

# annualreport2003

# Mission statement

**RTL Group's aim is to offer popular high quality entertainment and information to all our audiences by encouraging and supporting the imagination, talent and professionalism of the people who work for us.**

## **key values**

These are the principles and qualities that guide RTL Group:

**Quality:** we seek excellence in everything we do.

**Creativity:** we provide stimulating workplaces where creative talent can flourish.

**Focused management:** we manage our businesses actively on behalf of our shareholders, while respecting the cultural needs of the communities we serve.

**Productivity:** we seek out ways to work more efficiently as a Group.



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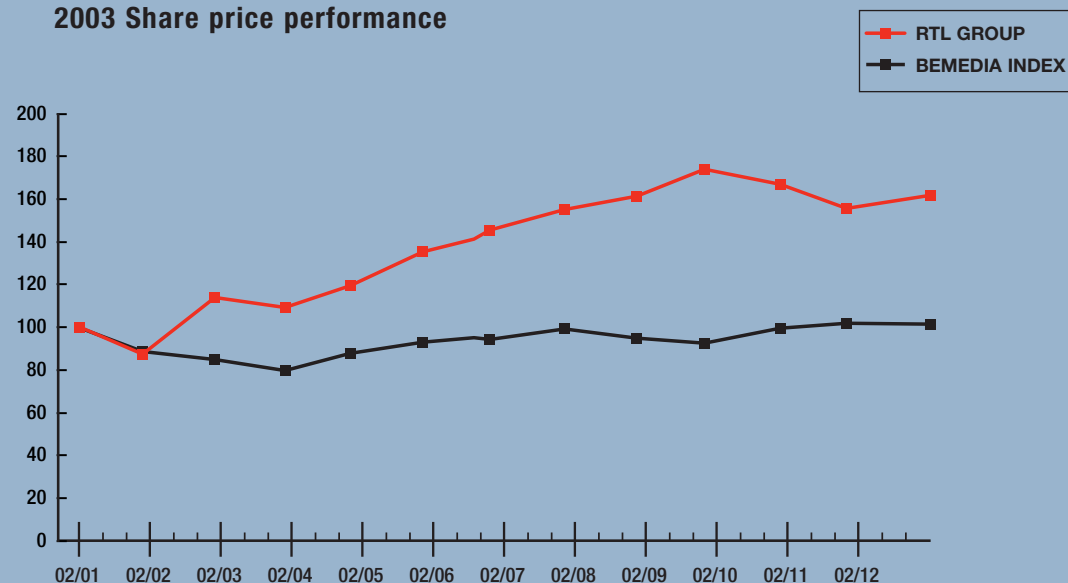
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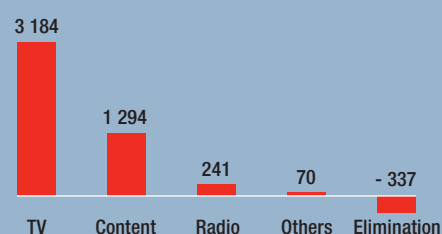
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# Key Figures

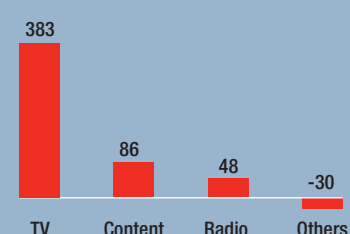
2003 Share price performance



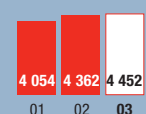
2003 Revenue breakdown by activity - € million



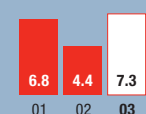
2003 Consolidated EBITA per segment € million



Revenue  
€ million



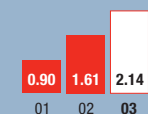
Market capitalisation  
€ billion



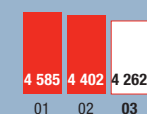
Dividend per share  
€



Adjusted earnings per share\*  
€



Shareholder equity  
€ million



\* Net result adjusted for amortisation and impairment of goodwill and gain or loss from sale of subsidiaries, joint ventures and other investments, net of tax.



## From the Chairman

2003 was an encouraging year. We significantly improved our operating profit while maintaining strong audience and advertising market positions.

Our Group has emerged from a protracted and testing period of economic slowdown that has impacted on TV, radio and content businesses everywhere – and we have never been in better shape. Some of Europe's most prominent media groups have struggled, yet we are a fitter, more focused and more competitive business than we were when the downturn began in 2000. We have adequate financial resources, we are highly focused and, perhaps most important of all, our talented creative teams continue to challenge audiences with exciting and original programming.

The local and corporate centre teams worked extremely hard during the year and achieved a fantastic result. The management team under Gerhard Zeiler, our new CEO, is now ready to take the Group into its next stage of development. We are fortunate to have such an outstanding set of professionals to lead us at a critical time, when digital multichannel is changing the media landscape.

Our profit centres are the engines of our growth, and we intend to give them full autonomy to expand and develop their operations to meet the needs of local markets.

We owe an enormous debt to our employees. I would like to thank them all for their contribution – the broadcasting and content professionals whose programmes are enjoyed by audiences across Europe and around the world, the sales and marketing teams who have helped us achieve such a positive financial result, and the essential support staff who help to make our operations run smoothly.

There is much work still to be done, but we can look to the future with considerable confidence.

Juan Abello  
Chairman



## CEO'S review

**We made solid progress in 2003. Undeterred by tough market conditions, our businesses strove hard and many were rewarded with audience and advertising market share improvements. The consistency of our performance was most satisfying – all our profit centres were EBITA-positive and many ended the year comfortably ahead of 2002.**

Advertising markets remained volatile in 2003. As the year progressed the picture started to improve in some countries, while in others any recovery was fitful and uncertain. As we anticipated, our businesses were better placed than some of our competitors'. Our commitment to maintaining programme quality, even during the worst of the downturn, has helped us build audience and market share. Several of our broadcasting businesses posted record ratings and advertising revenue, with our German and French TV operations delivering record performances in terms of profitability. FremantleMedia continued to impress with further international success.

We also made strong progress in the drive to diversify our revenue streams, so that we are less exposed to the vagaries of the advertising markets, although we have some way still to go.

The success of our sales force, our brand diversification and the effectiveness of our cost management resulted in an EBITA for the year of €487 million, up 15% on 2002. Our Group's market capitalisation stood at €7.3 billion at the year end, an increase of 65% on the year. Our net debt position also improved significantly, down from €755 million at the end of 2002 to €298 million at the end of 2003.

### **Decentralised management**

We now have a small but highly focused Group management team at our Luxembourg headquarters. The focus of our business is the operating companies. These are local – they understand local markets and cultures, they abide by local laws and regulations, and they are led by local management teams.

Our operating companies are responsible for operational and profit performance, and for ensuring close cooperation across the Group. They have the capability to drive our business into its next, and most challenging, phase of development. They are building powerful families of broadcasting and content companies with strong market positions – families that will weather the audience fragmentation now under way across Europe and emerge as leaders in the new multichannel digital environment.

#### Focusing on the core

At the Group's core is creativity – the ability of our broadcasting and content teams to deliver programming that meets the expectations of audiences in original and engaging ways. The success of our programming is self evident – the ratings say it all – but we cannot let the creative momentum falter. We know that we must continue to experiment and innovate, and support our creative teams with the necessary resources to deliver the next generation of ratings winners. We have an exceptional resource of creative and broadcasting talent, and we are getting better at sharing our expertise across the Group. Cooperation is developing naturally as our programming becomes more international in scope. We have learnt much from our experience with formats such as *Idols*, where our FremantleMedia teams have worked with several of our TV businesses to adapt successful programmes to local cultures.

#### Television

In spite of tough conditions in the advertising market, most of our TV businesses outperformed their competitors to deliver improved audience share and, in some cases, impressive revenue gains. One of the highlights of 2003 was our German TV profit centre, which improved audiences and revenue growth – another was M6 in France, which delivered its best ever financial result with an EBITA increase of 20%. Our Netherlands TV and radio profit centre returned to profitability, and we welcomed a new CEO, Fons van Westerloo, who replaced Dick van der Graaf.

A further success was Five, which has steadily driven its share higher in the UK's challenging market and now has 6.6% of the 4+ audience. 2003 was also its first full year of EBITA profitability.

We are better placed in Spain, where a change in ownership structure and management has improved the prospects of Antena 3 while opening up opportunities for us to increase our holding. The operating business of Antena 3 is extremely sound – the necessary restructuring costs have been incurred and this resulted in a significant loss for the year. However, the turnaround was already evident in the second half of the year and we look forward in 2004 to further positive developments and cooperation with our new partners in Spain.

In Belgium, we prepared the ground for our third TV channel, which has now launched successfully as Plug TV providing a service aimed at 15 to 34 year-olds. This should further extend our market leadership. In Croatia, we are the lead partner in a consortium which is launching a new, RTL-branded, TV channel in 2004.

#### Content

Our content businesses continued to make positive progress, although trading conditions remained difficult. The *Idols* format, based on the search for a national solo pop idol, has given FremantleMedia an enormous boost. By the end of 2003 the format had been shown in 22 countries. The phenomenon was as popular as ever, with astonishing ratings achieved, even in countries showing the format in the second and third series. FremantleMedia continued to develop new and exciting formats, while expanding its business in key international markets such as the USA. During the year it acquired the Crackerjack production company in Australia, where it already owns Grundy Television. There were signs of improvement in the sports marketplace. Sportfive continued to make headway in its key territories, France and Germany, and significantly improved its football

rights portfolio with the acquisition of the German sports rights agency ISPR. The arrangement concluded in March 2004, with Advent International, allows us to retain a 25% interest in a strong business.

#### Radio

Our radio interests delivered another solid performance. The radio advertising market was slow in 2003, with low single-digit growth in most countries where we have interests. Once again, our holdings outperformed their competitors, especially in our largest radio market, France, where our family of radio stations delivered an excellent improvement in profitability.

In the Netherlands we won a new frequency for a national FM station as well as securing improved coverage for our existing station, Yorin FM. The new station launched in June 2003 as RTL FM with music and news aimed at 20 to 49 year-olds. In Germany, we integrated the AVE holding which we acquired late in 2002. We now have stakes in 14 radio stations across Germany.

Our intention is to continue to build our radio business, expanding in countries where we have strong TV operations and exploring new opportunities, for example in Central and Eastern Europe.

#### Diversified businesses

Our TV, content and radio businesses continued to open up new revenue streams, reducing our dependence on the advertising markets. Diversified revenue has increased during the year and continues to make a positive contribution to EBITA. We are confident there is substantial scope for further development.

M6 in France has set the pace with its home shopping, publishing, music, new media, rights acquisition and film distribution activities. It now earns more revenue from its diversification business, including TPS and thematic

channels, than from its core TV channel. In markets such as Germany and the Netherlands we are developing along similar lines. The diversification business in Germany is now profitable with the home shopping activity projected to reach break even in 2005 as planned.

#### A positive outlook

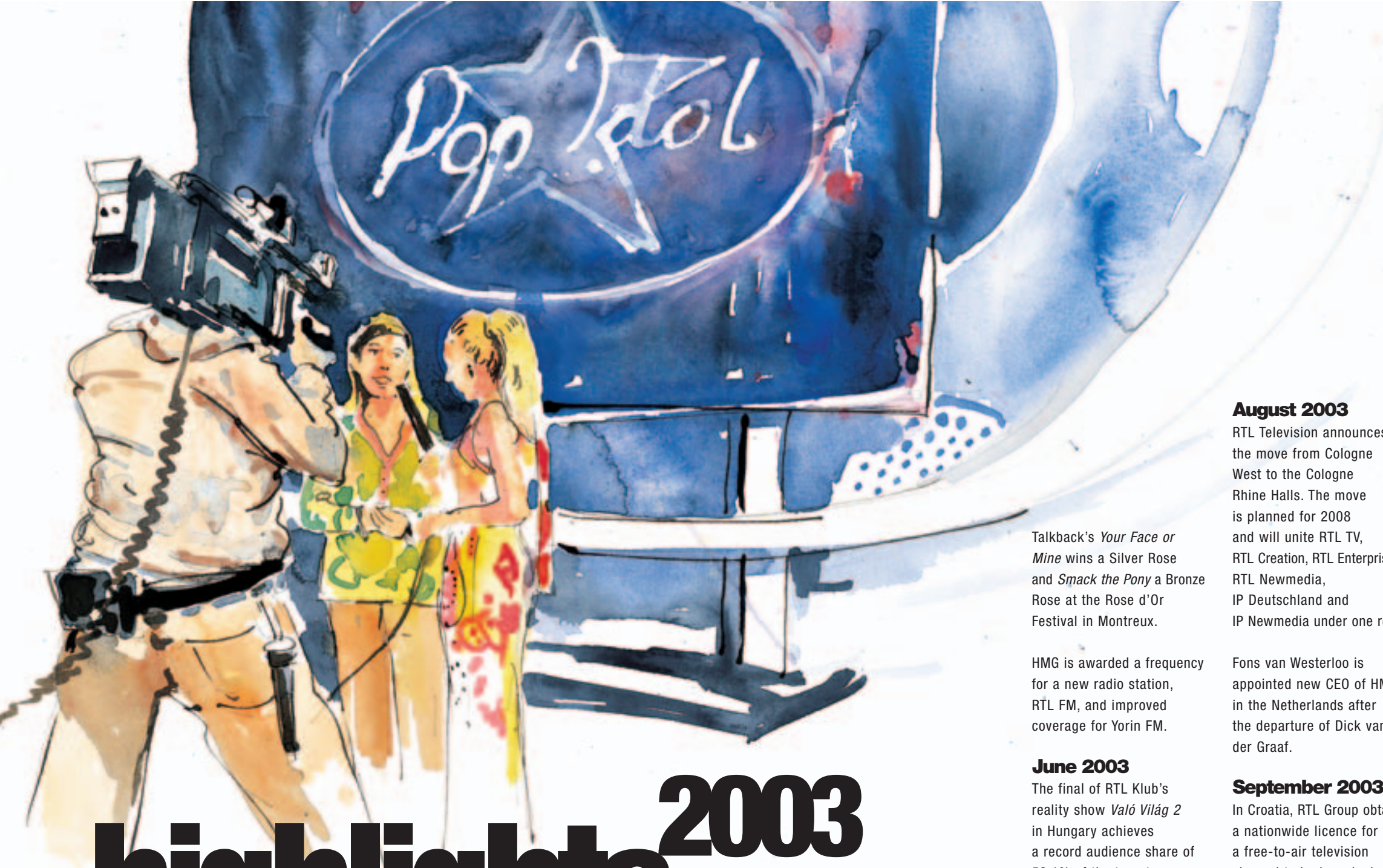
Our strategy remains consistent, and we are more focused than ever before on the delivery of shareholder value. We will continue to manage our cost base proactively to drive margin improvements across the group, but in ways that do not impact negatively on programming or audiences. We will extend our portfolio into territories where the possibilities are attractive, while disposing of holdings that we no longer regard as core. We will reduce net debt and improve the Group balance sheet to fund both internal and external growth.

As 2004 unfolds we are becoming more confident that a sustainable recovery in the advertising markets is taking shape, although visibility remains poor. We have a great opportunity to capitalise on our position, and we have a tremendous resource of exceptional people who can – and will – deliver.



**Gerhard Zeiler**  
Chief Executive Officer





# highlights 2003

## January 2003

Vox celebrates its 10th anniversary, having just completed the most successful year in its history.

*American Idol 2* is launched in January 2003. The first episode attracts 26.5 million viewers – more than the final of the first series.

## February 2003

CEO Didier Bellens announces his departure to become CEO of Belgacom, the Belgian state-owned telecoms group.

In the UK, Five appoints Jane Lighting to succeed Dawn Airey as CEO.

## March 2003

We announce the appointment of Gerhard Zeiler as the new Chief Executive.

The 2500th episode of *Goede Tijden, Slechte Tijden* (*Good Times, Bad Times*) is shown on RTL 4 in the Netherlands. In Germany, RTL Television and teamWorx win five Grimme Awards.

## April 2003

Télévie, the fundraising event supported by our Belgian and Luxembourg TV and radio companies, collects a record sum of €5.8 million for FNRS, the leukaemia charity.

## May 2003

In France, RTL pays a special tribute to Georges Lang, the founder and presenter of the famous RTL music programme *Les Nocturnes* that celebrates its 30th anniversary.

Talkback's *Your Face or Mine* wins a Silver Rose and *Smack the Pony* a Bronze Rose at the Rose d'Or Festival in Montreux.

HMG is awarded a frequency for a new radio station, RTL FM, and improved coverage for Yorin FM.

## June 2003

The final of RTL Klub's reality show *Való Világ 2* in Hungary achieves a record audience share of 52.1% of the target group.

Nicolas de Tavernost, Chairman of the Board of M6, is appointed to head the Association of Commercial Television (A.C.T.) in Europe.

## July 2003

We reach an agreement with Planeta over the future corporate governance, management and shareholding structure of Antena 3.

Hit Radio 104.6 is again Berlin's number one radio station, according to the latest radio research.

## August 2003

RTL Television announces the move from Cologne West to the Cologne Rhine Halls. The move is planned for 2008 and will unite RTL TV, RTL Creation, RTL Enterprises, RTL Newmedia, IP Deutschland and IP Newmedia under one roof.

Fons van Westerloo is appointed new CEO of HMG in the Netherlands after the departure of Dick van der Graaf.

## September 2003

In Croatia, RTL Group obtains a nationwide licence for a free-to-air television channel to be launched in spring 2004.

RTL Television wins nine awards at the Deutscher Fernsehpreis, the most highly regarded TV awards in Germany.

## October 2003

With the acquisition of the sports rights agency ISPR, Sportfive increases its rights portfolio in Germany and Europe.

FremantleMedia acquires Crackerjack, one of Australia's leading television production companies.

In the UK, the 20th anniversary live episode of FremantleMedia's long running police drama *The Bill* gains the drama's highest audience in over 3 years – 11 million viewers.

## November 2003

RTL Radio in France remains market leader with a year-on-year increase of 0.4% in its audience share and 0.7% in its cumulative audience.

In Germany, RTL Television's annual 24-hour Spendenmarathon raises €4.5 million for children in need around the world.

In France, Disques d'Or, a special auction sale of golden records, collects €77,600 for the Soleil d'Enfance charity.

## December 2003

TV channels around the world show *World Idol*, the spectacular two-part contest to find the ultimate pop idol from the winners of the first series. The winner is Norway's Kurt Nilsen.

## January 2004

RTL Television celebrates its 20th anniversary with two tribute shows looking back at some of its past successes.

M6 takes up its pre-emption right in the thematic channel Paris Premiere and increases its stake to 100%.

## February 2004

We launch Plug TV, our third TV channel in Belgium. Showing popular series, fiction, youth and reality genres, the new channel is targeted at 15 to 34 year-olds.

## March 2004

RTL Group and Canal + announce the sale of their interests in Sportfive with RTL Group retaining 25%.

RTL Group also sells London based television facilities service company LPC.



- Record EBITA performance.
- Increases in audience share.
- Strong growth in diversification revenue.
- Integration of German radio activities.

## Television and radio

# Germany

### Television holdings

RTL Television: 100%  
RTL II: 35.9%  
Super RTL: 50%  
Vox: 99.7%  
RTL Shop: 100%  
n-tv: 48.4%  
Universum Film: 100%

**This was an exceptional year for our German TV channels, with improved audiences and revenue growth in spite of the declining TV advertising market.**





RTL Television reaffirmed its status as Germany's most successful TV channel. Its many programming successes helped the channel draw further ahead of the competition and record the best audience figures for six years. Our family of channels in Germany had a combined audience share of 33.2% of the target group of 14 to 49 year-olds, significantly ahead of the 30.4% recorded in 2002. 2003 was another sluggish year for the German TV advertising market which finished around 3% down for the year (net, RTL Group estimate). The unfavourable climate did not prevent our businesses achieving growth. Our diversification businesses, such as RTL Shop, achieved strong revenue and EBITA growth. We also hold a 48.4% stake in n-tv, acquired from Holtzbrinck in 2002, which we increased to 50% in January 2004. Based in Berlin, n-tv is the leading news channel in Germany.

## RTL Television

RTL Television had an outstanding year. Its share of the total viewing audience increased to 14.9%, confirming it as the

clear leader in Europe's second largest TV market. Its share of the target 14 to 49 age group also rose –18.2% was its best result since 1997.

RTL Television had 62 of the 100 most popular programmes on German TV and no fewer than 27 programmes drew audiences of more than 10 million viewers. *Deutschland Sucht den Superstar*, the German version of the *Idols* format, was a massive success. The audience for the final of the first series in March 2003 peaked at just over 15 million viewers. Several other entertainment shows drew exceptional ratings and RTL Television also had the most successful feature film on German TV – *Erin Brockovich*. Among the channel's highly successful in-house productions were the *Alarm für Cobra 11 (Alarm for Cobra 11)* series, the hilarious comedy spectacle *Crazy Race* and the large-scale event movie *Held der Gladiatoren (Gladiators)*. The top comedy was *OLM!* followed by the sitcom *Rita's Welt (Rita's World)*, while *Gute Zeiten, Schlechte Zeiten (Good Times, Bad Times)* was again the most successful daily soap on German TV.

The channel's news and magazine programmes found favour with audiences and critics alike. The evening news programme *RTL Aktuell* was the main source of information

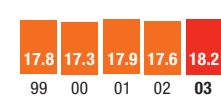
for younger viewers. RTL Television correspondent Antonia Rados won a Deutscher Fernsehpreis for her reporting of the war in Iraq, as did Peter Kloeppel for his hosting of *RTL Aktuell*. Both journalists made well-received documentaries for the channel during the year – Peter Kloeppel's two-parter on the history of the GDR drew an audience of 3.7 million viewers. The magazine programmes *Extra* and *Explosiv* were the most successful of their genre on German TV.

Sport continued to draw large audiences. The New Year ski jumping event in Garmisch-Partenkirchen topped 10 million for the first time. Audiences for the Formula 1 motor racing season were slightly down on the previous year, although ratings picked up in the final third of the season.

## Audience share 1999/2003 (%)

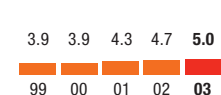
Source: GfK

### RTL Television



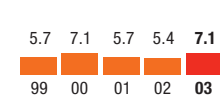
Target: 14-49

### Vox



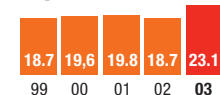
Target: 14-49

### RTL II



Target: 14-49

### Super RTL

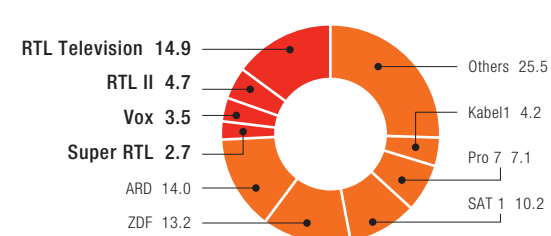


Target: 3-13

## National audience breakdown (%) - 2003

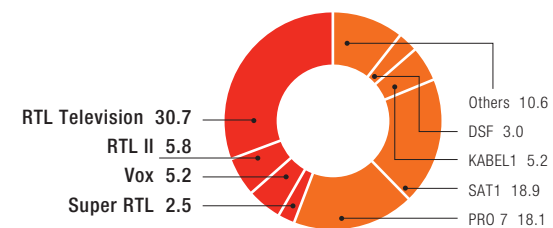
Source: GfK

3+



## National advertising breakdown (%) - 2003

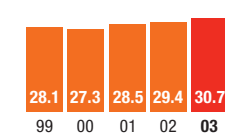
Source: Nielsen S+P



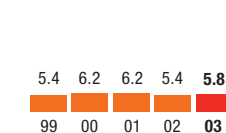
## Advertising share 1999/2003 (%)

Source: Nielsen S+P

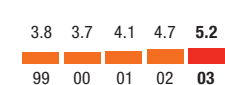
### RTL Television



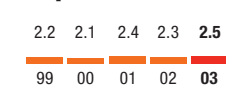
### RTL II



### Vox



### Super RTL



Alarm für  
Cobra 11  
(Alarm for  
Cobra 11)



## Vox

Vox celebrated 10 years of broadcasting with its best ever viewing figures. Its share of the 14 to 49 year-old target group reached 5.0% in 2003, exceeding the previous year's record high of 4.7%.

Vox's strong performance was driven by a programming strategy which focuses on variety and quality. In 2003 Vox further optimised its successful daytime programming with family-friendly American series such as *Für alle Fälle Amy* (*Judging Amy*). The docu-crime and docu-soap genres were successful in the evening schedules, while the quality US fiction series *CSI – Den Tätern auf der Spur* (*CSI – Crime Scene Investigation*) and *Crossing Jordan – Pathologin mit Profil* (*Crossing Jordan*) regularly delivered viewer ratings of over 9%. The *Star Movies* slot on Thursdays was as popular as ever. The channel's themed evenings, such as *Die Welt klagt an* (*The World Indicts*), produced in collaboration with Spiegel TV, also drew impressive ratings. Vox's in-house formats such as *Tierzeit* (*Animal Time*) and *Auto Motor und Sport TV* performed well. Its new cookery show *Schmeckt nicht – gibt's nicht* starring the cheeky Hamburg chef Tim Mälzer immediately achieved peak market shares in access primetime, and a daily series has been commissioned for 2004.

## RTL II

RTL II's lively and innovative programming is targeted at a younger audience and includes movies and series, lifestyle and infotainment shows, science fiction, music, sitcoms, animation and programmes for children. The channel scored many ratings successes in 2003, boosting its share of the 14 to 49 year-old audience from 5.4% to 7.1%. *Big Brother – The Battle* achieved new viewing records, while the exciting US series *24* drew a large audience of dedicated fans. Also popular were the channel's innovative docu-soaps, such as *Frauentausch* (*Wife Swap*), *Vorsicht Baustelle* (*Construction Ahead*) and *Mein Haus – Dein Haus* (*My Home – Your Home*).

The weekly documentary series *Autopsie* and *Ungeklärte Morde* (*Unsolved Murders*) had many fans, as did the cult science fiction *Stargate* and the comedy sensation *King of Queens*. RTL II's viewers enjoyed the British chef Jamie Oliver's shows *The Naked Chef*, *Jamie's Kitchen* and *Oliver's Twist* from FremantleMedia. Infotainment magazines also performed well, as did the Japanese animation series *One Piece* and *Yu-Gi-Oh*, which were shown for the first time on German TV. RTL II strengthened its appeal to young viewers with *The Dome*, a unique music event featuring international megastars.



The Dome  
RTL II

## Super RTL

Super RTL had another record year, achieving its best ever results since launch in 1995 and consolidating its position as Europe's leading children's channel. Super RTL's share of the 3 to 13 year-old target group reached a new high with an annual average of 23.1%, strengthening its market leadership. As well as being a core advertising medium for children, the channel is also popular with advertisers for its ability to target women and is extending its portfolio to include attractive films, series and shows. In 2003 Super RTL extended the scope of its supplier contracts with Disney and RTL Group, its two shareholders. For the first time, Disney is supporting Super RTL with high quality formats during primetime. The channel's powerful TOGGGO brand contributed to revenue growth. TOGGGO allows Super RTL to deliver unique networked offers combining TV advertising, merchandising, event marketing and internet exposure – the TOGGGO website was by far the most popular address for young web users in 2003 with over 460 million page impressions. An online

educational service for children aged 3 to 7 was successfully launched in late 2002 on a subscription basis, and has attracted more than 35,000 users.

## Universum Film

The German video market continued to grow in 2003, driven 11% higher by increased DVD sales in the retail market. Universum Film defended its position as the leading independent video distributor in a highly competitive market. Top feature films such as *Reservoir Dogs* were marketed as special editions, offering large amounts of bonus material, alongside the basic versions. The company promoted its back catalogue extensively, reaching top positions in the German DVD retail charts.



Formula 1  
Racing

Universum Film continued to collaborate with RTL Group companies on rights acquisition, programme supply and promotion. It marketed *Deutschland Sucht den Superstar*, the most successful music DVD ever, and successfully released two further RTL Television movies, *Children of Dune* and *Gladiator*. Universum Film's theatrical distribution business, launched in mid-2002 in cooperation with RTLAllrights, released a total of nine films in 2003 and a slate of 13 films is planned for 2004.





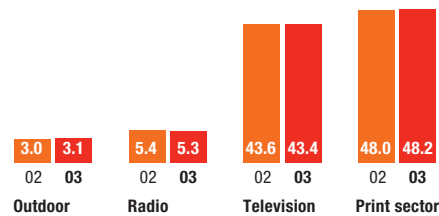
**Radio holdings**

- 104.6 RTL: 100%
- Radio NRW: 17%
- Antenne Bayern: 16%
- Radio Hamburg: 29.2%
- RTL – Die besten Hits mit Gefühl: 100%
- Antenne Niedersachsen: 36%
- Hit-Radio Antenne Sachsen: 48.9%
- Radio Brocken: 48.5%
- 89.0 RTL: 48.5%
- Antenne Thüringen: 15%
- Antenne Mecklenburg-Vorpommern: 24.5%
- Radio 21: 17 %
- BB Radio: 40%
- Radio Ton: 2%

# Radio Germany

**German Advertising market 2002/2003 (%)**

Source : Nielsen Media Research



**Audience share 1999/2003 (%)**

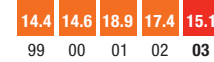
14+  
Source: MA 2003



104.6 RTL

**Advertising share 1999/2003 (%)**

Source: Nielsen S+P



104.6 RTL

**We continued to develop our position in the German radio market while working to integrate the AVE holding of radio stations into our portfolio.**

The AVE holding, acquired from Holtzbrinck in late 2002, expands our stake in German radio to 14 stations. Most of our German radio investments are minority holdings because of constraints on media ownership in Germany. Two stations, 104.6 RTL in Berlin and RTL Radio – Die besten Hits mit Gefühl, are fully owned, and these are the only ones to be fully consolidated in the Group accounts. In order to comply with regulatory requirements following

the AVE acquisition, we sold our 25.2% stake in Hit-Radio RTL in Baden-Württemberg. We were able to increase our holdings in 89.0 RTL and Radio Brocken to 48.5% in both stations. In January 2004 Gert Zimmer took over from Jürgen Filla as CEO of RTL Radio Deutschland. He is also responsible for identifying opportunities for the Group to expand its radio interests in Central and Eastern Europe.



- Record audiences for *Idols* worldwide.
- Strong performance in a difficult marketplace.
- Successful new shows launched in key markets.

**FremantleMedia made positive progress in 2003, inspired by the success of the *Idols* format which continued to break TV viewing records.**



# Production and Distribution FremantleMedia

**Australia**

Crackerjack: 100%  
Grundy Television: 100%

**France**

Be Happy: 100%  
Grundy France: 100%

**Germany**

UFA Film & TV Produktion: 100%  
Grundy LE: 100%  
Grundy UFA: 100%  
Phoenix Film: 51%  
TeamWorx: 100%  
Treibtsch: 90%

**Netherlands**

Holland Media House: 100%

**Spain**

Producciones Fremantle: 100%

**Hungary**

Magyar Grundy UFA TV: 100%

**Italy**

Grundy Italia: 100%

**Luxembourg**

CLT-UFA International: 100%

**United Kingdom**

TalkbackThames: 100%

**USA**

FremantleMedia  
North America: 100%

The *Idols* format, owned jointly with 19TV, has strengthened FremantleMedia's position in the global TV market and fuelled the development of exciting new shows and formats with international appeal. FremantleMedia's creative energy and expertise in adapting formats to the needs of local markets has helped it ride through a difficult period for programme makers, when broadcasters' programme budgets were still under great pressure. FremantleMedia continued to reshape and expand its

organisation. Two of its best-known brands, Thames and Talkback, were brought together to create a unified UK production arm under a single editorial board. The refocusing of FremantleMedia's distribution business was completed. In October, FremantleMedia announced that it had acquired Crackerjack, one of Australia's most creative TV production companies. Crackerjack will complement FremantleMedia's existing Australian production company, Grundy Television.



The *Idols* phenomenon helped to make 2003 another outstanding year for FremantleMedia's production businesses. The format's success has opened up new opportunities in key markets, such as the USA where two major new entertainment shows were launched, *American Juniors* and *Cupid*. In 2003, shows were produced in a total of 37 territories, and the total number of productions increased from 259 in 2002 to 263 in 2003.

