Europe's leading

television, radio and production company

Annual report 2005

Mission

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.

Contents

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 business actively on behalf of our shareholders, while respecting the cultural needs of the communities we serve

> Productivity

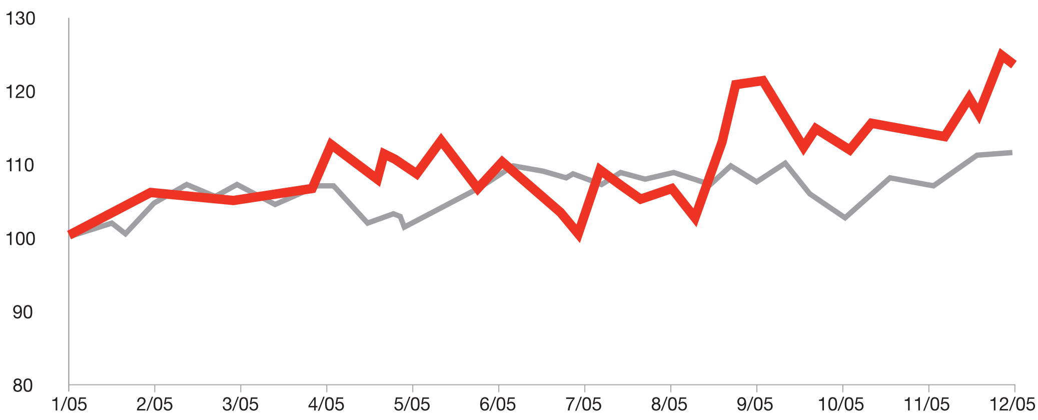
We seek out ways to work more efficiently as a Group

Key figures

2005 share price performance

RTL Group — DJ Stoxx

+23.5% 2004 €55



Adjusted earnings per share*

€

05	**2.96**
04	2.62
03	2.14

+13.0%

Revenue

€m

05	**5,115**
04	4,878
03	4,452

+4.9%

Equity

€m

05	**5,348**
04	4,862
03	4,880

+10.0%

Market capitalisation

€bn

05	**10.5**
04	8.5
03	7.3

+23.5%

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

Dividend per share

€

05	**1.05**
04	0.95
03	0.80

+10.5%

2005 revenue per business segment

€m

TV	4,001
Content	1,022
Radio	242
Others	85
Elimination	(235)
	5,115

2005 EBITA per business segment

€m

TV	617
Content	125
Radio	35
Others	(19)
	758

Shareholding structure

31 December 2005

RTL Group		
	Bertelsmann*	90.4%
	Public*	9.6%

*of which 0.76% are held collectively as treasury stock by RTL Group and CLT-UFA

Chairman's statement

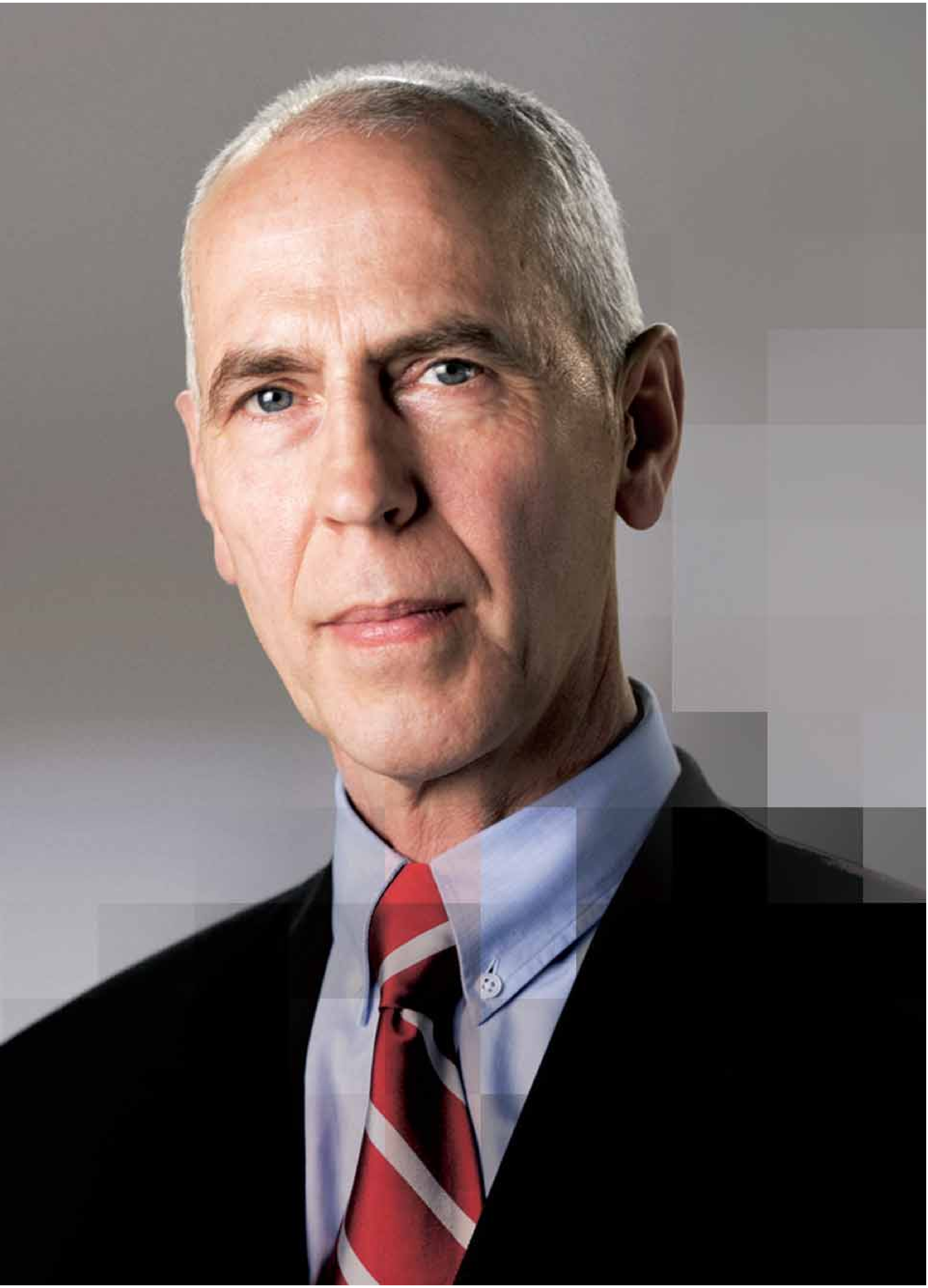
2005 was another successful year for our Group. Our financial result improved once again, supported by strong performances from our profit centres, most of which were confronted with tough market conditions. We also made headway with our ambition to expand into new growth markets, and we readied ourselves for the new opportunities that are emerging across Europe.

The continuing improvement in our financial performance does not come by surprise. We have been steadfast in our determination to build healthy families of broadcasting businesses across Europe. In recent years, we have strengthened our TV and radio brands, invested in the creation of high-quality content, and improved our portfolio of holdings. We have sought out opportunities to enter new arenas, diversifying into media-related activities and extending our presence into Southern, Central and Eastern Europe.

We have always said that this approach would create value for our shareholders – and so it has. Ours is a record of steady share price improvement that outperforms the DJ STOXX index of European media shares.

None of this would have been possible without the wholehearted commitment of the people at our profit centres. It is their passion and belief that drives our success. We are fortunate to have so many talented and hard-working people, and on behalf of the RTL Board I would like to put on record my thanks to every one of the 8,700 people who work for companies that are part of our Group.

Siegfried Luther
Chairman

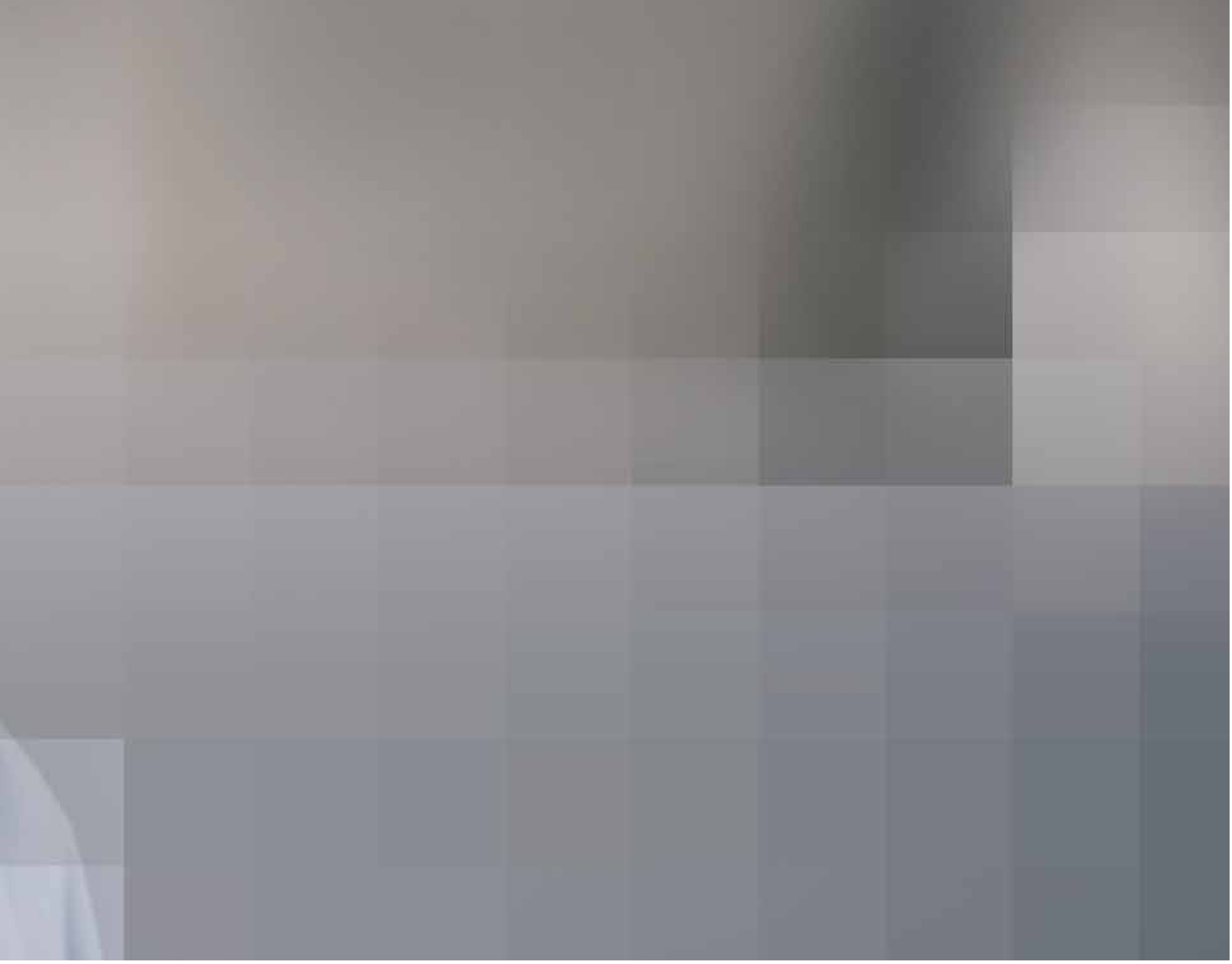


Chief executive's report

I'm delighted to report on an excellent set of results. 2005 was a year of solid and substantial achievement, during which we built on the successes of the previous year and made significant strategic progress. We enhanced our position in the UK, where we now own 100% of Five. We entered one new growth market – Russia – and we increased our investment in another – Portugal.

Group revenue has grown every year since 2001, and it rose by another 4.9% to €5,115 million in 2005. The increase in EBITA has been even more marked, and it testifies to the quality of our profit centre management teams. Group EBITA was €758 million in 2005, a year-on-year rise of 6.9% and an increase of no less than 78.8% on the figure for 2002. We take pride in this performance, as it has been accomplished during a testing period for the European media industry.

Despite the investments made in developing our portfolio in 2005 we remained cash positive, reflecting the excellent cash generation of our business. The dividend we are proposing for payment in 2006 is €1.05 per share, an uplift of 10.5% on the 2004 dividend. We continue to see opportunities for creating value for our shareholders by investing in new businesses, whether through development of our existing portfolio or by further external growth.



Chief executive's report continued

A resilient portfolio
Our 2005 results demonstrate the value of a diversified and balanced portfolio. The broad pan-European spread of our holdings and their quality helped to ensure a strong result in generally unfavourable market conditions. 2005 was a year of little or no growth in most of our advertising markets, and in some countries there was intensified competition for audiences as new channels and distribution platforms came on stream. Our TV and radio operations had to be at their best just to hold on to their market positions.

Conditions were toughest in Germany, our largest market. Advertising remained weak in the first half of the year, but there was a pick-up during the second half, which we hope continues into 2006. Our flagship channel RTL Television lost some audience share to smaller channels, but it remained the market leader in its target group. A powerful performance from VOX and strong support from Super RTL meant that our TV family remained the German number one, well ahead of its rivals.

Although Germany is our most important market, it now occupies a less dominant position in our portfolio as a result of new investments and development of our holdings in other countries. In 2003, Germany accounted for more than half of Group EBITA (52%) – in 2005 this had fallen to around a third (32%). France also accounts for around one third (35%), and our other territories together contribute the remaining 33%.

