116) | (196) | (95) | (85) |
| Profit for the period | 1,111 | 616 | 432 | 23 | (47) |
| Attributable to: | | | | | |
| RTL Group shareholders | 890 | 537 | 366 | 14 | (56) |
| Minority interest | 221 | 79 | 66 | 9 | 9 |
| Profit for the period | 1,111 | 616 | 432 | 23 | (47) |
| EBITA | 851 | 758 | 709 | 487 | 424 |
| Amortisation and impairment of goodwill and fair value adjustments on acquisitions of subsidiaries and joint ventures | (14) | (16) | (13) | (317) | (298) |
| Amortisation of fair value adjustments on acquisitions of associates | (2) | (2) | (6) | – | – |
| Gain/(loss) from sale of subsidiaries, joint ventures and other investments | 207 | 1 | (18) | 3 | (5) |
| Earnings before interest and taxes (“EBIT”) | 1,042 | 741 | 672 | 173 | 121 |
| Earnings per share (in €) | | | | | |
| – Basic | 5.79 | 3.50 | 2.38 | 0.09 | (0.37) |
| – Diluted | 5.79 | 3.50 | 2.38 | 0.09 | (0.37) |
| Ordinary dividend per share | 1.20 | 1.05 | 0.95 | 0.80 | 0.70 |
| Extraordinary dividend per share | 1.80 | – | – | – | – |
| Dividends paid (€million) | 464 | 163 | 146 | 123 | 107 |
| Average number of full-time equivalent employees | 8,788 | 8,771 | 8,221 | 7,465 | 7,414 |
| Net assets (€million) | 6,161 | 5,348 | 4,862 | 4,268 | 4,425 |
| Net cash/(debt) (€million) | 734 | 267 | 246 | (298) | (755) |

Fully consolidated profit centres at a glance

| Germany – Television and radio | 2006 €m | 2005 €m | 2004 €m | 2003 €m | 2002 €m |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Revenue | 1,965 | 1,858 | 1,826 | 1,877 | 1,847 |
| EBITA | 301 | 244 | 262 | 261 | 238 |

| France – Television | 2006 €m | 2005 €m | 2004* €m | 2003 €m | 2002 €m |
|----------------------------|--------------------|--------------------|---------------------|--------------------|--------------------|
| Revenue | 1,410 | 1,270 | 1,145 | 570 | 451 |
| EBITA | 249 | 229 | 207 | 100 | 80 |

* M6 has been fully consolidated from February 2004

| FremantleMedia – Content | 2006 €m | 2005 €m | 2004 €m | 2003 €m | 2002 €m |
|---------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Revenue | 1,128 | 947 | 866 | 819 | 819 |
| EBITA | 128 | 104 | 101 | 68 | 84 |

| UK – Television | 2006 €m | 2005* €m | 2004 €m | 2003 €m | 2002 €m |
|------------------------|--------------------|---------------------|--------------------|--------------------|--------------------|
| Revenue | 466 | 370 | 276 | 250 | 259 |
| EBITA | (1) | 36 | 18 | 9 | (2) |

* Five has been fully consolidated from September 2005

| Netherlands – Television and radio | 2006 €m | 2005 €m | 2004 €m | 2003 €m | 2002 €m |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| Revenue | 350 | 358 | 338 | 327 | 324 |
| EBITA | 70 | 46 | 39 | 25 | (12) |

| France – Radio | 2006 €m | 2005 €m | 2004 €m | 2003 €m | 2002 €m |
|-----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Revenue | 198 | 198 | 207 | 208 | 200 |
| EBITA | 33 | 37 | 43 | 41 | 33 |

| Belgium – Television and radio | 2006 €m | 2005 €m | 2004 €m | 2003 €m | 2002 €m |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Revenue | 186 | 174 | 167 | 148 | 145 |
| EBITA | 34 | 28 | 26 | 28 | 20 |

| Luxembourg – Television, radio and technical services | 2006 €m | 2005 €m | 2004 €m | 2003 €m | 2002 €m |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| Revenue | 79 | 110 | 125 | - | - |
| EBITA | 3 | 16 | 5 | - | - |

| Croatia – Television | 2006 €m | 2005 €m | 2004 €m | 2003 €m | 2002 €m |
|-----------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Revenue | 44 | 38 | 14 | - | - |
| EBITA | 0 | (8) | (19) | - | - |

RTL Group

45, boulevard Pierre Frieden
L-1543 Luxembourg
T: +352 2486 5201
F: +352 2486 5139
www.rtlgroup.com