The two UK production companies, Talkback and Thames, were brought together to create the largest independent production company in the UK – talkbackTHAMES. A single management team has been appointed to harmonise production, finance, legal and business affairs for the new company, although the Talkback and Thames brands remain separate and retain their distinct editorial identities. A new central unit, Worldwide Entertainment, was also created in 2003, to oversee the rollout of FremantleMedia's international entertainment formats.

### Idols – a winning format worldwide

FremantleMedia's entertainment format *Idols* had another sensational year. The massively popular show, based on the search for a national solo pop idol, had been shown in 22 countries by the year-end with more signing up for 2004. *Idols* has now been seen by over 100 million viewers around the world and over 500 million votes have been cast by members of the public.

*Idols* recorded astonishing ratings in those countries where it launched for the first time. In Germany, the final was RTL Television's highest rated entertainment show for 14 to 49 year-olds since 1992 with a peak audience of 7.6 million viewers. In the Netherlands, over a third of the entire viewing population tuned into RTL 4 to watch the final. In Norway, the final live performance show on TV2 achieved a share of 82.2% of 12 to 44 year-olds.

The show was the most successful home-grown series on Canadian TV ever, while in Australia the final on Network 10 was the country's highest rating show of the year, apart from the Rugby World Cup Final, with a 65% share of all viewers.

Fantastic ratings were also achieved in those countries airing second or even third series – 38.1 million viewers watched the final of *American Idol 2* on Fox in May. The first pan-regional production, the pan-Arabic *SuperStar*, was aired by Lebanon-based Future TV in a licensed deal.



World Idol: Norway's Kurt Nilsen won World Idol, the spectacular global TV event staged by FremantleMedia and 19TV. In the two-part special, shown around the world at the end of the year, series one winners from 11 countries competed for the ultimate Idols accolade.

### Entertainment: successful new shows

FremantleMedia produced 134 entertainment shows in 32 countries in 2003, including such long-running successes as *The Price Is Right* and *Family Feud* in the USA, *Questions Pour Un Champion* in France and *The Lyrics Board* in Sweden. Several new entertainment formats were successfully launched in 2003. The grime-busting *How Clean Is Your House* from talkbackTHAMES was a ratings sensation with over five million viewers, doubling the prime time share of its broadcaster, Channel 4, in the UK. A book based on the series and published by Penguin was a big seller at Christmas. Following its UK success, the format has since been launched in Germany on RTL II and in the Netherlands on RTL 4.

FremantleMedia acquired the international format rights (excluding USA, China and Taiwan) to the primetime entertainment spectacular *Star Search*. The talent-based show was recently revived on CBS in the USA, where it originally aired in the 1980s and 1990s. FremantleMedia's German production company, Grundy Light Entertainment, was the first to produce a version of *Star Search* outside the USA, for the Sat 1 channel.

In the UK, the celebrity quiz show *QI* premiered on BBC2 in September with an audience of over 3 million. Hosted by the actor and comedian Stephen Fry, the intellectual quiz show also aired on the digital channel BBC3 where it was one of the Channel's highest ever rated programmes. Another UK success was *Return to Jamie's Kitchen*, a follow-up to the hugely successful documentary series *Jamie's Kitchen* starring the celebrity chef Jamie Oliver.

The new entertainment show *Finally Friday*, which was a huge hit on Denmark's DR1, is now being offered to international markets. The show features a wild office party where work mates challenge their bosses to win special perks. The reality-adventure show *Extreme Escapades* returned for its third series on MTV3 in Finland. The series again topped the ratings charts with the final on 17 June achieving a massive 67% share. Following series in the UK, Turkey and Argentina, the format *Touch The Truck* premiered successfully in Portugal on SIC. The entertainment format *Liar* also continued its roll-out airing in Belgium and the Pan-Arabic region, having previously been broadcast in the UK and France. There was continued success for the established game show *The Lyrics Board*, which aired in seven territories in 2003.

### Drama: continuing excellence

FremantleMedia's production companies maintained their reputation for award-winning dramas. In Germany, teamWorx, part of FremantleMedia's UFA company, collected several accolades including four Grimme Awards for *Toter Mann (Something to Remind Me)*. Grundy-Ufa's TV movie *Held der Gladiatoren (Gladiators)*, achieved good ratings when it premiered on RTL Television in October 2003. In the UK, talkback's moving two-part period drama *The Lost Prince* gained an audience of over 8 million viewers on BBC1. Serial dramas continued to perform well. With a peak audience of 5.9 million viewers, *Gute Zeiten, Schlechte Zeiten (Good Times, Bad Times)* on RTL Television continued to be the highest rated daily serial drama in Germany. In January, a Polish version of Hungary's most popular daily serial drama *Barátok Közt (Between Friends)* premiered as *Na Wspolnej* on TVN in Poland and increased its audience share during the year.



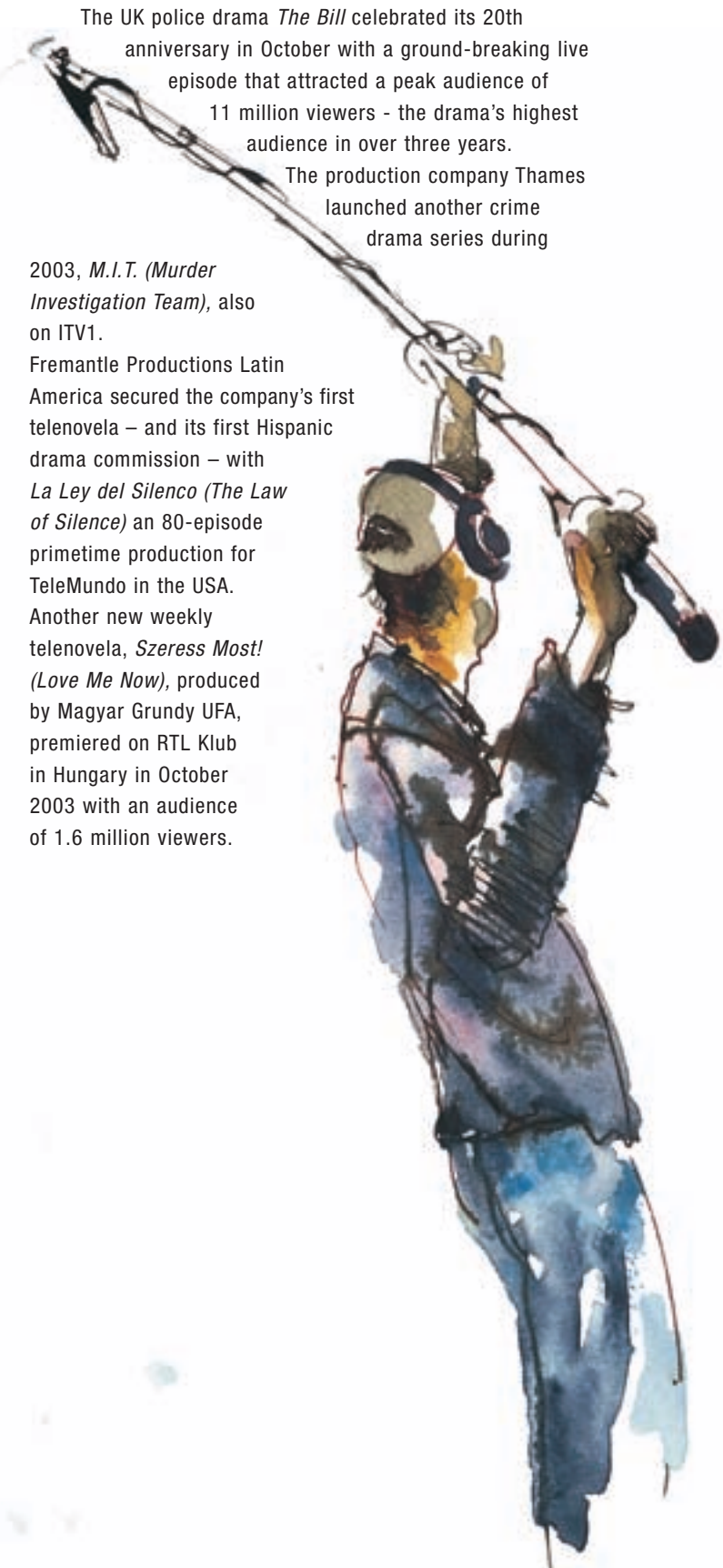
Held der Gladiatoren: Grundy-Ufa used the latest technology to create a computer-generated ancient Rome for its critically acclaimed TV movie *Held der Gladiatoren (Gladiators)*.

The UK police drama *The Bill* celebrated its 20th anniversary in October with a ground-breaking live episode that attracted a peak audience of 11 million viewers - the drama's highest audience in over three years.

The production company Thames launched another crime drama series during

2003, *M.I.T. (Murder Investigation Team)*, also on ITV1.

Fremantle Productions Latin America secured the company's first telenovela – and its first Hispanic drama commission – with *La Ley del Silencio (The Law of Silence)* an 80-episode primetime production for TeleMundo in the USA. Another new weekly telenovela, *Szeress Most! (Love Me Now)*, produced by Magyar Grundy UFA, premiered on RTL Klub in Hungary in October 2003 with an audience of 1.6 million viewers.



FremantleMedia has two ancillary companies responsible for the exploitation of the company's creative properties – FremantleMedia Licensing Worldwide and Fremantle International Distribution. FremantleMedia Licensing Worldwide has grown steadily and expanded its activities in the last few years, diversifying FremantleMedia's revenues. Fremantle International Distribution completed its reorganisation in 2003 with the creation of a decentralised salesforce operating out of the UK, Germany, the USA, Latin America and Australasia.

## FremantleMedia Licensing Worldwide

FremantleMedia Licensing Worldwide performed extremely well in 2003. The Brand Licensing group had a successful year, with improved revenue and profit driven by the *Idols* brand franchise. Notable achievements were the multi-territory releases of an *Idols* interactive game for PC and Playstation 2, the launch of fragrance and cosmetic ranges, and delivery of *Idols* telephone voting around the world – *American Idol 2* alone generated almost a quarter of a billion votes.

The Interactive group was also involved with *American Idol 2* voting and pioneered the first ever SMS vote in the USA.



The Big Friendly Giant:  
FremantleMedia's Home Entertainment group sold more than 200,000 DVDs of Roald Dahl's *The Big Friendly Giant*.

Java and multimedia text messaging (MMS) applications were launched around the world based on some of FremantleMedia's best known formats. Interactive TV was a growth area in the UK and France where interactive versions of TV game shows were an immediate hit with viewers. In the USA, a live stage version of classic game show *The Price Is Right* enjoyed a highly successful run at Harrah's Casino in Reno, NV. The show is planned to be rolled-out to different Harrah's locations throughout the USA in 2004.

The Home Entertainment group continued to grow its DVD business, which now accounts for over 80% of all its video sales. Notable successes included the six-part series *World War I in Colour*, sales of which exceeded all expectations, a limited edition 30th anniversary *World at War special*, which also beat forecasts, and Roald Dahl's children's tale *The Big Friendly Giant*. The Clip & Archive sales team had its most profitable year to date – North American sales increased by no less than 78% year on year.

The Music Publishing group consolidated its administrative and collection activities into BMG Music Publishing, and it refocused on content development and exploitation.

## Fremantle International Distribution

*Idols* was again a major success for Fremantle International Distribution in international markets. *American Idol 2* was licensed to the UK, Ireland, Canada, Singapore and New Zealand; *Pop Idol* series 2 to South Africa; and *Australian Idol* to New Zealand. The two-part *World Idol* special was also sold to six countries, in addition to the 11 participating territories that broadcast the special.

Another success was the award-winning documentary series *Jamie's Kitchen*, produced by talkback and Fresh One Productions and licensed to 30 territories. Two series of *Oliver's Twist*, also starring the popular chef Jamie Oliver, were licensed – the first to 41 territories and the second to 32 territories.

The Thames-produced drama series, *M.I.T. (Murder Investigation Team)* was successfully licensed to the USA, Canada, Australia and New Zealand.

As well as sourcing product from FremantleMedia Production, the division continued to develop its relationships with UK-based independent production companies. It secured



Jamie's Kitchen:  
The Jamie Oliver brand is a valuable asset for FremantleMedia's distribution business. A range of series were licensed during the year and further growth is planned for 2004.

a distribution deal with Belfast-based Brian Waddell Productions Limited (*Life After Baywatch*) and a distribution agreement with Nugus Martin Productions, a leading UK producer of factual programming. It has international distribution rights outside the UK and USA for the high-profile documentary *Our Son Michael Jackson*, produced by Shine Productions. It also has distribution rights to the hour-long special *Britney Spears: In the Zone*, following a deal with BMG Visual Media. The major new drama *The Return*, from the award-winning UK independent production company, Sally Head Productions, was successfully licensed to the USA and Australia. In 2003 the division acquired international distribution rights for the catalogue of UK terrestrial broadcaster, Five.

- Further growth from M6.
- Record EBITA performance.
- Continuing commitment to innovative programming.
- Substantial uplift in diversification revenues.

**Television holdings**

M6: 48.4%

RTL 9: 35%

# Television France

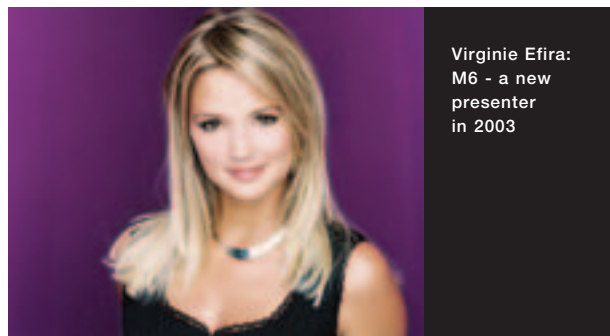
This was a year of growth and development at M6. The channel continued to deliver highly successful programming, while its diversification businesses tapped into new sources of revenue.





Our 48.4% stake in M6 is a key strategic holding and a significant source of earnings for RTL Group. M6 has delivered a powerful performance in recent years, building audiences with adventurous programming and maximising revenue through its strategy of intensive diversification into TV-related activities. It continues to provide a 'best practice' model for other TV companies within our Group, with whom M6 regularly shares its expertise.

The TV advertising market rose by 3 per cent (net, IREP) in 2003 with M6 delivering a powerful financial performance – EBITA was up 25%. Sales generated by M6's diversification (including TPS and thematic channels revenue) now exceed revenues derived from the core TV business. M6 advertising sales rose by 3.3% year on year. The positive trend should continue in 2004 when the news-paper and publishing sector is allowed to advertise on TV.



Virginie Efira: M6 - a new presenter in 2003

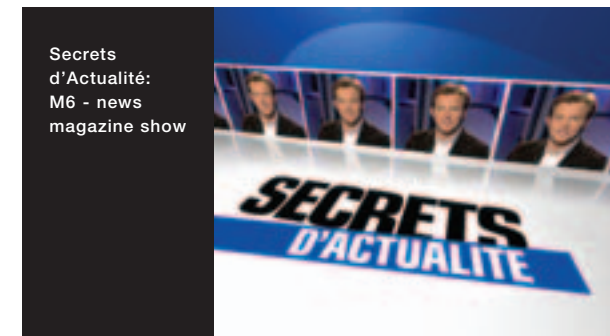
In February 2004 we reached an agreement with the Conseil Supérieur de l'Audiovisuel (CSA) that cleared the way for Suez to dispose of the majority of its stake in M6. Under the agreement, the CSA recognises RTL Group as the principal shareholder.

RTL Group also owns a 35% stake in RTL 9, the family entertainment channel distributed via TPS and CanalSatellite in France, and via cable in France and Switzerland. In 2003 RTL 9's audience share was 2.6% making it France's leading cable and satellite channel for the ninth consecutive year.



## M6 continues to grow

Once again M6 was the second most popular channel for the target group, housewives under 50, with a share of 18.5%. Its success was most evident in primetime, where it was the only major national channel to increase its audience share. M6 maintained its reputation for bold and exciting programming. It launched more new shows than in the previous year, including its own innovative formats and adaptations of established favourites. Notable successes were *A la Recherche de la Nouvelle Star* which was produced by FremantleMedia and based on the *Idols* format, *Bachelor, le gentleman célibataire* (*The Bachelor, the Single Gentleman*), *J'ai décidé de maigrir* (*I Decided to Lose Weight*), *J'ai décidé d'arrêter de fumer* (*I Decided to Stop Smoking*), *Le grand zap* (*the Big Zap*) and *Camera Café*, which was launched in a 120-minute format. Also successful were the channel's news magazines, such as *Capital*, *Zone*



*Interdite* and *Secrets d'Actualité*, which scored audience gains. To support its drive for freshness and originality, M6 established two new production subsidiaries, one for audiovisual creation and the other for animated film. M6's digital platform continued to grow and now accounts for 17% of revenues. The audience for its thematic channels on TPS has increased, and during the year M6 added to the range of channels with more youth programming and films.

In spite of a difficult economic environment, M6's diversification activities had a successful year with DVD collections, such as *Belmondo* and *E=M6*, videos and magazines all performing well. M6 produced the well-received musical comedy *Gone with the Wind*, which is touring French cities during 2004. SND, the company's cinema affiliate, distributed 10 films in 2003 including *Gangs of New York*.

Six of M6's movie co-productions ranked among the Top 30 at French cinemas.

## Audience share 1999/2003 (%)

Target: Housewives -50

Source: Mediamétrie



M6

## Advertising share 1999/2003 (%)

Source: Secodip

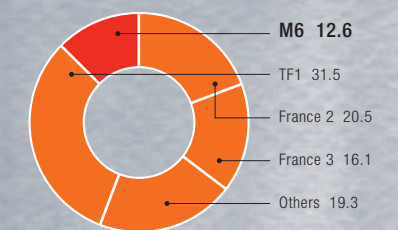


M6

## National audience breakdown (%) 2003

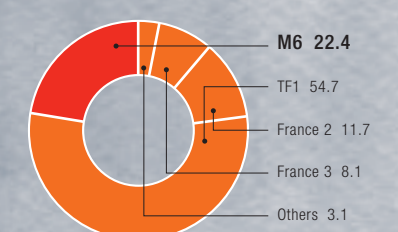
4+

Source: Mediamétrie



## National advertising breakdown (%) 2003

Source: Secodip



- Improved audience share.
- Turnaround in profitability.
- New national radio service launched.

Television and radio

# The Netherlands

**Holdings**  
RTL 4: 100%  
Yorin: 100%  
RTL 5: 100%  
RTL FM: 100%  
Yorin FM: 100%



**This was an important year for our HMG business in the Netherlands, marked by positive performances from the TV channels and the launch of a new national FM radio service.**



2003 was a year of change for Holland Media Groep (HMG). In July CEO Dick van der Graaf announced his departure, and in the following month Fons van Westerloo, the former CEO of SBS Broadcasting, was appointed to replace him. Most of the company, including all its technical operations, relocated to the heart of the Dutch broadcasting industry – the Mediapark in Hilversum – and by the end of 2004 all HMG staff will be working together under one roof. All three TV channels performed strongly. RTL 4, Yorin and RTL 5 achieved a combined average market share of 31.1% in the important target group of shoppers 20 to 49 year-olds – a substantial increase on the 29.4% recorded in 2002. The Dutch TV advertising market grew by 1% (net – BBC/SPOT). Improved viewing figures helped HMG outperform the market, resulting in a positive EBITA, up from a loss in 2002.

HMG's position in the radio market was greatly strengthened by the outcome of the government's review of terrestrial frequencies. Not only did HMG secure better coverage for Yorin FM, it also won a frequency for a national FM station, which launched in June 2003. This represents a major expansion of HMG's radio interests, and in November a member of the HMG Management team, Arthur Weijers, was appointed Director of Radio.

## Strong TV performance

The foundation of HMG's success is **RTL 4**, which was again the overall market leader with an increased share of 19.1% of the shoppers 20-49 target group. *Idols* was a huge success with no fewer than 4.8 million viewers watching Jamai win the final. Several successful new shows were launched, including *De Bauers*, a real-life soap revealing the daily life of a popular Dutch singer, the dating shows *De Bachelor* and *De Perfecte Partner*, the chat show *Pulse* and the daily news bulletin *Editie NL*.

RTL 4 also scored with established favourites such as the homebuying show *TV Makelaar*, the consumer affairs programme *Woonbrigade* and the news and entertainment magazine *RTL Boulevard*. Its acclaimed police drama series *Baantjer* celebrated its 100th episode and established a new viewing record. Another ratings peak was achieved on 15 November, when the Euro 2004 qualification play-off between Scotland and the Netherlands attracted nearly 4 million football fans.

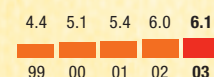
## TV Audience share 1999/2003 (%)

**Target: shoppers 20-49**  
Source: Intomart



RTL 4

**Target: Men 20-49**



RTL 5

**Target: 20-34**



Yorin

## TV Advertising share 1999/2003 (%)

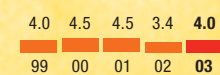
Source: BBC



RTL 4



Yorin

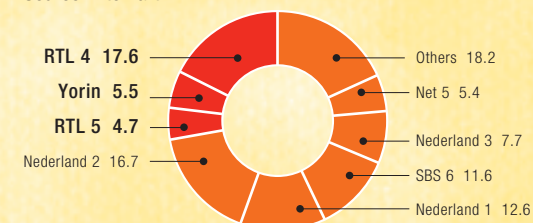


RTL 5

## TV National audience breakdown (%) - 2003

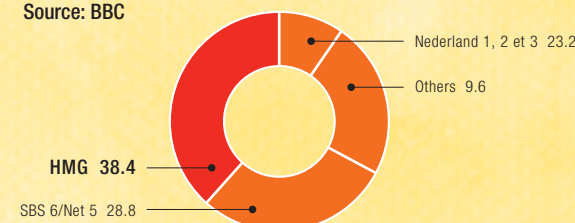
13+

Source: Intomart



## TV National advertising breakdown (%) - 2003

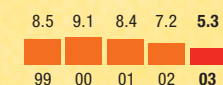
Source: BBC



## Radio Audience share 1999/2003 (%)

20-34

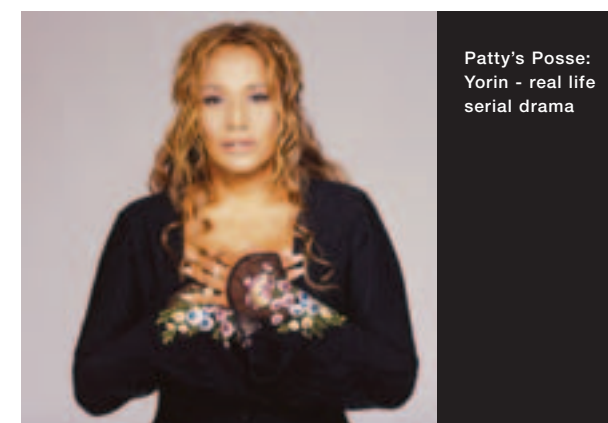
Source: Intomart



Yorin FM



De Bachelor:  
RTL 4 - one  
of the dating  
shows in 2003



Patty's Posse:  
Yorin - real life  
serial drama

**Yorin** launched many new and exciting programmes, ranging from the fashion show *De Modepolitie* and the real-life soap *Patty's Posse* to the documentary *Edele Delen* and the infotainment series *Brutale Moeders* and *Idols Backstage*. Yorin also acquired the Dutch broadcasting rights to Martin Bashir's controversial and chart-topping documentary *Living with Michael Jackson*. Yorin achieved a significant increase in its share of the main target group, 20 to 34 year-olds, which was up from 8.2% in 2002 to 8.9%.

HMG's third TV channel is **RTL 5**, offering sports, news, information, movies and entertainment shows targeted at male viewers. It celebrated its 10th anniversary in 2003 with exceptionally strong sports programming, including the Wimbledon and US Open tennis tournaments. RTL 5 also focused on football, with extensive coverage of the English Premier League and the German Bundesliga. This was RTL 5's most successful year since 1996, and its average share of the 20 to 49 year-old male audience increased to 6.1%.

## New radio service

HMG has positioned **RTL FM**, its new national radio station, as the radio sister of its TV channel RTL 4. Aimed at adults aged 20 to 49, the station's market share had risen to an average of 1.7% of the target group for the period from July to December 2003. RTL FM's programming combines a varied mix of non-stop music with news bulletins during morning and evening drivetime, read by well-known *RTL Nieuws* presenters. In addition, every weekday afternoon the station broadcasts entertainment news provided by the *RTL Boulevard* editorial team.

**Yorin FM**, HMG's second radio service, once again mounted a series of original events, including an exclusive performance by the rock band Kane on a roof in Arnhem for the station's new listeners in the Gelderland region. Yorin FM rounded off the year with a look back at the hits of the past ten years, which generated a huge and enthusiastic response. The station's market share of 20-34 listeners fell from 7.2% to 5.3%, largely due to the uncertainty over the licence review.



**Holding**  
Five : 64.6%

**In spite of the difficult environment for the UK's commercial terrestrial channels, Five continued to grow revenues and audiences while enhancing its reputation for innovative programming.**

- Five increases revenue in a tough marketplace.
- Improved audience share.
- First full year of EBITA profitability.

Five was the only UK terrestrial channel to increase its share of adult viewing in 2003, which rose to 6.6%, and it also increased its share of the key 16 to 34 group. Five performed particularly well on Freeview, the fast-growing digital platform that now reaches over 2.2 million (source: OFCOM) UK homes, as well as growing its share in satellite and cable homes. The increase in multichannel penetration, which reached the 50% mark by the end of 2003, plus further investment in transmitters in the South of England enhanced Five's reach to nearly 85% of UK homes.

Five delivered another extremely strong sales performance in the face of increased competition from multichannel services. Its share of net advertising revenue grew from 7.5% to 8.1% (source: Five estimate). This was by far the largest increase of any of the commercial terrestrial broadcasters. The overall UK TV advertising market was broadly flat in 2003, but Five's earnings performance was substantially ahead year on year, resulting in its first positive full year EBITA since launch in 1997. The channel is progressing its strategy to maximise secondary revenues and will be launching interactive services and programming initiatives during 2004.

The strong focus on cost control continued in 2003. Five renegotiated the terms of its broadcasting licence and was able to secure an immediate reduction to its analogue licence payments.

**Investing in quality**

Five raised its programming spend by over 5% in 2003, with an even greater increase committed for 2004. The channel's investment in programme quality has been well rewarded. Not only has its overall share of the adult audience improved, it has also made good progress in developing its demographic profile.

The success of Five's factual programmes has been a major factor in attracting a more upmarket audience. *World War 1 in Colour* and *Britain's Finest* received great critical acclaim as well as providing highly satisfactory ratings. Five extended its reputation for factual entertainment, with *The Curse of...* documentary series drawing large audiences. The channel's

well-regarded arts programming continued with a second series of Tim Marlow's *Great Artists* among the highlights. Five is maintaining its increased focus on the factual and factual entertainment genres under Dan Chambers, who took over as Director of Programmes during the year.

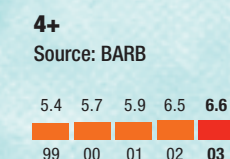
The terrestrial premieres of *Erin Brockovich* and *Gladiator* were among Five's movie successes. However, it was a repeat of the Christmas favourite, *Miracle on 34th Street*, that drew the highest share with around 20% of the audience and 4.8 million viewers. The channel's future movie slate was strengthened with the acquisition of the rights to

Columbia Tristar's 2003 theatrical releases which will be available for payout from 2005. Acquired series performed extremely well, with the new series of *CSI Miami* and *Crime Scene Investigation* regularly drawing over 3 million viewers.

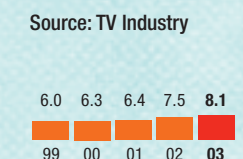
One of Five's largest audiences of the year was for the UEFA Cup football match between Celtic and Liverpool, which attracted enormous interest across the UK and was watched by almost 5 million viewers.

Television **UK** Five

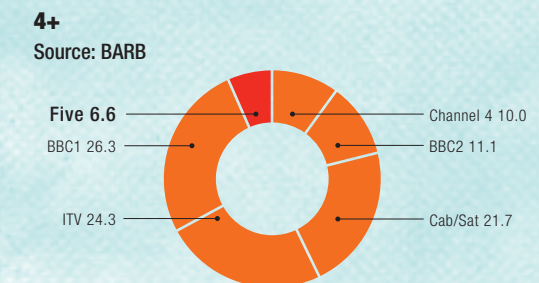
**Audience share 1999/2003 (%)**



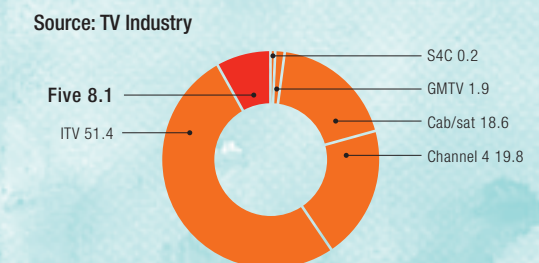
**Advertising share 1999/2003 (%)**



**National audience breakdown (%) - 2003**



**National advertising breakdown (%) - 2003**





Radio  
**France**

- Further revenue growth.
- Continuing innovation at RTL Radio.
- Audience consolidation for RTL 2 and Fun Radio.

**Our Group's strongest radio presence is in France, where our family of complementary stations outperformed the market to deliver another year of growth.**

**Radio holdings**

- RTL: 100%
- RTL 2: 100%
- Fun Radio: 100%
- Sud Radio: 20%
- Wit FM: 20%



RTL Radio, our flagship station, reaffirmed its position as the number one station in France with a decisive lead over its rivals. The station has overcome intense competition and programming setbacks in recent years to reclaim its prominent position in French cultural life. The pop-rock station RTL 2, and Fun Radio with its unique Hits and Fun format, both delivered solid audience and revenue results. Minority holdings in Sud Radio and Wit FM in the south of the country round off our portfolio. Once again, the IP sales team helped our stations achieve their full revenue potential. RTL Radio, RTL 2 and Fun Radio accounted for a combined share of 27.7% of the radio

advertising market, which grew by 4.3% (net, source: IREP). In addition, RTL Fun Development produced several highly successful CDs which boosted non-advertising revenue. New advertising regulations come into effect from 2004. Several sectors will be opened up to TV advertising, the first of which will be press. Our stations are implementing strategies to compensate for the changing circumstances. Lobbying activities are being intensified with the aim of securing further FM frequencies for RTL Radio so that its programmes can be heard throughout the country.





**RTL Radio**

RTL Radio continued to set the pace with successful programming and marketing innovations. It retained its position as France's number one station and also ranked first in France for cumulative audience and hours of listening. To capitalise on the success of *On Refait le Match*, the cult football discussion programme hosted by Eugène Saccomano, the station launched two new daily shows based on the format, presented by Isabelle Morini-Bosc and Christophe Hondelatte. RTL Radio's sports programming during the year also included coverage of the centenary Tour de France and the 2003 World Championships in Athletics held in Paris. RTL Radio also innovated in its musical programming, launching its Talent RTL initiative to encourage new artists, and partnering M6's talent show *A La Recherche de la Nouvelle Star*. In May, the station paid a special tribute to Georges Lang, founder and presenter of the much-loved night-time music programme *Les Nocturnes* which celebrated its thirtieth anniversary. RTL Radio is also strengthening its regional presence. In 2003 it joined with *Le Progrès*, a daily newspaper in Lyon, to provide five daily local news and information windows for listeners in the region. Lyon is one of three cities in

which the station has opened coffee shops where listeners can meet RTL Radio personalities – the others are Lille and Marseille. The station now broadcasts some shows from its studios in Lyon and Marseille. In September, a new advertising campaign was launched with the theme *Vivreensemble RTL* (Living Together on RTL). This was very well received and has helped to build positive attitudes towards the station.