Our strong position in the French TV marketplace improved further in 2005, thanks to another impressive performance from M6, which enjoyed continued success with its locally produced programmes. M6's share of the TV advertising market was 23.2% – the highest in its history.

In the UK, Five again outperformed the market, achieving the largest year-on-year increase in TV advertising share of any UK terrestrial broadcaster. In Spain, Antena 3 went from strength to strength, its highly rated programmes propelling it to market leadership in the last two months of 2005 and into 2006. The turnaround in the Netherlands continued, with further strengthening of our business and continued growth in EBITA contribution.

Our content business FremantleMedia also performed well. It took full advantage of the continuing popularity of international hit formats such as *Idols* and *The X-Factor*, while successfully introducing new concepts to TV audiences in Europe, such as the telenovela format of serialised love stories.

Strategic progress
We continued to implement our three central strategic objectives – to develop our families of channels, to build diversified businesses that reduce our dependence on advertising revenue, and to expand into new markets that offer potential for rapid growth. We made positive progress in all three.

Developing our families
The strengthening of our radio and TV families continued, notably in the Netherlands where our three TV channels were successfully regrouped and relaunched in August 2005. This has reinforced their position in a market made more competitive by the launch of the new channel, Talpa. RTL 4, the Dutch market leader, is now supported by a refreshed RTL 5. We launched a new channel, RTL 7, to replace Yorin, which we closed. Early in 2006 we severed our remaining connection with the Yorin name when we sold our interest in the radio station Yorin FM to SBS Broadcasting.

In France, M6 further developed its family with the launch of a new channel, W9, on the free digital TV platform TNT. Our plans for new channels and subscription-based offers were well advanced in Germany and in the UK, where Five reached an agreement in November 2005 to take a strategic investment in Top Up TV.

Building diversified businesses
Work continued at our profit centres to build cash generative diversified businesses that leverage our broadcasting and programme brands. M6 Group in France remains our model, and once again it demonstrated what can be achieved.

One of its most successful initiatives in 2005 was a mobile phone offer in partnership with Orange, which in just a few months doubled its target with nearly a quarter of a million (227,000 at the end of 2005) subscribers.

FremantleMedia also demonstrated the potential for generating new revenue streams. Its licensing and distribution business had its most successful year yet with successful telephony, CD and DVD products derived from FremantleMedia formats. For example, an interactive DVD based on the classic *Family Feud* gameshow sold over a quarter of a million units in the USA.

Our profit centres in Germany and Belgium both entered into agreements with cable and other operators. As well as earning revenue, these agreements are extending the digital reach of our channels.

One area of focus for the Group in the short term will be in the field of betting. In the UK Five entered into an exclusive partnership with partypoker.com and other companies within the Group are looking at the success of this, and other models, to develop their own offers.

Portfolio expansion

We improved our portfolio with three major investments. Firstly, we increased our presence in the UK, by acquiring the remaining stake in Five that we did not already own, UBM's 35.4% holding. This gives us freedom of action to continue the development of Five in what is Europe's largest net TV advertising market.

Secondly, we entered a new territory, Russia, where we acquired a 30% stake in REN TV. Russia is a huge market with great potential for growth and we are working closely with REN TV's other shareholders, Severstal-Group and Surgutneftegaz, to expand and develop the business.

Thirdly, we stepped up our investment in Portugal, where we also see exciting opportunities for growth. We now hold 33% of Grupo Media Capital, which owns TVI, Portugal's leading TV broadcaster, as well as a number of TV content, radio and other media interests.

Management progression

We welcomed two new CEOs who will drive the future development of our families in two key profit centres. Anke Schäferkordt, who was appointed Chief Executive of RTL Television in April 2005, took over as Head of our German TV family the following September. Axel Duroux was appointed CEO of our French radio family in April 2005 and has been tasked with re-invigorating the business and preparing it for the digital age.

There were two changes of personnel in key positions at our corporate headquarters in Luxembourg. We said goodbye to Thomas Rabe, our Chief Financial Officer and Head of Corporate Centre. Thomas has made an important contribution to our Group's development and we wish him well in his new role as CFO of Bertelsmann AG. His replacement is Dr Ignace Van Meenen. The other major appointment was Elmar Heggen, who became Executive Vice President, Regional Operations and Development.

Early in 2006 we established a new Executive Management team, consisting of Ignace, Elmar and myself. This new structure will address the management requirements of our growing Group, which now has TV operations in 11 European countries and aspirations to grow even further.

Looking ahead

The digital revolution is fast gathering momentum across Europe, though it is more advanced in some countries than others. The UK has led the way with Freeview, which now reaches some six million homes, and in just two years' time the UK authorities will begin the process of switching off analogue TV signals entirely. In 2005 digital TV platforms were launched in France and Spain, and more will follow.

At the same time, TV is becoming more international, with global formats such as *Idols* travelling the world faster than ever before.

We are ideally positioned for success in the new media landscape that is now emerging. We have the right credentials with our Europe-wide portfolio, our family concept, and our ability to diversify and innovate. But to capitalise fully on the opportunities, we must plan far ahead and be ready to stretch our capabilities to the limit. Most important of all, we must apply all of our creative energies to generate new formats with enduring appeal for audiences around the world. We have an exciting future ahead of us.

Gerhard Zeiler
Chief Executive Officer

Operations

This chart illustrates the structure of RTL Group's principal businesses and undertakings as at 31 December 2005*. The name of each company is followed by an indication of the percentage held directly or indirectly by RTL Group.

Television

	Free TV		TV Services	
Germany	RTL Television	100%	CBC	100%
	RTL II	35.9%		
	VOX	99.7%		
	Super RTL	50%		
	RTL Shop	100%		
	n-tv	50%		
	Traumpartner TV	100%		
France	M6[1]	48.6%		
	RTL 9[5]	35%		
Netherlands	RTL 4[5]	100%		
	RTL 7[5]	100%		
	RTL 5[5]	100%		
UK	Five	100%		
Belgium	RTL TVi[5]	66%		
	Club RTL[5]	66%		
	Plug TV[5]	66%		
Luxembourg	RTL Télé Lëtzebuerg	100%	BCE	100%
	Den 2.RTL	100%	ENEX	76.4%
Croatia	RTL Televizija	65.5%		
Spain	Antena 3	17.2%		
Hungary	RTL Klub	49%		
USA				
Australia				
Italy				
Portugal	Media Capital	33%		
Russia	Ren TV	30%		

Radio

Content

Radio		Production[3]		Rights[3]	
104.6 RTL RTL Radio-Die besten Hits aller zeiten[5] Antenne Bayern Radio Hamburg Hit-Radio Antenne Niedersachsen	100% 100% 16% 29.2% 36%	UFA Film & TV Produktion[2] Grundy LE[2] Grundy UFA[2] Phoenix Group[2] TeamWorx[2] UFA Entertainment[2]	100% 100% 100% 51% 100% 100%	Universum Film	100%
RTL[5] RTL 2 Fun Radio	100% 100% 100%	Fremantle France[2] Be Happy[2]	100% 100%	Sportfive	25%
Yorin FM RTL FM	100% 100%	Blue Circle[2]	100%	Fremantle Operations[2] Fremantle Productions[2]	100% 50%
		TalkbackTHAMES[2]	100%		
Bel RTL Radio Contact BXL	43% 49.9% 43%	Fremantle Productions Belgium[2]	100%		
RTL Radio Lëtzebuerg	100%			CLT-UFA International[4]	100%
		Fremantle Produkcija[2]	100%		
		Grundy Producciones[2]	100%		
		Magyar Grundy UFA[2]	100%		
		FremantleMedia North America[2] Fremantle Productions Latin America[2]	100% 100%		
		Grundy Television[2] Crackerjack[2]	100% 100%		
		Grundy Productions Italie[2]	100%		
		Fremantle Produceos de Televisao[2]	100%		

(1) Including theme channels.
(2) A FremantleMedia company.
(3) FremantleMedia has operations in over 22 countries, including Portugal, Finland, Poland, Denmark, Netherlands, Japan, Indonesia and Brazil.
(4) Global.
(5) Programmes broadcast by CLT-UFA under a Luxembourg licence.
* Principal businesses – extended list on page 120.

Highlights

five

American Idol tops the charts again

The phenomenal success of FremantleMedia's *American Idol* continued. The fourth series of the *Idols* format was the highest rated series in the USA in 2005, delivering more viewers than *ER*, *Lost* and *Desperate Housewives*. It achieved an average audience of 27 million and no fewer than 500 million phone votes were cast during the series. FremantleMedia North America has entered into a new agreement with FOX and 19 Entertainment that secures further seasons.

200,000+ subscribers for M6's mobile offer

M6 continued to open up new sources of diversified revenue. In June 2005 it launched a mobile telephone service with Orange offering a range of benefits including reductions on audio and video products, concert tickets and music downloads. Six months after launch, M6 Mobile by Orange had attracted more than 200,000 subscribers – far ahead of the 100,000 target. A second package giving access to the channel M6 Music Hits was launched in November 2005.

Full control of Five in the UK

In September 2005 we completed the acquisition of the remaining 35.4% stake in Five held by UBM. This takes RTL Group's ownership of the UK's fastest growing terrestrial TV channel to 100%.

Five is planning to launch new channels to create a multi-channel presence. In November 2005 it reached an agreement to take a strategic investment in Top Up TV, which offers subscription services for UK digital viewers on the Freeview platform. RTL Group's investment will enable both parties to explore and develop free and pay services.

A foothold in Russia

We strengthened our presence in Central and Eastern Europe with our first investment in Russia's growing TV market. In October 2005 we completed the acquisition of a 30% stake in the television and production group REN TV. RTL Group will be actively involved in developing the REN TV network and is cooperating closely with the other shareholders, Severstal-Group and Surgutneftegaz.

Further investment in Portugal

We made two further acquisitions of shares in Grupo Media Capital during the year, which took our strategic holding from 11.6% at the start of 2005 to 33% by the year end. Grupo Media Capital is the leading television broadcaster in Portugal, measured by both net advertising revenue and audience shares. In 2005 it became for the first time ever the leading channel in terms of total audience and also increased its leadership position in prime-time audience share. Grupo Media Capital is also a significant player in radio, outdoor advertising, internet and magazine publishing.

11 million+ viewers for *Die Sturmflut*

The two-part TV movie *Die Sturmflut (Stormtide)* was an enormous success for RTL Television in Germany when it aired in February 2006. The first part was watched by about 11.6 million viewers, a market share of 38.9% of the target group of 14 to 49 year-olds, and the second part was close behind with 11.2 million viewers. *Die Sturmflut* was produced by the FremantleMedia company teamWorx and is RTL Television's biggest budget TV movie to date. It stars such leading German actors as Nadja Uhl, Benno Fürmann, Jan Josef Liefers, Heiner Lauterbach and Natalia Wörner.

How we work

RTL Group companies are members of a large and supportive family. As Europe's largest broadcasting group, we have extensive resources of creative, technical and financial capital which we make available to our businesses. Although each of our profit centres makes its own management decisions autonomously, it is free to draw on the understanding and expertise of other RTL Group family members.

The CEOs and senior managers of our profit centres regularly get together to share experiences, update each other on the opportunities, challenges and development plans at their businesses, and explore the potential for cooperation. This process ensures that knowledge is rapidly disseminated across our Group, and that successful innovations at one profit centre are implemented elsewhere.

Operations Management Committee

Our profit centre CEOs are members of the Operations Management Committee (OMC), which meets every six to eight weeks to discuss topical issues. Members of Group management also attend these meetings to ensure that Group projects and opportunities are identified and to provide Group-level feedback on progress.

OMC meetings last for one day and usually have one main item on the agenda which is of current interest to all participants. Items covered during 2005 included programme trends, developments in technology, diversification projects, and the European Union's draft "Television Without Frontiers" legislation.

The OMC has three subcommittees to which it delegates responsibility for programming, radio and new business models.

We call these our Synergy Committees – senior executives with relevant industry experience from across the Group participate in them, and members of Group management also attend.

The **Programming Synergy Committee's** current priorities are:

> Improving the sharing of programme information including trends in programming and rights acquisition.

> Discussing Group-wide coordination of special event programming.

The **Radio Synergy Committee** meets twice each year, ideally with participants from all of the Group's radio-related businesses. Its priorities are:

> Sharing information, best practices, new ideas and business models.

> Discussing possibilities for working together to develop digital radio, convergence and diversification opportunities.

Heads of our interactive and diversification businesses meet at the OMC's **New Business Models Synergy Committee**. It focuses on:

> Presenting new business models so that other Group companies can benefit from experiences gained and learn about the costs and challenges involved.

> Planning ahead for future developments in multichannel, new methods of delivery, technological threats and regulatory changes.

OMC Members 2005

Gerhard Zeiler
CEO RTL Group

Thomas Rabe
CFO RTL Group

Alain Berwick
CEO RTL Radio and Télé Lëtzebuerg (Luxembourg)

Andrew Buckhurst
Senior VP External Communications & Investor Relations, RTL Group

Tony Cohen
CEO FremantleMedia

Vincent de Dorlodot
General Counsel, RTL Group

Philippe Delusinne
CEO TVi (Belgium)

Nicolas de Tavernost
Président du Directoire, M6 (France)

Axel Duroux
CEO RTL Radio (France)

Dirk Gerkens
CEO RTL Klub (Hungary)

Elmar Heggen
EVP Strategy & Controlling, RTL Group

Jane Lighting
CEO Five (UK)

Christoph Mainusch
CEO RTL Televizija (Croatia)

Romain Mannelli
EVP Corporate HR, RTL Group

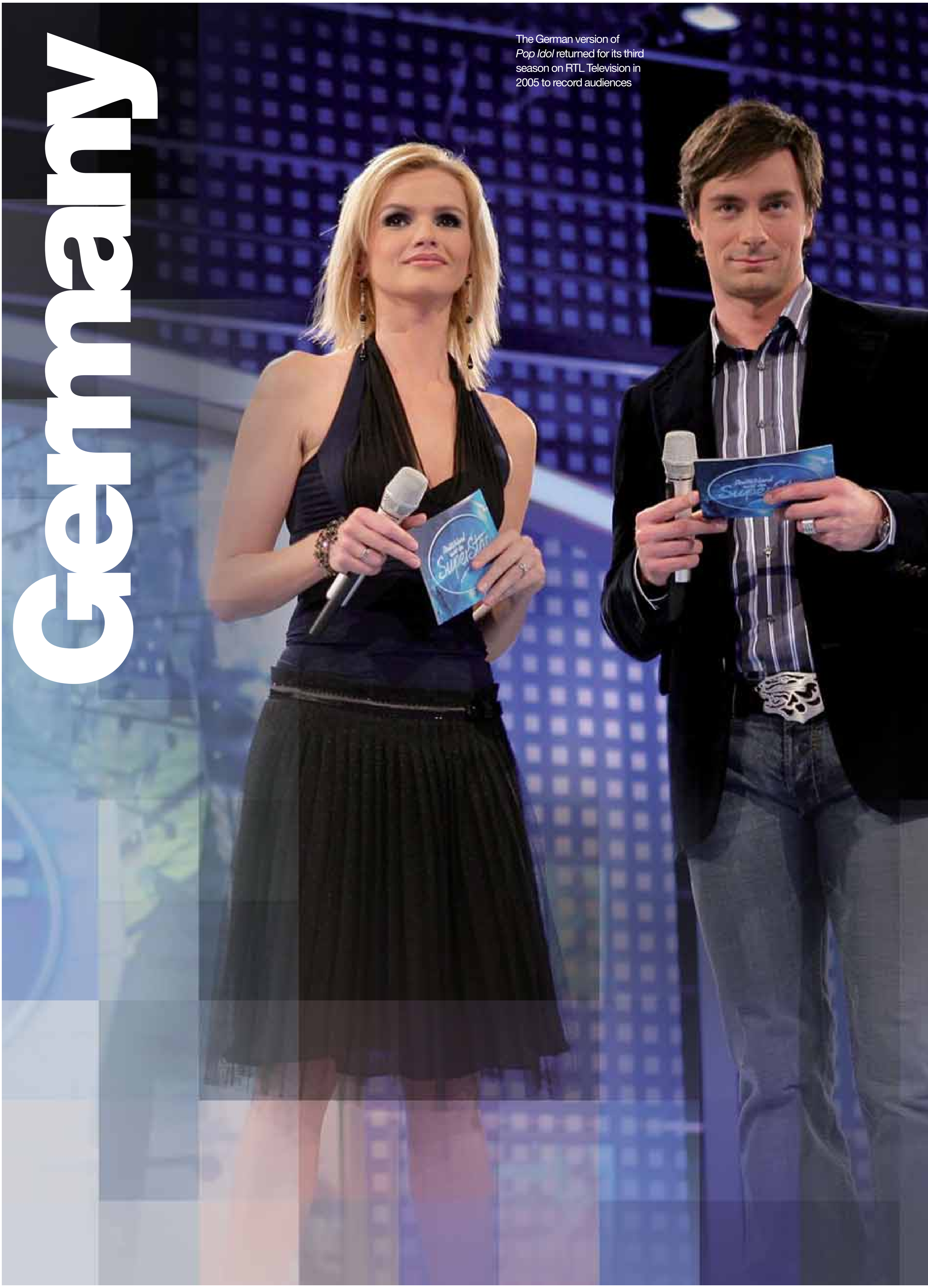
Anke Schäferkordt
CEO RTL Television (Germany)

Fons Van Westerloo
CEO RTL Nederland (The Netherlands)

Gert Zimmer
CEO RTL Radio Deutschland (Germany)

Eduardo Zulueta
MD Group Communications (Spain)

Germany



The German version of *Pop Idol* returned for its third season on RTL Television in 2005 to record audiences

Our family of channels maintained its leadership of the German TV market, supported by excellent performances from two of the smaller channels, VOX and Super RTL.

Revenue 2005

€1,858m

2004 €1,826m

EBITA 2005

€244m

2004 €262m

RTL Group advertising market share 2005

43.5%

2004 44.2%

RTL Group audience share 2005*

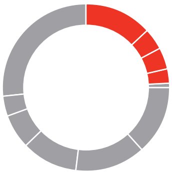
32.2%

2004 32.9%

*Target: 14-49

Germany
Television

TV national audience breakdown 2005 (%)
Source: GfK
3+



RTL Television	13.2
RTL II	4.2
VOX	4.2
Super RTL	2.8
n-tv	0.6
ARD	13.5
ZDF	13.5
SAT 1	10.9
Pro 7	6.7
Kabel1	3.8
Others	26.6

TV audience share 2001/2005 (%)
Source: GfK

RTL Television
Target: 14-49

05	16.0
04	16.8
03	18.2
02	17.6
01	17.9

RTL II
Target: 14-49

05	6.5
04	7.5
03	7.1
02	5.4
01	5.7

VOX
Target: 14-49

05	6.4
04	5.5
03	5.0
02	4.7
01	4.3

n-tv
Target: 14-49

05	0.6
04	0.5
03	0.6
02	0.6
01	0.8

Super RTL
Target: 3-13

05	25.6
04	24.1
03	23.1
02	18.7
01	19.8

The German advertising market remained sluggish in 2005, although there were some signs of improvement in the second half of the year. Competition between broadcasters was as intense as ever, but the RTL family of channels remained the clear leader in the 14 to 49 year-old target group with a combined share of 32.2%, though this was down on the previous year (32.9%).

RTL Television lost some viewers, as did most of Germany's "first tier" channels, although it remained number one in its target group. Some of the smaller channels gained audience share at the expense of their larger competitors – VOX and Super RTL were two of the strongest performers, both making significant gains in market share. Measures taken to boost RTL Television's share of audience in 2006 include substantial investment in major new programmes such as the big budget TV movie *Die Sturmflut* (*Stormtide*), produced by the FremantleMedia company teamWorx.

The RTL family of diversified businesses continued to develop. With the opening up of digital TV in Germany, new offers and subscription-based channels are being developed to target special groups. By the end of 2005, contracts had been signed with three key cable operators, Kabel Deutschland, Kabel BW and Unity Media, thus securing digital distribution via cable for the RTL channels throughout Germany.

In April 2005 Anke Schäferkordt took over as Chief Executive of RTL Television, and in September she became Head of the German RTL Family.

RTL Television

RTL Television was Germany's number one channel for the thirteenth consecutive year. Its well-established mix of big shows, exciting fiction and reality formats ensured that it retained a clear lead over its competitors with a share of 16.0% of the 14 to 49 year-old target audience.

RTL Television had the country's most successful movie, *Harry Potter And The Philosopher's Stone*, which scored an impressive 45.9% share of the target audience. The channel also had the top performing series of the year, *Alarm Für Cobra 11*, and the most liked sitcom, *Nikola*. The long-running soap *Gute Zeiten, Schlechte Zeiten* (*Good Times, Bad Times*) was once again the leading daily series on German TV. A special movie episode was shown in October 2005 to mark the show's 3,333th edition.

Television holdings

RTL Television: 100%
RTL II: 35.9%
Super RTL: 50%
VOX: 99.7%
RTL Shop: 100%
n-tv: 50%
Traumpartner TV: 100%
Universum Film: 100%
Cologne Broadcasting Center: 100%

01 New two-part event format: *Typisch Frau, typisch Mann*

02 In its sixteenth season *Alarm für Cobra 11* continues to be a ratings hit for RTL Television

03 Celebrity cook Tim Mälzer prepares another delicious offering on VOX

01

The *Idols* format *Deutschland Sucht Den Superstar* started its third season in November 2005 on a high note – 5.3 million viewers watched the first show. The classic quiz show *Wer Wird Millionär?* (*Who Wants To Be A Millionaire*) again performed strongly, as did the world-record spectacular *Domino Day* and the tenth *Spendenmarathon*, RTL Television's annual charity show.

Reality formats with high production values were a distinctive theme in 2005. Tine Wittler's home makeover special *Einsatz In Vier Wänden – Spezial* was one of the top performers in prime-time, with *Super Nanny* also scoring well. Two new productions, the home-documentary *Unsere Erste Gemeinsame Wohnung* and the TV romance *Bauer Sucht Frau*, made strong debuts.

The prime-time show *RTL Aktuell* took the top position among main news shows watched by the target audience. Other news magazine formats, such as *Punkt 12* and *RTL Nachtjournal*, also held on to their leading market positions. *Punkt 9* improved its share by 3.7 percentage points to 20.3%.

RTL Television also had the most successful magazine formats, with the prime-time show *Stern TV* and the boulevard magazine *Explosiv* both performing well.

Formula One motor racing continued to draw large audiences, peaking with the Canadian Grand Prix in June 2005 which attracted nearly 10 million viewers. The average for all 19 races was 6.9 million.

VOX

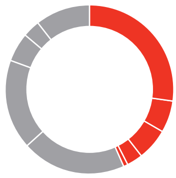
This was another great year for VOX. The Cologne-based channel delivered a record 6.4% share of the target market (14 to 49 year-olds) – a year-on-year improvement of 16%.

High quality US productions, such as the crime series *CSI:NY*, *CSI*, *Law & Order: Criminal Intent* and *Crossing Jordan*, were the main driver of VOX's excellent ratings. Another US series, *Gilmore Girls*, transferred successfully from daytime TV to a new Tuesday evening slot.

TV chef Tim Mälzer was the top performer of VOX's in-house productions. His *Schmeckt Nicht, Gibt's Nicht* is German television's most successful cooking show, and his second book spin-off, *Born to Cook 2*, was an immediate number one in the non-fiction bestseller list for its publishers, Mosaik-Verlag. VOX's weekend schedules continued to be dominated by the magazine formats that have been successful for many years, such as *Auto Motor Und Sport TV*. Presented by Peter Stützer, this is one of the most popular motoring shows on German TV. It celebrated its 500th episode in autumn 2005.

VOX further enhanced its stature by winning two awards, one of them a Gold, at the Promax/BDA trade fair in New York for its Faces 2004 presenter campaign.

TV national advertising breakdown 2005 (%)
Source: Nielsen S+P



RTL Television	**27.3**
RTL II	**6.2**
VOX	**6.1**
Super RTL	**3.0**
n-tv	**0.9**
SAT1	20.1
PRO7	17.2
Kabel1	5.4
DSF	3.5
Others	10.3

TV advertising share 2001/2005 (%)
Source: Nielsen S+P

	RTL Television	RTL II	VOX	Super RTL	n-tv
05	**27.3**	**6.2**	**6.1**	**3.0**	**0.9**
04	28.7	6.5	5.1	2.9	0.9
03	30.7	5.8	5.2	2.5	0.8
02	29.4	5.4	4.7	2.3	1.0
01	28.5	6.2	4.1	2.4	1.2

02

03

Germany
Television

RTL II

2005 was a year of innovation for Munich-based RTL II. New and inventive programming helped it retain its position as the leading "second tier" channel with programming aimed at younger adult viewers. In 2005 it achieved a market share of 8.2% of 14 to 29 year-olds.

RTL II was successful in developing the science magazine show *Welt Der Wunder* as a highlight throughout Europe, and the show spawned a number of spin-off formats. The channel was also successful with a new prime-time reality-soap about the joys of cooking, *Die Kochprofis*. This was one of several shows to establish themselves as solid brands on German TV – another was the popular series *Frauentausch*. The *Big Brother* show continued to be a mainstay of RTL II's programme schedule – in March 2005 *Big Brother – Das Dorf* was launched as a daily reality-soap.

Another innovation was Indian cinema, which RTL II has established as a completely new genre on German television. It is the first and only German channel to dub Bollywood movies and broadcast them at prime-time, where they have become cult viewing.

The quality of RTL II's on-air design and promotion was recognised with nine awards, including two Golds, at the PROMAX/BDA trade fair.

Super RTL

2005 was Super RTL's most successful year yet. Ten years after its formation in 1995, the entertainment channel for children and their families has a powerful position as the clear market leader in German children's television.

Super RTL's market share of 25.6% of 3 to 13 year-olds was its best ever annual average and nearly double that of its closest competitor. Disney formats such as *Kim Possible* performed strongly, alongside innovative in-house productions such as *TOGGO United – Die Fussballshow* and the channel's educational shows, including *Finger Tips and Art Attack*.

Super RTL's successes continued on the internet, where its TOGGO and TOGGOLINO websites scored up to 150 million page impressions per month. The two subscription websites, TOGGOLINO Club and TOGGO CleverClub, were much in demand and now have 85,000 subscribers. Super RTL also has a thriving merchandising business. It broke new ground in 2005 with the marketing of *Kim Possible* – the first time that the Walt Disney Company has assigned the ancillary rights as well as the broadcast rights for a series to a TV channel.