**RTL 2**

RTL 2 plays the greatest pop-rock hits from the last two decades. In 2003 it featured interviews and live shows with all the top French and international pop-rock artists, including Indochine, Jean-Louis Aubert, Phil Collins, Sting, Ben Harper and Simple Minds. In September Alexandre Devoise and the *Grand Bazar* team returned for a second season in the morning drivetime slot. One million people tune in every weekday to enjoy the programme's lively blend of news, music and games. Between January and March, RTL 2 achieved its highest ever first quarter audience share. In 2003 its share of the 13+ radio audience increased to 2.7%.

**6H-9H LE GRAND BAZAR**

**ALEXANDRE DEVOISE**

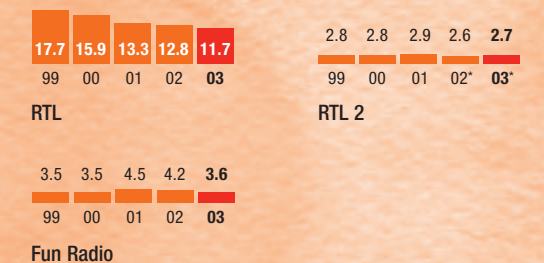
Le Grand Bazar: Every weekday some one million listeners tune in to Alexandre Devoise and the team for drivetime news, music and games

**Fun Radio**

Fun Radio's distinctive programming attracted 3.3 million listeners each day in 2003. In the face of tough competition, it was able to maintain its appeal to the two key target groups, 13 to 24 year-olds and 25 to 49 year-olds. The station's output is divided equally between music and talk. It plays hit music by famous artists such as Britney Spears, Justin Timberlake, Beyonce and Christina Aguilera – stars that Fun Radio helped to launch in France through its partnerships with leading performers. Talk shows take up nine hours of the daily schedule. 2003 was the fourth season for Arthur, one of France's best known TV and radio hosts, whose afternoon show was listened to by 1.2 million people. Fun Radio's schedule of special events, concerts and tours was as busy as ever, and it sponsored several movie releases including *Kill Bill*, *Catch Me If You Can* and *Charlie's Angels*.

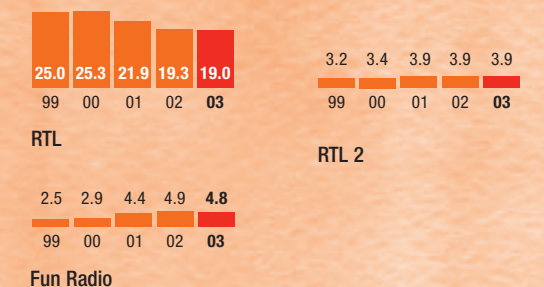
**Audience share 1999/2003 (%)**

**13+ (since Sept. 2002)**  
Source: Mediamétrie



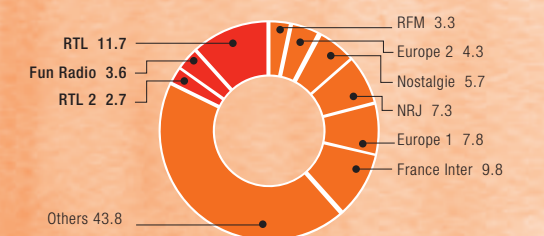
**Advertising share 1999/2003 (%)**

Source: Secodip



**National audience breakdown (%) 2003**

**13+**  
Source: Mediamétrie



- Solid performance from our TV and radio interests.
- Improved share of the advertising market.
- New TV channel prepared for launch.

**Holdings**

RTL TVi: 66%  
 Club RTL: 66%  
 Bel RTL: 43%  
 Radio Contact: 49.9%

# Television and radio Belgium

**Our Belgian TV and radio profit centre made encouraging progress, outperforming the competition in a tough and complex market.**



**Audience share 1999/2003 (%)**

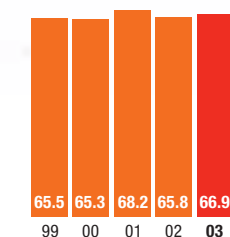
**Target: 18-54**      **Target: 15-34**  
 Source: Audiométrie



RTL TVi      Club RTL

**Advertising share 1999/2003 (%)  
(French-speaking Belgium)**

Source: MDB Videotrack



RTL TVi/Club RTL



The two TV channels, RTL TVi and Club RTL, did well to hold their combined share of the total audience at 28.7% in the more competitive TV environment that has emerged since the launch of the AB channels.

During 2003 our management team finalised plans for a third TV channel. Called Plug TV, the new channel went on air on 13 February 2004 offering popular series, fiction, youth and reality genres aimed at 15 to 34 year-olds. Plug TV will strengthen our position in Belgium's increasingly fragmented TV market.

The TV advertising market showed encouraging growth in 2003, and our channels were able to extend their lead. Together the two channels now account for 66.9% of the market.

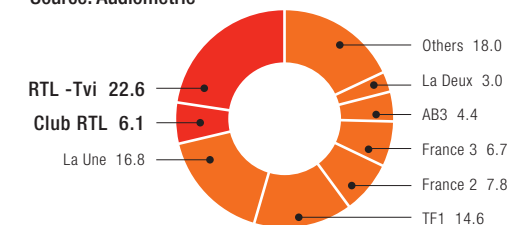
**Winning TV programmes**

**RTL TVi** is a general interest channel that reaches 97% of Belgian households by cable. It retained its leadership position with a 22.6% share of the total audience. The new game show *Septante et Un (Seventy One)*, was the highlight of the year. Launched in the summer and aired every weekday during access primetime, the show soon captured a large and loyal audience. Other new formats were launched successfully, such as *Grand Angle (Large Angle)*, *RTL +* and *La Dernière Chance (The Last Chance)*. Established favourites continued to score high ratings. *Place Royale (Royal Place)*, *Qui Sera Millionnaire? (Who Wants to Be a Millionaire?)*, and the news magazines *Enquêtes (Investigators)*, *A La Flamande (The Flemish Way)*, and *Reporters* were among the most watched programmes in French-speaking Belgium.

**Club RTL** complements RTL TVi with programmes that target children, teenagers and a male-oriented adult audience. In the daytime, Club RTL offers cartoons in the Kids Clubs sequence, including *Beyblade*, *Disney* and *Spiderman*, together with popular series such as *Sous le Soleil (Under the Sun)* and *The Simpsons*. Fiction and sport are mainstays of the evening schedule, with sports such as football, basketball and motorcycle racing playing an increasingly key role in the channel's programming grid. Coverage of the UEFA Champions League and Red Devils national football team scored high ratings. Club RTL's share of the total audience edged up to 6.1%.

**French-speaking Belgium audience breakdown (%) - 2003**

4+  
 Source: Audiométrie



- Well-regarded TV and radio programming.
- Increased share of the radio audience.



# Television and radio Luxembourg

**Holdings**  
RTL Télé Lëtzebuerg: 100%  
RTL Radio Lëtzebuerg: 100%

## Solid radio results

**Bel RTL** retained its position as the number one radio station in the south of the country, where it had 19.4% of the 12+ audience and a significant lead over its rivals. The general interest station has evolved a highly successful format which it enhanced during the year with the introduction of an interactivity show and an information magazine produced with *Le Soir* and RTL TVi. Bel RTL delivered impressive EBITA growth, driven by careful control of costs and an increase in revenue. It comfortably outperformed the radio advertising market, which rose by 13% (gross: source CIM MDB).

**Radio Contact** also delivered a solid financial result. It was Belgium's most successful music station with an audience share of 14.0% in the south of the country, putting it in second position behind Bel RTL. It reshaped its grid in 2003, increased its focus on local and regional news, and centralised its programme output from Brussels, although it retains a regional presence. Its second service, the adult contemporary music station Contact 2, increased its audience share in the south of the country to 3.1%. During the year, Radio Contact's operations in Romania and Moldavia were sold to Kiss FM Group.

## Audience share 1999/2003 (%)

### South of Belgium

12+

Source : Cim Radio



Bel RTL

Radio Contact

\* Only wave 24 (spring 2001)  
\*\* Only Cim Radio 1 (spring 2002)  
\*\*\* Only Cim Radio 3 (spring 2003)

## Once again, our Luxembourg TV and radio businesses delivered popular programming and maintained audience market leadership.

We have a commanding position in Luxembourg broadcasting through our ownership of the Grand Duchy's favourite TV and radio channels, RTL Télé Lëtzebuerg and RTL Radio Lëtzebuerg. At the end of 2003 we disposed of our 100% holding in the Luxembourg-based film production company Delux Productions in a management buy-out.

### The Luxembourg leader

**RTL Télé Lëtzebuerg** retained its large lead, although a fall in audience share (12+) to 66% reflected the increasingly competitive TV environment. There are many alternative channels, but all have single digit audience shares. RTL Télé Lëtzebuerg continued to invest in its successful locally-produced programmes such as *Planet RTL*. For most Luxemburgers the one hour news show of RTL is a part of

their daily life and a reliable source of information. Research showed that 97% of the Luxembourg people are satisfied with the channel's programming.

2003 was another great year for **RTL Radio Lëtzebuerg**. The station raised its share of the 12+ audience to 74% and increased its weekday reach by nearly 5%. It maintained the high reputation for news, community involvement and entertainment which it has built up over many years – it is the primary source of information for almost 50% of the Luxembourg population.



- Leadership position maintained in a tough market.
- Acquisition of ISPR.

Sports rights

# Sportfive

Sportfive: 46.4%



## Trading conditions remained difficult in the sports rights marketplace, but Sportfive strengthened its position and continued to grow in the key territories.

Sportfive is a major force in the international sports rights arena and the number one in worldwide football TV rights. Created in 2001 from the merger of RTL Group's UFA Sports with Sport+ and Groupe Jean-Claude Darmon, the company is headquartered in Paris and offers a full range of sports marketing and communication services.

In 2003 Sportfive further reinforced its position in France and Germany, and continued to develop in international markets. During the year it acquired 100% of ISPR, one of Germany's leading sports rights agencies, from KirchMedia and Axel Springer. ISPR's business includes the marketing rights of several German and Scandinavian football clubs and associations.

In November Sportfive disposed of its stake in the TV technical services company VCF.

RTL Group's 46.4% holding in Sportfive was the subject of a strategic review at the end of the year. In March 2004, RTL Group and Canal+ announced the sale of their interests in Sportfive. Under the terms of the deal, Advent International will hold 75 % of a new company that will purchase the shares in Sportfive with RTL Group retaining a 25% interest in this company.

### A leading player

Sportfive is prominent in several major televised sports, from football and rugby to basketball, handball, tennis, boxing and skiing.

The company has a powerful presence in the international football rights market. It represents more than 40 international football federations and has marketed broadcasting rights for more than 160 out of the 200 qualifying matches for the Euro 2004 competition. Sportfive has contractual partnerships with many of Europe's top clubs and is the leading UEFA Cup marketer. It represents several of the major leagues in Europe, including the England's Premier League, Italy's Serie A, Spain's Primera Division and France's Première Division, and is also marketing TV rights for the African Cup of Nations 2004.

Rugby continues to grow in popularity around the world, and TV audiences in Europe have been boosted by the success of northern hemisphere teams in the 2003 World Cup in Australia. Sportfive represents a number of leading clubs and confederations, and is responsible for the sale of the TV rights of the Six Nations Tournament, the premier annual rugby event.

In boxing, Sportfive continued to coordinate marketing and sponsoring activities for the Klitschko brothers. Hugely popular in Germany, Sportfive is steadily building Klitschko 'brand awareness' around the world.

- Our businesses make further progress.
- ENEX signs up more partners.
- Strategic review of portfolio undertaken.

### Holdings

Broadcasting Center Europe: 100%  
Cologne Broadcasting Center: 100%  
London Playout Centre: 100%  
ENEX: 69.3%

Broadcasting

# Technical services



Sportfive / Technical Services 45

## Our technical services companies continued to provide RTL Group and third party clients with essential support.

Competition was as tough as ever, but our companies continued to develop productive relationships with existing clients and win new contracts. Broadcasting Center Europe (BCE), Cologne Broadcasting Center (CBC) and London Playout Centre (LPC) have invested heavily in technology in recent years and developed new services for the digital broadcasting environment.

Luxembourg-based BCE consolidated its portfolio of TV, radio and telecoms clients. The conclusion of a long-term agreement with the Centre National de l'Audiovisuel in Luxembourg was a significant step forward. The company has positioned itself to tackle the emerging markets of content digital processing, archiving and distribution. In radio, BCE is playing a major role in the ongoing development of Digital Radio Mondiale (DRM) while marketing initiatives were launched for new telecoms services such as data-housing and voice-over IP.

In 2003 CBC's broadcasting clients included VOX, Super RTL, tv.nrw, TV Travel Shop, MultiThématiques and Universal. It also won a contract for RTL II's new broadcasting centre. LPC in London is the leading independent TV facility, providing transmission, studios and post-production services to such clients as Five, Flextech and MovieCo. During the year its playout contract with Discovery was extended to the end of October 2005.

In March 2004, RTL Group announced the sale of LPC to Ascent Media Group, Inc., a subsidiary of Liberty Media Corporation.

At the end of 2003, the Group's Technical Services Centre was dissolved and CBC combined with the playout activities of RTL Television in Germany.

### News networking

Four more TV stations joined ENEX, the network for the exchange of news footage, bringing the number of partners to 31. The addition of TV2 in Denmark, Sky Italia and TVNZ in New Zealand took it further towards its goal of globalisation. The German news channel n-tv also signed a participant agreement following RTL Group's acquisition of a major shareholding. ENEX achieved its highest ever bookings during the war in Iraq – several partners covered the conflict and pictures from cameras on the roofs of buildings in downtown Baghdad were permanently uplinked to the ENEX transponder.



- New ownership structure for Antena 3 with RTL Group alongside Planeta-DeAgostini.
- Fresh management team.
- Successful stock market flotation.

**Holding**  
Antena 3: 17.2%

**2003 was a highly significant year for Antena 3 with far-reaching changes in ownership, management structure and corporate governance.**

# Television and radio **Spain**

The Planeta-De Agostini Group became the main shareholder of Antena 3 in June 2003, following the decision by Telefonica, the previous majority shareholder, to dispose of its shares. The following month RTL Group and Planeta reached an agreement on the company's management and ownership structure with improved corporate governance measures. RTL Group retains its two seats on the Board, which are taken by Thomas Rabe, our Chief Financial Officer and Head of Corporate Centre who also chairs the Audit Committee, and Nicolas de Tavernost, CEO of M6 who sits on the Executive Committee and is Vice-Chairman of the Compensation Committee. In July we appointed Eduardo Zulueta as Managing Director of RTL Group Communications SL to represent the Group's interests in Spain. With our full support, a new management team, headed by José Manuel Lara Bosch as Chairman and Maurizio Carlotti as CEO, was appointed to run Antena 3. The team swiftly initiated a turnaround, and in October Antena 3 became the first Spanish free-to-air network to go public when its shares were listed on the Madrid stock exchange. We believe that Antena 3 has considerable potential for further growth and development. Spain is Europe's fifth largest TV advertising market and has potential for further expansion.

RTL Group has recorded an amount of € 20 million for its share, net of tax, of the arbitration court ruling on 16 March 2004 against Uniprex, a subsidiary of Antena 3. Uniprex and Antena 3 will study in detail this decision and will review all possible avenues, including legal action, to protect their interests. Antena 3 will publish its 2003 annual accounts on 31 March 2004 and will have decided by then on the appropriate course of action.

## Antena 3

Antena 3's ratings were driven in the second half of 2003 by the strong performance of its shows, films and TV series, while its daily news bulletins scored the highest ratings of any of the private broadcasters. The channel ended 2003 with a share of 19.5% of the total audience.

The big successes were series such as the comedy *Aquí No Hay Quien Viva*, which achieved an average audience share of 32% in its first season with eight of its episodes in the channel's top 10 programmes for the year. *Un Paso Adelante* drew an impressive audience share of 22.7%. Movies also helped to build audiences. *¿En Qué Piensan las Mujeres?* (*What Women Want*), *Torrente 2: Misión*



*en Marbella* and *La Máscara del Zorro* (*The Mask of Zorro*), led primetime rankings and drew more than 5 million viewers each.

Once again *Los Simpson* (*The Simpsons*) was Spanish viewers' favourite TV programme in the midday time slot – it has been one of the channel's most popular TV shows for 13 seasons.

### Audience share 1999/2003 (%)

Target: 13-55  
Source: TNS



Antena 3

### Advertising share 1999/2003 (%)

Source: Infoadex & internal estimations



Antena 3

## Onda Cero

Onda Cero, the radio station owned by Antena 3, maintained its position as Spain's number two radio station, reaching an average audience of 2.2 million listeners in the year. It has an excellent reputation for its morning and evening talk shows, presented by established commentators and new talents. News, sports and night time programmes were enhanced during the year. *La Brújula* (*The Compass*) achieved the biggest increase in listening of night-time listening, while *Noticias a Mediodía* (*Midday News*) doubled its audience, and the evening sports programme *Al Primer Toque* (*At First Touch*) gained over 100,000 new listeners in its first two months.

- RTL Klub maintains market leadership.
- Further programme successes.
- Strong financial performance.

**Holding**  
RTL Klub: 49%

# Television Hungary



**After several years of rapid growth, RTL Klub has now established a leadership position in Hungary's TV market and in 2003 it delivered another highly satisfactory financial result.**

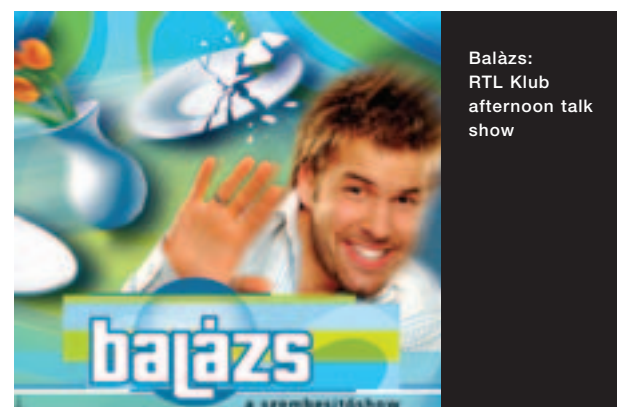
RTL Klub has 35.6% of the total primetime audience, well ahead of its nearest rival, although competition for viewers intensified following the launch of new thematic and general entertainment cable channels and the restructuring of the public broadcaster MTV. RTL Klub's share of the important 18 to 49 year-old audience was even more decisive at 39.7%.

The Hungarian TV advertising market had another strong year, increasing by 16% (net, RTL Klub estimate) in spite of the slowdown in the economy. RTL Klub's advertising operations were strengthened with the signing of agreements with several thematic cable channels. Business was further boosted by improved revenues from diversification activities such as telephony, merchandising, books and CD sales.

### Popular programming

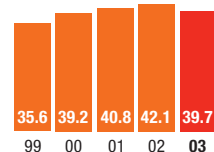
2003 was the year of reality shows on Hungarian TV, and one of the most successful was RTL Klub's own format *Valóvilág*. The show was a key driver of the channel's strong performance, with the second series scoring higher ratings than the first in spite of being scheduled against *Big Brother* on TV2 for part of its run. In September, the local version of *Survivor* premiered on RTL Klub. In 2003 the channel had no fewer than 22 of the top 25 movies on Hungarian TV. It confirmed its position as the top channel for movies with the signing of long-term volume deals with Sony Pictures and Warner Brothers, as well as other important agreements with Fox and Disney. Afternoon and access primetime were another strength

– the second series of the afternoon talk show *Balázs* was a huge hit. Other successful genres were local versions of event shows, such as *Driving Test* and *IQ-Test*, and the game show *Who Wants to Be a Millionaire?* which returned in August after a one-year break. The daily soap *Barátok Közt (Between Friends)* produced by the Hungarian subsidiary of Grundy-UFA continued to draw large audiences. Formula 1 motor racing and boxing drew the highest ratings for sports. In August, with Hungary as the national host of Formula 1, RTL Klub produced the broadcast of the Grand Prix with the support of RTL Television.



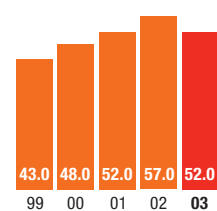
Balázs:  
RTL Klub  
afternoon talk  
show

**Audience share  
1999/2003 (%)**  
Target: 18-49  
Source: AGB Hungary



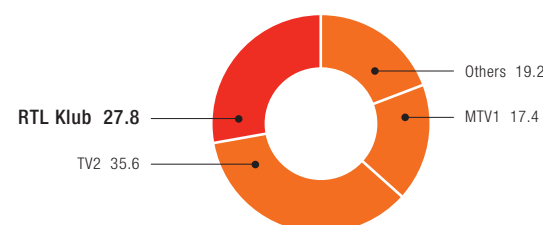
RTL Klub

**Advertising share  
1999/2003 (%)**  
Source: RTL Klub, Estimates

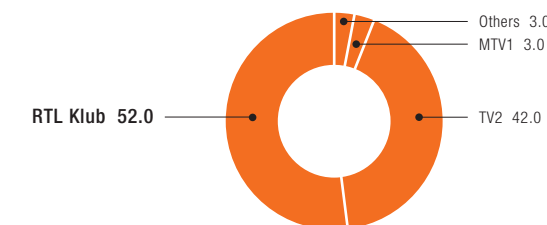


RTL Klub

**Audience breakdown (%) - 2003  
4+**  
Source: AGB Hungary



**National advertising breakdown (%) - 2003**  
Source: RTL Klub Estimates



# Supporting our communities

## Supporting good causes

Once again, our broadcasting businesses did much good work to raise awareness and funds for social, medical, environmental and cultural causes. Many of our TV, radio and internet channels transmit free or reduced-rate airtime to promote charities, and many also mount fundraising events. These are just a few of the many initiatives supported by our businesses...

RTL Television's Spendenmarathon was again a huge success, raising €4.5 million for children in need around the world. During the Iraq war, the channel also worked with the Hammer Forum relief charity to airlift badly injured children from Iraq to hospitals in Germany. Super RTL in Germany enlisted Bob the Builder's help in its ongoing campaign to keep kindergartens in good repair.

With the support of our media businesses in Belgium and Luxembourg, the Télévie fundraising event raised even more than the Spendenmarathon – no less than €5.8 million was generated for leukaemia projects.

M6 in France raised €2.9 million for social, medical, cultural and children's projects, while in Hungary RTL Klub provided much useful support for a similarly wide range of causes.

Radio stations also do much valuable fundraising work, and many have annual events for children's charities. Every year since 1988, Radio Hamburg has asked its listeners to contribute money and goods to help the city's children in need. In 2003, the German radio station NRW staged the fifth anniversary of its annual fundraiser for children's causes, which has collected a total of €4.6 million since the event was launched. RTL Radio in France is very active, supporting hospitals, cultural causes and the Sol en Si campaign for children with AIDS.



Our content companies also take their corporate and social responsibilities seriously. In 2003 UFA Group worked with RTL Television on a project that enables seriously ill children to meet TV stars on set or in hospitals. Grundy UFA works with a German charity to find bone marrow donors – the leukaemia theme has been used as a story line on the *Gute Zeiten – Schlechte Zeiten* and *Unter Uns* soaps, where many actors and team members are registered donors.

## Employee representation

The European Works Council (EWC) cooperates with RTL Group management to resolve cross-border employment issues and intervene in situations where staff have limited protection. EWC welcomed Gerhard Zeiler's appointment as CEO and is working with him to evolve EWC's role within the more decentralised Group structure that has emerged under his leadership. This has prompted EWC to renew its lines of communication so that it can continue to act effectively where disputes arise with local management and there is no national Works Council to come to the aid of employees. For some years EWC has encouraged the Group's UK businesses to support its work, and great progress was made in 2003 with the appointment of two UK representatives to the Council, one from FremantleMedia and one from Five. EWC is continuing to work with RTL Klub's management to secure representation for employees in Hungary.

# 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.**

On 31 December 2003, the Board of RTL Group had 13 members, one executive director, and 12 non-executive directors. Three of the non-executive directors, the Chairman, Juan Abello, Martin Taylor and Onno Ruding, are independent of management and other outside interests that might interfere with the exercise of their independent judgement. The remaining nine non-executive directors are representatives of RTL Group's major shareholder. To ensure independence such directors are prohibited from participating in discussions or a vote relating to any transaction between RTL Group or any of its subsidiaries and the shareholder which appointed them. The Internal Regulations and Governance (IRG) adopted by the Board following the merger between Pearson Television and CLT-UFA in July 2000 set out the Company's procedures for ensuring good corporate governance. 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 once every three months, 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 IRG also provides for the establishment of a number of Board committees.

## Permanent Committee

The Permanent Committee comprises a maximum of seven non-executive directors, one of whom is an independent non-executive director. The CEO is required to consult with the Permanent Committee in respect of certain matters including the strategic development of the Group, the annual Group budget or any part of the Group's business with a turnover in excess of € 100 million, major investments in new or existing businesses and certain disposals or other transactions which impact the Group's balance sheet. The Permanent Committee must also give its prior consent to any exercise of certain voting and other rights in entities in which the Group has more than a 20% interest.

## Nomination and Compensation Committee

The Nomination and Compensation Committee is made up of four non-executive directors. 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 three non-executive directors, two of whom are independent, and meets at least four times a year. The Committee's plenary meetings are attended by the CEO, the CFO, the Head of Corporate 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 Corporate Audit and the external auditors have direct access to the Chairman of the Audit Committee.



# 2003 Group

# management

## Board of Directors

### Executive Director

#### Gerhard Zeiler

Chief Executive Officer

Gerhard Zeiler began his career in 1979 as press spokesman for the Austrian Minister of Education and Art, Dr Fred Sinowatz. Between 1983 and 1986 he held the same role for two successive Austrian Federal Chancellors, Dr Sinowatz and Franz Vranitzky. On leaving politics in 1986 to become part of the media world, Gerhard Zeiler took the position of Secretary General of the Austrian public broadcaster, "ORF". From 1991-1998 he was CEO of Tele 5 and RTL2 in Munich, as well as ORF in Vienna. In November 1998 he became CEO of RTL Television in Germany which was followed in March 2002 by his appointment as CEO of RTL Group. Gerhard Zeiler is also the CEO of Ufa Film - und Fernsehen GmbH and is responsible for all the Group's German television activities.

### Non-executive Directors

#### Juan Abello<sup>(1)</sup>

Chairman  
Chairman of Torreal SA, Alcaliber SA, Inversiones Ibersuizas SA, member of the board of Televisa Group.

#### Siegfried Luther<sup>(1) (2) (3)</sup>

Vice Chairman (since 16 March 2004)  
Deputy Chairman of the Bertelsmann AG Executive Board,  
Chief Financial Officer

#### Gérald Frère

Managing Director of Groupe Bruxelles Lambert

#### Lutz Glandt<sup>(1)</sup>

Managing Director of WAZ Mediengroup

#### Jocelyn Lefebvre<sup>(1)</sup>

Managing Director of Power Corporation

#### Onno Ruding<sup>(2)</sup>

Retired Vice Chairman and Director of Citibank, Brussels  
Chairman of the Board of Centre for European Policy Studies

#### Gilles Samyn<sup>(1) (3)</sup>

Managing Director of Compagnie Nationale à Portefeuille

#### Rolf Schmidt-Holtz

Member of the Bertelsmann AG Executive Board and Chief Creative Officer, Chairman and Chief Executive Officer of the Bertelsmann Music Group

#### Erich Schumann

Managing Director of WAZ Mediengroup

#### Martin Taylor<sup>(2) (3)</sup>

Internal advisor of Goldman Sachs International

#### Günter Thielen<sup>(1) (3)</sup>

Chairman of the Bertelsmann AG Executive Board,  
Chief Executive Officer

#### Ewald Walgenbach

Member of the Bertelsmann AG Executive Board  
Chief Executive Officer of Direct Group Bertelsmann

## Operations Management Committee

#### Gerhard Zeiler

Chief Executive Officer, RTL Group  
Managing Director, RTL Television

#### Thomas Rabe

Chief Financial Officer, RTL Group  
Head of Corporate Centre

#### Nicolas de Tavernost

Chairman of the Directoire, M6

#### Tony Cohen

Chief Executive Officer, FremantleMedia

#### Jean-Charles De Keyser

Executive Vice President Belgium,  
Netherlands and Eastern Countries, RTL Group

#### Fons Van Westerloo

Chief Executive Officer, Holland Media Groep  
(The Netherlands)

#### Philippe Delusinne

Chief Executive Officer, RTL TVi (Belgium)

#### Jane Lighting

Chief Executive Officer, Five (United Kingdom)

#### Robin Leproux

Chief Executive Officer, RTL Radio (France)

#### Dirk Gerkens

Chief Executive Officer, RTL Klub (Hungary)

#### Hans Mahr

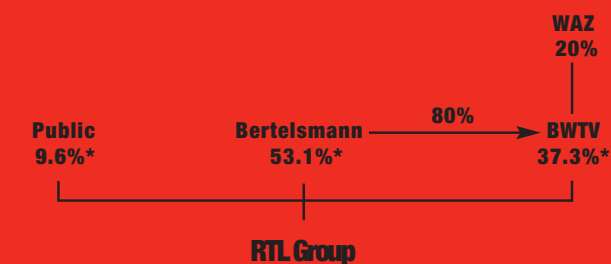
Chairman Synergy Committee, RTL Group

#### Elmar Heggen

Senior Vice President Strategy & Controlling,  
RTL Group

## Shareholding structure

31 december 2003



\* excluding 0.76% of RTL Group's shares held collectively as treasury stock by RTL Group and CLT-UFA

(1) Members of the Permanent Committee

(2) Members of the Audit Committee

(3) Members of the Nomination and Compensation Committee

(\*) Appointed on 16 April 2003

**Directors' report**  
**Auditors' report and**  
**Consolidated financial statements**

**Directors' report, Auditors' report and Consolidated financial statements**  
for the year ended 31 December 2003

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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 2003 on pages 58-120.

**Independent Non-Executive Directors**

Juan Abéllo (Chairman)  
Dr. Onno Ruding  
Martin Taylor

**Shareholders' Representative Non-Executive Directors**

Gérald Frère  
Lutz Glandt, appointed 16 April 2003  
Jocelyn Lefebvre  
Dr. Siegfried Luther  
Gilles Samyn  
Rolf Schmidt-Holtz  
Erich Schuman  
Dr. Günter Thielen  
Dr. Ewald Walgenbach

**Executive Directors**

Didier Bellens (Chief Executive Officer), resigned 28 February 2003  
Gerhard Zeiler (Chief Executive Officer), appointed 4 March 2003

**Auditors**

KPMG Audit, Luxembourg  
PricewaterhouseCoopers, Luxembourg

Highlights <i>In EUR million</i>	Year to December 2003	Year to December 2002	Per cent Change
<b>Revenue</b>	<b>4,452</b>	<b>4,362</b>	<b>2.1</b>
<b>Reported EBITA <sup>(1)</sup></b>	<b>487</b>	<b>424</b>	<b>14.9</b>
<b>Adjusted EBITA</b>	<b>561</b>	<b>477</b>	<b>17.6</b>
<b>Reported net result</b>	<b>14</b>	<b>(56)</b>	<b>n.a.</b>
<b>Adjusted earnings per share <sup>(2)</sup> (EUR)</b>	<b>2.14</b>	<b>1.61</b>	<b>32.9</b>
<b>Reported EBITA</b>	487	424	14.9
Restructuring costs and non-recurring items	60	38	
Start up losses <sup>(3)</sup>	14	15	
<b>Adjusted EBITA</b>	561	477	17.6
Reported EBITA margin (%)	10.9	9.7	n.a.
Adjusted EBITA margin (%)	12.6	10.9	n.a.
<b>Reported EBITA</b>	<b>487</b>	<b>424</b>	<b>14.9</b>
Amortisation and impairment of goodwill	(317)	(298)	
Gain/(loss) from sale of subsidiaries, joint ventures and other investments	3	(5)	
Net financial expense	(55)	(83)	
Income tax expense	(95)	(85)	
Minority interest	(9)	(9)	
<b>Reported net result</b>	<b>14</b>	<b>(56)</b>	
<b>Adjusted EPS (EUR)</b>	<b>2.14</b>	<b>1.61</b>	<b>32.9</b>
<b>Proposed / paid dividend per share (EUR)</b>	<b>0.80</b>	<b>0.70</b>	<b>14.3</b>

**Highlights**

- The business and financial highlights for 2003 were as follows:
- Reported EBITA up almost 15 per cent to EUR 487 million. This includes a provision amounting to EUR 20 million relating to the arbitration court decision against Antena 3 on 16 March 2004. Excluding this impact, EBITA rose to EUR 507 million, up 20%, with all profit centres increasing EBITA contribution.
- Profit Centre Germany and M6 with record EBITA performance at EUR 261 million and EUR 100 million (Group contribution) respectively.
- Five EBITA positive for the first time since launch in 1997.
- Turnaround and profitability achieved at HMG
- Mixed television advertising market conditions: German market down by approximately 2-3 per cent on a net basis, French market up 3 per cent and the UK market flat.
- Strong operating performance: Most channels improved audience

- and advertising market shares.
- Increasing share of non-advertising revenue streams and profit contribution.
- Revenue up 2.1 per cent to EUR 4,452 million with underlying revenue flat.
- Underlying cost base down 3.3 per cent.
- Turnaround of Antena 3 initiated with positive results already achieved.
- Net debt more than halved to EUR 298 million (from EUR 755 million) due to strong cash conversion (EBITA cash conversion of 105 per cent) and tax repayments.
- Proposed dividend to increase by 14.3 per cent to EUR 0.80 per share.