01 Part of the continuing *Bollywood* offering on RTL II

02 New series *Arme Millionäre* was amongst the top 10 series on German TV in 2005

03 *Kim Possible*, a successful format and one which Super RTL also has the ancillary rights to

04 *Stars for Free:* 17,000 tickets distributed free of charge among 104.6 RTL listeners

01

02

03

Germany
Radio

German advertising market (%)
Source: Nielsen Media Research

	05	04
Print sector	48.6	48.8
Television	42.1	42.5
Radio	6.1	5.6
Outdoor	3.2	3.1

Audience share 2001/2005 (%)
Source: MA 2005

104.6 RTL
Target: 14+

05	8.3
04	7.6
03	10.4
02	9.4
01	11.0

Advertising share 2001/2005 (%)
Source: Nielsen S+P

104.6 RTL

05	13.4
04	14.2
03	15.1
02	17.4
01	18.9

We continued to develop our portfolio of shareholdings in German radio stations. RTL Radio Deutschland acquired additional stakes in 89.0 RTL, Radio Brocken and Hitradio RTL Sachsen. At the end of 2005, the portfolio contained investments in 18 stations, mostly minority participations because of regulatory constraints in Germany. These stations have a combined audience of almost 4.4 million listeners per average hour. In January 2006 the 40% stake in BB Radio was sold.

RTL Radio Deutschland works with the radio stations to develop cross-marketing and promotion opportunities and encourage the sharing of best practices. The recently established editorial platform, RTL Radio Content Desk, provides a range of programming, including news coverage and comedy produced with media partners RTL Television, n-tv, Financial Times Deutschland and wetter.de. It has been well received by the stations, 15 of which made use of its material.

RTL Radio Deutschland also fosters cooperation by arranging meetings of station executives. Following a conference of sales and marketing directors in 2005, the RTL radio participations agreed on a mutual marketing plan for the 2006 FIFA football World Cup hosted by Germany. A total of 23 licensed radio broadcasters, 12 of them RTL Radio Deutschland participations, will offer the only nationwide FIFA private radio offer.

Radio holdings

104.6 RTL: 100%
RTL – Die besten Hits aller Zeiten: 100%
Hitradio RTL Sachsen: 58%
89.0 RTL: 53.5%
Radio Brocken: 53.5%
BB Radio: 40%
Hit-Radio Antenne Niedersachsen: 36%
Sachsen Funkpaket: 31.9%
Radio Hamburg: 29.2%
Antenne Mecklenburg-Vorpommern: 24.4%
Radio 21: 17%
Radio NRW: 17%
Antenne Bayern: 16%
Rock Antenne: 16%
Antenne Thüringen: 15%
Radio Top 40: 8.7%
Oldie 95: 4.8%
Radio Ton: 2%

04

Another highly profitable year for M6, which overcame strong competition to deliver its highest ever share of the TV advertising market.

Revenue 2005

€1,270m

2004 €1,145m

EBITA 2005

€229m

2004 €207m

Advertising market share 2005

23.2%

2004 22.1%

Audience share 2005*

19.1%

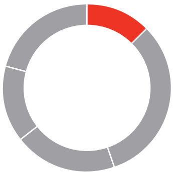
2004 18.6%

*Target: Housewives under 50

A new host – Anne-Sophie Lapix – for *Zone Interdite*, a long running and very successful show on M6

France
Television

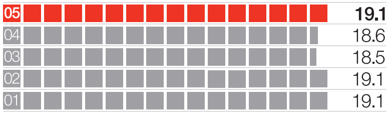
National audience breakdown 2005 (%)
Source: Médiamétrie
4+



M6	12.6
TF1	32.3
France 2	19.8
France 3	14.7
Others	20.6

Audience share 2001/2005 (%)
Source: Médiamétrie

M6
Target: Housewives under 50



M6 Group followed up its impressive performance in 2004 with another prosperous year.

M6 Television consolidated its position in 2005 with 12.6% of the 4+ audience. Its share of the main commercial target, housewives under 50, reached a new high at 19.1%. Once again, M6 was the channel most watched by younger adults – in 2005 its share of the 15 to 34 year-old audience rose to 21.5%. In spite of difficult market conditions, M6 Television's share of TV advertising rose from 22.1% to 23.2% – the best performance of any French channel and the highest in its history.

M6's excellent result was achieved in a more competitive media environment. In March 2005 France's new free digital terrestrial platform, TNT, was launched. M6 participated in the launch by creating W9, a new digital channel targeting 15 to 34 year-olds. In November 2005, three of M6's wholly or partly owned channels were launched on digital terrestrial TV on a subscription basis – Paris Première, TF6 and TPS.

M6 Group currently owns a 34% stake in TPS. In December 2005 and subject to regulatory approval, the merger of the Group Canal+ and TPS businesses was announced. Once finalised M6 will own a 5.1% stake in the new group.

M6 Group's diversified businesses also made progress. Its partnership with the mobile telephone operator Orange was an enormous success. The M6 Mobile By Orange offer was launched in June 2005 and by the end of the year it had secured 227,000 subscribers, more than double its target.

HSS, M6 Group's home shopping subsidiary, acquired 95% of Mistergooddeal.com, one of France's leading e-commerce players offering discounted brand-name products. This acquisition will greatly enhance M6 Group's home shopping and e-commerce potential.

M6 Group also boosted its magazine publishing portfolio with the launch of a new monthly car magazine, *Auto Turbo*, which complements the weekly show on M6 Television, *Turbo*.

Holdings
M6: 48.6%
RTL 9: 35%

01 New French fiction in 2005 included successful formats such as, *Merci les Enfants Vont Bien!*

02 Football has helped broaden the programme offering of M6 and will include the majority of the World Cup matches in 2006

03 Part of the new US fiction offering included formats such as *Nip/Tuck*

04 Record audience shares were achieved for the series *Kaamelott* during 2005

01

M6 Television

A powerful line-up of popular and innovative programmes ensured that M6 Television enjoyed another successful year. Excellent prime-time ratings were the highlight – the channel reached more than four million viewers on 90 evenings during 2005, compared with 66 in 2004.

No fewer than 25 new shows were launched, including a new investigative magazine show, *Enquête Exclusive*, and a number of well-received documentaries also helped to support ratings.

Drama was another highlight. Comedies such as *On Ne Prête Qu'aux Riches* and *Merci Les Enfants Vont Bien* were among the most watched programmes of the year. M6 Television also successfully launched the comedy series *Kaamelott* in access prime-time, as part of its strategy to develop French fiction series and TV movies. The series went on to win the accolade of Best TV Programme for 2005 in the Grand Prix Des Médias CB News awards.

Movies scored well, with the *Star Wars* trilogy attracting more than 6.8 million viewers. M6 launched as many as 13 new international fiction series, of which the US-produced *Nip/Tuck* and *4400* were among the most successful.

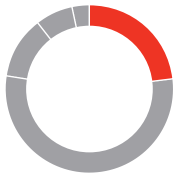
For the first time, M6 Television's viewers were able to follow the progress of the Olympic de Marseilles football team in the UEFA Cup. In addition, the channel won the rights this year to show 31 of the 64 matches of the FIFA 2006 World Cup.

RTL 9

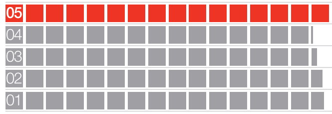
RTL Group owns a 35% stake in RTL 9, the family entertainment channel which celebrated its 50th anniversary in February 2005.

RTL 9 is distributed from Luxembourg via satellite, cable, ADSL and terrestrial signals to viewers in France, Switzerland and Luxembourg. In 2005 it increased its reach by 23% to 8.5 million households, and remained one of the leading cable and satellite channels in France with a 1.8% share of all viewing.

National advertising breakdown 2005 (%)
Source: TNS Secodip



Advertising share 2001/2005 (%)
Source: TNS Secodip



02

03

04

FremantleMedia

American Idol 4 achieved record ratings, votes and delivered audiences higher than "ER" and "Lost" to its broadcaster, FOX

Great success for FremantleMedia's gameshow brands and newly launched telenovelas, while its licensing and distribution business had a record year.

Revenue 2005

€947m

2004 €866m

EBITA 2005

€104m

2004 €101m

FremantleMedia
Content

Key holdings
Australia
Crackerjack: 100%
Grundy Television: 100%
Belgium
Fremantle Productions Belgium: 100%
Croatia
Fremantle Produkcija: 100%
France
Fremantle France: 100%
Be Happy: 100%
Germany
UFA Entertainment: 100%
UFA Film & TV Produktion: 100%
Grundy LE: 100%
Grundy UFA: 100%
Phoenix Group: 51%
teamWorx: 100%
Hungary
Magyar Grundy Ufa: 100%
Italy
Grundy Productions Italie: 100%
Netherlands
Blue Circle: 100%
Fremantle Operations: 100%
Fremantle Productions: 50%
Portugal
Fremantle Produceos de Televisao: 100%
Spain
Grundy Producciones: 100%
UK
talkbackTHAMES: 100%
USA
FremantleMedia North America: 100%
Fremantle Productions Latin America: 100%

FremantleMedia broke new ground in 2005 with launches of the Latin American telenovela (serialised love story) format in Europe, and it successfully reintroduced gameshows in prime-time. As well as investing in new concepts and talent, FremantleMedia continued to make progress with established formats such as *Idols*. 2005 was also the best year yet for FremantleMedia's licensing and distribution business, and a New Platforms unit was established to develop original content for emerging opportunities in the mobile phones, internet and game console markets.

FremantleMedia's production companies produced 8,546 hours of programming in 2005. Its output spans drama, serial drama, entertainment, factual shows and comedy, making it one of the largest creators of programme brands in the world. 2005 was a year in which broadcasters commissioned more "feel-good" family entertainment and innovative drama concepts. One of FremantleMedia's key priorities is to create drama for the US market.

FremantleMedia continued to forge relationships with creative talent. It holds a majority stake in Blu, a new production company in Denmark which is run by Henrik Hancke Nielsen, creator of such popular FremantleMedia formats as *Spoofed*, *Up For Sale* and *Dumpster To Dream House*. FremantleMedia also signed an exclusive international output deal with Daisy Goodwin's new London-based independent production company, Silver River. Under the deal, FremantleMedia will handle distribution of Silver River's domestically produced shows and formats, and its ancillary rights outside of the UK.

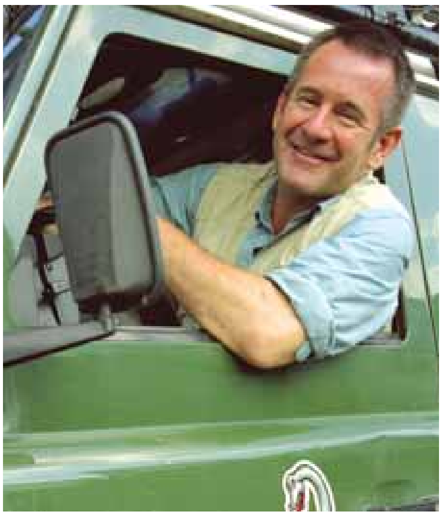
01 The latest big budget CGI series *Prehistoric Park*

02 Part of the diversification business, this new DVD tells the definitive story of punk from the US to the UK

03 The UK's number one entertainment show, *XFactor*, is produced by FremantleMedia

UFA
FREMANTLEMEDIA
crackerjack
PHOENIX FILM
GRUNDY UFA TV PRODUKTIONS GMBH
BE HAPPY
blue circle
talkbackTHAMES
GRUNDY

01



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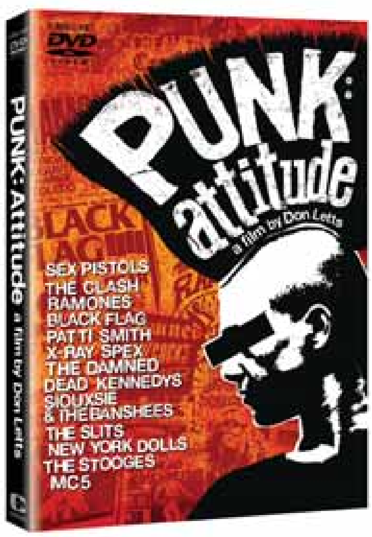


Programme production

FremantleMedia Production creates programming in more than 22 countries through its global network of local production companies.

One of its German companies, Grundy UFA, launched the country's first locally produced telenovelas. *Bianca – Wege Zum Gluck* (*Bianca – Path To Happiness*) and *Verliebt In Berlin* (*In Love In Berlin*), based on the Latin American format *Betty La Fea* (*Betty*, *The Ugly*), were great successes. A further adaptation of this format is planned for the Netherlands, produced by Blue Circle, for transmission in 2006. Other telenovelas broadcast in 2005 include *El Autentico Rodrigo Leal* (*Finding Rodrigo*) in Spain and *Juegos Prohibidos* (*Forbidden Games*), which debuted in Colombia and was produced by Invento, the joint venture between Fremantle Productions Latin America and Teleset.

2005 saw greatly renewed interest in FremantleMedia's gameshow catalogue, the largest in the world. In the UK, the innovative concept *The Gameshow Marathon* delivered impressive ratings for ITV1. This celebrity series features FremantleMedia formats such as *The Price Is Right*, *Family Feud* and *Sale of the Century*. A series of *Family Fortunes* has now been commissioned by ITV1 in the UK, and the format has also been sold to Nine Network in Australia and Talpa in the Netherlands.