(1) EBITA represents earnings before interest and income tax expense excluding amortisation and impairment of goodwill and gain from sale of subsidiaries, joint ventures and other investments (2) Adjusted earnings per share represents the net profit/(loss) for the year adjusted for amortisation and impairment of goodwill and gain or loss from sale of subsidiaries, joint ventures and other investments, net of income taxes (3) RTL Shop, Plug TV, Croatia and RTL FM (2002 RTL Shop only)

**Revenue**

Advertising market conditions remained mixed across Europe in 2003. The German market was down, for the third consecutive year, by approximately 2 per cent on a net basis, bringing the total television advertising market volume back to the 1998 level. The French market was up by approximately 3 per cent, the UK market by 0.9 per cent and the Dutch market by 0.6 per cent. Diversification revenue streams – non-advertising market related – have shown strong growth in 2003. In the case of M6, the diversification and TPS business is now larger, in revenue terms, than the core TV business. The most important diversification businesses are merchandising, premium rate services, shopping and events (including music). Our other channels are making similar progress.

**Revenue**

<i>In EUR million</i>	Year to December 2003	Year to December 2002 (restated) <sup>(1)</sup>	Per cent Change
Television	3,184	3,061	4.0
Content	1,294	1,308	(1.1)
Radio	241	234	3.0
Other	70	76	(7.9)
Eliminations	(337)	(317)	6.3
<b>Total</b>	<b>4,452</b>	<b>4,362</b>	<b>2.1</b>

Revenue increased by 2.1 per cent to EUR 4,452 million (2002: EUR 4,362 million). On a like-for-like basis (excluding portfolio changes), it was flat. The most important portfolio changes were the first time full year proportionate consolidation of TPS through M6 and the proportionate consolidation of n-tv (from 1 April 2003). Underlying television revenue grew by 0.9 per cent, radio by 2.9 per cent with content down by 1.0 per cent. The share of advertising revenue, as a percentage of total revenue, was 61 per cent (2002: 62 per cent).

**EBITA**

Reported EBITA increased by 15 per cent to EUR 487 million. Stripping out restructuring costs, non-recurring items and start-up losses, EBITA was up by 18 per cent to EUR 561 million. The improvement was across the board – the largest contributors were RTL Television, M6, HMG and the first time full year profitability of Five. The effects of cost containment measures

**EBITA**

<i>In EUR million</i>	Television	Content	Radio	Other	Total
Reported: 2002 (restated)	<b>329</b>	<b>79</b>	<b>41</b>	<b>-25</b>	<b>424</b>
Reported: 2003	<b>383</b>	<b>86</b>	<b>48</b>	<b>-30</b>	<b>487</b>
Restructuring and one-off costs	52	2	2	4	60
Start up losses	11	-	3	-	14
Adjusted: 2003	<b>446</b>	<b>88</b>	<b>53</b>	<b>-26</b>	<b>561</b>
Adjusted: 2002 (restated)	<b>376</b>	<b>89</b>	<b>41</b>	<b>-29</b>	<b>477</b>
<b>EBITA margin (%):</b>					
Reported 2003:	12.0	6.6	19.9	-	10.9
Reported 2002:	10.7	6.0	17.5	-	9.7
Adjusted 2003:	14.0	6.8	22.0	-	12.6
Adjusted 2002:	12.3	6.8	17.5	-	10.9

and the profitability of our diversification businesses, including new media, came in addition to this. Group operating expenses decreased to EUR 4,037 million from EUR 4,055 million, down 0.4 per cent. Stripping out the effects of portfolio changes, restructuring costs and start-up businesses, the underlying operating expenses decreased by 3.3 per cent. A summary of RTL Group's key markets is shown below including net advertising market growth rates, market shares and the share of the main target audience demograph.

<i>In per cent</i>	2003 net TV advertising market growth rate	RTL Group advertising market share 2003	RTL Group advertising market share 2002	2003 Audience share in main target group	2002 Audience share in main target group
<b>Germany</b>	-2.1 <sup>5</sup>	45.1	41.8	33.2 <sup>6</sup>	29.8
<b>France</b>	+3.0 <sup>5</sup>	22.4	22.8	18.5 <sup>7</sup>	19.1
<b>UK</b>	+0.9 <sup>5</sup>	8.1	7.5	6.6 <sup>8</sup>	6.5
<b>Holland</b>	+0.6 <sup>5</sup>	38.4	38.0	31.1 <sup>9</sup>	29.3
<b>Belgium</b>	+3.8 <sup>10</sup>	66.8	65.2	30.7 <sup>11</sup>	30.5
<b>Spain</b>	+6.6 <sup>12</sup>	25.2	25.5	20.8 <sup>13</sup>	21.6
<b>Hungary</b>	+15.7 <sup>14</sup>	52.0	57.0	39.7 <sup>15</sup>	42.1

In 2003, RTL Group significantly improved its position in Spain at Antena 3, on the basis of a shareholders agreement and partnership with the main shareholder, Planeta/de Agostini. A new management was appointed and restructuring measures taken to restore profitability. At the end of October 2003 Antena 3 obtained a listing on the Spanish stock exchange. RTL Group also actively explored opportunities in Central and Eastern Europe. In September RTL Group won a licence to operate a TV station in Croatia. This new channel will be launched in the second quarter of 2004. RTL Group is actively exploring other opportunities within the region. At the same time, RTL Group continued to actively manage its portfolio of assets and in March 2004 announced the sale of its London based television facilities services company (LPC) to Ascent Media and the sale of its stake in Sportfive to Advent International. RTL Group will have a 25 per cent shareholding in the new company that has acquired the Sportfive stakes from both RTL Group and Canal+ Group. Finally, in response to the continued audience fragmentation in all of our markets, driven by multi-channel growth, RTL Group continued to build channel "families". The latest extensions were in France, with the acquisition, by M6, of "Paris Première" in January 2004 and in Belgium, with the launch, in February 2004, of "Plug TV". The Directors report for 2003 has been changed to better reflect the way the business is managed. Accordingly, RTL Group presents profit centre information, rather than segmental information,

(4) In 2003, the New Media segment has been folded back into the respective core television and radio segments and to a lower extent into the content segment, to better reflect integration of new media services in television and radio activities, in particular in merchandising and telephony revenue. Comparatives for 2002 have been re-stated accordingly (5) Net TV advertising market growth: Industry/IREP and RTL Group estimates (6) Target group: 14-49 (including n-tv in 2003) (7) Target group: housewives under 50 (8) Target group: 4+ (9) Target group: Shoppers 20-49 (10) Source: IP estimate (11) Target group: 18-54, 17:00 – 23:00 (12) Source: Infoadex (13) Target group: 13-55 (14) Source: RTL Klub estimate (15) Target group: 18-49, 19:00 – 22:59



in the following analysis. Profit centres combine operations that report to a local management team and in many cases encompass activities across all segments – TV, Content and Radio.

## Review by profit centre

Revenue <i>In EUR million</i>	Year to December 2003	Year to December 2002	Per cent Change	Per cent of total 2003
<b>Profit Centre Germany</b>	<b>1,877</b>	<b>1,847</b>	<b>+1.6</b>	<b>42.2</b>
<b>Profit Centre FremantleMedia</b>	<b>819</b>	<b>819</b>	<b>-</b>	<b>18.4</b>
<b>Profit Centre M6</b>	<b>570</b>	<b>451</b>	<b>+26.4</b>	<b>12.8</b>
<b>Profit Centre Netherlands</b>	<b>327</b>	<b>324</b>	<b>+0.9</b>	<b>7.3</b>
<b>Profit Centre Sportfive</b>	<b>269</b>	<b>296</b>	<b>-9.1</b>	<b>6.0</b>
<b>Profit Centre Five</b>	<b>250</b>	<b>259</b>	<b>-3.5</b>	<b>5.6</b>
Five : Local currency 100%	267	252	+6.0	-
<b>Profit Centre Others</b>	<b>225</b>	<b>214</b>	<b>+5.1</b>	<b>5.1</b>
<b>Profit Centre French Radio</b>	<b>208</b>	<b>200</b>	<b>+4.0</b>	<b>4.7</b>
<b>Profit Centre Belgium</b>	<b>148</b>	<b>145</b>	<b>+2.1</b>	<b>3.3</b>
<b>Profit Centre Technical Services</b>	<b>93</b>	<b>118</b>	<b>-21.2</b>	<b>2.1</b>
<b>Eliminations</b>	<b>(334)</b>	<b>(311)</b>	<b>+7.4</b>	<b>-7.5</b>
<b>Total revenue</b>	<b>4,452</b>	<b>4,362</b>	<b>+2.1</b>	<b>100%</b>
<b>Underlying revenue<sup>(16)</sup></b>	<b>4,330</b>	<b>4,334</b>	<b>-0.1</b>	

EBITA <i>In EUR million</i>	Year to December 2003	Year to December 2002	Per cent Change	Per cent of total 2003
<b>Profit Centre Germany</b>	<b>261</b>	<b>238</b>	<b>+9.7</b>	<b>53.5</b>
<b>Profit Centre FremantleMedia</b>	<b>68</b>	<b>84</b>	<b>-19.0</b>	<b>14.0</b>
<b>Profit Centre M6</b>	<b>100</b>	<b>80</b>	<b>+25.0</b>	<b>20.5</b>
<b>Profit Centre Netherlands</b>	<b>25</b>	<b>(12)</b>	<b>n.a.</b>	<b>5.1</b>
<b>Profit Centre Sportfive</b>	<b>18</b>	<b>17</b>	<b>+5.9</b>	<b>3.7</b>
<b>Profit Centre Five</b>	<b>9</b>	<b>(2)</b>	<b>n.a.</b>	<b>1.8</b>
Five : Local currency 100%	10	(2)	n.a.	-
<b>Profit Centre Others</b>	<b>(32)</b>	<b>(46)</b>	<b>+30.4</b>	<b>-6.3</b>
<b>Profit Centre French Radio</b>	<b>41</b>	<b>33</b>	<b>+24.2</b>	<b>8.1</b>
<b>Profit Centre Belgium</b>	<b>28</b>	<b>20</b>	<b>+40.0</b>	<b>5.5</b>
<b>Profit Centre Technical Services</b>	<b>4</b>	<b>15</b>	<b>-73.3</b>	<b>0.8</b>
<b>Profit Centre Antena 3</b>	<b>(35)</b>	<b>(3)</b>	<b>&gt;100.0</b>	<b>-7.2</b>
<b>Reported EBITA</b>	<b>487</b>	<b>424</b>	<b>+14.9</b>	<b>100%</b>
<b>Underlying EBITA<sup>(16)</sup></b>	<b>498</b>	<b>420</b>	<b>+18.6</b>	

(16) Underlying revenue and EBITA represent revenue and EBITA on a like for like basis, excluding portfolio changes.

## Profit Centre Germany

The profit centre achieved record EBITA results in 2003, despite the decline of the television advertising market, due to improved audience performance at all channels and continuing cost containment measures. In addition, there were exceptional performances by both VOX and the diversification business.

<i>In EUR million</i>	Year to December 2003	Year to December 2002	Per cent Change
<b>Revenue</b>			
TV	1,774	1,762	+0.7
Radio	12	13	-7.7
RTL Shop	91	72	+26.4
<b>Total</b>	<b>1,877</b>	<b>1,847</b>	<b>+1.6</b>

EBITA	Year to December 2003	Year to December 2002	Per cent Change
TV	267	252	+6.0
Radio	4	1	>100.0
RTL Shop	(10)	(15)	+33.3
<b>Total</b>	<b>261</b>	<b>238</b>	<b>+9.7</b>

## RTL Television, Audience Share 1999 – 2003

Target : 14-49  
Source : GfK



## RTL Television, Advertising Share 1999 – 2003

Source : Nielsen S+P



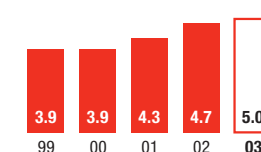
**RTL Television**, the flagship channel in Germany, was market leader for the eleventh consecutive year in the key target audience group of 14-49 year old viewers, with an audience share of 18.2 per cent, its best result since 1997. It was once again the leader in terms of overall audience share at 14.9 per cent, its best result since 1998. RTL Television dominated the top 100 list of the most widely viewed broadcasts of the year, with no fewer than 62 entries, and had 27 programmes seen by more than 10 million viewers.

RTL Television's most successful show was the final of the first season of *"Deutschland sucht den Superstar"* which averaged 12.8 million viewers (market share 50.0 per cent in 14-49 audience group)

and peaked at just over 15 million viewers. Other successful entertainment shows include, once again, *"Wer wird Millionäre"* with a market share of up to 39 per cent and the *"Die 70er Show"* and the *"Die 80er Show"* which recorded market shares of up to 36.5 per cent and 49.1 per cent respectively. Other genres that performed extremely well include films (most successful feature film of the year with *"Erin Brockovich"*), comedy (nine out of the top ten comedy shows were shown on RTL), news, magazine programmes (*"Extra"* and *"Explosiv"*) and the daily soaps *"GZSZ"* and *"Unter Uns"*.

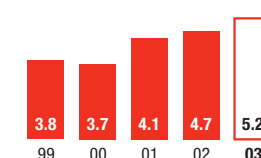
## VOX, Audience Share 1999 – 2003

Target: 14-49  
Source : GfK



## VOX, Advertising Share 1999 – 2003

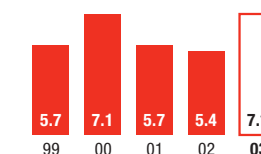
Source : Nielsen S+P



**VOX** had another very successful year finishing with a 5.0 per cent audience share in its target group. Its strong performance has been driven by a strong movie line up that included *"Never been kissed"*, *"Dragonheart"* and *"Dr Dolittle"* which had respectively a 16.5 per cent, 15.9 per cent and 15.1 per cent share in the 14-49 target group. *"CSI : Crime Scene Investigation"* has become VOX's most successful prime time series with ratings of up to 9.6 per cent whilst tie-ups with the hit show *"Deutschland sucht den Superstar"* achieved market shares of upwards of 13.0 per cent. The further rise in audience market share is a result of a systematic programme strategy focused on variety and quality. This strategy has helped VOX to drive up both advertising market share and audience share by 0.5 and 0.3 percentage points respectively.

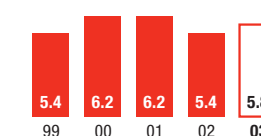
## RTL II, Audience Share 1999 – 2003

Target: 14-49  
Source : GfK



## RTL II, Advertising Share 1999 – 2003

Source : Nielsen S+P



The strategy behind **RTL II** is to offer attractive programming in the areas of movies & series, lifestyle & infotainment, science fiction, music, sitcoms, animation & kids TV. This years' main programme highlights include *"Big Brother – the battle"* and the series *"24"*. Other highly popular shows include *"Vorsicht Baustelle"* and the cookery shows presented by Jamie Oliver – *"The Naked Chef"*, *"Jamie's Kitchen"* and *"Oliver's Twist"*.

RTL II finished the year with a share of viewing among the 14-49 age category of 7.1 per cent, up significantly from the 5.4 per cent in 2002, and a contribution to RTL Group's EBITA of EUR 18 million (2002: EUR 27 million). The 2002 result included a one-off recognition of a deferred tax asset amounting to EUR 9 million.

In **German radio** we continued to consolidate and integrate the businesses acquired last year from Holtzbrinck. The radio advertising market in Germany has been in an even worse state than television, recording a 4 per cent decrease compared to 2002. Our main station in Berlin has continued to perform relatively well in these challenging markets but the lack of a national market is hindering growth. Accordingly, we have started to implement a strategy based on regional focus and formats with the main emphasis being in and around Berlin. A new management team is now in place to drive this strategy forwards.

### Profit Centre FremantleMedia

FremantleMedia is RTL Group's worldwide production business with particular strengths in Germany, the UK and an increasingly important business in the US. Despite the strength of the EUR against the GBP and the USD, which impacted the results, revenue and underlying EBITA have remained stable.

In EUR million	Year to December 2003	Year to December 2002	Per cent Change
<b>Revenue</b>	<b>819</b>	<b>819</b>	<b>0.0</b>
<b>Underlying EBITA :</b>	<b>85</b>	<b>88</b>	<b>(3.4)</b>
Rights impairment	(15)	-	n.a.
Restructuring and non-recurring items	(2)	(4)	+50.0
<b>Reported EBITA</b>	<b>68</b>	<b>84</b>	<b>(19.0)</b>

**FremantleMedia** is the largest content company in RTL Group and a major international company. FremantleMedia produced more than 260 programmes in over 40 countries and territories a year, including the UK, the US, Germany, Australia, France, Italy, Spain, Portugal, Scandinavia, Latin America and Asia. FremantleMedia produces a wide range of drama, entertainment and factual entertainment programming. In 2003, FremantleMedia produced approximately 8,000 hours of original programming to broadcasters worldwide.

FremantleMedia owns many programme brands primarily in entertainment and drama genres with long-running hits in many different time slots, appealing to a broad range of television audiences. In October, FremantleMedia announced the acquisition of Crackerjack, one of Australia's leading television production companies. Crackerjack specialises in entertainment television, including comedy, light entertainment, reality, talkshows and docusoaps and is well placed to create programmes and formats for FremantleMedia's worldwide production business.

2003 was another highly successful year for FremantleMedia's production businesses. The company's smash-hit entertainment format, *Idols* - the search for a national solo pop idol - has been rolled-out to 22 countries by the year-end, with more countries set to come on board in 2004. To date over 100 million viewers around the world have experienced the *Idols* phenomenon and members of the public have cast over 500 million votes. In Germany, the final of the locally titled "*Deutschland sucht den Superstar*" in March was RTL TV's highest rated entertainment show for adults 14-49 since 1992. In the Netherlands, over a third of the entire viewing population tuned into RTL4 to watch the final of "*Idols*" in March 2003, making it the highest rating show ever on Dutch television (excluding sport and royal events) since the start of commercial TV in 1989.

The final of "*Idool*" in Belgium in May achieved an audience share of 75% for Adults 18-44, making it the highest rating show on VTM

for five years. In Norway, the final live performance show of "*Idols*" on TV2, also in May, achieved an amazing audience share of 82.2% amongst the target audience of 12 to 44 year olds. "*Canadian Idol*" on CTV was the most successful home grown series on Canadian television ever, while "*Australian Idol: Final Verdict*" on Network 10 in November was Australia's highest rating show of the year (excluding the Rugby World Cup), achieving a 79% national commercial share of the 16-39 demographic, and a 65% share for all viewers.

There were also fantastic ratings in those countries airing second or even third series of *Idols* - an incredible 38.1 million viewers watched the final of "*American Idol 2*" on Fox in May.

FremantleMedia also saw its first pan-regional production of the *Idols* format, with a pan-Arabic version, "*SuperStar*", broadcast on Lebanon-based Future TV in a licensed deal. A number of new entertainment formats were successfully launched in 2003. These included the grime-busting "*How Clean Is Your House*" and the international format rights (excluding US, China and Taiwan) to the primetime entertainment spectacular "*Star Search*".

In October 2003, the UK police drama "*The Bill*" celebrated its 20th anniversary with a ground-breaking live episode. The live special on ITV1 attracted a peak audience of 11 million viewers - the drama's highest audience in over three years - and a peak share of 44%. The team responsible for "*The Bill*" at UK production company Thames, launched another successful crime drama series during 2003, "*M.I.T. (Murder Investigation Team)*", also on ITV1.

FremantleMedia Licensing Worldwide continued its growth and saw a significant expansion of its activities. The division's Brand Licensing Group continued to build its revenue and profit year on year, with a major contribution coming from its successful exploitation of the *Idols* brand franchise. Key achievements during 2003 included the multi-territory release of an *Idols* interactive game for PC and Playstation 2, the launch of fragrance and cosmetic ranges, and delivering a worldwide series total of over 500 million viewer votes - with "*American Idol 2*" achieving close to a quarter of a billion and with it a place in US television history.

In Interactive, the FremantleMedia pioneered the first ever SMS vote in the US for "*American Idol 2*". The department launched record-breaking Java and MMS applications around the world based on some of FremantleMedia's best known formats. Interactive television was a growth area in the UK and France where interactive versions of some of the company's major television game shows were an instant hit with viewers. In the US, a live stage version of classic game show "*The Price Is Right*" enjoyed a highly successful run at Harrah's Casino in Reno, NV. The show will be rolled-out to different Harrah's locations throughout the US in 2004.

### Profit Centre M6

M6 has shown a significant increase in both revenue and profitability due to the continued strong revenue growth. This has been driven by the diversification business and the beneficial scope effect of the full year proportionate consolidation of TPS.

In EUR million	Year to December 2003	Year to December 2002	Per cent Change
<b>Revenue</b>	<b>570</b>	<b>451</b>	<b>+26.4</b>
<b>Reported EBITA</b>	<b>100</b>	<b>80</b>	<b>+25.0</b>

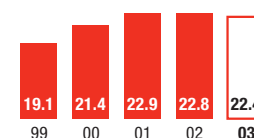
### M6, Audience Share 1999 – 2003

Target: Housewives under 50  
Source: Mediamétrie



### M6, Advertising Share 1999 – 2003

Source: SECODIP



**M6** maintained its position as the second most popular channel in France and was the only channel to have improved its primetime (20:55 to 22:40) audience share. In three out of the four quarters in 2003 M6 increased its audience share - it was just the "*Loft Story 2*" effect in quarter 2 that explains the fact that the full year audience result is down year on year. M6 has now become the most watched channel for young adults under the age of 25, largely due to successful formats such as "*A la recherche de la nouvelle star*", "*Le Bachelor, gentleman célibataire*" and the new magazine formats "*J'ai décidé...*" and "*Affaires de famille*".

M6 has had another incredibly successful year with its diversification businesses reflected in the expansion of M6 Interactions (Music, DVD, publications, events, film distribution), Homeshopping and M6 Web (encompassing internet and telephony). These businesses together, including TPS (and the thematic channels), are now larger, in revenue terms, than the core TV business.

RTL Group's share of M6's revenue was up 26.4 per cent, including the effects of the increased shareholding and the first time full year proportionate consolidation of TPS, together with the appreciable growth in the diversification business, to EUR 570 million (2002: EUR 451 million). RTL Group's share of M6 EBITA rose significantly to EUR 100 million (2002: EUR 80 million).

### Profit Centre Netherlands

A new CEO was appointed and under his leadership the Dutch operations have seen a return to profitability and much improved audience market share.

In EUR million	Year to December 2003	Year to December 2002	Per cent Change
<b>Revenue</b>			
TV	320	315	+1.6
Radio	7	9	-22.2
<b>Total</b>	<b>327</b>	<b>324</b>	<b>+0.9</b>
<b>EBITA</b>			
TV	30	(15)	n.a.
Radio	(5)	3	n.a.
<b>Total</b>	<b>25</b>	<b>(12)</b>	<b>n.a.</b>

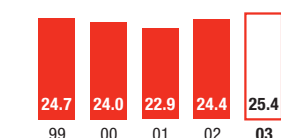
### RTL 4, Audience Share 1999 – 2003

Target: Shoppers 20-49  
Source: Intomart



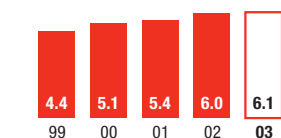
### RTL 4, Advertising Share 1999 – 2003

Source: BBC



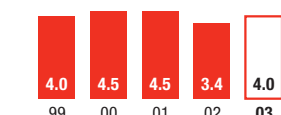
### RTL 5, Audience Share 1999 – 2003

Target: Men 20-49  
Source: Intomart



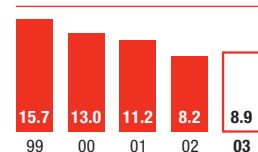
### RTL 5, Advertising Share 1999 – 2003

Source: BBC



### Yorin, Audience Share 1999 – 2003

Target : 20-34  
Source: Intomart



### Yorin, Advertising Share 1999 – 2003

Source: BBC



Holland Media Group (HMG) had an extremely successful year, with a return to profitability and improved audience shares. Amongst shoppers 20-49, HMG achieved an audience share of 31.1 per cent, its best result since 1999, becoming once again the clear market leader. The driver behind this result was RTL 4, which grew both advertising and audience shares. Its audience share of 19.1 per cent was the best result for RTL 4 since 1997.

Several new shows and programmes were launched during 2003, including the talent competition “*Idols*” (4.8 million viewers watched the final show resulting in an audience share of 57.9 per cent in the target group), “*De Bauers*” – a real-life soap revealing the daily life of a popular Dutch singer – dating shows “*De Bachelor*” and “*De Perfecte Partner*” and chat show “*Pulse*”. RTL 4’s acclaimed police drama series “*Baantjer*” celebrated its 100th episode and established a new viewing record with 3.1 million people watching on 24 October.

Yorin aired a large number of new and exciting programmes, ranging from fashion show “*De Modepolitie*” to real-life soap “*Patty’s Posse*”, documentary “*Edele Delen*” to infotainment series “*Brutale Moeders*” and “*Idols Backstage*”. The “*Living with Michael Jackson*” documentary also achieved significant ratings success.

RTL 5 had a successful year largely due to its sports coverage of the tennis championships at both Wimbledon and the US Open. International football from both the English Premiere League and the German Bundesliga rounded off a comprehensive sports offering.

At the end of May 2003 terrestrial broadcast frequencies for commercial radio were allocated in a so-called “*beauty contest*”. Following this process HMG secured better coverage for Yorin FM and also obtained another frequency for a new station, RTL FM. RTL FM was officially launched on 20 October 2003 aimed at the target group of men and women aged 20-49. The programming consists of non-stop music complemented during the morning and evening drive-time with high-quality news bulletins read by well-known “*RTL Nieuws*” presenters. In the last available ratings,

those for October-November, the station’s market share had risen to 2.2 per cent in its 20-49 target group. The radio businesses are currently in start up phase.

### Profit Centre Sportfive

Sportfive has had a better year in terms of profitability in what are still tough market conditions.

In EUR million	Year to December 2003	Year to December 2002	Per cent Change
<b>Revenue</b>	<b>269</b>	<b>296</b>	<b>-9.1</b>
<b>Reported EBITA</b>	<b>18</b>	<b>17</b>	<b>+5.9</b>

The acquisition of the Swiss company ISPR from Kirch media has further strengthened the portfolio. Sportfive, which is listed on the Paris Stock Exchange, will shortly report its own results under local GAAP. Sportfive currently manages TV and marketing contracts for over 320 football clubs, more than 40 national football federations and several major European football leagues. In addition to football, Sportfive is also active in other sports such as rugby, basketball and handball.

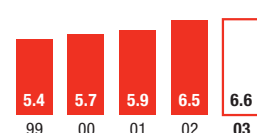
### Profit Centre Five

For the first time since launch Five achieved operating profits for the full year. Improved audience and advertising market share and a successful re-negotiation of the ITC licence fee contributed to this success.

In EUR million	Year to December 2003	Year to December 2002	Per cent Change
<b>Revenue</b>	<b>250</b>	<b>259</b>	<b>-3.5</b>
Revenue in local currency 100%	267	252	+6.0
<b>Reported EBITA</b>	<b>9</b>	<b>(2)</b>	<b>n.a.</b>
EBITA in local currency 100%	10	(2)	n.a.

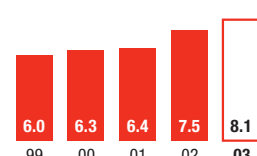
### Five, Audience Share 1999 – 2003

Target: 4+  
Source: BARB



### Five, Advertising Share 1999 – 2003

Source: TV Industry



Five has been one of the success stories this year. In an advertising market that was only slightly up year-on-year, Five, in local currency terms, grew its revenue by 6 per cent. In addition, Five was the only commercial terrestrial television channel to grow both audience share (adults) and the important 16-34 demograph in 2003. Five also performed extremely strongly in the DTT homes, averaging an adult audience share of 9.1 per cent for the year. This development bodes well as the roll-out, with the Freeview box, continues apace.

Programming highlights include the terrestrial premieres of movies such as “*Gladiator*” and “*Erin Brockovich*”, with both generating an audience share of 21 per cent. Five successfully launched “*CSI : Miami*” during the year with the original LA based programme also continuing to perform extremely well. A number of successes have also been achieved with commissioned programmes. The factual genre, with programming such as “*World War 1 in colour*” and the series “*Britains finest...*”, achieved significant audiences and critical acclaim. Arts programming featured heavily within the peak schedule with the notable success being the return of Tim Marlow in a second series on “*Great Artists*”.

The strength of the EUR against the GBP has resulted in a decline in revenue, at RTL Group level, compared to last year to EUR 250 million (2002: EUR 259 million), down 3.5 per cent, whilst the EBITA rose to a profit of EUR 9 million (2002: loss EUR 2 million).

### Profit Centre Others

In EUR million	Year to December 2003	Year to December 2002	Per cent Change
<b>Revenue</b>	<b>225</b>	<b>214</b>	<b>+5.1</b>
Of which : CLT-UFA International	165	148	+11.5
<b>Reported EBITA</b>	<b>(32)</b>	<b>(46)</b>	<b>+30.4</b>
Of which :			
CLT-UFA International	(11)	(24)	+54.2
Corporate centre	(24)	(38)	+36.8
RTL Klub	6	7	-14.3

RTL Klub in Hungary has maintained its position as the leading commercial television channel in Hungary with 39.7 per cent of the target audience in 2003 (18-49, 19:00 – 22:59). Reality TV programmes were the event in Hungary in 2003 and RTL Klub was once again very successful with its own format, “*ValóVilág*”. Prime time programming in Hungary mainly consists of either own productions or feature films with very few series. Consequently, RTL Klub has signed long term volume deals with Sony Pictures and Warner Brothers as well as other important deals with Fox and Disney. These agreements have resulted in the fact that RTL Klub broadcast 22 out of the 25 films with the highest ratings in 2003. Event television is also an important part of RTL Klub’s programming - in May the “*IQ-Test*” format was successfully broadcast which was followed by the “*Driving Test*” in September. “*Who Wants to Be a*

*Millionaire?*” returned in August after a one year break and immediately became, yet again, the show of the autumn with between a 45-50 per cent market share. The diversity offered up by the programming department enabled RTL Klub to win 323 “prime time” evenings which equates to approximately 88 per cent of all evenings.

As a result of more programme investment, RTL Group’s share of EBITA fell slightly to EUR 6 million (2002: EUR 7 million).

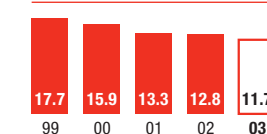
### Profit Centre French Radio

In a relatively strong radio advertising market, revenue growth and a breakeven in the diversification business meant a substantially improved EBITA result in 2003.

In EUR million	Year to December 2003	Year to December 2002	Per cent Change
<b>Revenue</b>	<b>208</b>	<b>200</b>	<b>+4.0</b>
<b>Reported EBITA</b>	<b>41</b>	<b>33</b>	<b>+24.2</b>

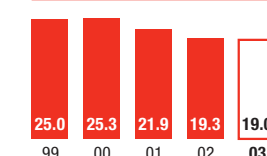
### RTL, Audience Share 1999 – 2003

Target: 13+ (since September 2002)  
Source: Mediamétrie



### RTL, Advertising share 1999 – 2003

Source: SECODIP



RTL Radio in France remains the country’s number one station – in the last Mediamétrie the station ranked first in audience market share, cumulative audience and listening time (140 minutes). This success has been based around a policy of “innovation without disruption” supported by a new advertising campaign “*Vivreensemble RTL*”. These developments have helped restore the image of the station. Capitalising on the success of “*On refait le match*” two new shows were launched during the year based upon the same concept. RTL has also remained faithful to its musical heritage by creating “*Talent RTL*” to help the emergence of new young artists. In order to become even closer to its audience, RTL Radio launched the “*RTL Café*” concept in Lille, Lyon and Marseille. This has enabled the local listeners to meet the presenters and journalists from the station and to assist in the broadcast. RTL Radio’s share of the radio advertising market was 19.0 per cent (2002: 19.3 per cent).

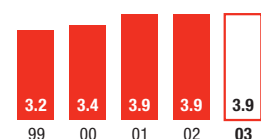
### RTL 2, Audience Share 1999 – 2003

Target: 13+ (since September 2002)  
Source: Mediamétrie



### RTL 2, Advertising share 1999 – 2003

Source: SECODIP

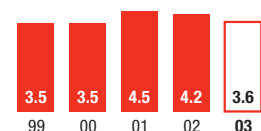


RTL 2 plays the greatest 80's, 90's and modern hits. In 2003, RTL 2 created musical events based on interviews and live shows with all the best French and international pop-rock artists including Indochine, Jean-Louis Aubert, Phil Collins, Sting, Ben Harper and Simple Minds.

In September, for their second season, Alexandre Devoise and The Grand Bazar's team came back from 6 to 9AM. This proved to be an immediate success with an audience of one million people tuning in to listen to them every morning.

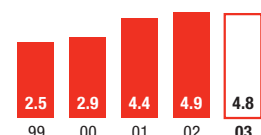
### Fun Radio, Audience Share 1999 – 2003

Target: 13+ (since September 2002)  
Source: Mediamétrie



### Fun Radio, Advertising share 1999 – 2003

Source: SECODIP



In France, **FUN Radio** fills a unique position with a programme grid made up of 50 per cent music and 50 per cent talk show. *Arthur*, now in his fourth season, remains as popular as ever with 1.2 million people listening to his show every afternoon between 4.00 and 6.30 pm. Special events such as concerts, winter and spring sports events, live-shows and guest stars are very important to the station's schedule. FUN Radio was also one of the official partners for some of the major movie launches in 2003, amongst them "Kill Bill", "Catch me if you can" and "Charlie's Angels".

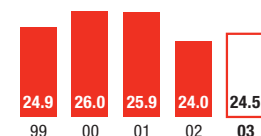
### Profit Centre Belgium

A slight improvement in a relatively strong advertising market in the core TV business combined with good results from our radio stations resulted in record levels of profitability.

In EUR million	Year to December 2003	Year to December 2002	Per cent Change
<b>Revenue</b>			
TV	130	130	+0.0
Radio	18	15	+20.0
<b>Total</b>	<b>148</b>	<b>145</b>	<b>+2.1</b>
<b>EBITA</b>			
TV	19	15	+26.7
Radio	9	5	+80.0
<b>Total</b>	<b>28</b>	<b>20</b>	<b>+40.0</b>

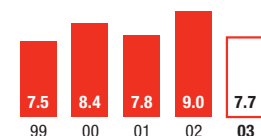
### RTL TVi, Audience Share 1999 – 2003

Target: 18-54  
Source: Audiométrie



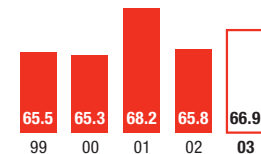
### Club RTL, Audience Share 1999 – 2003

Target: 15-34  
Source: Audiométrie



### RTL TVi / Club RTL, Advertising market share (French speaking Belgium) 1999 – 2003

Source: MDB Videotrack



RTL TVi maintained its position as the leading channel for French speaking Belgians despite increasing competition from the French channels and the launch of new channels such as AB3. RTL TVi reaches 97 per cent of all Belgian TV households (via cable) and alongside Club RTL offers a wide range of programming covering news & information, entertainment, fiction and football. One of the undoubted success stories of this year was the launch, in the summer, of "Septante et Un". This new game show rapidly captured a strong and loyal following gaining an average audience share of 25 per cent. On Club RTL football, notably the UEFA Champions League and the Belgian National Team, performed extremely well in terms of audience share for the station.

Bel RTL retained its position as the number one radio station in the south of the country, where it had 19.4% of the 12+ audience and a significant lead over its rivals. The general interest station has evolved a highly successful format that was enhanced during the year with the introduction of an interactivity show and an information magazine produced with Le Soir and RTL TVi.

Radio Contact also delivered a solid financial result and finished the year with an audience market share of 14.0%, putting it in second position behind Bel RTL.

### Profit Centre Technical Services

Our technical services companies continued to provide RTL Group and third party clients with essential support. However, it has been a difficult year resulting in a change in strategy and a review of our operations.

In EUR million	Year to December 2003	Year to December 2002	Per cent Change
<b>Revenue</b>	<b>93</b>	<b>118</b>	<b>-21,2</b>
<b>Reported EBITA</b>	<b>4</b>	<b>15</b>	<b>-73,3</b>

At the end of 2003, the Group's Technical Services Centre was dissolved and CBC combined with the playout activities of RTL Television in Germany. RTL Group's holding in LPC was the subject of a strategic review and has subsequently been disposed of in March 2004.

### Profit Centre Antena 3

Restructuring charges incurred in the first half of the year have significantly impacted the results of Antena 3 in Spain. The turnaround and repositioning of the station, led by Maurizio Carlotti the new CEO, is now well underway with second half-year results substantially up year on year. Pre-restructuring costs, the EBIT<sup>(17)</sup> achieved by Antena 3 in 2003 was EUR 64 million, up from a loss of EUR 4 million in 2002.

Antena 3 was successfully listed on the Spanish stock market, following the disposal by Telefonica of its A3 shares, on 29 October 2003. The core television business remains fundamentally sound with an audience share in the 13-55 target group of 20.8 per cent (2002 : 21.6 per cent) and an advertising market share of 25.2 per cent (2002 : 25.5 per cent). The audience share was helped by the good performance of the channel's shows, films and TV series such as "Aquini hay quien viva" (average audience share of 32 per cent, 5.2 million viewers, in its first season), or "Un paso adelante" (22.7 per cent, 3.6 million), which were big successes in the second half of the year. The daily news bulletins also obtained the highest ratings amongst private broadcasters. Once again "Los Simpson" managed to be the Spanish viewers' favourite TV programme in the midday time frame, and continued to be one of Antena 3's most popular TV shows after 13 seasons.

ONDA CERO consolidated its position as the second radio station in the Spanish radio market, managing to reach an audience of just over 2.1 million listeners in the year (Source: Estudio General de Medios).

As a result of the restructuring charges and the one-off cost relating to the arbitration court decision on 16 March 2004, the loss consolidated into RTL Group's EBITA was EUR 35 million, from a loss of EUR 3 million in 2002. RTL Group's share of these costs was EUR 41 million in 2003.

The one-off cost that RTL Group has recorded amounts to EUR 20 million for its share, net of tax, of the arbitration court ruling on 16 March 2004 against Uniprex, a subsidiary of Antena 3. Uniprex and Antena 3 will study, in detail, this decision and will review all possible avenues, including legal action, to protect their interests. Antena 3 will publish its 2003 annual accounts on 31 March 2004 and will have decided by then on the appropriate course of action. Should action be taken by Antena 3, the EUR 20 million booked in the 2003 accounts of RTL Group could be reassessed in the future accounting periods, and depending on the outcome, be partially or wholly reversed.

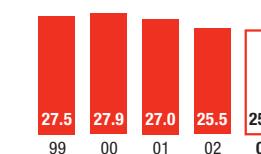
### Antena 3, Audience Share 1999 – 2003

Target: 13-55  
Source: TNS



### Antena 3, Advertising Share 1999 – 2003

Source: Infoadex & internal estimates



### Portfolio changes

The main portfolio changes during 2003 relate to the first time full year proportionate consolidation of TPS (via M6) and the increase in our shareholding in M6. In addition, the German news channel, n-tv, was accounted for under the equity method until 31 March 2003, since when it has been proportionately consolidated for following the signing of a new shareholders agreement with CNN/TimeWarner.

### Share of results of associates

EBITA In EUR million	Year to December 2003	Year to December 2002	Per cent Change
■ RTL II	18	27	(33.3)
■ Antena 3	(35)	(3)	>100.0
■ RTL Klub	6	7	(14.3)
Others	7	3	>100.0
<b>Total</b>	<b>(4)</b>	<b>34</b>	<b>n.a.</b>

(17) Local GAAP accounts as presented by Antena 3 on 100 per cent basis on 26 February 2004.

The total contribution of the companies carried at equity decreased to minus EUR 4 million (2002: positive EUR 34 million), due mainly to the restructuring and one-off costs incurred at Antena 3. RTL Groups' share of these costs amounted to EUR 41 million. In addition, the 2002 comparatives for RTL II contain a one-off positive impact - the recognition of a deferred tax asset - amounting to EUR 9 million.

## Interest expense (net) and financial results other than interest

Net interest expense fell to EUR 35 million (2002: EUR 36 million).

It includes interest charges on certain rights acquisitions as well as interest income on the tax receivables.

The financial results other than interest include a write-down on Vivitures, an investment fund primarily focused on start up internet companies. The largest item included within these results, amounting to EUR 14 million, relates to fair value adjustments on derivatives.

## Amortisation and impairment of goodwill

The underlying amortisation and impairment of goodwill charge was EUR 215 million (2002: EUR 228 million). In 2003 RTL Group recorded goodwill impairments of EUR 102 million (2002: EUR 70 million) against the carrying value of the transmission and sports rights businesses.

## Gain from sale of subsidiaries, joint-ventures and other investments

The gain from sale of subsidiaries, joint ventures and other investments arises primarily on the sale of Via Digital, a small holding in Groupe AB and VCF (via Sportfive).

## Income tax expense

The tax expense increased to EUR 95 million (2002: EUR 85 million), with an effective tax rate including prior year adjustments, of approximately 27 per cent (2002: 26 per cent).

The effective rate takes into account the non-deductibility of goodwill, local and tax-GAAP adjustments, prior-year adjustments as well as tax losses in Luxembourg, the US and in the United Kingdom for which tax assets have not been recognised as it is not probable that future taxable profits in these countries will be available for offset against deferred tax assets.

## Net profit for the year

The net profit for the year was EUR 14 million (2002: net loss 56 million).

## Earnings per share

Reported earnings per share, based upon 153,618,853 shares, was 0.09 EUR per share (2002 : minus 0.37 EUR per share). The adjusted earnings per share, taking into account the impact of goodwill amortisation and gain or loss from sale of subsidiaries, joint ventures and other investments, net of income taxes increased to EUR 2.14 (2002: EUR 1.61).

## Net debt / cash position

The consolidated net debt position at 31 December 2003 was EUR 298 million (2002: EUR 755 million). The decrease in net debt reflects substantial

tax re-payments, continued high EBITA to cash conversion and active working capital management alongside a prudent investment policy.

<b>Net debt / cash position</b>		
<i>In EUR million</i>	As at 31 December 2003	As at 31 December 2002
Gross balance sheet debt	811	1,274
Less : loans receivable <sup>18</sup>	(203)	(201)
Gross financial debt	608	1,073
Less : cash	(274)	(269)
Less : Marketable securities	(36)	(49)
<b>(Net debt) / cash position</b>	<b>(298)</b>	<b>(755)</b>

*(18) The loans receivable relate to Five and other financing (n-tv and TPS via M6).*

## Own shares

RTL Group has an issued share capital of EUR 191,900,551 divided into 154,787,554 fully paid up shares with no defined nominal value.

RTL Group indirectly holds 0.76 per cent (2002 : 0.76 per cent) of RTL Group's shares.

## Related party transactions

In April 2002, RTL Group entered into a EUR 300 million loan agreement with Bertelsmann AG. The loan is granted to RTL Group for a period of 3 years. The loan bears interest on the basis of the three-year Euro Swap rate. As at May 5, 2003, Bertelsmann AG assigned EUR 100 000 000 of the total loan to Bertelsmann Capital Corporation N.V., a Bertelsmann Group company. The total loan is repayable in full by April 2005. The interest expense for the year amounts to EUR 16 million (2002 : EUR 11 million).

On November 5, 2002, RTL Group entered into a EUR 600 million Revolving Credit Facility (the "Facility") granted by Bertelsmann AG. The Facility is granted to RTL Group for the period from November 8, 2002 to August 31, 2006. The Facility bears interest at a rate per annum equal to the sum of the EURIBOR rate plus a 45 basis point margin.

As at December 31, 2003, the balance of the Facility used by RTL Group amounts to EUR nil (2002: EUR 295 million) and the interest expense for the year amounted to EUR 7 million (2002 : EUR 1 million).

On November 5, 2002, RTL Group entered into a EUR 300 million Revolving Credit Facility (the "Facility") granted by Bertelsmann AG. The Facility is granted to RTL Group for the period from November 8, 2002 to August 31, 2004. Of this facility, EUR 208 million has been drawn down with a maturity date of January 1, 2004. The Facility bears interest at a rate per annum equal to the sum of the EONIA rate plus a 25 basis point margin.

As at December 31, 2003, the balance of the Facility used by RTL Group amounts to EUR 208 million and the interest expense for the year amounted to EUR 2 million (2002 : EUR 1 million).

## Share option plan

On 25 July 2000, RTL Group launched a share option plan for the senior management 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 senior management at the end of 2003 was 241,150 (2002: 391,017).

## 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. This litigation is still pending in the Luxembourg Court of Appeal. RTL Group believes that whatever the outcome of that litigation it should not have any direct impact on the Group, because 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.

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 dispute also the RTL Group resolution to apply for the de-listing of 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. This litigation is still pending in the Luxembourg Court sitting on the merit of the case. As a consequence of the de-listing, the minority shareholders request the Court to order to re-list its shares on the London Stock Exchange.

The Court decided to join both claims (free float and de-listing). The hearings took place before the full court on 16 February, 2004 and on 18 February, 2004. A judgement, subject to appeal, will now be rendered on 30 March, 2004.

On 25 August 2000, RTL Television (as defined below) filed a complaint in the courts of Amsterdam with regard to a license output agreement dated 30 July 1996 ("Output Agreement") between RTL Television, CLT-UFA, UFA Film und Fernseh (collectively "RTL Television") and Universal Studios International ("Universal"). RTL Television was seeking a declaratory judgement that RTL Television is not obliged under the Output Agreement to license the TV products outsourced by Universal to USA Networks Inc. The parties ended the court proceedings pursuant to a settlement agreement executed on 2 October 2003.

On 6 August 2003, the Dutch Council of State rendered its decision on the question whether or not CLT-UFA, the Luxembourg license holder and broadcaster of the programmes RTL 4 and RTL 5, and its wholly-owned subsidiary RTL/HMG assisting in the exploitation of the RTL 4 and RTL 5 programme licenses, were subject to Dutch jurisdiction and would consequently have to apply for Dutch broadcasting licenses. The Dutch Council of State held that there is a case of double (i.e. Luxembourgish and Dutch) jurisdiction which prevents the Dutch Media Supervisory Authority ("DMSA") from taking unilateral measures against Luxembourgish based CLT-UFA and RTL/HMG. The Dutch Council of State therefore annulled contrary decisions taken by the DMSA in November 1997 and February 2002 and a judgment of the Amsterdam District Court rendered in June 2002 confirming DMSA's position. The decision of the Dutch Council of State prevents Dutch authorities and courts from unilaterally imposing Dutch media regulation onto RTL 4 and RTL 5 and implicitly confirms the full application of Luxembourgish media law as long as the Grand Duchy of Luxembourg continues to exercise its competence for the supervision of RTL 4 and RTL 5.

BUMA/STEMRA, the Dutch music collecting societies, and RTL/HMG disputed since July 2001 before the Dutch courts the amount of royalties to be paid to BUMA/STEMRA for the use of music authors rights. On 27 June 2003, the parties ended the court proceedings by entering into a settlement agreement covering the period from 1999 through to 2003 and by agreeing to enter into negotiations for the period 2004 and thereafter.

On 25 June 2003, RTL/HMG and Endemol Nederland B.V. ended the ad hoc international arbitration proceedings initiated in June 2002 regarding their dispute on mutual claims under the 1996 General Production Agreement by entering into a renegotiated new Production Agreement. The new Production Agreement expires on 31 December 2006.

Exclusive radio rights for sport events were sold for the first time in France, as RMC Radio acquired the exclusive radio rights to the 2002 FIFA World Cup. Until then, all radio stations had been able to report live on all sports events, without exclusivity. In response to RMC's acquisition, other radio stations including Europe 1, Radio France and RTL created an association, "Sport Libre", of which they all became members, and undertook to acquire their sports rights in the future through Sport Libre. RMC claimed before the French Competition Council that the creation of Sport Libre and the undertaking by its members regarding the acquisition of rights breaches competition law. The parties settled their dispute on 16 June 2003. The Competition Council ratified this settlement on 22 July 2003.

In 1999 CLT-UFA and Solomon LeFlore entered into a co-production agreement which was terminated by CLT-UFA in 2002 for failure of LeFlore to perform his obligations under the co-production agreement. In December 2002 LeFlore filed a complaint for damages against CLT-UFA in the Los Angeles Superior Court. LeFlore claims to have suffered damages due to wrongful termination of the co-production agreement in an amount of at least USD 1.5 million and claims to suffer further future damages.

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

## Post balance sheet events

### M6 Group

On 2 February 2004, Suez disposed of 29% of M6's shares in a combined market and institutional investor placement. RTL Group is now the single most important shareholder with 48% of the economic interest and 34% of the voting rights. Suez retains a shareholding of 5%. M6 is proportionately consolidated into the accounts of RTL Group for the year ended 31 December 2003.

As a result of the exit of Suez, some changes will be made to the Articles of Association of M6. The level of influence / control of RTL Group on M6 will be re-assessed following these changes, which will be presented at the AGM of M6 on 18 March 2004.

### Sportfive Group

RTL Group and Canal+, a Vivendi Universal subsidiary, will announce on 19 March 2004 the finalisation of the sale of their interests in SportFive. The transaction will be based on a 100% equity capital value of EUR 560 million. The sale is subject to the finalisation of the bank financing and to the approval of the antitrust authorities.

Under the terms of the deal Advent International, a leading global private equity fund, and RTL Group will set up a new company that will purchase all of the shares in Sportfive held by RTL Group (46.4%) and Canal+ (46.4%). Advent International will hold 75% of the new company with RTL Group holding the remaining 25%. Canal+ will exit its investment entirely.

Accordingly, the accounting treatment for Sportfive will change from proportionate consolidation, to equity method, upon finalisation of the transaction.

### London Playout Centre (LPC)

As of 12 March 2004, RTL Group has agreed to dispose of its 100 per cent interest in the London based technical services company LPC to Ascent Media.

### Antena 3

On 16 March 2004 an arbitration court in Madrid announced its decision concerning the acquisition by Onda Cero, the radio division of Antena 3, of Radio Blanca in July 2001. The former owner of Radio Blanca argued that the sales contract provides for a valuation based upon cumulative audience rather than average audience and has also claimed for a significant level of damages. The arbitration court ruled against Uniprex, a subsidiary of Antena 3, awarding damages of approximately EUR 185 million. Uniprex and Antena 3 will study, in detail, this decision and will review all possible avenues, including legal action, to protect their interests. Antena 3 will publish its 2003 annual accounts on 31 March 2004 and will have decided by then on the appropriate course of action. RTL Group has recorded an amount of EUR 20 million in its 2003 annual accounts, representing its share, net of tax, of the arbitration court ruling against Uniprex.

### Profit appropriation (RTL Group S.A.)

The statutory accounts of RTL Group S.A. show a profit for the financial year 2003 of EUR 549,264,009 (2002: profit of EUR 294,435). Taking into account the profit carried forward as at 31 December 2002 of EUR 1,395,958,747 the profit available for distribution including the share premium account and excluding the result for the year is EUR 7,178,144,324. The Board of Directors recommends to the General Meeting of Shareholders on 21 April 2004 the distribution of a gross final dividend per share of EUR 0.80 (2002: EUR 0.70 per share).

If the General Meeting of Shareholders accepts this proposal, RTL Group S.A. will distribute for the financial year 2003 a total dividend of EUR 124 million.

The proposal is in line with the stated dividend policy of RTL Group – distribution of between 35 and 50 per cent of RTL Group's earnings (defined as profit for the year before amortisation and impairment of goodwill, gain or loss from sale of subsidiaries, joint-ventures, associates and other investments, net of taxes, and extraordinary items).

### Outlook

Going into 2004 we continue to remain cautious on how advertising market conditions will develop. Whilst there are the first signs of growth in some of our markets, visibility remains limited and weak consumer confidence and retail sales remain a concern.

We are focused on developing, or maintaining, leadership positions in the markets in which we operate, in terms of both audience and advertising market share. We aim to achieve this based on the creativity of our people and the strength of our programme schedules.

We will continue to actively manage our cost base and our cash flow, as we have done successfully since 2001. This will help us to further increase profitability and generate the financial means required to fund further internal and external growth.

The RTL Group strategy remains consistent and based upon three themes -geographic expansion, growth and exploitation of diversification revenue streams and development of the family of channels concept to counter increasing audience fragmentation. We are confident that, as in the past, this strategy will prove itself to be a successful one.

16 March 2004

The Board of Directors

## Auditors' report

PRICEWATERHOUSECOOPERS

KPMG

To the Shareholders of RTL Group S.A.

We have audited the consolidated balance sheet of RTL Group S.A. and its subsidiaries (the "Group") as of 31 December 2003 and the related consolidated statements of income, cash flows and changes in shareholders' equity for the year then ended as set out on pages 72 to 76 and have read the Directors' report. These consolidated financial statements and the Directors' report are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements, based on our audit, and to check the consistency of the Directors' report with them.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements as set out on pages 72 to 119 give a true and fair view of the financial position of the Group as of 31 December 2003, and of the results of its operations and its cash flows for the year then ended, in accordance with International Financial Reporting Standards.

The Directors' report is in accordance with the consolidated financial statements.

Luxembourg, 16 March 2004



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

Pascal Rakovsky



KPMG Audit s.c.  
Réviseurs d'Entreprises

Philippe Meyer

## Consolidated income statement for the year ended 31 December 2003

<i>In EUR million</i>	Notes	2003	2002
Revenue	4.1	4 452	4 362
Other operating income		76	83
Consumption of current programme rights		(1 501)	(1 411)
Depreciation, amortisation and impairment		(335)	(339)
Other operating expense	4.2	(2 201)	(2 305)
Amortisation and impairment of goodwill	5.1	(317)	(298)
Gain / (loss) from sale of subsidiaries, joint ventures and other investments	4.3	3	(5)
<b>Profit / (loss) from operating activities</b>		<b>177</b>	<b>87</b>
Share of results of associates	5.3	(4)	34
<b>Earnings before interest and taxes ("EBIT")</b>		<b>173</b>	<b>121</b>
<b>EBITA*</b>		<b>487</b>	<b>424</b>
Amortisation and impairment of goodwill		(317)	(298)
Gain / (loss) from sale of subsidiaries, joint ventures and other investments		3	(5)
<b>Earnings before interest and taxes ("EBIT")</b>		<b>173</b>	<b>121</b>
Net interest expense	4.4	(35)	(36)
Financial results other than interest	4.5	(20)	(47)
<b>Profit / (loss) before taxes</b>		<b>118</b>	<b>38</b>
Income tax expense	4.6	(95)	(85)
<b>Profit / (loss) from ordinary activities</b>		<b>23</b>	<b>(47)</b>
Minority interest		(9)	(9)
<b>Net profit / (loss) for the year</b>		<b>14</b>	<b>(56)</b>
<b>Earnings per share (in EUR)</b>			
- Basic	4.7	0.09	(0.37)
- Diluted	4.7	0.09	(0.37)

\* EBITA represents earnings before interest and taxes excluding amortisation and impairment of goodwill 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 2003

<i>In EUR million</i>	Notes	2003	2002
<b>Non-current assets</b>			
Programme and sport rights	5.1	169	269
Goodwill	5.1	3 203	3 536
Other intangible assets	5.1	74	27
Property, plant and equipment	5.2	297	328
Investments in associates	5.3	114	150
Loans and other financial assets	5.4	284	250
Deferred tax assets	5.5	191	136
		<b>4 332</b>	<b>4 696</b>
<b>Current assets</b>			
Programme rights	5.6	1 159	1 134
Other inventories		15	14
Income tax receivable		199	492
Accounts receivable	5.7	1 201	1 234
Marketable securities and other short-term investments	5.8	36	49
Cash and cash equivalents	5.9	274	269
		<b>2 884</b>	<b>3 192</b>
<b>Current liabilities</b>			
Loans and bank overdrafts	5.10	284	719
Income tax payable		92	109
Accounts payable	5.11	1 648	1 695
		<b>2 024</b>	<b>2 523</b>
<b>Net current assets</b>		<b>860</b>	<b>669</b>
<b>Non-current liabilities</b>			
Loans	5.10	527	555
Accounts payable	5.11	186	159
Provisions	5.12	189	217
Deferred tax liabilities	5.5	22	9
		<b>924</b>	<b>940</b>
<b>Net assets</b>		<b>4 268</b>	<b>4 425</b>
<b>Shareholders' equity</b>		<b>4 242</b>	<b>4 402</b>
<b>Minority interest</b>		<b>26</b>	<b>23</b>
		<b>4 268</b>	<b>4 425</b>

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

## Consolidated cash flow statement for the year ended 31 December 2003

<i>In EUR million</i>	Notes	2003	2002
<b>Cash flows from operating activities</b>			
Profit / (loss) before taxes		118	38
Adjustments for :			
■ Depreciation and amortisation		493	482
■ Value adjustments, impairment and provisions		176	279
■ Gain / (loss) on disposal of assets		(7)	8
■ Financial results including net interest expense and share of results of associates		74	42
Use of provisions	5.12	(41)	(46)
Working capital changes		(153)	(18)
Income taxes refunded / (paid)		157	(315)
Net cash from operating activities		817	470
<b>Cash flows from investing activities</b>			
Acquisitions of :			
■ Programme and sport rights		(58)	(124)
■ Subsidiaries and joint ventures net of cash acquired	3.4	(50)	(182)
■ Other intangible and tangible assets		(90)	(67)
■ Other investments and financial assets		(72)	(172)
		(270)	(545)
Proceeds from the sale of intangible and tangible assets		13	7
Disposal of subsidiaries and joint ventures net of cash disposed of		6	12
Proceeds from the sale of other investments and financial assets		59	71
Interest received		18	31
		96	121
Net cash used in investing activities		(174)	(424)

<i>In EUR million</i>	Notes	2003	2002
<b>Cash flows from financing activities</b>			
Interest paid		(53)	(56)
Proceeds from loans		318	1 416
Repayment of loans		(733)	(1 174)
Net change in bank overdraft		(44)	(177)
Dividends paid		(122)	(87)
Net cash used in financing activities		(634)	(78)
<b>Net increase / (decrease) in cash and cash equivalents</b>			
		9	(32)
<b>Cash and cash equivalents at beginning of year</b>			
Effect of exchange rate fluctuation on cash held		(4)	(1)
<b>Cash and cash equivalents at end of year</b>		<b>274</b>	<b>269</b>

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



## Consolidated statement of changes in shareholders' equity for the year ended 31 December 2003

<i>In EUR million</i>								
	Notes	Share capital	Share premium	Non distributable reserves	Treasury shares	Other reserves	Retained earnings	Total shareholders' equity
<b>Balance at 31 December 2001</b>		<b>192</b>	<b>6 428</b>	<b>26</b>	<b>(44)</b>	<b>(36)</b>	<b>(1 981)</b>	<b>4 585</b>
Gains and losses:								
■ Currency translation adjustment		-	-	-	-	(21)	-	(21)
■ Net change on cash flow hedging instruments		-	-	-	-	(42)	-	(42)
■ Net change on available-for-sale assets		-	-	-	-	13	-	13
■ Net loss for the year		-	-	-	-	-	(56)	(56)
Capital transactions with owners and distribution to owners:								
■ Dividends		-	-	-	-	-	(77)	(77)
<b>Balance at 31 December 2002</b>		<b>192</b>	<b>6 428</b>	<b>26</b>	<b>(44)</b>	<b>(86)</b>	<b>(2 114)</b>	<b>4 402</b>
Gains and losses:								
■ Currency translation adjustment	5.14.4	-	-	-	-	(65)	-	(65)
■ Net change on cash flow hedging instruments	5.14.4	-	-	-	-	(29)	-	(29)
■ Net change on available-for-sale assets	5.14.4	-	-	-	-	27	-	27
■ Net profit for the year		-	-	-	-	-	14	14
Capital transactions with owners and distribution to owners:								
■ Dividends		-	-	-	-	-	(107)	(107)
<b>Balance at 31 December 2003</b>		<b>192</b>	<b>6 428</b>	<b>26</b>	<b>(44)</b>	<b>(153)</b>	<b>(2 207)</b>	<b>4 242</b>

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

## Notes to the 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 2003 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 and radio Group holding, directly or indirectly, investments in 656 companies. The list of the principal Group undertakings as at 31 December 2003 is set out in note 10.

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

The financial statements are authorised for issue by the Board of Directors on 16 March 2004.

#### 1.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB), and interpretations issues by the International Financial Reporting Interpretations Committee of the IASB.

During 2003 and up to the date of approval of these financial statements, the International Accounting Standards Board (IASB) released 15 revised standards, including revised IAS 32, IAS 39 and 13 other standards in its "Improvements to International Accounting Standards" publication as well as International Financial Reporting Standard 2 "Share based payments". RTL Group is currently assessing the impact of these new and revised standards and considering the early application of those new and revised standard which will come into force on 1 January 2005.

The consolidated financial statements also adhere to the provisions of Section XVI of the Luxembourg Company Law except in respect of:

- adoption from 2001 of IAS 39 "Financial Instruments : Recognition & Measurement" and
- accounting for treasury shares.

In addition, the presentation of the consolidated balance sheet and income statement differs from the provisions of the Luxembourg Company Law with respect to the distinction between current and non-current assets and liabilities as defined under IFRS. In the opinion of the Directors, the presentation adopted, more appropriately reflects the financial position of the Group.

A reconciliation of the net result and shareholders' equity of the Group for the year ended 31 December 2003 to that which would have been reported under Luxembourg accounting principles is set out in note 5.15.

#### 1.2 Basis of preparation

##### 1.2.1 Consolidated financial statements

The consolidated financial statements are presented in millions of EUR and have been prepared under the historical cost convention except in respect of available-for-sale investments and derivative financial instruments which are shown at fair value. The carrying amount of recognised assets and liabilities that are hedged is adjusted to record changes in the fair value attributable to the risks that are being hedged.

The accounting policies have been consistently applied by Group enterprises and are consistent with those used in the previous year.

#### 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, directly or indirectly, to govern the financial and operating policies of an undertaking so as to obtain benefits from its activities. 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 existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Company controls another entity.

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. Such entities 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 company'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".

**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 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 denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rate ruling at the date of the initial transaction.

**1.4.2****Financial statements of foreign entities**

All assets and liabilities of the consolidated foreign entities 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 subsidiaries' opening net asset values at year-end rates are added to or deducted from the currency translation reserve within shareholders' equity. Exchange differences arising from the retranslation of the net investment in a foreign subsidiary or associated undertaking and financial instruments which are designated and qualified as hedges of such investments, are taken to shareholders' equity. On disposal of a foreign entity, 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**

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured 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 foreign exchange differences on 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 within shareholders' equity ("Other reserves").
- Amounts deferred in "Other reserves" 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 ("Other reserves") 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 highly 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 and sport rights**

Non-current programme and sport 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 and sport rights include (co)productions, audiovisual and sport rights acquired, with the primary intention to broadcast or sell them as part of the Group's long-term operations. Sport rights include broadcasting rights for sport events, advertising, sponsoring, ticketing, and merchandising rights. Non-current programme and sport 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 and sport 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 charges 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 acquisition of a company and the Group's share of the fair values of net identifiable assets acquired. Goodwill is recognised as an intangible asset and amortised on a straight-line basis over the shorter of its useful life and 20 years.