The entertainment juggernaut *Idols* continued to break records around the world and is now broadcast in 32 countries. A total of 27 series were produced in 2005 – new deals were signed in Brazil and a pan-Latin *Idol* is planned for 2006.

The second series of the UK's largest ever talent search, *The X Factor*, got off to a flying start on ITV1, delivering a peak audience of 10 million viewers and winning the National Television Award for Best Entertainment show. Local versions of the format were shown in Australia, Belgium, Colombia and Russia in 2005.

Productions of the business reality format *The Apprentice* have been shown in 11 territories in less than 18 months – one of the fastest rollouts of any reality format worldwide. There were fresh commissions for the highly successful "feel-good" format *The Farmer Wants A Wife*, with new launches in France, Germany, Austria and the Netherlands. The lifestyle series *How Clean Is Your House?* continues to travel the world and is now produced in 10 countries.

International production highlights

Germany
teamWorx produced some big budget event TV movies for German broadcasters in 2005. *Die Luftbrücke – Nur Der Himmel War Frei* (*Airlift*) was the highest rated programme on SAT1 in 2005 with 5 million viewers when it premiered in November. *Die Sturmflut* (*Stormtide*), shown in February 2006, is RTL Television's biggest budget TV movie to date, and *Dresden* will air on ZDF. Shooting was also completed of *Tornado* for ProSieben, and *Nicht Alle Waren Mörder* (*Not All Of Them Were Murderers*) and *Kalter Sommer* (*Cold Summer*) for ARD.

Grundy Light Entertainment's successful third series of the *Idols* format *Deutschland Sucht Den Superstar* launched to great success in November 2005 on RTL Television. UFA Entertainment's first production for Austria, *Bauer Sucht Frau* (*The Farmer Wants A Wife*), was the highest rated locally produced programme for the nation's only commercial broadcaster ATV+.

UK
FremantleMedia subsidiary talkbackTHAMES' production of *The Apprentice* attracted extensive press coverage when it aired on BBC2, and a share 93% above the channel average. A second series is to be shown in early 2006. *The Bill*, on air for 21 years and still one of ITV1's top-rated dramas, produced another challenging, stunt-filled live episode which secured an impressive 8.2 million viewers. The new comedy *Man Stroke Woman* debuted successfully on the digital channel BBC3.

US
American Idol 4 was the highest rated series in the US in 2005 with an average audience of 27 million – larger than *ER, Lost* and *Desperate Housewives*. FremantleMedia North America has now entered into a new agreement with FOX and 19 Entertainment that secures further seasons of *American Idol* as well as additional programming for FOX outlets.

03

FremantleMedia
Content

The CBS Network ordered a local version of *The Gameshow Marathon*, while *Property Ladder*, launched successfully on TLC, became the first local adaptation of the format outside the UK.

France
FremantleMedia France had a tremendous year, with its third series of *La Nouvelle Star*, the local version of *Idols*, becoming the highest rated show on M6 in 2005 with 6.4 million viewers. *Super Nanny* was M6's top entertainment launch of the year with 5.3 million viewers, and *Oui Chef*, FremantleMedia France's adaptation of the UK format *Jamie's Kitchen* created by Fresh One Productions, made its debut on M6.

Netherlands
The Farmer Wants A Wife was the highest rated show in the Netherlands with 3.2 million viewers. *Idols* was the number one show in its timeslot for the third season.

Belgium
X Factor and the second series of *The Farmer Wants A Wife* both performed strongly on VTM with audience shares well in excess of the broadcaster's average.

Scandinavia
Showtime, the new entertainment format from Blu, successfully launched in prime-time with a 53% share on Denmark's DR1. The second series of *Idols* on MTV3 continued to rank as the number one entertainment show in Finland. The second series of *The Farmer Wants A Wife* continued to surpass TV2 Norway's prime-time average. *Salatut Elämät*, the local adaptation of serial drama *Secret Lives*, maintained its position as the top drama series in Finland.

Central & Eastern Europe
Medzi Nami, the fourth local adaptation of the serial drama *Between Friends*, was shown in Slovakia on Markiza and the new drama series *Egzamin Z Zycia* (*Life Exams*) launched on TVP2 in Poland.

Italy
A new sitcom *Belli Dentro* made its debut on Canale 5 in Italy. In 2005, *La Squadra* was the highest rated drama series on Rai Tre while *Un Posto Al Sole* took second place.

South Africa
The drama series *Known Gods* was a success for M-Net – a second series launched in January 2006. Also on M-Net, the third series of *Idols* gained the highest audience for the show so far, consistently doubling the average share of the broadcaster. *The Apprentice* aired on SABC3 in autumn 2005. Following a successful first season in 2004, the drama series *Interrogation* returned to SABC1 in October 2005.

Australasia
The gameshow *Sale Of The Century* was relaunched as *Temptation* in May on Australia's Nine Network and ranked number one in its timeslot. *Australian Idol* peaked with an audience of 1.9 million viewers for the live final. *Neighbours* celebrated its 20th anniversary with a special edition bringing back old stars from the series. Following its success in South Africa, a local adaptation of the drama series *Interrogation* successfully aired in New Zealand on Prime. The second series of *Idols* launched in Malaysia, Indonesia and India in 2005.

01

01 International distribution of formats such as *Jamie's Great Italian Escape* were handled by FID

02 The second season of *The farmer wants a wife* broadcast in Belgium by VTM

03 International distribution rights were obtained for *The Apprentice* (Martha Stewart)

Latin America
El Factor X debuted in September on Colombia's RCN and ranked first in its timeslot with a 40% market share. The 38th local adaptation of *Family Feud* launched on SBT in Brazil. The local version of *The Apprentice* in Brazil, *O Aprendiz*, has been a huge success for broadcaster Rede Record and the second series, which aired in 2005, performed even better than the first. The finale of the second series tripled the broadcaster's average share. *The Apprentice* also did well in Colombia, where its audience peaked at 2.8 million.

Licensing

FremantleMedia Licensing Worldwide (FLW) had an excellent year in 2005, supported by the success of *Idols* and *The X Factor*, and the revival of classic gameshow brands such as *Family Fortunes* and *The Price Is Right*. 2005 also saw the launch of new mobile and internet products as FLW continued to exploit opportunities in new media.

The huge success of the *Idols* franchise continued, with record sponsorship and voting numbers in India, Sweden, Norway and Slovakia. In the US, FLW continued to expand the *American Idol* franchise through tie-ups with major brands such as Mattel, Ford and Coca-Cola. FLW recorded more than 500 million votes for the fourth season of *American Idol*.

The second series of *The X Factor* in the UK broke national records for voting and internet downloads. Video and non-video content was licensed to four leading mobile phone networks, and it was the first programme brand to be launched on the ITV Mobile Portal. The *X Factor* winner Shayne Ward's debut single, "That's My Goal", became the world's fastest selling download and one of the biggest selling singles of 2005. Another bestselling single was the theme tune to the new telenovela *Julia*, performed by former Spice Girl Melanie C and commissioned by FLW, which shot to first place in the German charts.

FLW met the strong global demand for classic gameshows with a *Family Fortunes* interactive DVD, which was a major retail hit in the UK, and a *Family Feud* DVD game, which sold over a quarter of a million units in the US. Subscriptions for mobile phone games based on FremantleMedia's gameshows reached record levels.

The first ever *Grand Designs Live* exhibition took place in London in June 2005. Based on the top-rated TV series, *Grand Designs*, produced by FremantleMedia's talkbackTHAMES, the show attracted over 40,000 visitors over three days.

Fremantle Home Entertainment continued to expand its DVD business, particularly in the US where it signed an output deal with US DVD specialist Capital Entertainment Enterprises to represent FremantleMedia's catalogue. It also launched three groundbreaking music documentaries – *Punk: Attitude, Metal* and *Hutchence*.

Distribution

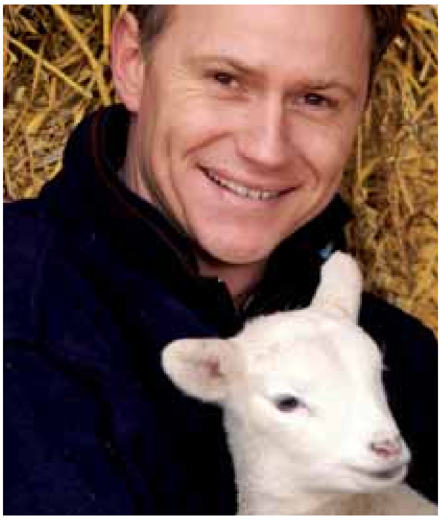
Fremantle International Distribution (FID) more than doubled its profits in 2005 as it continued to secure distribution deals with leading producers and rights holders from the US and UK.

FID's drive to secure quality programming from the US with international appeal started to pay off. FID and FLW together signed a distribution and licensing deal for the latest big budget CGI series, *Prehistoric Park*, from Impossible Pictures, producers of the *Walking With…* series. FID secured the international distribution rights to US lifestyle guru Martha Stewart's new daytime series, *Martha*, and her extensive back catalogue. A deal was also brokered with Miramax and The Weinstein Company for the hugely successful fashion reality series, *Project Runway*. FID represented internationally three of the five Prime-time EMMY Award nominated reality series (*American Idol, The Apprentice* and *Project Runway*). It also now represents internationally a slate of current programming from US broadcasters The Sundance Channel and Showtime.

As well as securing premium content from the US market, FID sold a number of its UK series to US cable networks including *The Sex Inspectors* to HBO, *Battleplan* to Discovery, *Poisoned* to History International, *Monkey Dust* to The Sundance Channel and *Fingersmith* to Logo TV.

FID continued to build the Jamie Oliver brand globally on behalf of Fresh One Productions, selling both *Jamie's School Dinners* and *Jamie's Great Italian Escape* to overseas broadcasters. Jamie Oliver programming has so far been sold to almost 50 licensees broadcasting to over 100 territories.

02



03

United Kingdom

Hugh Laurie's Golden Globe award winning performance in *House* helped bring large audiences to Five

Continuing improvement in programme quality is helping to drive revenue growth at Five, which is now wholly owned by RTL Group.

Revenue 2005

€370m

2004 €276m

EBITA 2005

€36m

2004 €18m

Advertising market share 2005

8.8%

2004 8.3%

Audience share 2005*

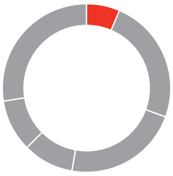
6.6%

2004 6.7%

* Target : 16+

United Kingdom
Television

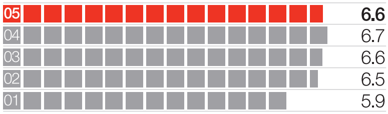
National audience breakdown 2005 (%)
Source: BARB
16+



Five	6.6
BBC1	24.1
ITV	22.1
Channel 4	9.9
BBC2	9.8
Others	27.5

Audience share 2001/2005 (%)
Source: BARB

Five
16+



2005 was another successful year. Five delivered an outstanding commercial performance, although increased competition from digital channels prevented further growth in audience share. Revenue, EBITA and advertising market share all reached record levels, and the rise in net advertising revenue from 8.3% to 8.8% in 2005 was the largest year-on-year increase of any terrestrial broadcaster. Airtime sales were up 9.8% – three times the growth of the advertising market as a whole.

Holding
Five: 100%

The improvement in profitability was achieved in spite of a further increase of nearly 10% in programme investment. Overheads were kept under tight control – several key contracts were renegotiated and a favourable revision to the financial terms of the Digital Replacement Licence helped to keep costs down.

Five's diversification revenues grew year-on-year, helped by the success of the channel's interactive advertising facilities. These allow digital viewers to respond directly to commercials by using the interactive red button on their remote controls or by sending text messages.

A major strategic step forward was achieved in September 2005, when the acquisition of the 35.4% shareholding in Five previously held by United Business Media (UBM) was completed. This took RTL Group's ownership of Five to 100%.

Digital development

Digital TV has developed rapidly in the UK, and is more advanced than in any of Europe's other major markets. The Freeview digital platform continued to grow in 2005, and by the end of the year was reaching an estimated six million homes. Five does well in Freeview homes, where it has an 8.3% share of viewing, so it is important for Five that the growth in Freeview homes continues. The growth in digital penetration has also contributed

01 Daily talk show host Richard Wright in *The Wright Stuff*

02 The daily show *Home and Away* continues to be a ratings winner

03 The hugely successful *CSI* series now includes "CSI Miami" as well as the original "Vegas" and the recently launched "New York"

01

to Five's increase in reach, which rose more than two percentage points to 88.5%.

The multichannel environment in the UK has had a negative impact on the main terrestrial channels, all of which lost audience share in 2005. However, Five's share of viewing was only slightly down at 6.6% (6.7% in 2004) – a better year-on-year performance than any of its terrestrial competitors.

Five is committed to strengthening its digital presence and is planning to build a family of channels around the franchise. In November 2005, Five reached an agreement with Top Up TV that will enable both parties to explore and develop a number of free and pay services on Freeview and other platforms.

Programme investment

Five continued to invest in the breadth and quality of its output. It commissioned more original programming, developed new comedy and drama, and scheduled a range of arts, science, history and current affairs shows in peak time.

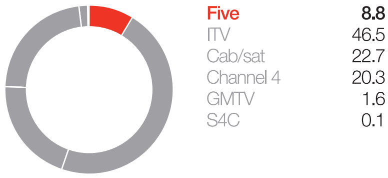
One of the year's highlights was the new acquired series *House* starring Hugh Laurie, who won a Golden Globe for his performance. Another strength was the continuing success of the *CSI* brand, which now includes *Vegas*, *Miami* and *New York*. Another US series, Matt Le Blanc's *Joey*, attracted more than four million viewers for its launch show – the channel's best ever audience outside football and films.