Goodwill is stated at cost less accumulated amortisation and impairment losses.

**1.7.4****Other intangible assets**

Other intangible assets, 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, not exceeding 20 years, except for software which is amortised over a maximum of 3 years.

**1.7.5****Subsequent expenditure**

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits that will be derived from the specific asset to which the expenditure relates. All other expenditure is expensed as incurred.

**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.

**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 nominal value, net of 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 in the income statement over the period of the loan.

All non-current and current investments have been categorised as available-for-sale assets. 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 that 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.

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. Cost of purchase includes transaction costs. Available-for-sale investments are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of available-for-sale investments are included, net of deferred income tax, in "Other reserves" in shareholders' equity in the period in which they arise. The fair value of publicly traded available-for-sale investments is based on quoted market prices at the balance sheet date. The fair value of non publicly traded available-for-sale 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. 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" (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. A provision for impairment of trade and other amounts receivable is established when there is an 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**

The carrying amounts of the Group's assets, other than "current programme rights" and "deferred tax assets", are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

**1.13.1****Calculation of recoverable amount**

The recoverable amount of assets is the greater of their net selling price 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.

**1.13.2****Reversals of impairment**

An impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur and the increase in recoverable amount relates clearly to the reversal of the effect of that specific event.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**1.14****Accounts payable**

Trade accounts payable arise from the purchase of goods and services relating to the Group's operating activities. Other current accounts payable comprise VAT, fair value of derivative liabilities and other accounts payable as well as accrued expenses. Trade and other current accounts payable are stated at cost except derivatives, which are measured at fair value.

**1.15****Loans payable**

Interest-bearing current and non-current liabilities are recognised initially at cost, less attributable 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 on an effective interest basis.

**1.16****Provisions**

Provisions are recognised when the Group has a probable present legal or constructive obligation to transfer economic benefits as a result of past events. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. 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.

**1.16.1****Restructuring**

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.

**1.16.2****Onerous contracts**

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.

**1.17****Employee benefits****1.17.1****Pension benefits**

The Group operates or participates in both defined contribution and defined benefit plans throughout the world, 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% 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.

**1.17.2****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.

**1.17.3****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. 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.

**1.18****Share capital****1.18.1****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.

**1.18.2****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 shareholders' equity as “Treasury shares”.

**1.18.3****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.

**1.19****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.

**1.20****Interest income / expense**

Interest income /expense is accrued using the effective yield method.

**1.21****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. 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 by the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available to be offset against deferred tax assets.

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.

**1.22****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.

**1.23****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.

**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.

In 2003, the New Media segment was folded back into the respective core television and radio segments and to a lesser extent into the content segment, to better reflect the integration of new media services in television and radio activities, in particular in merchandising and telephony revenue. Comparatives for 2002 have been restated accordingly.

**Business segments**

The Group comprises the following main business segments:

**Television:**

RTL Group's television segment comprises interests in 23 free-to-air television channels in 8 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 three parts: production, distribution and sport rights. 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; and sport rights comprises the distribution of television rights and marketing rights (including of advertising space, tickets and merchandise) for sports events with a focus on soccer.

**Radio:**

RTL Group's commercial radio segment comprises interests in 23 radio stations in 5 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

In EUR million

	Television		Content		Radio		Other operations		Eliminations		Total	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
Revenue from external customers	3 147	3 020	1 019	1 055	244	236	42	51	-	-	4 452	4 362
Inter-segment revenue	37	41	275	253	(3)	(2)	28	25	(337)	(317)	-	-
<b>Total revenue</b>	<b>3 184</b>	<b>3 061</b>	<b>1 294</b>	<b>1 308</b>	<b>241</b>	<b>234</b>	<b>70</b>	<b>76</b>	<b>(337)</b>	<b>(317)</b>	<b>4 452</b>	<b>4 362</b>
Profit / (loss) from operating activities	224	114	(62)	(30)	42	29	(27)	(26)	-	-	177	87
Share of results of associates	(11)	30	3	3	4	1	-	-	-	-	(4)	34
<b>EBIT</b>	<b>213</b>	<b>144</b>	<b>(59)</b>	<b>(27)</b>	<b>46</b>	<b>30</b>	<b>(27)</b>	<b>(26)</b>	<b>-</b>	<b>-</b>	<b>173</b>	<b>121</b>
<b>EBITA</b>	<b>383</b>	<b>329</b>	<b>86</b>	<b>79</b>	<b>48</b>	<b>41</b>	<b>(30)</b>	<b>(25)</b>	<b>-</b>	<b>-</b>	<b>487</b>	<b>424</b>
Amortisation of goodwill	(114)	(114)	(98)	(107)	(2)	(6)	(1)	(1)	-	-	(215)	(228)
Impairment of goodwill	(53)	(70)	(49)	-	-	-	-	-	-	-	(102)	(70)
Gain / (loss) from sale of subsidiaries, joint ventures and other investments	(3)	(1)	2	1	-	(5)	4	-	-	-	3	(5)
<b>EBIT</b>	<b>213</b>	<b>144</b>	<b>(59)</b>	<b>(27)</b>	<b>46</b>	<b>30</b>	<b>(27)</b>	<b>(26)</b>	<b>-</b>	<b>-</b>	<b>173</b>	<b>121</b>
Net interest expense											(35)	(36)
Financial results other than interest											(20)	(47)
Income tax expense											(95)	(85)
Minority interest											(9)	(9)
Net profit/ (loss) for the year											14	(56)
Segment assets	3 710	3 827	2 225	2 500	367	289	124	225	(291)	(273)	6 135	6 568
Investment in associates	104	139	3	3	7	8	-	-	-	-	114	150
Other assets											967	1 170
<b>Total assets</b>											<b>7 216</b>	<b>7 888</b>
Segment liabilities	1 385	1 353	547	414	223	194	151	377	(284)	(269)	2 022	2 069
Other liabilities											926	1 394
<b>Total liabilities</b>											<b>2 948</b>	<b>3 463</b>
<b>Net assets</b>											<b>4 268</b>	<b>4 425</b>
Capital expenditure	69	74	93	37	58	3	4	74	-	-	224	188
Depreciation and amortisation excluding goodwill	(98)	(91)	(163)	(152)	(10)	(6)	(7)	(4)	-	-	(278)	(253)
Impairment losses	-	(2)	(16)	(11)	-	-	-	-	-	-	(16)	(13)

## 2.2

## Geographical segments

In EUR million

	Germany		France		Netherlands		UK		Other regions		Eliminations		Total	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
Revenue from external customers	2 079	2 148	887	786	393	364	517	562	781	695	(205)	(193)	4 452	4 362
Segment assets	2 426	2 459	1 385	1 466	437	364	1 230	1 396	2 455	1 772	(1 798)	(889)	6 135	6 568
Capital expenditure	91	94	38	57	67	7	15	16	13	14	-	-	224	188

### 3 Acquisitions

#### 3.1

##### Acquisitions and increases in interests held in subsidiaries, joint ventures and associates

Details of significant acquisitions in the year ended 31 December 2003 are set out in note 3.2. Acquisitions have been consolidated using the purchase method of accounting with goodwill being recognised as an asset and amortised over a period not exceeding 20 years. 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 revenues of EUR 52 million and EBITA of EUR (8) million to the Group for the post acquisition period to 31 December 2003. As at 31 December 2003, their assets and liabilities were EUR 139 million and EUR 181 million respectively.

#### 3.2

##### Details of significant acquisitions and increases in interests held in joint ventures and associates

#### ■ 2003

##### N-TV

In December 2002, the Group acquired a 47% interest in the German news station N-TV for an amount of EUR 98 million. The investment, equity accounted for from 31 December 2002 to 31 March 2003, has been proportionate consolidated as a joint venture as from 1 April 2003 following the effective exercise of joint control with Time Warner as from that date.

Additional interests were acquired in April 2003, increasing the interest held from 47% to 48.4%. The consideration was EUR 4 million and this resulted in goodwill of EUR 3 million.

##### M6 Group

During 2003 additional interests were acquired in M6, the French television group, increasing the interest held to 48.2% (voting rights limited to 34% following the licence agreement endorsed by the French media regulatory body). The aggregate consideration was EUR 24 million and this resulted in goodwill of EUR 22 million.

##### AVE

In December 2002, the Group acquired interests in the German radio assets of Holtzbrinck for an amount of EUR 53 million. In addition, pending final regulatory and shareholders' approval, some entities on which control by the Group was not established had not been consolidated in 2002 and were therefore classified as available-for-sale investments totalling EUR 24 million, which represented the consideration paid for these investments.

As a result of the completion of the transaction and the finalisation of the fair value exercise an additional goodwill of EUR 12 million has been recognised including a final adjustment of EUR 8 million (see 5.1.2.).

##### Crackerjack

In October 2003, the Group acquired 100% of interest in an Australian production house, Crackerjack. The consideration was EUR 4 million and this resulted in goodwill of EUR 4 million.

#### ■ 2002

##### N-TV

In December 2002, the Group acquired 47% interests in the German news station N-TV for an amount of EUR 98 million. The investment has been equity accounted for at 31 December 2002. This resulted in goodwill of EUR 97 million.

##### M6 Group

During 2002 additional interests were acquired in M6, the French television group, increasing the interest held to 47.3%. The aggregate consideration was EUR 77 million. This resulted in goodwill of EUR 71 million arising at the RTL Group level.

##### TPS

M6 Group acquired an additional 9% of the satellite television operation TPS in October 2002. This has been accounted for as a joint venture at the M6 level based on the overall ownership of 34%. As a result of this acquisition, a goodwill of EUR 41 million has been recorded at the RTL Group level.

##### AVE

In December 2002, the Group acquired interests in the German radio assets of Holtzbrinck for an amount of EUR 53 million resulting in goodwill amounting to EUR 47 million.

Due to the timing of the acquisition, the fair values of the identifiable assets and liabilities acquired with N-TV and AVE was determined on a provisional basis, and was therefore subject to adjustment in 2003.

#### 3.3

##### Assets and liabilities acquired

Details of the net assets acquired and goodwill are as follows:

<i>In EUR million</i>	2003	2002
Purchase consideration:		
■ Cash paid	49	294
■ Deferred consideration	1	30
Total purchase consideration	50	324
Less fair value of net asset acquired	(17)	(1)
<b>Goodwill</b>	<b>33</b>	<b>323</b>

#### 3.4

##### Cash outflow on acquisitions

The net assets and liabilities arising from the acquisitions are as follows:

<i>In EUR million</i>	2003	2002
Cash and cash equivalents	14	(1)
Property, plant and equipment	7	27
Other intangible assets	-	2
Financial assets including investments in associates	12	35
Marketable securities	1	2
Current and non current programme rights	6	82
Receivables (trade and other)	15	48
Payables (trade and other)	(24)	(112)
Other post retirement obligations	-	(1)
Other provisions	(4)	(12)
Interest bearing loans and borrowings	(11)	(68)
Net deferred tax assets / (liabilities)	2	1
Minority interests	(1)	(2)
<b>Fair value of net assets acquired</b>	<b>17</b>	<b>1</b>
Goodwill capitalised	33	323
<b>Total purchase consideration</b>	<b>50</b>	<b>324</b>
Less :		
Discharged by cash outflow in acquiring associates	(1)	(113)
Deferred consideration	(1)	(30)
Payment on prior year acquisitions	16	-
Cash and cash equivalents in operations acquired	(14)	1
<b>Cash outflow on acquisitions</b>	<b>50</b>	<b>182</b>

### 4

#### Consolidated income statement

##### 4.1

<b>Revenue</b> <i>In EUR million</i>	2003	%	2002	%
Net spot advertising sales	2 507	56	2 478	57
Net barter advertising sales	38	1	58	1
Net other advertising sales	161	4	161	4
<b>Net advertising sales</b>	<b>2 706</b>	<b>61</b>	<b>2 697</b>	<b>62</b>
Net program and sport right sales	987	22	1 001	23
Merchandising	193	4	188	4
Homeshopping	119	2	104	2
Others	447	11	372	9
	<b>4 452</b>	<b>100</b>	<b>4 362</b>	<b>100</b>

##### 4.2

##### Other operating expense

<i>In EUR million</i>	Notes	2003	2002
Personnel costs	4.2.1	664	664
External cost of live programs		473	582
External cost of transmitting		123	145
Other marketing, promotion and public relations costs		95	122
Author rights		100	109
Rental costs		101	93
Marketing and promotion costs - barter		40	37
Others		605	553
		<b>2 201</b>	<b>2 305</b>

Operating foreign exchange and derivative losses amounted to EUR (14) million (2002: EUR (22) million).

##### 4.2.1

##### Personnel costs

<i>In EUR million</i>	2003	2002
Wages and salaries	511	496
Social security	99	97
Pension costs	6	5
Other personnel costs	48	66
	<b>664</b>	<b>664</b>

Amounts set out above exclude personnel costs of EUR 113 million (2002: EUR 101 million) that are capitalised and represent costs of employees directly allocated to the programme productions. Pension costs relate to defined contribution and benefit plans (see note 5.13).

An analysis of the average number of employees is set out below:

	2003	2002
Employees of fully consolidated undertakings	6 041	6 289
Employees of joint ventures	1 424	1 125
	7 465	7 414

Employees of joint ventures reflect the number of employees based on the Group's ownership in those joint ventures. Comparative figures for 2002 have been restated accordingly.

#### 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" comprise the following items :

##### ■ 2003

- Gain on sale of the investment in the VCF joint venture <sup>(1)</sup>  
EUR 2 million
- Gain on sale of the investment of Group AB accounted for as available-for-sale investment  
EUR 3 million
- Loss on sale of the investment in Via Digital accounted for as available-for-sale investment  
EUR (3) million
- Net gain on others  
EUR 1 million

##### ■ 2002

- Gain on sale of the investment in the Berliner Rundfunk subsidiary  
EUR 5 million
- Loss on sale of the investment in the FM Radio Network subsidiary  
EUR (5) million
- Loss on sale of the investment in the VCF subsidiary <sup>(1)</sup>  
EUR (5) million

<sup>(1)</sup> VCF was partly sold in 2002. The remaining investment has been disposed of in 2003

#### 4.4

##### Net interest expense

In EUR million	2003	2002
Interest income	27	41
Interest expense	(62)	(77)
	(35)	(36)

#### 4.5

##### Financial results other than interest

In EUR million	2003	2002
Impairment losses and reversal of impairment on financial assets	(5)	(45)
Gain from sale of other financial assets	-	12
Fair value changes on derivatives	(14)	(14)
Others	(1)	-
	(20)	(47)

In 2002, "Impairment losses and reversal of impairment on financial assets" included an impairment loss of EUR 39 million against the 5% interest of the Group in the Spanish cable operation Via Digital. "Gain from sale of other financial assets" was largely attributable to the gain of EUR 12 million on the disposal of the Group's 12% interest in Luxair.

#### 4.6

##### Income tax expense

In EUR million	2003	2002
Current tax expense	116	107
Deferred tax income	(21)	(22)
	95	85

The tax on the Group profit before tax differs from the theoretical amount that would arise using Luxembourg tax rate of 30.38% (2002: 30.38%) as follows:

In EUR million	2003	2002
Profit before taxes	118	38
Goodwill amortisation and impairment	317	298
Other non deductible expense	209	43
Use of tax losses carry forward	(290)	(57)
Taxable profit	354	322
Tax calculated at the Luxembourg tax rate 30.38% (2002: 30.38%)	108	98
Effect of tax rate in foreign jurisdictions	3	(25)
Trade tax and other tax	36	28
Tax charge before adjustments on prior year	147	101
Current tax adjustments on prior year	(20)	(13)
Deferred tax adjustments on prior year	(32)	(3)
Tax charge	95	85

2003 income tax adjustments on prior years mainly comprise;

- EUR 18 million of German tax credits granted by the tax administration following the distribution of reserves in Germany.
- EUR 32 million of deferred tax income mainly attributable to the reassessment of non-deductible expenses previously considered as tax deductible in Germany,

#### 4.7

##### Earnings per share

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders of EUR 14 million (2002: loss of EUR 56 million) and a weighted average number of ordinary shares outstanding during the year of 153,618,853 (2002: 153,618,853), calculated as follows :

	2003	2002
Net profit / (loss) attributable to ordinary shareholders (in EUR million)	14	(56)
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 EUR)	0.09	(0.37)
Diluted earnings per share (in EUR)	0.09	(0.37)

For 2003 and 2002, there is no dilutive impact of the share option plan, as all options are out of the money and are therefore not dilutive.

## 5 Consolidated balance sheet

### 5.1

#### Programme and sport rights, goodwill and other intangible assets

In EUR million

	Sport rights	(Co)- productions	Distribution and broad- casting rights	Advance payments and (co)productions in progress	Total Programme and sport rights	Goodwill	Other intangible assets
<b>Cost</b>							
<b>Balance at 1 January 2003</b>	<b>117</b>	<b>570</b>	<b>973</b>	<b>27</b>	<b>1 687</b>	<b>6 946</b>	<b>118</b>
Effect of movements in foreign exchange	-	(84)	(30)	-	(114)	(83)	(3)
Additions	3	13	70	8	94	-	70
Disposals	(8)	(1)	(13)	-	(22)	-	(2)
Subsidiaries, joint ventures and associates disposed of	-	-	(3)	-	(3)	-	-
Subsidiaries, joint ventures and associates acquired	1	-	-	3	4	33	1
Transfers and other changes	1	7	22	(24)	6	8	10
<b>Balance at 31 December 2003</b>	<b>114</b>	<b>505</b>	<b>1 019</b>	<b>14</b>	<b>1 652</b>	<b>6 904</b>	<b>194</b>
<b>Amortisation</b>							
<b>Balance at 1 January 2003</b>	<b>(35)</b>	<b>(557)</b>	<b>(826)</b>	<b>-</b>	<b>(1 418)</b>	<b>(3 410)</b>	<b>(91)</b>
Effect of movements in foreign exchange	-	84	25	-	109	26	2
Amortisation charge for the year	(18)	(23)	(129)	-	(170)	(215)	(25)
Impairment losses recognised for the year	-	-	(16)	-	(16)	(102)	-
Subsidiaries, joint ventures and associates disposed of	-	-	3	-	3	-	-
Disposals	-	-	13	-	13	-	2
Transfers and other changes	-	(1)	(3)	-	(4)	-	(8)
<b>Balance at 31 December 2003</b>	<b>(53)</b>	<b>(497)</b>	<b>(933)</b>	<b>-</b>	<b>(1 483)</b>	<b>(3 701)</b>	<b>(120)</b>
<b>Carrying amount</b>							
<b>At 31 December 2002</b>	<b>82</b>	<b>13</b>	<b>147</b>	<b>27</b>	<b>269</b>	<b>3 536</b>	<b>27</b>
<b>At 31 December 2003</b>	<b>61</b>	<b>8</b>	<b>86</b>	<b>14</b>	<b>169</b>	<b>3 203</b>	<b>74</b>

No reversal of impairment losses have been recorded in 2003 and 2002.

Net intangible assets held under finance leases at 31 December 2003 amount to EUR 12 million (2002: EUR 15 million).

### 5.1.1

#### FremantleMedia goodwill

The carrying value of FremantleMedia goodwill as at 31 December 2003 amounts to EUR 1,282 million (2002: 1,485 million) and is amortised over a remaining period of 17 years in accordance with the Group's accounting policy.

### 5.1.2

#### AVE goodwill final adjustment

Included within "Transfer and other changes" is EUR 8 million in respect of a final adjustment of goodwill recognised following the downward revision of the provisional fair values allocated to AVE entities in 2002. The adjustment largely relates to downward fair value adjustments on available-for-sale investments held by the AVE entities (see note 3.2).

### 5.1.3

#### Impairment losses recognised for the year

##### Transmission assets

The carrying value of the Group's holdings in the transmission assets of FremantleMedia has been compared to its recoverable amount, represented by the higher of the net selling price and value in use. Since the Group has entered into negotiation to dispose of these assets, the recoverable amount of the related assets has been adjusted to net cash flows to be received for the disposal as reflected by recent bid offers received by the Group as part of the disposal process.

The review has resulted in a EUR 54 million impairment loss being recognised in the income statement on the goodwill arising on the acquisition of these transmission assets.

#### Sportfive

The carrying value of the Group's holdings in the assets of Sportfive has been compared to its recoverable amount, represented by the higher of the net selling price and value in use. Since the Group has entered into negotiation to dispose of these assets, the recoverable amount of the related assets has been adjusted to net cash flows to be received for the disposal as reflected by recent bid offers received by the Group as part of the disposal process.

The review has resulted in a EUR 48 million impairment loss being recognised in the income statement on the goodwill arising on the acquisition of these assets.

The remaining goodwill of EUR 127 million respect of these assets will be amortised over the remaining 18 years in accordance within the Groups' accounting policy.



## 5.2

**Property, plant and equipment**

<i>In EUR million</i>	Land, buildings and improvements	Technical equipment	Other	Total
<b>Cost</b>				
<b>Balance at 1 January 2003</b>	<b>299</b>	<b>331</b>	<b>209</b>	<b>839</b>
Effect of movements in foreign exchange	(4)	(6)	(3)	(13)
Additions	13	18	28	59
Disposals	(1)	(6)	(19)	(26)
Subsidiaries and joint ventures disposed of	-	(10)	(1)	(11)
Subsidiaries and joint ventures acquired	1	4	2	7
Transfers and other changes	-	(4)	(2)	(6)
<b>Balance at 31 December 2003</b>	<b>308</b>	<b>327</b>	<b>214</b>	<b>849</b>
<b>Depreciation</b>				
<b>Balance at 1 January 2003</b>	<b>(115)</b>	<b>(260)</b>	<b>(136)</b>	<b>(511)</b>
Effect of movements in foreign exchange	1	5	2	8
Depreciation charge for the year	(19)	(32)	(32)	(83)
Disposals	-	5	16	21
Subsidiaries and joint ventures disposed of	-	8	1	9
Transfers and other changes	-	5	(1)	4
<b>Balance at 31 December 2003</b>	<b>(133)</b>	<b>(269)</b>	<b>(150)</b>	<b>(552)</b>
<b>Carrying amount</b>				
<b>At 31 December 2002</b>	<b>184</b>	<b>71</b>	<b>73</b>	<b>328</b>
<b>At 31 December 2003</b>	<b>175</b>	<b>58</b>	<b>64</b>	<b>297</b>

No reversal of impairment losses have been recorded in 2003 and 2002.

Net tangible assets held under finance leases at 31 December 2003 amounts to EUR 14 million (2002: EUR 15 million).

## 5.3

**Investments in associates**

<i>In EUR million</i>	2003	2002
<b>Balance at 1 January</b>	<b>150</b>	<b>121</b>
Effect of movements in foreign exchange	(3)	1
Share of result after tax	(4)	34
Dividend distribution	(30)	(25)
Change in consolidation scope	1	16
Transfers and other changes	-	3
<b>Balance at 31 December</b>	<b>114</b>	<b>150</b>

Goodwill arising on investments in associates is recorded in the balance sheet under the line "Goodwill".

The carrying amount of goodwill in associates at 31 December 2003 amounts to EUR 184 million (2002: EUR 291 million). The decrease is largely due to the change of consolidation method for N-TV from associate to joint venture in 2003, resulting in the reclassification of the related goodwill (see note 3.2).

## 5.4

**Loans and other financial assets**

<i>In EUR million</i>	2003	2002
Loans to associates	3	2
Other loans and financial assets	220	182
Available-for-sale investments (see note 5.4.1)	60	66
Surplus in the defined benefit plans (see note 5.13)	1	-
	<b>284</b>	<b>250</b>

"Other loans and financial assets" include an amount of EUR 147 million (2002 : EUR 156 million) in respect of a loan to Five. Reversals of impairment losses of EUR 2 million have been recorded in 2003 (2002 : EUR 19 million).

## 5.4.1

**Available-for-sale investments**

<i>In EUR million</i>	2003	2002
<b>Balance at 1 January</b>		
Non-current (see note 5.4)	<b>66</b>	94
Current (see note 5.8)	<b>49</b>	66
	<b>115</b>	<b>160</b>
Net disposals	(26)	(14)
Change in fair value	(5)	(10)
Other changes	12	(21)
<b>Balance at 31 December</b>	<b>96</b>	<b>115</b>
Non-current (see note 5.4)	<b>60</b>	66
Current (see note 5.8)	<b>36</b>	49
	<b>96</b>	<b>115</b>

No reversal of impairment losses have been recorded in 2003 and 2002.

## 5.5

**Deferred tax assets and liabilities***In EUR million*

	2003	2002
Deferred tax assets	191	136
Deferred tax liabilities	(22)	(9)
	169	127

Deferred tax assets are recognised for tax loss carry forwards to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of EUR 7,965 million (2002: EUR 8,253 million) to carry forward against future taxable income. The most significant portion of these tax losses is generated in Luxembourg (2003: EUR 7,462 million; 2002: EUR 7,718 million) and has no expiry date.

The movement on deferred tax assets and liabilities during the year is as follows:

**Deferred tax assets***In EUR million*

	Balance at 1 January 2003	(Charged)/ credited to income statement	(Charged)/ credited to equity	Change in consolidation scope	Transfers and other changes	Balance at 31 December 2003
Programme rights	79	26	-	-	-	105
Provisions	31	2	-	1	-	34
Tax losses	1	4	-	1	-	6
Others	25	(6)	20	-	7	46
	136	26	20	2	7	191

**Deferred tax liabilities***In EUR million*

	Balance at 1 January 2003	(Charged)/ credited to income statement	(Charged)/ credited to equity	Change in consolidation scope	Transfers and other changes	Balance at 31 December 2003
Programme rights	-	(6)	-	-	-	(6)
Property, plant and equipment	(2)	2	-	-	-	-
Others	(7)	(1)	(2)	1	(7)	(16)
	(9)	(5)	(2)	1	(7)	(22)

## 5.6

**Current programme rights***In EUR million*

	Gross Value	2003 Valuation allowance	Net value	2002 Net value
(Co)productions	466	(202)	264	269
Children programme rights	8	(1)	7	7
TV programmes	70	(9)	61	60
Other distribution and broadcasting rights	857	(145)	712	642
<b>Sub-total programme rights</b>	<b>1 401</b>	<b>(357)</b>	<b>1 044</b>	<b>978</b>
(Co)productions and programmes in progress	70	(16)	54	77
Advance, payments on (co)productions, programmes and rights	61	-	61	79
<b>Sub-total programme rights in progress</b>	<b>131</b>	<b>(16)</b>	<b>115</b>	<b>156</b>
	1 532	(373)	1 159	1 134

Additions and reversals of valuation allowance have been recorded for respectively EUR (90) million and EUR 60 million in 2003 (2002: EUR (67) million and EUR 7 million).

## 5.7

**Accounts receivable***In EUR million*

	Under 1 year	2003 Over 1 year	Total	Under 1 year	2002 Over 1 year	Total
Trade accounts receivable	762	18	780	716	26	742
Accounts receivable from associates	39	-	39	11	-	11
VAT receivable	100	-	100	111	-	111
Prepaid expenses	110	-	110	72	-	72
Accrued interest on loans and other financial assets	40	-	40	38	-	38
Fair value of derivative assets	5	-	5	7	-	7
Other accounts receivable	118	9	127	242	11	253
	1 174	27	1 201	1 197	37	1 234

Additions and reversals of valuation allowance have been recorded for respectively EUR (24) million and EUR 13 million in 2003 (2002: EUR (29) million and EUR 17 million).

## 5.8

**Marketable securities and other short-term investments**

"Marketable securities and other short-term investments" only include available-for-sale investments (see note 5.4.1).

## 5.9

**Cash and cash equivalents***In EUR million*

	2003	2002
Cash in hand and at bank	119	155
Fixed term deposits (<3 months)	153	107
Other cash equivalents	2	7
	274	269

**5.10****Loans and bank overdrafts**

<b>Current liabilities</b> <i>In EUR million</i>	2003	2002
Bank overdrafts	10	54
Bank loans payable	8	10
Current portion of other non-current loans payable	51	50
Leasing liabilities	5	2
Other current loans payable	210	603
	<b>284</b>	<b>719</b>

The decrease of "Other current loans payable" is due to the reimbursement of the Commercial Papers programs and of the financing from Bertelsmann.

**Term and debt repayment schedule**

<i>In EUR million</i>	Under 1 year	2003 1 - 5 years	Over 5 years	Total carrying amount
Bank overdraft	10	-	-	10
Bank loans payable	8	38	-	46
Current portion of other non-current loans payable	51	-	-	51
Leasing liabilities	5	16	9	30
Other loans payable	210	464	-	674
	<b>284</b>	<b>518</b>	<b>9</b>	<b>811</b>

**5.11****Accounts payable****Current accounts payable**

<i>In EUR million</i>	2003	2002
Amounts due to associates	56	55
Trade accounts payable	958	979
Fair value of derivative liabilities	79	72
Other accounts payable	555	589
	<b>1 648</b>	<b>1 695</b>

"Fair value of derivative liabilities" include the fair value of forward foreign exchange contracts for an amount of EUR 69 million (2002: EUR 62 million) and the fair value of written put options on equity instruments for an amount of EUR 10 million (2002: EUR 10 million).

"Other accounts payable" include deferred income for an amount of EUR 111 million (2002: EUR 94 million).

**Non-current accounts payable**

<i>In EUR million</i>	1-5 years	2003 Over 5 years	Total	1-5 years	2002 Over 5 years	Total
Other accounts payable	130	56	186	159	-	159

**Non-current liabilities**

<i>In EUR million</i>	2003	2002
Bank loans payable	38	64
Leasing liabilities	25	31
Other non-current loans payable	464	460
	<b>527</b>	<b>555</b>

**Term and debt repayment schedule**

<i>In EUR million</i>	Under 1 year	2002 1 - 5 years	Over 5 years	Total carrying amount
Bank overdraft	54	-	-	54
Bank loans payable	10	47	17	74
Current portion of other non-current loans payable	50	-	-	50
Leasing liabilities	2	23	8	33
Other loans payable	603	360	100	1 063
	<b>719</b>	<b>430</b>	<b>125</b>	<b>1 274</b>

**5.12****Provisions**

<i>In EUR million</i>	Employee benefits <sup>(1)</sup>	Losses of unlimited entities	Litigations <sup>(2)</sup>	Restructuring	Onerous contracts	Other provisions	Total
<b>Balance at 1 January 2003</b>	<b>92</b>	<b>4</b>	<b>43</b>	<b>7</b>	<b>21</b>	<b>50</b>	<b>217</b>
Provisions made during the year	16	-	16	1	4	17	54
Provisions used during the year	(12)	-	(1)	(4)	(11)	(13)	(41)
Provisions reversed during the year	(4)	-	(15)	(3)	(2)	(19)	(43)
Change in consolidation scope	-	(4)	-	1	-	3	-
Other changes	1	-	(1)	1	-	1	2
<b>Balance at 31 December 2003</b>	<b>93</b>	<b>-</b>	<b>42</b>	<b>3</b>	<b>12</b>	<b>39</b>	<b>189</b>

(1) "Employee benefits" comprise provisions for defined benefit obligations for EUR 68 million (2002: EUR 68 million) and provision for other employee benefits for EUR 25 million (2002: EUR 24 million). (2) "Litigations" include provisions for operational, social and tax risks in relation with M6 (EUR 20 million), TVi (EUR 7 million), Sportfive (EUR 4 million) and various other minor litigations (EUR 11 million).

**5.13****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 TVi participate in a funded defined plan insured with the company AXA. The plan provides pension benefits to members 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 RTL retirement indemnity plan is partly funded by an insurance contract with the company AXA. M6 Group participates in a defined benefit plan which provides pension benefits to members on retirement.

**Germany**

Employees of UFA Berlin Group, Sportfive GmbH, UFA Film & Fernseh and the German branch of CLT-UFA participate in the multi-employer Bertelsmann plan. Each employer which participates in this plan has separately identifiable liabilities. The plan is unfunded and defined benefit in nature. IP Deutschland sponsors individual plans for employees and former employees providing defined pension benefits to each employee at retirement. RTL Television sponsors individual plans for some 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 RTL Group, CLT-UFA and Broadcasting Center Europe participate in an unfunded defined benefit plan which provides pension benefits to members on retirement, death and disabilities.

**The Netherlands**

Employees of IP Netherlands participate in a funded defined benefit plan insured with the company Aegon, which provides pension benefits to members and their dependants on retirement and death.

**United Kingdom**

FremantleMedia operates the RTL Group UK Pension Plan ("the RTL UK Plan"), which was established on 29 December 2000. The RTL UK Plan provides both defined benefit and defined contribution benefits.

## Defined benefit plans

The principal actuarial assumptions and the amounts recognised in the balance sheet and income statement are as follows:

	2003 % a year	2002 % a year
Discount rate	5.10–5.75	5.50–5.75
Expected return on plan assets	5.00–7.50	5.00–7.25
Long term inflation rate	2.00–2.75	2.00–2.50
Salary growth rate	3.00–4.75	3.00–4.25
Pension growth rate	2.00–4.00	2.00–4.00

The amounts recognised in the balance sheet are determined as follows:

In EUR million	2003	2002
Present value of funded obligations	45	31
Fair value of plan assets	(30)	(16)
Present value of unfunded obligations	61	59
Deficit	76	74
Unrecognised actuarial losses	(9)	(6)
<b>Liability in the balance sheet (see note 5.12.)</b>	<b>68</b>	<b>68</b>
<b>Asset in the balance sheet (see note 5.4)</b>	<b>1</b>	<b>-</b>

As RTL Group has no legal right to realize the surplus in the Belgium and UK plans and settle the obligations under the other plans of the Group, the surplus in the above mentioned plans is presented in assets and the obligations regarding the plans in France, Germany, Luxembourg and the Netherlands are shown under provisions.

The amounts recognised in the income statement are as follows:

In EUR million	2003	2002
Current service cost	7	8
Interest cost	5	4
Expected return on asset plan (gains) / loss	(1)	-
Actuarial losses	-	1
Past service cost	(1)	-
Settlements and curtailments	-	(2)
<b>Total included in the income statement</b>	<b>10</b>	<b>11</b>

The actual return on plan assets was EUR 1 million (2002: EUR (1) million).

Movements in the assets and liabilities recognised in the balance sheet are as follows:

In EUR million	2003	2002
<b>At beginning of year</b>	<b>68</b>	<b>63</b>
Total included in the Income statement	10	11
Contributions and benefits paid	(11)	(7)
Other changes	-	1
<b>At end of year</b>	<b>67</b>	<b>68</b>

## 5.14

### Shareholders' equity

#### 5.14.1

##### Share capital

As at 31 December 2003, the subscribed capital amounts to EUR 192 million (2002: EUR 192 million) and is represented by 154,787,554 (2002: 154,787,554) fully paid-up ordinary shares, without nominal value. All shares have the same rights and entitlements. The authorised share capital is EUR 196 million.

#### 5.14.2

##### 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 2003, the Group holds 1,168,701 own shares (2002: 1,168,701) at a cost of EUR 44 million (2002: EUR 44 million).

#### 5.14.3

##### Dividends

At the Annual General Meeting on 21 April 2004, a dividend in respect of 2003 of EUR 0.80 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 2004. The dividends in respect of 2002 amounted to EUR 0.70 per share (EUR 107 million).

#### 5.14.4

##### Other reserves

An analysis of the movement on "Other reserves" is set out below:

In EUR million	Revaluation reserve (available-for-sale investments)	Hedging reserve	Currency translation reserve	Total
<b>Balance at 1 January 2003</b>	<b>(2)</b>	<b>(22)</b>	<b>(62)</b>	<b>(86)</b>
Effect of movements in foreign exchange	-	-	(65)	(65)
Fair value adjustments	25	(11)	-	14
Transfers to income statement	2	-	-	2
Transfers to acquisition cost of programme rights	-	(18)	-	(18)
<b>Balance at 31 December 2003</b>	<b>25</b>	<b>(51)</b>	<b>(127)</b>	<b>(153)</b>

The currency translation movement for the year, amounting to EUR 65 million (2002: EUR 21 million), include EUR 45 million (2002: EUR 13 million) in respect of loans which have been designated to form part of the Group's net investment in specific undertakings, as the repayment of those loans is not anticipated within the foreseeable future. As prescribed by IAS 21 "The Effects of Changes in Foreign Exchange Rates", such exchange differences have been recognised directly through equity. As at 31 December 2003, the cumulated currency translation reserves in respect of these loans amount to EUR 80 million (2002: EUR 35 million).

## 5.15

### Reconciliation with Luxembourg generally accepted accounting principles ("GAAP")

The reconciliation of shareholders' equity and net profit / (loss) as reported by Group for the year ended 31 December 2003 with Luxembourg accounting principles is as follows:

In EUR million	2003	2002
<b>Shareholders' equity under IFRS as at 31 December</b>	<b>4 242</b>	<b>4 402</b>
Accounting for treasury shares	44	44
Accounting for financial instruments	(25)	5
<b>Shareholders' equity under Luxembourg GAAP as at 31 December</b>	<b>4 261</b>	<b>4 451</b>
<b>Net profit / (loss) under IFRS as at 31 December</b>	<b>14</b>	<b>(56)</b>
Accounting for financial instruments	(52)	(22)
<b>Net profit / (loss) under Luxembourg GAAP as at 31 December</b>	<b>(38)</b>	<b>(78)</b>

#### Treasury shares (SIC 16)

Under Luxembourg GAAP, treasury shares are held at the lower of cost and market value and are classified under securities and other short term investments. Under IFRS, these shares are classified as a deduction of shareholders' equity.

## Financial instruments (IAS 39)

IAS 39 covers the recognition, derecognition and measurement of derivatives, all monetary assets and liabilities on a company's balance sheet and its equity investments. The standard imposes strict limits on the use of hedge accounting, even for hedges that are economically effective.

The principal difference between IAS 39 and Luxembourg GAAP is summarised below:

- Derivative instruments are recognised on the balance sheet and measured at fair value under IAS 39 with gains and losses arising from changes in fair values of derivatives are recognised in the income statement, except when strict hedge effectiveness criteria are satisfied. Under Luxembourg GAAP, derivatives used for hedging purposes are measured at fair value. Only the net unrealised loss is recorded as a liability on the balance sheet, whereas the unrealised gain is not recognised;
- Under Luxembourg GAAP, investments in equity and debt instruments are carried at cost or amortised cost. Such investments are measured at fair value under IAS 39. In addition, the gains and losses on such investments have been deferred to equity pending the sale of the investment.

## 6 Commitments and contingencies

<i>In EUR million</i>	2003	2002
Commitments and endorsements given	265	377
Contracts for purchasing rights, (co)productions and programmes	2 081	2 378
Operating leases	495	515
Other long-term contracts and commitments	515	601

Subsequent analysis of commitments led to restatement of 2002 comparatives.

### 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 EUR 2,081 million (2002 : EUR 2,378 million).

### 6.2

#### Operating leases

Non-cancellable operating lease rentals are as follows:

<i>In EUR million</i>	Lease payments			
	Under 1 year	1 - 5 years	Over 5 years	Total
Leasing of satellite transponders	27	172	5	204
Other operating leases	24	254	13	291
	51	426	18	495

### 6.3

#### Other long-term contracts and commitments

The Group has "Other long-term contracts and commitments" amounting to EUR 515 million as at 31 December 2003 (2002: EUR 601 million). These relate to a number of items including broadcasting licences, distribution and transmission arrangements, production services and sale and lease back transactions in respect of FremantleMedia.

FremantleMedia has arrangements for a remaining period of 14 years in relation to sale and lease back transactions for an amount of EUR 134 million (2002: EUR 136 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.

### 6.4

#### 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. Entities include, inter alia, CLT-UFA in Luxembourg and Five in the United Kingdom.

On 16 January 1995 the Government of the Grand Duchy of Luxembourg and CLT signed a protocol agreement (the "protocol") defining a global agreement to renew the CLT-UFA broadcasting licences until 31 December 2010. The terms of this protocol were implemented by legal acts and other procedures in 1995. The protocol confirms the residence of CLT-UFA in Luxembourg and reinforces its link with the Grand Duchy of Luxembourg.

The protocol came into operation in January 1996 and was subsequently renegotiated following the contribution by Bertelsmann of its subsidiary UFA to CLT.

The amended protocol of 16 December 1996, while approving the CLT-UFA restructuring maintained the principles set out in the original protocol. As the Luxembourg government has the right to approve major changes in the shareholding of CLT-UFA, the combination with Audiofina and Pearson Television has led to the renegotiation of the amended protocol.

Under the revised protocol signed with the Government on 25 July 2000, RTL Group and CLT-UFA will remain Luxembourg companies with their headquarters in Luxembourg although certain headquarter services, such as programme production activities, may be located outside Luxembourg. The structural and financial provisions of the revised protocol, maintaining the principles agreed in the former protocols, provide that CLT-UFA does not have to pay broadcasting licence fees but is responsible for, and must provide funding for, the Luxembourg public radio and TV service during the licence period up to a ceiling of EUR 124 million over 15 years.

### 6.5

#### Share option plan

##### 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 twenty 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.

Movements in the number of share options are as follows :

<i>In thousands of options</i>	2003	2002
Options outstanding at 1 January	391	450
Options expired / cancelled during the year	(150)	(59)
<b>Options outstanding at 31 December</b>	<b>241</b>	<b>391</b>

Share options outstanding (in thousands) at the end of the year have the following terms:

Expiry date	Exercise price (in EUR)	Number of options
2010	85.24	239
2011	85.24	2
		<b>241</b>

The market price of RTL Group shares on the Brussels Stock Exchange was EUR 46.75 as at 31 December 2003.

##### The Metropole Television (M6) Employee Share Option Plan

M6 has established an employee share option plan open to directors and certain employees within the Group.

The number of options granted to a participant is determined by the Board of Directors of Metropole Television in accordance with the authorisation given by the General Meeting of Shareholders.

Options were generally granted under the plan in September 1998, December 1998, June 1999, January 2000, June 2001. Options granted in September and December 1998 may only be exercised after expiry of three years from the date of grant and must be exercised before the expiry of 7 years from the date of grant. Options granted in June 1999 and January 2000 may only be exercised after the fifth anniversary of the date of grant. Options granted in June 2001 may only be exercised after the fourth anniversary of the date of grant and before its seventh anniversary.

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 twenty trading days preceding the date of grant.

Movements in the number of share options are as follows:

<i>In thousands of options</i>	2003	2002
Options outstanding at 1 January	2 931	2 951
Options issued during the year	691	711
Options exercised during the year	(260)	(435)
Options expired / cancelled during the year	(183)	(296)
<b>Options outstanding at 31 December</b>	<b>3 179</b>	<b>2 931</b>

Shares options outstanding (in thousands) at the end of the year have the following terms:

Expiry date	Exercise price (in EUR)	Number of options
September 2005	14.10	325
December 2005	13.64	375
June 2006	18.80	450
January 2007	44.63	20
June 2007	58.58	255
June 2008	30.80	416
June 2009	28.60	647
July 2010	22.50	671
November 2010	23.80	20
		<b>3 179</b>

The market price of M6 shares on the Paris Stock Exchange was EUR 26.02 as at 31 December 2003.

### Sportfive Stock Option Plan

On 11 December 1997, the General Meeting of shareholders of Groupe Jean-Claude Darmon (subsequently renamed Sportfive) authorised a share option programme for certain directors and employees of the company and its subsidiaries.

All participants in the stock option plan (the "SOP") must be employed by Sportfive or one of its subsidiaries at the time of granting the options under the SOP. The number of options granted to a participant under the SOP are at the discretion of the Board of Directors.

The number of ordinary shares which may be placed under option as part of the SOP may not be more than 5 percent of the company's issued ordinary share capital.

The exercise price of the options granted under the SOP will be based on the average closing middle market price of the shares in the company on the Paris Stock Exchange over the 20 dealing days preceding the date of grant or such other, higher or lower, amount as determined by the Board of Directors. Options were originally granted under the plan in September 1999 and 2000.

Options granted in September 2000 may only be exercised after the fourth anniversary of the date of the grant and must be exercised before the expiry of 6 years from the date of the grant.

Movements in the number of share options are as follows :

In thousands of options	2003	2002
Options outstanding at the beginning of the year	86	132
Options exercised during the year	(73)	(46)
Options expired / cancelled during the year	(3)	-
<b>Options outstanding at 31 December</b>	<b>10</b>	<b>86</b>

Share options (in thousands) outstanding at 31 December 2003 have the following terms :

Expiry date	Exercise price (in EUR)	Number of options
2006	112.32	10
		<b>10</b>

The market price of Sportfive shares on the Paris Stock Exchange was EUR 138.90 as at 31 December 2003.

There was no share option granted to the directors of the Company outstanding as at 31 December 2003 and 2002.

## 6.6

### Financial instruments

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 EUR. 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 the net position in each currency by using external foreign currency derivative contracts.

The foreign currency management policy of the Group is to hedge 100% of the recognised monetary foreign currency exposures arising from cash, receivables, payables, loans and borrowings denominated in currencies other than EUR. Group companies' hedge about 90% of known cash flows linked to programme rights, which constitute firm commitments, and between 15% and 85% 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 277 at year-end 2003. The fair value of forward foreign exchange contracts is detailed as follows:

In EUR million	2003	2002
Faire value of forward foreign exchange contracts (cash flow hedge)	(83)	(44)
Faire value of other forward foreign exchange contracts	19	(11)
	<b>(64)</b>	<b>(55)</b>

The notional amount of forward foreign exchange contracts is EUR 961 million (2002: EUR 858 million).

### Interest rate risk

The management of interest rate risk is centralised at the level of Group Treasury. The Group has no interest bearing investments.

In EUR million	Notes	Effective Interest Rate %	Total amount	6 months or less	6 -12 months	1 - 2 years	2 - 5 years	Over 5 Years
Cash and cash equivalent (not earning assets)	5.9	-	30	30	-	-	-	-
Cash and cash equivalent (earning assets)	5.9	1.2	244	244	-	-	-	-
Loans - floating rates	5.4	4.6	218	42	176	-	-	-
Unsecured bank facilities	5.10	3.5	(46)	(19)	(20)	(6)	(1)	-
Bank overdrafts	5.10	2.2	(10)	(10)	-	-	-	-
Finance lease liabilities	5.10	5.3	(30)	(2)	(2)	(8)	(9)	(9)
Loans payable - floating rates	5.10	5.4	(166)	(12)	(154)	-	-	-
Loans payable - fixed rates (1)	5.10	4.1	(508)	(208)	-	(300)	-	-
<b>At 31 December 2003</b>			<b>(268)</b>	<b>65</b>	<b>-</b>	<b>(314)</b>	<b>(10)</b>	<b>(9)</b>

In EUR million	Notes	Effective Interest Rate %	Total	Under 6 months	6 -12 months	1 - 2 years	2 - 5 years	Over 5 Years
Cash and cash equivalent	5.9	2.4	269	269	-	-	-	-
Other loans	5.4	6.1	156	-	156	-	-	-
Secured bank loans	5.10	3.9	(14)	(4)	(10)	-	-	-
Unsecured bank facilities	5.10	3.5	(60)	(60)	-	-	-	-
Commercial paper	5.10	3.6	(154)	(154)	-	-	-	-
Bank overdrafts	5.10	4.2	(54)	(54)	-	-	-	-
Finance leasing liabilities	5.10	3.6	(33)	(17)	(1)	(3)	(4)	(8)
Non-current loans payable (1)	5.10	4.5	(957)	(557)	(100)	-	(300)	-
<b>At 31 December 2002</b>			<b>(847)</b>	<b>(577)</b>	<b>45</b>	<b>(3)</b>	<b>(304)</b>	<b>(8)</b>

(1) Including financial liabilities bearing fixed interest rates for a carrying amount and a fair value of EUR 508 million and EUR 519 million respectively (2002: EUR 453 million and EUR 464 million).

The objective of the interest rate risk management policy is to minimise the interest rate funding cost over the long term.

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 were no interest rate derivative transactions outstanding at 31 December 2002 and 2003.

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:

Other than the Group's loan with Bertelsmann as at 31 December 2003 for an amount of EUR 508 million which bears a fixed rate interest charge, the majority of interest-earning assets and interest-bearing liabilities are subject to floating rate interest charges. The carrying amounts disclosed 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 counterparties 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 "Liquidity Head Room" amounts to EUR 692 million at year-end (see note 7.1 for the "Liquidity Head Room" provided by Bertelsmann).

#### **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 gain incurred in 2003 in respect of these instruments amounts to EUR 1 million.

#### **Other financial instruments**

The Group has entered into a call option contract with regard to the acquisition of additional interests in Sportfive. The option is exercisable between 1st December 2005 and 30 April 2006. In addition, third parties have entered with RTL Group into put option contracts with regards to shares of Sportfive (exercisable between 30 June 2005 and 30 November 2005) and Phoenix (exercisable between 2009 and 2012). The negative fair value of these options amounted to EUR 10 million (2002 : EUR 10 million).

## **7 Related parties**

### **Identity of related parties**

As at 31 December 2003 the principal shareholders of the Group are Bertelsmann AG and BWTV (90%). 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.

### **7.1**

#### **Transactions with shareholders**

During the year the Group made sales of goods and services, purchases of goods and services to Bertelsmann amounting to EUR 61 million (2002: EUR 8 million) and EUR 41 million (2002: EUR 50 million) respectively. At the year end, the Group had receivables and payables due from / to Bertelsmann amounting to EUR 6 million (2002: EUR 2 million) and EUR 13 million (2002: EUR 18 million) respectively.

In April 2002, RTL Group entered into a EUR 300 million loan agreement with Bertelsmann AG. The loan is granted to RTL Group for a period of 3 years. The loan bears interest on the basis of the three-year Euro Swap rate. As at May 5, 2003, Bertelsmann AG has assigned EUR 100 million of the total loan to Bertelsmann Capital Corporation N.V., a Bertelsmann Group company. The loan is repayable in full by April 2005. The interest expense accrued at 31 December 2003 amounts to EUR 11 million (2002: EUR 11 million). The interest expense for the year amounts to EUR 16 million (2002: EUR 11 million).

On 5 November 2002, RTL Group entered into a EUR 600 million Revolving Credit Facility (the "Facility") granted by Bertelsmann AG. The Facility is granted to RTL Group for the period from 8 November 2002 to 31 August 2006. The Facility bears interest at a rate per annum equal to the sum of the EURIBOR rate plus a 45 basis point margin. As at 31 December 2003, the balance of the Facility used by RTL Group amounts to EUR nil (2002: EUR 295 million) and the interest accrued at 31 December 2003 amounts to EUR nil (2002: EUR 0.6 million). The interest expense for the year amounts to EUR 7 million (2002: EUR 0.6 million).

On 5 November 2002, RTL Group entered into a EUR 300 million Revolving Credit Facility (the "Facility") granted by Bertelsmann AG. The Facility is granted to RTL Group for the period from 8 November 2002 to 31 August 2004. Of this facility, EUR 208 million has been drawn down. The Facility bears interest at a rate per annum equal to the sum of the EONIA rate plus a 25 basis point margin. As at 31 December 2003, the balance of the Facility used by RTL Group amounts to EUR 208 million (2002: EUR 153 million) and the interest accrued at 31 December 2003 amounts to EUR 0.3 million (2002: EUR 0.4 million). The interest expense for the year amounts to EUR 1.8 million (2002: EUR 0.5 million).

### **7.2**

#### **Transactions with associates and joint ventures**

The following transactions were carried out with associates and joint-ventures:

<i>In EUR million</i>	<b>2003</b>	<b>2002</b>
Sales of goods and services to related parties :		
Associates	<b>99</b>	68
Joint ventures	<b>45</b>	99
	<b>144</b>	<b>167</b>
Purchase of goods and services from related parties:		
Associates	<b>7</b>	5
Joint ventures	<b>10</b>	25
	<b>17</b>	<b>30</b>

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:

<i>In EUR million</i>	<b>2003</b>	<b>2002</b>
Receivables from related parties:		
Associates	<b>38</b>	14
Joint ventures	<b>11</b>	9
	<b>49</b>	<b>23</b>
Payables to related parties:		
Associates	<b>50</b>	9
Joint ventures	<b>3</b>	4
	<b>53</b>	<b>13</b>

### **7.3**

#### **Transactions with Directors**

In addition to their salaries, the Group also provides non-cash benefits to directors, and contributes to a post-employment defined benefit plan on their behalf.

Total remuneration of directors included in personnel costs (see note 4.2.1) amounts to EUR 3 million in 2003 (2002 : EUR 2 million).

### **7.4**

#### **Share options granted to directors**

No share option were granted to the directors of the Company in 2003 (2002 : nil). The outstanding number of share options granted to the directors of the Company at the end of the year was 11,500 (2002: 51,000).

### **7.5**

#### **Directors' fees**

In 2003, a total of EUR 0.8 million (2002: EUR 0.7 million) was allocated in the form of attendance fees to the members of the Board of Directors of RTL Group S.A. and the committees which emanate from it with respect to their functions within RTL Group S.A. as well as other Group companies.

## 8 Interests in joint ventures

### Significant joint ventures

	Country of incorporation	Ownership interest	
		2003	2002
M6 Group <sup>(1)</sup>	France	48.2	47.3
Five Group	UK	64.5	64.5
RTL Disney Fernsehen GmbH & Co KG	Germany	49.8	49.8
Sportfive Group	France	46.8	46.3
N-TV	Germany	48.4	47.1

(1) Including the joint venture of M6 in TPS.

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 :

In EUR million	2003	2002
Non-current assets	207	226
Current assets	878	856
Non-current liabilities	(286)	(328)
Current liabilities	(602)	(615)
<b>Net assets</b>	<b>197</b>	<b>139</b>

In EUR million	2003	2002
Income	1 187	1 073
Expenses	(1 161)	(1 053)

Included in the consolidated financial statements are the following items that represent the Group's interests in the commitments of the joint ventures :

In EUR million	2003	2002
Contracts for purchasing rights, (co)productions and programmes	464	410
Operating leases	46	29
Other long term contracts and commitments	345	381

## 9 Significant subsequent events

### M6 Group

On 2 February 2004, Suez disposed of 29% of M6's shares in a combined market and institutional investor placement. RTL Group is now the single most important shareholder with 48% of the economic interest and 34% of the voting rights. Suez retains a shareholding of 5%. M6 is currently proportionately consolidated into the accounts of RTL Group.

As a result of the exit of Suez, some changes will be made to the Articles of Association of M6. The level of influence / control of RTL Group on M6 will be re-assessed following the changes, which will be presented at the General Meeting of Shareholders on 18 March 2004.

### Sportfive Group

RTL Group and Canal+, a Vivendi Universal subsidiary, will announce on 19 March 2004 the finalisation of the sale of their interests in Sportfive. The transaction will be based on a 100% equity capital value of EUR 560 million. The sale is subject to the finalisation of the bank financing and to the approval of the antitrust authorities.

Under the terms of the deal Advent International, a leading global private equity fund, and RTL Group will set up a new company that will purchase all of the shares in Sportfive held by RTL Group (46.4%) and Canal+ (46.4%). Advent International will hold 75% of the new company with RTL Group holding the remaining 25%. Canal+ will exit its investment entirely.

Accordingly, the accounting treatment for Sportfive will change from proportionate consolidation, to equity consolidation, upon finalisation of the transaction.

### London Playout Centre (LPC)

As of 12 March 2004, RTL Group has agreed to dispose of its 100 per cent interest in the London based technical services company LPC to Ascent Media.

### Antena 3

On 16 March 2004 an arbitration court in Madrid announced its decision concerning the acquisition by Onda Cero, the radio division of Antena 3, of Radio Blanca in July 2001. The former owner of Radio Blanca has argued that the sales contract provides for a valuation based upon cumulative audience rather than average audience and has also claimed for a significant level of damages. The arbitration court ruled against Uniprex, a subsidiary of Antena 3, awarding damages of approximately EUR 185 million. Uniprex and Antena 3 will study, in detail, the decision and will review all possible avenues, including legal action, to protect their interests. Antena 3 will publish its 2003 annual accounts on 31 March 2004 and will have decided by then on the appropriate course of action. RTL Group has recorded an amount of EUR 20 million in its 2003 annual accounts, representing its share, net of tax, of the arbitration

court ruling against Uniprex.

## 10 Group undertakings

	Country of incorporation	Note	2002		2003		
			Group's Ownership	Consolidated method (1)	Note	Group's Ownership	Consolidated method (1)
<b>RTL Group SA</b>	Luxembourg			M		M	
<b>Broadcasting TV</b>							
5 Direct Ltd	UK	(3)	64.5	P	(3)	64.5	P
A 3 D Chile Holdings SA	Chile	(7)	17.3	E	(7)	17.3	E
A 3 D Chile SA	Chile	(7)	12.1	E	(7)	12.1	E
Antena 3 Castilla-Leon SA	Spain	(7)	10.4	E	(7)	10.4	E
Antena 3 de Television SA	Spain	(7)	17.3	E	(7)	17.3	E
Antena 3 Directo SAU	Spain	(7)	17.3	E	(7)	17.3	E
Antena 3 Editorial SA	Spain	(7)	17.3	E	(7)	17.3	E
Antena 3 Iniciativas Comerciales SA	Spain	(7)	17.3	E	(25)	-	NC
Antena 3 Interactiva SA	Spain	(7)	17.3	E	(25)	-	NC
Antena 3 Peru SA	Peru	(7)	17.3	E	(7)	17.3	E
Antena 3 Producciones SA	Peru	(7)	17.3	E	(7)	17.3	E
Antena 3 Tematica SA	Spain	(7)	17.3	E	(7)	17.3	E
Antena de Radiodifusion SA (formerly Cadena de Voz de Radio Difusion SA)	Spain	(7)	17.3	E	(7)	17.3	E
Arbatax Emisiones Audiovisuales SA	Spain	(7)	17.3	E	(25)	-	NC
Battres Comunicacion Alternativa SA	Spain	(7)	17.3	E	(25)	-	NC
Broadcasting Center Europe SA	Luxembourg		99.7	F		99.7	F
Broadcasting Center Nederland BV	Netherlands		99.7	F		99.7	F
Canal Factoria de Ficción SA	Spain		-	NC	(7)	6.9	E
Canal Media Radio SA	Spain		-	NC	(7)	17.3	E
Capital Productions SA	France	(2)	47.3	P	(2)	48.2	P
Channel 5 Broadcasting Ltd	UK	(3)	64.5	P	(3)	64.5	P
Channel 5 Engineering Services Ltd	UK	(3)	59.3	P	(3)	59.3	P
Channel 5 Interactive Ltd	UK	(3)	64.5	P	(3)	64.5	P
Channel 5 Music Ltd	UK	(3)	64.5	P	(3)	64.5	P
Channel 5 Television Group Ltd	UK	(3)	64.5	P	(3)	64.5	P
Channel 5 Text Ltd	UK	(3)	64.5	P	(3)	64.5	P
Cinemagazine SA	Spain	(7)	15.5	E	(25)	-	NC
Club Téléachat SNC	France	(2)	47.3	P	(2)	48.1	P
Compania Tres Mil Ochocientas SAU	Spain		-	NC	(7)	17.3	E
Compunet Servicios Telematicos SA	Spain	(7)	15.5	E	(7)	16.4	E



	Country of incorporation	2002		2003			
		Note	Group's Ownership	Consolidated method (1)	Note	Group's Ownership	Consolidated method (1)
Corporacion Radiofonica de Informacion y Deportes SL	Spain		-	NC	(7)	8.6	E
Creation GmbH (formerly House Of Promotion Produktions GmbH)	Germany		99.7	F		99.7	F
Culture Mag Editions	France	(2)	42.6	P	(2)	43.4	P
Digimedia SA	Spain	(7)	17.3	E	(25)	-	NC
Edit TV/M6 Music SNC	France	(2)	47.3	P	(2)	48.2	P
Ensueno Films SL	Spain	(7)	17.3	E	(7)	17.3	E
Estaciones Radiofonicas de Aragon SAU	Spain		-	NC	(7)	17.3	E
Extension TV Série Club SA	France	(2)	23.7	P	(2)	24.1	P
Farmaplaning SL	Spain	(7)	17.3	E	(25)	-	NC
Filmlux SA	Luxembourg		99.7	F		99.7	F
Football Club des Girondins de Bordeaux SAS	France	(2)	46.8	P	(2)	47.6	P
FUN TV SNC	France	(2)	47.3	P	(2)	48.2	P
Gestion de Telecomunicaciones 2000 SL	Spain	(7)	17.3	E	(25)	-	NC
Grupo Universum Emisoras Radio Amanecer SAU	Spain		-	NC	(7)	17.3	E
Guadiana Producciones SA	Spain	(7)	17.3	E	(7)	17.3	E
GZSZ Vermarktungsgesellschaft mbH	Germany		99.7	F		99.7	F
Holland Media Groep Business Nieuws BV	Netherlands		99.7	F		99.7	F
Home Shopping Service Belgique SA	Belgium	(2)	47.3	P	(2)	48.1	P
Home Shopping Service Hongrie SA	Hungary		-	NC	(2)	48.1	P
Home Shopping Service SA	France	(2)	47.3	P	(2)	48.1	P
Home Travel Services	France		-	NC	(2)	24.1	P
Immobilière M6 SA	France	(2)	47.3	P	(2)	48.2	P
Inversiones Valores Inmuebles SL	Spain	(7)	13.3	E	(7)	15.9	E
IPA Plus (Osterreich) Verm. für Fernsehwerbung GmbH	Austria		-	NC		49.8	F
Ipar Ondas SAU	Spain		-	NC	(7)	17.3	E
IP Belgium SA	Belgium		65.8	F		65.8	F
IP Deutschland GmbH	Germany		99.7	F		99.7	F
IP iMedia BV	Netherlands		99.7	F		99.7	F
IP Interactive SA	France		99.7	F		99.7	F
IP Medien GmbH & CoKG	Germany		84.7	F		84.7	F
IP New Media GmbH	Germany		99.7	F		99.7	F
IPN SA	Netherlands		99.7	F		99.7	F
La Veu de Lleida SLU	Spain		-	NC	(7)	17.3	E
Licencias e Imagen SA	Spain	(7)	17.3	E	(25)	-	NC
Live Stage SA	France		-	NC	(2)	34.0	P
London Playout Centre Ltd (formerly PearsonTV Services Ltd)	UK		100.0	F		100.0	F

	Country of incorporation	2002		2003			
		Note	Group's Ownership	Consolidated method (1)	Note	Group's Ownership	Consolidated method (1)
M6 Bordeaux SA	France	(2)	47.3	P	(2)	48.2	P
M6 Diffusions SA	France	(2)	47.3	P	(2)	48.2	P
M6 Droits Audiovisuels SA	France	(2)	47.3	P	(2)	48.2	P
M6 Editions SA	France	(2)	47.3	P	(2)	48.2	P
M6 Evenements SA	France	(2)	47.3	P	(2)	48.2	P
M6 Films SA	France	(2)	47.3	P	(2)	48.2	P
M6 Foot SAS	France	(2)	46.9	P	(2)	47.7	P
M6 Interactions SA	France	(2)	47.3	P	(2)	48.2	P
M6 Numérique SNC	France	(2)	47.3	P	(2)	48.2	P
M6 Publicité Interactive SA	France	(2)	47.3	P	(2)	48.2	P
M6 Publicité SA	France	(2)	47.3	P	(2)	48.2	P
M6 Studio SAS	France		-	NC	(2)	48.2	P
M6 Thématique SA	France	(2)	47.3	P	(2)	48.2	P
M6 Toulouse SA	France	(2)	47.3	P	(2)	48.2	P
M6 Web	France	(2)	47.3	P	(2)	48.2	P
Mandarin SA	France	(2)	47.3	P	(2)	48.2	P
Megatrix SA	Spain	(7)	17.3	E	(7)	17.3	E
Métropole Production SA	France	(2)	47.3	P	(2)	48.2	P
Métropole Télévision SA	France	(2)	47.3	P	(2)	48.2	P
Movierecord Cine SA	Spain	(7)	17.3	E	(7)	17.3	E
M-RTL Rt	Hungary		48.8	E		48.8	E
Multivision SNC	France	(2)	16.1	P	(2)	16.4	P
Nova Televisio SA	Spain	(7)	8.8	E	(7)	8.8	E
N-TV Nachrichtfernsehen GmbH & CoKG	Germany		47.2	E		48.5	P
N-TV Services GmbH	Germany		-	NC		48.5	P
Ondadit SLU	Spain		-	NC	(7)	17.3	E
Onda Cero SAU	Spain		-	NC	(7)	17.3	E
Onda Cero Ramblas SL	Spain		-	NC	(7)	6.9	E
Productora de Aragon SA	Spain	(7)	17.3	E	(25)	-	NC
Publicidad 3, SA	Spain	(7)	17.3	E	(7)	17.3	E
Radio Alamedilla SAU	Spain		-	NC	(7)	17.3	E
Radio Media Galicia SA	Spain		-	NC	(7)	17.3	E
Radio Noticias Noventa SAU	Spain		-	NC	(7)	17.3	E
Radio Sistemas Radiofonicos Conco SLU	Spain		-	NC	(7)	17.3	E
Radio Tormes SA	Spain		-	NC	(7)	17.3	E
RTL Club GmbH	Germany		50.0	F	(24)	-	NC
RTL Croatia d.o.o.	Croatia		-	NC		32.9	F