Five was also successful with lifestyle programmes. *Build A New Life In The Country*, *Call Yourself A Property Developer* and *How Not To Decorate* were outstanding, especially with ABC1 adults. Other factual programmes to perform strongly were *Extraordinary People*, *Fifth Gear* and *Hidden Lives*.

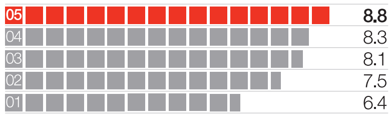
Kirsty Young's interviews with the Prime Minister and the leaders of the opposition parties during the General Election were a highlight of Five's news and current affairs coverage. Five News was relaunched at the start of 2005 from a purpose-built studio and newsroom in Osterley, home of Five's new supplier Sky News. Five also pioneered a new style of polemical programming with *Don't Get Me Started*, in which public figures put forward strong, sometimes controversial views about topical issues.

Spiderman, *Men in Black 2* and repeats of *Terminator 3* and *Gladiator* were some of the movies to score well. The original *Willy Wonka* film achieved an exceptional share of 22%.

National advertising breakdown 2005 (%)
Source: TV Industry



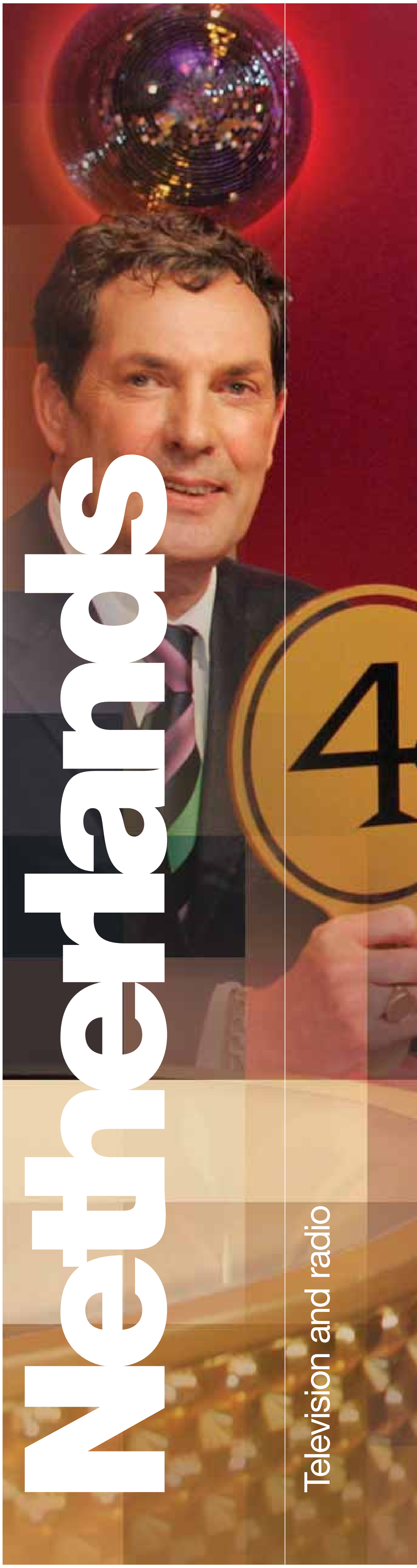
Advertising share 2001/2005 (%)
Source: TV Industry



02

03

RTL Nederland made excellent progress in 2005, successfully completing a major repositioning of its TV channels and delivering a record EBITA result.



Revenue 2005

€358m

2004 €338m

EBITA 2005

€46m

2004 €39m

Advertising market share 2005

39.9%

2004 39.7%

Audience share 2005*

30.1%

2004 30.2%

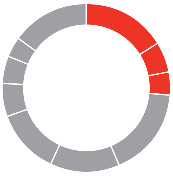
*Target: Shoppers 20-49

Dancing with stars proved to be a ratings hit for RTL 4 on Saturday evenings

Netherlands

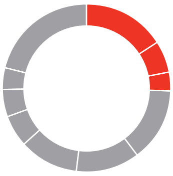
Television and radio

TV National audience breakdown 2005 (%)
Source: Intomart (till 11 August)
13+



RTL 4	16.3
Yorin	5.8
RTL 5	4.3
Nederland 2	17.4
Nederland 1	13.4
SBS 6	12.3
Nederland 3	6.5
Net 5	5.2
Veronica	3.9
Others	14.9

TV National audience breakdown 2005 (%)
Source: Intomart (from 12 August)
13+



RTL 4	15.9
RTL 5	6.1
RTL 7	3.7
Nederland 2	14.2
Nederland 1	12.1
SBS 6	11.4
Nederland 3	6.2
Net 5	5.3
Veronica	4.2
Others	20.9

TV audience share 2001/2005 (%)
Source: Intomart

RTL 4
Target: Shoppers 20-49

05	17.6
04	18.2
03	19.1
02	17.9
01	16.3

RTL 5
Target: Men 20-49 (till 11 August 2005)

05	6.0
04	5.6
03	6.1
02	6.0
01	5.4

RTL 5
Target: 20-34 (from 12 August 2005)

05	9.0

Yorin
Target: 20-34 (till 11 August 2005)

05	9.5
04	9.0
03	8.9
02	8.2
01	11.2

RTL 7
Target: Men 20-49 (from 12 August 2005)

05	4.8

Over the past three years, CEO Fons Van Westerloo and his management team have implemented a successful restructuring of our media businesses in the Netherlands, bringing them together under one roof at Hilversum and greatly improving their profitability.

This turnaround passed a highly significant milestone in August 2005, when the three RTL Nederland TV channels were regrouped and relaunched as an integrated TV family. RTL 4, the market leader, is supported by a refreshed RTL 5 which is now RTL Nederland's second general channel. RTL 5 is the only free channel in the Netherlands showing live first division soccer. A completely new channel, RTL 7, was launched to fill the gap left by the Yorin TV channel, which ceased broadcasting. RTL 7 offers daytime news and business coverage together with a range of evening programmes including "second chance" re-broadcasts of popular programmes shown on other RTL channels the previous evening.

RTL Nederland also made headway with the development of its diversified businesses. RTL Licensing was successful with the RTL 4 show *Rozengeur & Wodka Lime*, issuing DVDs for all the shows plus a book and telephone package. Another off-screen success was *CSI*, which generated excellent DVD sales. RTL Entertainment invested in new Dutch films, acquired movie catalogues and marketed a wide range of rights. RTL Nederland Interactief continued to build strong internet, text and telephony businesses – text achieved its best results ever.

Television

The relaunch of the TV channels helped to ensure that the RTL Nederland family maintained its leadership position. In spite of a new market entrant, the Talpa channel, the combined audience share of the three RTL channels was steady at 30.1% of the shoppers 20 to 49 year-old target group. This was well ahead of the public service broadcasters (26.9%) and the SBS group (25.1%).

RTL 4 remained the number one channel in the shoppers 20 to 49 year-old target group with an audience share of 17.6%. Established successes, such as the early evening line-up of *RTL News*, *Editie NL*, *RTL Boulevard* and *Goede Tijden*, *Slechte Tijden* (*Good Times, Bad Times*), continued to deliver high ratings. A double-length show to mark the 3,000th edition of *Goede Tijden*, *Slechte Tijden* attracted around 1.5 million viewers. RTL 4's hugely popular "living night" on Tuesdays was strengthened with a new show, *Help*, *Mijn Man Is een Klusser* (*Help, My Husband*

Holdings

RTL 4: 100%
RTL 5: 100%
RTL 7: 100%
RTL FM: 100%
Yorin FM: 100%

01 The late night daily talkshow *Jensen* on RTL 5

02 New presenter Daphne Bunskoek on *RTL Boulevard*

03 A new show on RTL 4, *Help mijn Man is een Klusser* complemented the Tuesday "living night" offer

01

Is Into DIY). *Dancing With The Stars* and *Idols* were a winning combination on Saturday evenings.

RTL 5's market share rose steadily following its relaunch, culminating with an audience share of 9% of the 20 to 34 year-old target group. Football has a key position in the channel's new schedule on Friday evenings, while top movies support the weekend line-up. Following a deal with Universal, RTL 5 was able to broadcast high rating TV premieres of *Ali G Indahouse* and *2 Fast, 2 Furious*. The late-night talkshow *Jensen!* was shown for the first time every weekday in an evening slot, where it performed excellently.

The new channel **RTL 7** quickly established itself as the leading news channel in the Netherlands. Viewers can tune into RTL 7 for breaking news as well as regular bulletins, while coverage of business news is provided by such shows as *Nederland In Bedrijf* and Business Class. Business news is also provided by the RTL Z channel which shares RTL 7's frequency on weekdays. Movies and a new motor racing show, *A1 Grand Prix*, helped RTL 7 establish stable figures in the target group of 20 to 49 year-old men.

Radio

Following the frequency auction in 2003, RTL FM was launched offering non-stop music targeted at female listeners. It has steadily improved its audience share since launch. In January 2006 RTL Nederland agreed to sell its second station, Yorin FM, to SBS Broadcasting in order to focus on developing the RTL-branded station.

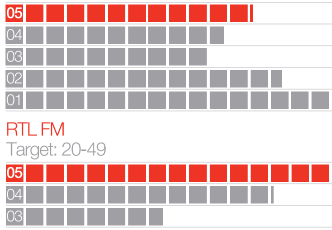
RTL FM ended 2005 with a share of 3.5% of the 20 to 49 year-old target group, a substantial increase on the previous year when its share was 2.9%. The station's large-scale summer campaigns helped to boost audiences. These included weekly giveaways of tickets to concerts featuring some of the big names of Dutch music. The late evening programme *Love Songs* steadily increased its audience share during the year, from 3.3% to 4.8%.

The rock and pop station **Yorin FM** had an eventful year during which it changed its music policy and fine-tuned its programming. It ran some highly successful campaigns featuring top performers such as U2 and Robbie Williams. Yorin FM's share of the core 20 to 34 year-old audience improved to 6.4%.

TV National advertising breakdown 2005 (%)
Source: BBC

RTL Nederland	39.9
SBS 6/Net 5/ Veronica	29.3
Nederland 1, 2 and 3	16.8
Others	14.0

Radio audience share 2001/2005 (%)
Source: Intomart



Yorin FM
Target: 20-34

05	6.4
04	5.7
03	5.3
02	7.2
01	8.4

RTL FM
Target: 20-49

05	3.5
04	2.9
03	1.7*

*July-December

02

03

New programmes from RTL and a strong performance from RTL 2 helped to support our French radio family in a tough market.

Revenue 2005

€198m

2004 €207m

EBITA 2005

€37m

2004 €43m

Advertising market share 2005

24.2%

2004 25.4%

Audience share 2005*

17.6%

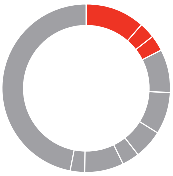
2004 17.6%

*Target: 13+

Five nights of unforgettable jazz following the creation of the *RTL Jazz Festival*

France
Radio

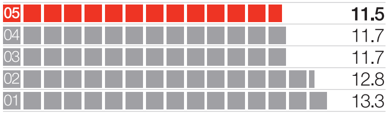
National audience breakdown 2005 (%)
Source: Médiamétrie
13+



RTL	11.5
Fun Radio	3.1
RTL 2	3.0
France Inter	8.4
Europe 1	7.9
NRJ	7.3
Nostalgie	5.7
RFM	3.4
Europe 2	2.9
Others	46.8

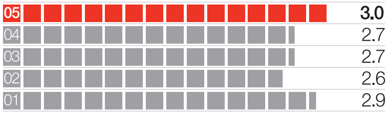
Audience share 2001/2005 (%)
Source: Médiamétrie

RTL
Target: 13+ (since September 2002)



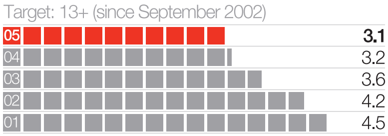
05	11.5
04	11.7
03	11.7
02	12.8
01	13.3

RTL 2
Target: 13+ (since September 2002)



05	3.0
04	2.7
03	2.7
02	2.6
01	2.9

Fun Radio
Target: 13+ (since September 2002)



05	3.1
04	3.2
03	3.6
02	4.2
01	4.5

2005 was a year of evolution for the RTL family of radio stations in France. Axel Duroux took over as CEO from Robin Leproux in April, and with his new management team set about the task of developing the radio stations to meet challenging conditions in the French radio market.

High-profile presenters were introduced at the flagship channel RTL to enhance its appeal. Fun Radio acquired a new head of programming and relaunched itself as a Soul & Dance station. Our third major holding, RTL 2, has a well established and successful pop-rock format which required only minor modifications in 2005.

The radio advertising market grew by 1.2% in 2005. A new CEO was recruited to reorganise the IP advertising sales business and prepare for the opening up of the television advertising market, from January 2007, which will inevitably have an impact upon radio.

Radio in France is moving into the digital age. Our stations are investing in digital production and transmission facilities to take advantage of new ways of distributing radio content. For example, in September 2005 RTL adapted 17 of its programmes for podcast distribution to mobile phones and personal computers.