	Country of incorporation	2002		2003			
		Note	Group's Ownership	Consolidated method (1)	Note	Group's Ownership	Consolidated method (1)
RTL Disney Fernsehen GmbH & Co.KG	Germany		49.8	P	49.8	P	
RTL Enterprises GmbH	Germany		99.7	F	99.7	F	
RTL Group Beheer BV	Netherlands		-	NC	100.0	F	
RTL Group Communications SLU	Spain		100.0	F	100.0	F	
RTL Group GmbH	Germany		-	NC	99.7	F	
RTL Hessen GmbH	Germany		-	NC	99.7	F	
RTL Hessen Programmfenster GmbH (formerly RTL Hessen GmbH)	Germany		59.8	F	59.8	F	
RTL iMedia BV	Netherlands		99.7	F	99.7	F	
RTL iMedia Holding BV	Netherlands		99.7	F	99.7	F	
RTL NET GmbH	Germany		99.7	F	99.7	F	
RTL Net SAS	France		99.7	F	99.7	F	
RTL NEWMEDIA GmbH	Germany		99.7	F	99.7	F	
RTL Nord GmbH	Germany		99.7	F	99.7	F	
RTL Plus Sarl (Formerly SA & Co. KG)	Luxembourg		99.7	F	99.7	F	
RTL Shop GmbH	Germany		89.2	F	89.4	F	
RTL Television GmbH	Germany		99.7	F	99.7	F	
RTL Z VOF	Netherlands		99.7	F	99.7	F	
RTL Nederland SA (formerly RTL/de Holland Media Groep SA )	Luxembourg		99.7	F	99.7	F	
RTL2 Fernsehen Geschäftsführung GmbH	Germany		35.8	E	35.8	E	
RTL2 Fernsehen GmbH & Co.KG	Germany		35.8	E	35.8	E	
RTL4 Beheer BV	Netherlands		99.7	F	99.7	F	
RTL4 Finance SA	Luxembourg		99.7	F	99.7	F	
RTL4 Holding SA	Luxembourg		99.7	F	(23)	-	NC
RTL9 SA	Luxembourg		34.9	E	34.9	E	
RTL9 SA & Cie SECS	Luxembourg		34.8	E	34.8	E	
S4M Solutions For Media GmbH	Germany		99.7	F	99.7	F	
SCI du 107 SCI	France	(2)	47.3	P	(2)	48.2	P
SEDI TV SNC	France	(2)	24.1	P	(2)	24.6	P
Sky Five Text Ltd	UK	(3)	32.3	E	(25)	-	NC
SND SA	France	(2)	47.3	P	(2)	48.2	P
Société Européenne de Télévente Belgique SCA	France	(2)	46.9	P	(2)	48.1	P
Sprayette SA	Argentina	(7)	12.3	E	(24)	-	NC
Studio 89 SAS	France		-	NC	(2)	48.2	P
TCM Droits Audiovisuels SNC	France	(2)	23.7	P	(2)	24.1	P
Tecipress SA	France	(2)	47.3	P	(2)	48.1	P
Tele West GmbH & CoKG	Germany		51.5	F	51.5	F	

	Country of incorporation	2002		2003			
		Note	Group's Ownership	Consolidated method (1)	Note	Group's Ownership	Consolidated method (1)
Télévente Promotion SA	France	(2)	47.3	P	(2)	48.1	P
Télévision Par Satellite SNC	France	(2)	16.1	P	(2)	16.4	P
TF6 SCS	France	(2)	23.7	P	(2)	24.1	P
TF6 Gestion SCS	France	(2)	23.7	P	(2)	24.1	P
Thames Cable and Satellite Services Ltd	UK		100.0	F		100.0	F
TPS Cinéfaz SNC	France		-	NC	(2)	16.4	P
TPS Cinéstar SNC	France		-	NC	(2)	16.4	P
TPS Cinétoile SNC	France		-	NC	(2)	16.4	P
TPS Cinéma SNC	France	(2)	16.1	P	(2)	16.4	P
TPS Enterprises SNC	France	(2)	16.1	P	(2)	16.4	P
TPS Foot SNC	France	(2)	16.1	P	(2)	16.4	P
TPS Interactif SNC (formerly TPS Services SNC)	France	(2)	16.1	P	(2)	16.4	P
TPS Jeunesse SNC	France	(2)	16.1	P	(2)	16.4	P
TPS Motivation SA	France		-	NC	(2)	16.4	P
TPS Sport SNC	France	(2)	16.1	P	(2)	16.4	P
TPS Terminaux SNC	France	(2)	16.1	P	(2)	16.4	P
Trading Team SA	Portugal	(7)	13.1	E	(7)	13.8	E
Traherpa SL	Spain	(7)	17.3	E	(25)	-	NC
TV Store	France		-	NC	(2)	48.2	P
TVI SA	Belgium		65.8	F		65.8	F
Uniprex SA - Onda Cero Radio	Spain	(7)	17.3	E	(7)	17.3	E
Unité 15 Belgique SA	Belgium	(2)	47.3	P	(2)	48.1	P
Unité 15 France SA (formerly Unité 15 France SA)	France	(2)	47.3	P	(2)	48.1	P
Vox Film & Fernseh GmbH & Co.KG	Germany		99.4	F		99.4	F
W9 Productions SA	France		-	NC	(2)	48.2	P
Yorin TV BV	Netherlands		99.7	F		99.7	F
<b>Content</b>							
ACI International Ltd	UK		100.0	F		100.0	F
All American Entertainment Inc	USA	(14)	100.0	F	(14)	100.0	F
All American Music Group	USA	(14)	100.0	F	(14)	100.0	F
All American Netherlands BV	Netherlands	(14)	100.0	F	(14)	100.0	F
Allied Communications Inc	USA		100.0	F		100.0	F
Alomo Productions Ltd	UK	(19)	100.0	F	(19)	100.0	F
Alpha Tauri srl	Italy	(18)	100.0	F	(23)	-	NC
American Idols Productions Inc	USA	(14)	100.0	F	(14)	100.0	F
Arbor TV Filmproduktion GmbH	Germany	(5)	63.8	F	(5)	67.8	F

	Country of incorporation	Note	2002		Note	2003	
			Group's Ownership	Consolidated method (1)		Group's Ownership	Consolidated method (1)
Be Happy Productions SAS	France		100.0	F		100.0	F
Belga Films SA	Belgium		46.0	F		65.8	F
Bernessee Pty Ltd	Australia	(17)	100.0	F	(17)	100.0	F
Big Fish Productions Inc	USA	(14)	100.0	F	(14)	100.0	F
Big Smile Productions Inc	USA	(14)	100.0	F	(14)	100.0	F
Channel Five Holdings Ltd	UK	(22)	50.0	F	(22)	50.0	E
Channel Three Ltd	UK	(19)	100.0	F	(19)	100.0	F
Clement/La Fresnais Productions Ltd	UK	(19)	100.0	F	(19)	100.0	F
CLT-UFA Multi Media GmbH	Germany		99.7	F		99.7	F
COLOGNE SITCOM Produktions GmbH	Germany	(20)	50.2	F	(20)	50.2	F
COLOGNE SITCOM Verwaltung GmbH	Germany	(20)	50.2	F	(20)	50.2	F
Crackerjack Productions Pty Ltd	Australia		-	NC		100.0	F
Dedicated To Sport Sarl	France	(6)	46.3	P	(6)	46.8	P
Delux Productions SA	Luxembourg		99.7	F	(24)	-	NC
Deutsche Synchron Film GmbH & Co KG	Germany	(8)	50.8	F	(8)	50.8	F
Die Berliner Produktion GmbH	Germany	(5)	63.8	F	(5)	67.8	F
Euston Films Ltd	UK	(22)	100.0	F	(22)	100.0	F
Feudin' Productions Inc	USA	(14)	100.0	F	(14)	100.0	F
Football France Promotion SA	France	(6)	46.2	P	(6)	46.8	P
Fremantle (AUS) Productions Pty Ltd	Australia	(9)	100.0	F	(9)	100.0	F
Fremantle (UK) Productions Ltd	UK		100.0	F		100.0	F
Fremantle de Espana SL	Spain	(9)	100.0	F	(9)	100.0	F
Fremantle Entertainment OY	Finland		100.0	F		100.0	F
Fremantle France Productions Sarl	France		100.0	F		100.0	F
Fremantle Goodson Inc	USA	(14)	100.0	F	(14)	100.0	F
Fremantle Hellas EPE	Greece		100.0	F		100.0	F
Fremantle Hellas SA	Greece		60.0	F		100.0	F
Fremantle India TV Productions Pvt Ltd	India		100.0	F		100.0	F
Fremantle International Inc	USA	(14)	100.0	F	(14)	100.0	F
Fremantle Licensing Germany GmbH (formerly Geo Film GmbH)	Germany	(4)	99.7	F		99.7	F
Fremantle Licensing Ltd	UK		100.0	F		100.0	F
Fremantle Media Australia Pty Ltd	Australia	(12)	100.0	F	(12)	100.0	F
Fremantle Merchandising Inc	USA	(14)	100.0	F	(14)	100.0	F
Fremantle Music Publishing Int. Ltd	UK	(13)	100.0	F	(13)	100.0	F
Fremantle Nederland Produkties BV	Netherlands	(15)	100.0	F	(15)	100.0	F

	Country of incorporation	Note	2002		Note	2003	
			Group's Ownership	Consolidated method (1)		Group's Ownership	Consolidated method (1)
Fremantle Polska Sp.Zo.O	Poland		100.0	F		100.0	F
Fremantle Portugal Producoes TV Ltd	Portugal		100.0	F		100.0	F
Fremantle Productions (South Africa) (PTY) Ltd	South Africa		100.0	F		100.0	F
Fremantle Productions (Thailand) Ltd	Thailand		-	NC		100.0	F
Fremantle Productions AB	Sweden		100.0	F		100.0	F
Fremantle Productions Argentina SA	Argentina	(10)	100.0	F	(10)	100.0	F
Fremantle Productions Asia Ltd	Hong-Kong		100.0	F		100.0	F
Fremantle Productions Asia Pte Ltd	Singapore		100.0	F		100.0	F
Fremantle Productions Belgium NV	Belgium		100.0	F		100.0	F
Fremantle Productions Brazil Ltda	Brazil	(15)	100.0	F	(26)	-	NC
Fremantle Productions Chile Ltda	Chile		99.0	F		100.0	F
Fremantle Productions Denmark Aps	Denmark		100.0	F		100.0	F
Fremantle Productions Inc	USA	(14)	100.0	F	(14)	100.0	F
Fremantle Productions Latin America Inc	USA		100.0	F		100.0	F
Fremantle Productions North America Inc	USA	(14)	100.0	F	(14)	100.0	F
Fremantle Productions Oy	Finland		100.0	F		100.0	F
Fremantle Productions SA	Greece		100.0	F		100.0	F
FremantleMedia (Netherlands) BV	Netherlands	(15)	100.0	F	(15)	100.0	F
FremantleMedia Animation Ltd (formerly EVA Entertainment Ltd)	UK		100.0	F		100.0	F
FremantleMedia Enterprises Ltd	UK		100.0	F		100.0	F
FremantleMedia Holdings BV (formerly Grundy Holdings BV)	Netherlands	(15)	100.0	F		100.0	F
FremantleMedia Holdings Inc	USA		100.0	F		100.0	F
FremantleMedia Licensing Inc	USA	(9)	100.0	F	(9)	100.0	F
FremantleMedia Ltd	UK	(13)	100.0	F	(13)	100.0	F
FremantleMedia North America Inc (formerly Pearson Television Inc)	USA	(14)	100.0	F	(14)	100.0	F
FremantleMedia Operations BV	Netherlands	(15)	100.0	F	(15)	100.0	F
FremantleMedia Overseas Holdings BV	Netherlands	(15)	100.0	F		100.0	F
FremantleMedia Overseas Ltd	UK		100.0	F		100.0	F
FremantleMedia Services Ltd (formerly Little Pond Television Ltd)	UK		100.0	F		100.0	F
FremantleMedia Worldwide Ltd	UK		50.0	F		100.0	F
FremantleProductions BV	Netherlands	(11)	100.0	F	(11)	100.0	F
Fresh One Productions Ltd	UK	(22)	24.9	E	(22)	24.9	E
Gdl Gie	France	(6)	46.3	P	(6)	46.8	P

	Country of incorporation	Note	2002		Note	2003	
			Group's Ownership	Consolidated method (1)		Group's Ownership	Consolidated method (1)
Good Games Productions Inc	USA	(14)	100.0	F	(14)	100.0	F
Grundy Consulting Ltd	Antigua	(15)	100.0	F	(15)	100.0	F
Grundy Entertainment Pty Ltd	Australia	(17)	100.0	F	(17)	100.0	F
Grundy European Holdings Ltd	Bermuda	(15)	100.0	F	(15)	100.0	F
Grundy Film Financing Ltd	Australia	(17)	100.0	F	(17)	100.0	F
Grundy Films Pty Ltd	Australia	(17)	100.0	F	(17)	100.0	F
Grundy France Sarl	France		100.0	F		100.0	F
Grundy Guilherme Programas Ltda	Portugal	(15)	50.0	E	(26)	-	NC
Grundy Holdings (Australia) Ltd	Antigua	(15)	100.0	F	(15)	100.0	F
Grundy International Distribution BV	Netherlands	(15)	100.0	F		100.0	F
Grundy International Holdings (I) BV	Netherlands	(15)	100.0	F		100.0	F
Grundy International Holdings (II) BV	Netherlands	(15)	100.0	F	(15)	100.0	F
Grundy International Holdings (NA) NV	Netherlands Antilles	(15)	100.0	F	(15)	100.0	F
Grundy International Operations Ltd	Antigua	(15)	100.0	F		100.0	F
Grundy Light Entertainment GmbH (formerly HDTV-Entert. Dressler GmbH)	Germany	(16)	99.7	F		100.0	F
Grundy Light Entertainment/White Balance GmbH GBR	Germany	(16)	50.0	E		50.0	F
Grundy Magyarorszag TV Musorg Kft	Hungary		100.0	F		100.0	F
Grundy Music Services Inc	USA	(14)	100.0	F	(14)	100.0	F
Grundy Organization (Holdings) Pty Ltd	Australia	(17)	100.0	F	(17)	100.0	F
Grundy Organization Pty Ltd	Australia	(17)	100.0	F	(17)	100.0	F
Grundy Production Services SAM	Monaco	(15)	100.0	F		100.0	F
Grundy Productions ARG SA	Argentina	(10)	100.0	F	(10)	100.0	F
Grundy Productions Italy Spa	Italy	(18)	100.0	F		100.0	F
Grundy Productions KK	Japan	(15)	100.0	F	(26)	-	NC
Grundy Productions Ltd	UK		100.0	F		100.0	F
Grundy Productions Ltd IRL	Ireland	(15)	100.0	F	(26)	-	NC
Grundy Productions SA de CV	Mexico		100.0	F		100.0	F
Grundy television Pty Ltd	Australia	(17)	100.0	F	(17)	100.0	F
Grundy Travel Pty Ltd	Australia	(17)	100.0	F	(17)	100.0	F
Grundy UFA TV Produktions GmbH	Germany	(4)	99.7	F	(4)	99.7	F
Grundy Worldwide Ltd	Bermuda	(15)	100.0	F	(15)	100.0	F
Grundy/JE Productions VOF	Netherlands	(11)	50.0	E	(11)	50.0	E
Gyula Trebitsch Fernsehproduktion GmbH	Germany	(5)	63.8	F	(5)	67.8	F
HD Thames Ltd	UK	(13)	100.0	F	(13)	24.0	F
Hei Elei Film Productions SA (formerly IFP SA)	Luxembourg		99.7	F		99.7	F
House of Talent GmbH	Germany	(4)	99.7	F	(23)	-	NC

	Country of incorporation	Note	2002		Note	2003	
			Group's Ownership	Consolidated method (1)		Group's Ownership	Consolidated method (1)
I2I Musikproduktions & Musikverlags GmbH	Germany		99.7	F		99.7	F
ISPR GmbH	Germany		-	NC	(6)	46.8	P
Itsago Productions Inc	USA	(14)	100.0	F	(14)	100.0	F
Janus Grundy TV GmbH	Germany	(16)	50.0	E		50.0	E
JOHO Services BV	Netherlands	(6)	23.1	P	(6)	46.8	P
Kickoff Productions Inc	USA	(14)	100.0	F	(14)	100.0	F
LBS Communications Inc	USA	(14)	100.0	F	(14)	100.0	F
Little Pond Television Inc	USA	(14)	100.0	F	(14)	100.0	F
Little Pond Television Ltd (formerly 1ST Television Ltd)	UK	(19)	100.0	F	(19)	100.0	F
Magyar Grundy UFA KFT	Hungary	(4)	99.7	F		99.7	F
Mark Goodson Productions LLC	USA	(14)	100.0	F	(14)	100.0	F
Mastrofilm srl	Italy	(18)	100.0	F	(23)	-	NC
Media - Foot Belgique srl	Belgium	(6)	46.2	P	(6)	46.7	P
MG Productions Inc	USA	(14)	100.0	F	(14)	100.0	F
MOVE Sportspromotion GmbH	Germany	(6)	46.3	P	(6)	46.8	P
Moving Pictures Inc	USA	(14)	100.0	F	(14)	100.0	F
Multimedia Global Finance SA	Luxembourg	(6)	46.3	P	(6)	46.8	P
New Media Film- & Fernsehproduktion GmbH	Germany	(4)	99.7	F	(23)	-	NC
Talkback Thames Ltd (form. Not Any Old Radio Commercials Ltd)	UK	(21)	100.0	F	(21)	100.0	F
Objectif Ouest Sarl	France	(6)	23.1	P	(24)	-	NC
Objektiv Film GmbH	Germany	(5)	63.8	F	(5)	67.8	F
OTL Productions Inc	USA	(14)	100.0	F	(14)	100.0	F
Pantheon Film GmbH & Co Produktions KG	Germany	(8)	50.8	F	(8)	50.8	F
Pearson Television Netherlands BV	Netherlands		-	NC	(15)	100.0	F
Phöbus Film GmbH & Co Produktions KG	Germany	(8)	50.8	F	(8)	50.8	F
Phönix Film Karlheinz Brunnemann GmbH & Co KG	Germany	(8)	50.8	F	(8)	50.8	F
Phönix Geschäftsführungs GmbH	Germany	(8)	99.7	F	(8)	99.7	F
Premium Pictures Ltd	UK	(13)	50.0	F	(13)	50.0	F
Producciones Fremantle SA	Spain		100.0	F		100.0	F
PS Entertainment Inc	USA	(14)	100.0	F	(14)	100.0	F
PT Dunia Visitama	Indonesia		100.0	F		100.0	F
PTV Dormant Ltd	UK	(19)	100.0	F	(19)	100.0	F
Real Film GmbH	Germany	(5)	63.8	F	(5)	67.8	F
Reg Grundy Produceos de TV SA	Portugal	(9)	100.0	F	(25)	-	NC
Reg Grundy Productions Holdings Inc	USA	(14)	100.0	F	(14)	100.0	F
Reg Grundy Productions Inc	USA	(14)	100.0	F	(14)	100.0	F

	Country of incorporation	2002		2003			
		Note	Group's Ownership	Consolidated method (1)	Note	Group's Ownership	Consolidated method (1)
Regent Productions Ltd	UK		100.0	F	100.0	F	
RTL 4 Productions BV	Netherlands		99.7	F	99.7	F	
RTL AllRights GmbH (formerly Andreas Geier Entertainment GmbH)	Germany		99.7	F	99.7	F	
RTL Group Ltd	UK		100.0	F	100.0	F	
RTL UK Holdings SA	Luxembourg		100.0	F	100.0	F	
Santa Monica Sound Recorders Inc	USA	(14)	100.0	F	(14)	100.0	F
SBSVTV Inc	USA	(14)	100.0	F	(14)	100.0	F
SEDS SA	France	(6)	46.3	P	(6)	46.8	P
Select TV Communications Cons Ltd	UK	(19)	100.0	F	(19)	100.0	F
Select TV International Ltd	UK	(19)	100.0	F	(19)	100.0	F
Select TV Ltd	UK	(19)	100.0	F	(19)	100.0	F
SNC SA	France		99.7	F	99.7	F	
Sportfive Asia Sdn. Bhd.	Malaysia	(6)	46.3	P	(6)	46.8	P
Sportfive GmbH	Germany	(6)	46.3	P	(6)	46.8	P
Sportfive International Ltd	UK	(6)	46.3	P	(6)	46.8	P
Sportfive International Sarl	Switzerland		-	NC	(6)	46.8	P
Sportfive Italy SA (formerly Bastino Multimedia)	Italy	(6)	46.3	P	(6)	46.8	P
Sportfive Malaysia Sdn. Bhd. (formerly UFA Sports Malaysia Sdn. Bhd.)	Malaysia	(6)	32.4	P	(6)	32.8	P
Sportfive SA (formerly Groupe JC Darmon SA)	France	(6)	46.3	P	(6)	46.8	P
Sportfive SP Zoo (formerly UFA Sports SP Zoo)	Poland	(6)	46.3	P	(6)	46.8	P
Sportfive Sulamerica Ltda	Brazil	(6)	46.3	P	(6)	46.8	P
Sportfive Tennis SA (form.Palais des Sports de Toulouse SA)	France	(6)	46.3	P	(6)	46.8	P
Sportfive Tixx GmbH	Germany	(6)	46.3	P	(6)	46.8	P
Sportfive Turkey Ltd Sirketi	Turkey	(6)	45.8	P	(6)	46.3	P
Sports Rights Acquisition BV	Netherlands	(6)	46.3	P	(6)	46.8	P
Sports Rights Acquisition Ltd	UK	(6)	46.3	P	(6)	46.8	P
START Television Produktions GmbH	Germany	(20)	100.0	F	(20)	100.0	F
StormyEyeworks GmbH (formerly Stormy Entertainment GmbH)	Germany		65.3	F	44.9	E	
Talkback (UK) Productions Ltd	UK		100.0	F	100.0	F	
Talkback Productions Ltd	UK	(21)	100.0	F	(21)	100.0	F
Teamworx Produktion für Kino & Fernsehen GmbH	Germany	(4)	99.7	F	(23)	-	NC
Teamworx Television & Film GmbH	Germany		-	NC	99.7	F	
Telescope Inc	USA		-	NC	100.0	F	
Terrapin Communications Inc	USA	(14)	100.0	F	(14)	100.0	F
Terrapin Productions Inc	USA	(14)	100.0	F	(14)	100.0	F

	Country of incorporation	2002		2003			
		Note	Group's Ownership	Consolidated method (1)	Note	Group's Ownership	Consolidated method (1)
Thames Films Ltd	UK	(22)	100.0	F	(22)	100.0	F
Thames Television Animation Ltd	UK	(22)	100.0	F	(22)	100.0	F
Thames Television Holdings Ltd	UK		100.0	F		100.0	F
Thames Television Ltd	UK	(22)	100.0	F	(22)	100.0	F
Thames Television Services Ltd London	UK	(22)	100.0	F	(22)	100.0	F
The Baywatch Nights Productions Company	USA	(14)	100.0	F	(14)	100.0	F
The Baywatch Productions Company	USA	(14)	100.0	F	(14)	100.0	F
The Malibu Branch Production Company	USA	(14)	100.0	F	(14)	100.0	F
The Price is Right Productions Inc	USA	(14)	100.0	F	(14)	100.0	F
The Spring Collection Production Company	USA	(14)	100.0	F	(14)	100.0	F
Tick Tock Productions Inc	USA	(14)	100.0	F	(14)	100.0	F
TPI Trebitsch Produktion International GmbH	Germany	(5)	63.8	F	(5)	67.8	F
Trebitsch Media AV GmbH	Germany	(5)	63.8	F	(5)	67.8	F
Trebitsch Produktion Holding GmbH	Germany	(5)	63.8	F	(5)	67.8	F
Trebitsch Produktion Holding GmbH & Co.KG	Germany	(5)	63.8	F	(5)	67.8	F
Truth Productions Inc	USA	(14)	100.0	F	(14)	100.0	F
UFA - Fernsehproduktion GmbH	Germany	(4)	99.7	F	(4)	99.7	F
UFA - Filmproduktion GmbH	Germany	(4)	99.7	F		99.7	F
UFA Entertainment GmbH	Germany	(4)	99.7	F	(4)	99.7	F
UFA Film & Fernseh GmbH	Germany		99.7	F		99.7	F
UFA Film & Medienproduktion GmbH	Germany	(4)	99.7	F	(23)	-	NC
UFA Film & TV Produktion GmbH	Germany	(4)	99.7	F	(4)	99.7	F
UFA Film Finance GmbH	Germany	(4)	99.7	F	(4)	99.7	F
UFA Film München GmbH	Germany	(4)	99.7	F	(23)	-	NC
UFA International Film & TV Produktions GmbH	Germany	(4)	99.7	F	(4)	99.7	F
UFA non Fiction Produktions GmbH	Germany	(4)	99.7	F	(23)	-	NC
UFA Sports France SA	France	(6)	46.3	P	(25)	-	NC
UFA Sports Iberia SL	France	(6)	46.3	P	(6)	46.8	P
UFA Sports Italia SRL	Germany	(6)	46.3	P	(23)	-	NC
UK TV Ltd	UK	(12)	20.0	E	(12)	20.0	E
United World Productions Ltd	UK	(21)	100.0	F	(21)	100.0	F
Universum Film GmbH & CoKG	Germany		99.7	F		99.7	F
VCF SA	France	(6)	23.1	P	(24)	-	NC
Westdeutsche Universum Film GmbH	Germany	(4)	99.7	F	(23)	-	NC
Whammy Productions Inc (formerly OHP Productions Inc)	USA	(14)	100.0	F	(14)	100.0	F
What's My Line ? Productions Inc	USA	(14)	100.0	F	(14)	100.0	F

	Country of incorporation	Note	2002		Note	2003	
			Group's Ownership	Consolidated method (1)		Group's Ownership	Consolidated method (1)
Witzend Productions Ltd	UK	(19)	100.0	F	(19)	100.0	F
Zoo Venture Entertainment Inc	USA	(14)	100.0	F	(14)	100.0	F
<b>Broadcasting radio</b>							
AH Antenne Hörfunksender GmbH & CoKG	Germany		23.9	E		48.3	E
Antenne Mecklenburg- Vorpommern GmbH & CoKG	Germany		24.4	E		24.4	E
Antenne Niedersachsen Gesch. GmbH & CoKG	Germany		35.9	E		35.9	E
Antenne Sachsen Hörfunks- und Versorgungs GmbH	Germany		48.7	E		48.7	E
AVE AG	Germany		99.7	F	(23)	-	NC
AVE Gesellsch. für Hörfunkbeteiligungen GmbH	Germany		99.7	F		99.7	F
AVE II Vermögensverwaltungsgesellschaft	Germany		49.7	E		99.7	F
BB Radio Landeswelle Brandenburg GmbH & CoKG	Germany		39.9	E		39.9	E
Blanc Bleu Communication Sarl	France		19.9	E		19.9	E
Cobel D SA	Belgium		21.3	E		21.1	E
Cobelfra SA	Belgium		34.6	E		34.6	E
Contact Properties SA	Belgium		24.9	E		24.9	E
Contact SA	Belgium		49.7	E		49.7	E
Contact SAT SA	Belgium		42.4	E		42.4	E
Contact Vlaanderen	Belgium		33.9	E		33.9	E
Ediradio SA	France		99.7	F		99.7	F
GvH Vermögensverwaltungsgesellschaft XV	Germany		99.7	F	(23)	-	NC
Holland FM BV	Netherlands		99.7	F		99.7	F
Holland FM Produkties BV	Netherlands		99.7	F		99.7	F
ID (Information et Diffusion) Sarl	France		99.7	F		99.7	F
Inadi SA	Belgium		42.8	F		42.8	F
IP France SA	France		99.7	F		99.7	F
IP Régions SA	France		99.7	F		99.7	F
JOKER FM SA	Belgium		10.9	E		10.9	E
MV Beteiligungs GmbH & CoKG	Germany		-	NC		24.4	E
MV Marketing GmbH	Germany		-	NC		24.4	E
NMH Neue Medien Holding Sachse-Anhalt GmbH	Germany		-	NC		99.7	F
Radio Advertising Benelux BV	Netherlands		99.7	F		99.7	F
Radio Hamburg GmbH & CoKG	Germany		29.1	E		29.1	E
Radio Karlsruhe GmbH & CoKG	Germany		25.1	E	(24)	-	NC
Radio Systems GmbH	Germany		-	NC		99.7	F
RB Rundfunk Beteiligungs GmbH	Germany		49.8	E		49.8	E
RTL 4 Radio SA	Netherlands		99.7	F	(26)	-	NC

	Country of incorporation	Note	2002		Note	2003	
			Group's Ownership	Consolidated method (1)		Group's Ownership	Consolidated method (1)
RTL Fun Développement Sarl	France		99.7	F		99.7	F
RTL Radio Berlin GmbH	Germany		99.7	F		99.7	F
RTL Radio Deutschland GmbH	Germany		99.7	F		99.7	F
RTL Radio Vermarktungs GmbH & CoKG	Germany		-	NC		99.7	F
SCP Sarl	France		99.7	F		99.7	F
SERC SA	France		99.7	F		99.7	F
Sodera SA	France		99.7	F		99.7	F
Sud Radio Services SA	France		19.9	E		19.9	E
UFA Programmgesellschaft in Bayern mbH	Germany		-	NC		99.7	F
VOFR NV	Belgium		33.9	E		33.9	E
YORIN FM BV (formerly Northsea Media Network BV)	Netherlands		99.7	F		99.7	F
<b>Others</b>							
Audiomedia Investments Bruxelles SA	Belgium		100.0	F		100.0	F
B. & C.E. SA	Luxembourg		99.7	F		99.7	F
CLT-UFA Holding S.A.	Luxembourg		100.0	F		100.0	F
CLT-UFA SA (including German Branch)	Luxembourg		99.7	F		99.7	F
CLT-UFA UK Radio Ltd	UK		-	NC		99.7	F
CLT-UFA UK Television Ltd	UK		99.7	F		99.7	F
Darpar 128 GmbH	Germany		100.0	F		100.0	F
IP Luxembourg Sarl	Luxembourg		99.7	F		99.7	F
IP Plurimédia SA	Belgium		65.8	F		65.8	F
RTL Group Verwaltungs und Holding GmbH	Germany		100.0	F		100.0	F
RTL UK Ltd	UK		-	NC		100.0	F
Société Immobilière Bayard d'Antin SA	France		99.7	F		99.7	F
Suprafin SA	Belgium		99.7	F		99.7	F
TVI Editions SA	Belgium		65.8	F		65.8	F

(1) M : Parent Company - F : Full consolidation -  
P : Proportionate consolidation -  
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 in 2003  
(25) Company liquidated  
(26) Company leaving scope because of materiality

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