Our radio family continued to develop diversified business opportunities. RTL had a major success with a boxed collection of 170 CDs containing the complete works of Mozart – more than 100,000 sets were sold.

RTL

RTL was once again the leading French radio station, a position it has occupied for more than 20 years. Following the successful introduction of a new Autumn schedule, RTL achieved a market share of 11.4% in the months of November and December 2005, a lead of more than 40% over its nearest commercial competitor. Listener surveys show that RTL was the first choice for both news and entertainment.

The new programmes launched in September 2005 quickly established themselves and attracted new listeners in the target group of young adults. Marc-Olivier Fogiel's morning show *On Ne Pouvait Pas Le Rater* includes a daily interview with guests who are in the news. *Les Auditeurs Ont La Parole*, hosted by Christophe Hondelatte, is a lunchtime platform where topical issues are debated – in just a few months it built an audience of more than 1.5 million. *On Refait La Télé* is presented by a new team, Isabelle Morini Bosc and Sébastien Follin, and the political show *Le Grand Jury* also has a new presenter, Jean-Michel Aphatie, who is assisted by the well-known journalists Pierre-Luc Séguillon and Nicolas Beytout. The legendary *Stop Ou Encore*, which reviews the careers of famous artists, returned after an absence of several years.

RTL's flagship programmes, presented by Nagui, Julien Courbet and Jean-Pierre Foucault, continued to thrive and *Les Grosses Têtes* presented by Philippe Bouvard was as popular as ever in its 28th season.

Holdings
RTL: 100%
RTL 2: 100%
Fun Radio: 100%

01 Great artists such as Johnny Hallyday continue to support RTL

02 Ten years old and RTL 2 has become the station for all those who appreciate the Pop Rock sound

03 The new look of FUN radio, which was relaunched in September 2005

01

A new jazz show was launched. *L'Heure Du Jazz* is hosted by the journalist Jean-Yves Chaperon, who has played a major role in establishing the success of the *RTL Jazz Festival* at the famous Grand Studio on rue Bayard. The *Concerts D'un Soir* featuring prominent French and international performers, also held at the Grand Studio, were another success. Johnny Hallyday, Julien Clerc, Alain Souchon, I Mouvrini and Laurent Gerra are amongst RTL's longstanding partners, and in 2005 they were joined by a rising star, Sandrine Kiberlain.

The award-winning Vivrensemble (Living Together) promotional campaign continued for another highly successful year. The campaign projects RTL as a "federating" station that caters for all French people through the diversity of its programming.

RTL 2

RTL 2 marked its tenth birthday by delivering its best ever listening figures. In 2005, 2.4 million listeners tuned in to the pop-rock network every day and its share of the 13+ audience advanced from 2.7% to 3.0%.

Several innovative shows were launched in 2005. *Maxi Pop Rock* is the first show to offer 100% extended versions of pop-rock hits, and the new daily show *Extra Pop Rock* features exclusive versions of current and gold pop-rock hits. Such performers as Maroon 5, Green Day, Phil Collins, Santana and U2 provide RTL 2's core sound, and the station is the official partner of Tracy Chapman, Oasis, Coldplay and Simply Red.

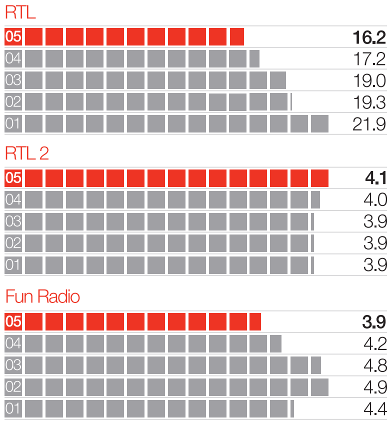
Fun Radio

In September 2005 Fun Radio launched the new Soul & Dance music format, featuring such stars as Beyoncé, Mariah Carey, Sean Paul, Black Eyed Peas, Madonna and David Guetta.

The famous presenter Cauet, recruited in 2004 to host the morning show, attracted a daily audience of 1.5 million people during 2005. Fun Radio also offered lifestyle programming targeted at its core 13 to 25 year-old audience, such as information about music, cinema, DVD and video game releases, and ideas for where to go for a night out.

Fun Radio partnered several major movie releases, including *Star Wars III*, *Revenge Of Sith* and *Brice De Nice*. It also created a new live event, Soul Station Live, with Craig David, Akon, Shaggy and Lemar among the performers.

Advertising share 2001/2005 (%)
Source: TNS Secodip



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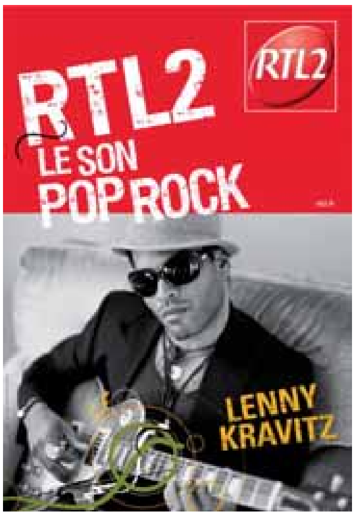


03

Belgium

Lost, one of the hugely successful US series to be broadcast on RTL TVi

Continuing improvement from our Belgian family in a tough market.

Revenue 2005

€174m

2004 €167m

EBITA 2005

€28m

2004 €26m

Advertising market share 2005

68.3%

2004 66.7%

Audience share 2005*

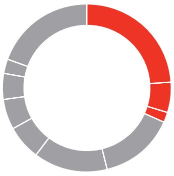
32.1%

2004 32.5%

*Target: 18-54, 17.00-23.00

Belgium
Television and radio

TV French-speaking Belgium audience breakdown 2005 (%)
Source: Audiométrie
4+



RTL-TVi	24.0
Club RTL	5.9
Plug TV	2.0
La Une	14.4
TF1	14.0
France 2	6.8
AB3/AB4	5.8
France 3	5.1
La Deux	2.8
Others	19.2

TV audience share 2001/2005 (%)
Source: Audiométrie

RTL-TVi
Target: Shoppers 18-54

05	24.1
04	24.7
03	24.5
02	24.0
01	25.9

Club RTL
Target: Men 18-54

05	6.2
04	6.8
03	6.4
02	7.1
01	6.3

Plug TV
Target: 15-34

05	4.5
04	4.1

TV advertising share 2001/2005 (French-speaking Belgium) (%)
Source: MDB South

RTL-TVi/Club RTL/Plug TV*

05	68.3
04	66.7
03	66.9
02	65.8
01	68.2

*including Plug TV, since 2004

Our Belgian TV and radio interests consolidated their positions in a difficult market – advertising revenue was weak for most of 2005 before recovering strongly in the final quarter. Our family performed well under the circumstances, exceeding its EBITA target and delivering improved total audience shares at RTL-TVi and at the new channel, Plug TV.

A new digital player entered the market in July 2005, when the telecoms company Belgacom launched a cable TV service. Our channels are distributed on the new platform.

Diversification revenues continued to grow. Our Belgian holding company TVi SA already owns movie distribution and home shopping businesses, and in 2005 it acquired a 76% stake in the book publisher Tournesol Conseils in order to develop cross-media synergies further. In December 2005, RTL-TVi formed an agreement with Sony to make the news show *Le Journal* available on the PlayStation format (PSP), the first such agreement in the world for a French language channel.

In June 2005 the foundation stone was laid for the new "Media Corner" building in Brussels, where 700 people working for our TV, sales and Bel RTL businesses will be united under one roof. The building is scheduled for completion before the end of 2006.

Television

The RTL family of TV channels increased its lead over the other groups broadcasting to Belgian audiences, and was the only French-speaking family to improve its position in the market. The RTL channels' combined share of the 4+ audience was 31.9% (17.00 to 23.00), up from 31.1% in 2004.

Our three channels offer complementary programming. **RTL-TVi** is the flagship channel broadcasting a broad range of general interest material. It had another successful year, confirming its lead over La Une and TF1 and increasing its share of the 4+ audience from 23.1% to 24.0% (17.00 to 23.00). RTL-TVi had 22 of the top 25 programmes on Belgian TV including the number one – the highly regarded news show *Le Journal De 19 Heures*. The channel was also notably successful with *CSI: Miami* and *Desperate Housewives*, both of which drew audience shares of more than 30%.

Club RTL focuses on children's programmes during the day, and in the evenings offers sport such as European football and motor racing. Its evening line-up also includes series – *The Simpsons* was once again one of its top performers. Club RTL's share of the 4+ audience fell from 6.5% to 5.9% (17.00 to 23.00).

Holdings
RTL-TVi: 66%
Club RTL: 66%
Plug TV: 66%
Bel RTL: 43%
Radio Contact: 49.9%
BXL: 43%

01 *Desperate Housewives* broadcast by RTL TVi achieved an audience share of up to 35.4% (4+) making it the fifth most popular show in Belgium in 2005

02 Part of the Plug TV offering to the young audience, *Plug Vibration*

03 The classic cartoon show *The Simpsons* is broadcast by Club RTL

01

Our youngest channel, **Plug TV**, was launched in 2004 with programming aimed at young adults. It had a highly successful year in 2005, winning viewers from the French channels and increasing its share of the 15 to 34 year-old audience to 4.5%. The channel scored with its reality and entertainment formats including *Nouvelle Star – Prime, Les Enfants De La Télé* and *Le Pensionnat De Sarlat*.

Radio

2005 was a positive year for Bel RTL and the Radio Contact group, in which we hold stakes of 43% and 49.9% respectively.

Bel RTL did well to improve its audience share, overcoming strong competition from public service stations and regulatory delays in finalising the plan for frequency allocations. The station has an established and successful programme line-up, which required only minor modifications in 2005. Its share of 12+ listeners in Belgium's southern radio market rose to 21.1% – a substantial increase on the 18.8% share of 2004 and confirmation of its leadership position. Bel RTL also led the radio advertising market in the south of the country with a 25.4% share, (26.6% in 2004).

In 2004 Bel RTL launched a second channel, **BXL**, which broadcasts urban pop-rock to a Brussels audience. BXL was still in its launch phase in 2005, building an audience and addressing technical and transmission issues.

We hold a 49.9% stake in the **Radio Contact** group, which owns several radio channels broadcasting to the north and south of Belgium and to international audiences. Radio Contact is Belgium's number one music station with separate services for south and north Belgium. Radio Contact South successfully reorganised its programme grid during the year, and accounted for 56% of the 12+ audience. Radio Contact is also broadcast in Tenerife for the large Belgian community on the island. The group's other stations are Contact 2 (adult contemporary music station), Contact+ (music from the 1950s and 1960s) and BFM (information radio).

Radio audience share 2001/2005 southern Belgium (%)
Source: Cim Radio (Spring wave)

Bel RTL
Target: 12+

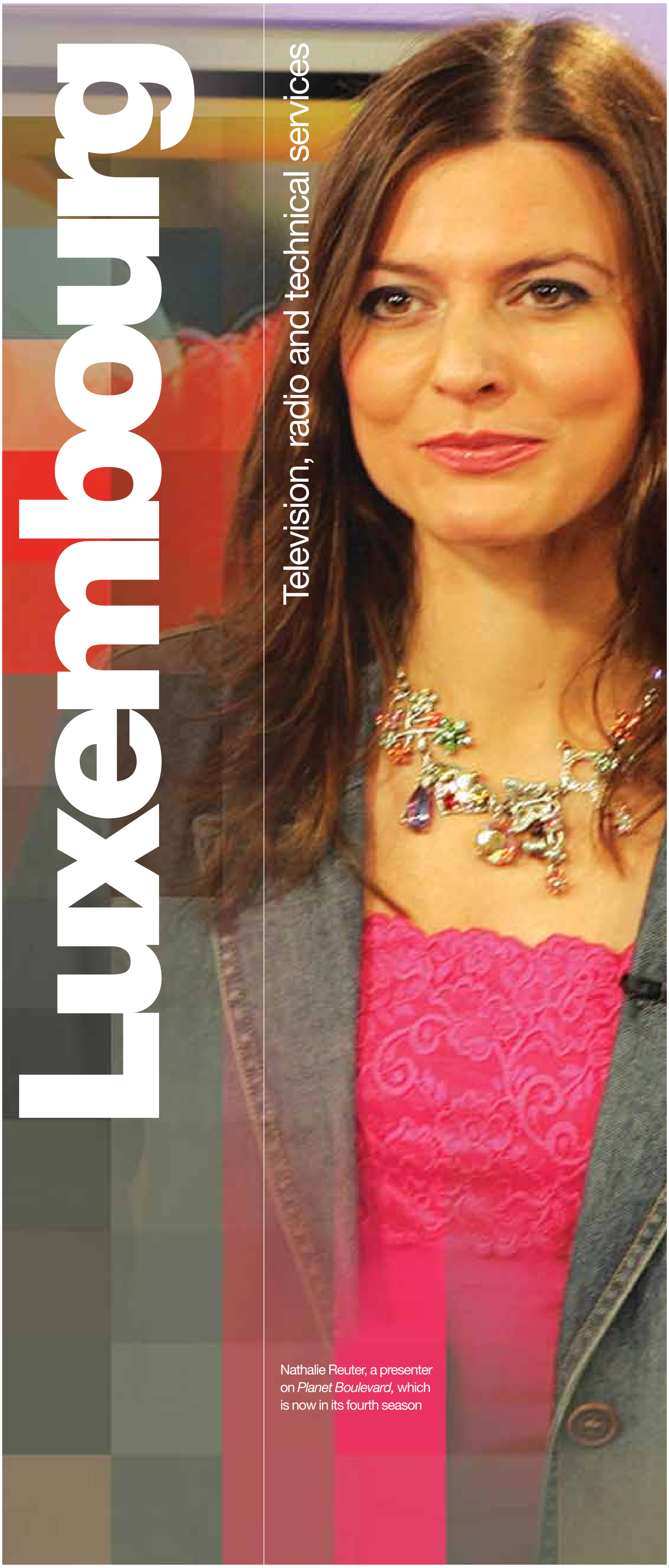
05	**21.1**
04	18.8
03	19.4
02	20.6
01	22.2

Radio Contact
Target: 12+

05	**15.6**
04	12.6
03	14.0
02	14.8
01	22.0

03

02



Nathalie Reuter, a presenter on *Planet Boulevard*, which is now in its fourth season

Revenue 2005

€110m

2004 €125m

EBITA 2005

€16m

2004 €5m

This was another highly successful year for the Luxembourg market leader.

Holdings
RTL Télé Lëtzebuerg: 100%
Den 2.RTL: 100%
RTL Radio Lëtzebuerg: 100%
Broadcasting Center Europe: 100%
ENEX: 76.4%

The RTL brand was once again a powerful presence in the Luxembourg media market, where it is the number one news and entertainment provider by a large margin. Exchange of content and technologies between the TV, radio and internet operations is fuelling growth. New businesses are being developed to meet the growing demand for quality digital content, and already RTL is the leading provider for Luxembourg's telecoms operators.

RTL Télé Lëtzebuerg outperformed the market and confirmed its leadership with an audience share of 67%. It has twice as many 12+ viewers as any of the other TV channels available in Luxembourg. It is investing in technology platforms and new programming, and will soon be broadcasting to high-resolution digital standards. The channel has expanded its sports coverage and is now showing major events in tennis, basketball, football and cycling.

RTL Radio Lëtzebuerg's share of the 12+ audience was even more impressive at 71%. Programming enhancements during the year included an additional hour of news in the evenings.

Our internet offering in Luxembourg was expanded with the addition of the chat.lu and planet.rtl.lu websites. RTL.lu remained the most visited website in the country, regularly consulted by no less than 59% of all internet users.

Technical services and news exchange

The Luxembourg facilities company Broadcasting Center Europe **(BCE)** was selected as the host broadcaster for the EU Luxembourg presidency in 2005, providing technical staff as well as the audiovisual infrastructure. In August 2005, BCE began transmission of the new RTL Dutch channel RTL 7 – all three RTL Nederland TV channels are now broadcast from Luxembourg using new digital facilities at Kirchberg. As well as being a key player in digital post-production, BCE acts as a technical consultant for RTL Group projects such as the development of the Russian channel REN TV.

BCE is also at the forefront of our investment in digital radio. RTL Group is committed to the Digital Radio Mondiale (DRM) standard, and BCE is helping us to introduce DRM technology and develop consumer products such as radio receivers.

In 2006 we plan to revive the legendary Radio Luxembourg, relaunching the former AM station on a DRM signal that will provide pan-European coverage.

The Luxembourg-based news-gathering network **ENEX** made strong progress in 2005. The number of news items contributed by ENEX's 32 partners more than doubled to 15,839, partly as a result of the inclusion of US footage in the picture exchange. ENEX is working with RTL Television to develop NEWSLINK, an improved technology platform for the transmission of broadcast quality video via the internet.

01 *Pico Bello*, a lotto gameshow on RTL

02 *Talk Mam Felix*, a Sunday show now in its second season

01

02

Croatia

Television

Hamdija Seferovic, part of the Romany minority in Croatia, leaves the house after winning the second season of *Big Brother*

Revenue 2005

€38m

2004 €14m

EBITA 2005

€(8)m

2004 €(19)m

Advertising market share 2005

38.4%

2004 16.3%

Audience share 2005*

28.6%

2004 29.5%

*Target: 18-49

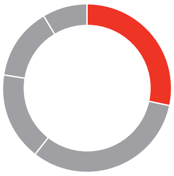
01 The local version of *Wife Swap* achieved an average audience share of 36.8%

02 Home Improvement show *Prijatelj na Kvadrat*

In its first full year of broadcasting, RTL Televizija confirmed its leading position in Croatia's TV market.

Holding
RTL Televizija: 65.5%

National audience breakdown 2005 (%)
Source: AGB Puls
18-49



RTL Televizija	28.6
HTV1	32.1
HTV2	16.9
NOVA	14.0
Others	8.4

Audience share 2004/2005 (%)
Source: AGB Puls

RTL Televizija
Target: 18-49

05	28.6*
04	29.5

*launched in May 2004

National advertising breakdown 2005 (%)
Source: RTL Televizija (estimates)

RTL Televizija	38.4
HTV1/2	47.7
NOVA	13.9

Advertising share 2004/2005 (%)
Source: RTL Televizija (estimates)

RTL Televizija

05	38.4
04	16.3

Since launching in May 2004, RTL Televizija has made a powerful impact on Croatian TV with fresh and innovative shows, most of which are in-house productions targeting 18 to 49 year-olds. The channel has established itself in top position in many programme genres, from news and sports events to series, daily soaps and reality shows. In 2005 it achieved an average audience share of 28.6%, within reach of the market leader HTV1, which had 32.1%.

RTL Televizija accounts for a large and growing share of Croatia's fast-expanding TV advertising market. Its share for 2005 as a whole was 38.4%, rising as high as 47.0% in the final quarter. This helped to ensure a strong financial performance with significantly reduced start-up losses for the full year.

Revenue diversification gathered pace in 2005 with the release of the music compilation "Retromanija", which sold more than 180,000 copies. Telephony revenues also grew rapidly, peaking during the last week of *Big Brother* when more than 1.5 million people phoned in to elect the winner.

Programme highlights

After the enormous success of *Big Brother* in 2004, RTL Televizija launched the second series of the reality format in September 2005. Considered to be Croatia's biggest-ever TV production, the series ran for four months and lived up to its high expectations, achieving an average audience share of 43.3% for the period. The audience share reached 84.6% during the final show, when the young Romany entrepreneur Hamdija Seferovic emerged as the winner.

Mijenjam Zenu (*Wife Swap*) with an average audience of 36.8% and *Mjenjacnica* (*Celebrity Swap*) with 33.2% were highly successful. The home video show *Salto* and the Saturday movies also registered average audience shares of more than 30%. Other audience highlights were the 18.45 news slot and the channel's magazine shows such as *Exploziv*. The FremantleMedia daily soap *Zabranjena Ljubav* (*Forbidden Love*) has become a favourite with Croatian audiences.

01

02

Spain

Television and radio

The late-night show *Buenafuente* attracted an average audience share of 25%

EBITA 2005

€39m

2004 €17m

Advertising market share 2005

29.2%

2004 26.9%

Audience share 2005*

22.8%

2004 21.9%

*Target: 13-55

Further success for Antena 3, which became the leader of Spain's TV market at the end of 2005.

Holding

Antena 3: 17.2%

Audience share 2001/2005 (%)
Source: TNS

Antena 3
Target: 13-55

05	22.8
04	21.9
03	20.9
02	21.6
01	22.1

Advertising share 2001/2005 (%)
Source: TNS Infoadex & internal estimates

Antena 3

05	29.2
04	26.9
03	24.8
02	25.5
01	27.0

Antena 3 has undergone a transformation since the ownership restructuring of 2003. The new management team under CEO Maurizio Carlotti achieved a dramatic turnaround in the channel's share of viewing and financial performance in 2004. Antena 3 continued to make strong progress during 2005, culminating in the last two months of the year when it became the undisputed market leader.

Antena 3 is developing a portfolio of diversified businesses. With the start of digital terrestrial television in Spain in November 2005, Antena 3 launched two new digital channels – Antena.Neox targets younger viewers and Antena.Nova offers mainly health, leisure and lifestyle programmes for a family audience. Antena 3 is also involved in sports marketing through its acquisition in 2005 of Unipublic, organiser of sporting events such as the Tour of Spain cycling race, La Vuelta.

In July 2005, Antena 3 joined the select group of companies that make up the Ibex 35 Index. Its market capitalisation increased by more than 160% in the 20 months between joining the Spanish Stock Exchange and entering the index.

Antena 3

Antena 3 maintained its success in 2005, and this despite further competition triggered by the launch of the new free-to-air commercial channel, Cuatro. Antena 3's share of the 4+ audience increased from 20.8% to 21.3%, having experienced dramatic growth in the second half of the year.

The channel's success is based on a solid daytime schedule, where it is the market leader with a 22.5% share, and a strong prime-time line-up, where it had a 21.9% share. *Buenafuente*, which Antena 3 debuted in the late-night slot, was one of the biggest hits of 2005. The soap opera *Pasión De Gavilanes* was a huge success, generating major profits and a positive image for the network, and *Aquí No Hay Quien Viva* was the most watched series in recent television history with a 31.9% share. Antena 3 also achieved unprecedented success with its news coverage – its share of 23.5% for the main bulletins was half a point ahead of the public broadcaster TVE-1. Its football coverage was greatly strengthened in 2005 with the acquisition of rights to broadcast UEFA Champions League matches from 2006 to 2009.

01 The Spanish sitcom *Aqui No Hay Quien Viva* had an average audience share of 36.7%

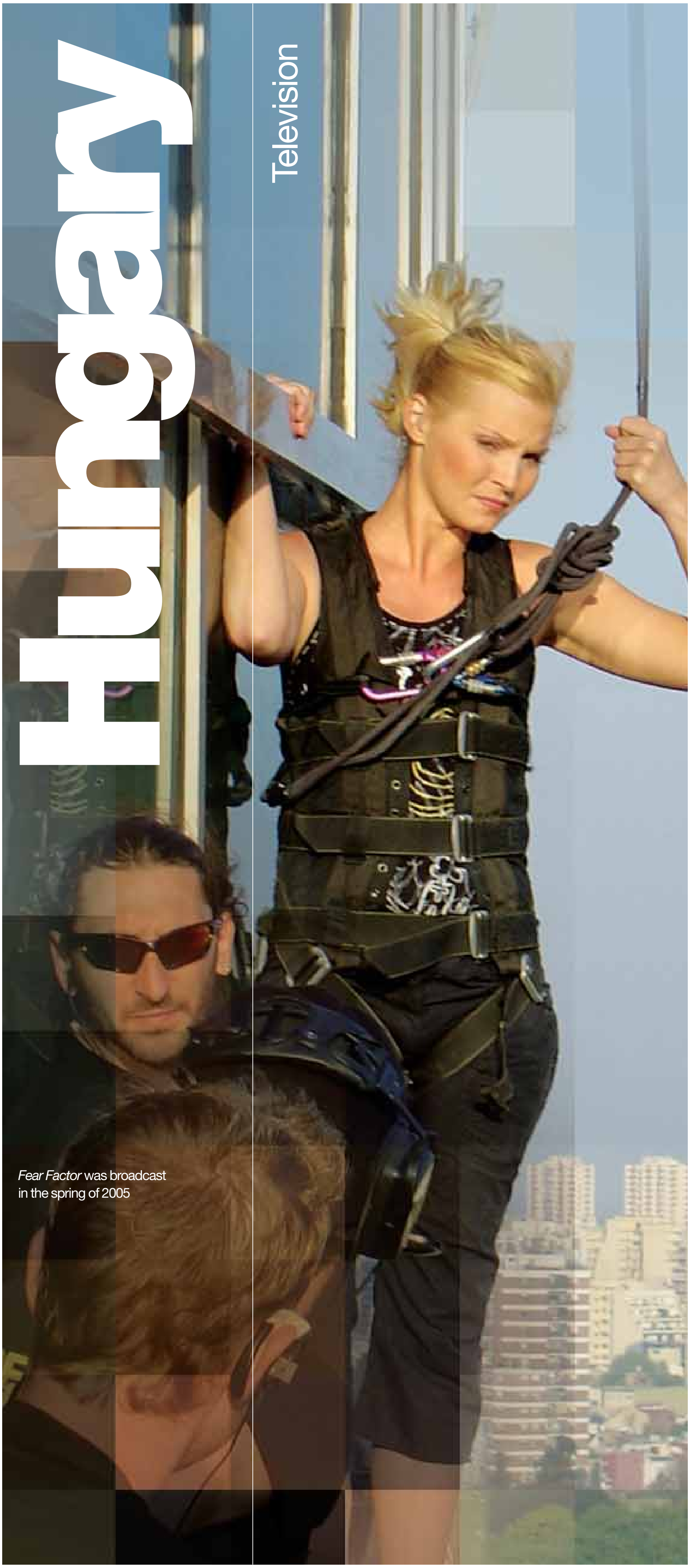
02 *Quien quiere ser Millonario?* (*Who wants to be a Millionaire?*), another successful show broadcast by Antena 3

01

02

Hungary

Television



Fear Factor was broadcast
in the spring of 2005

EBITA 2005

€9m

2004 €7m

Advertising market share 2005

49.2%

2004 50.0%

Audience share 2005*

36.5%

2004 36.5%

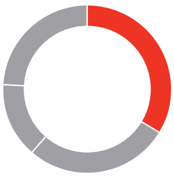
*Target: 18-49, 19.00-22.59

RTL KLUB

A solid performance from RTL Klub – the Hungarian market leader consolidated its audience share and delivered a strong financial result.

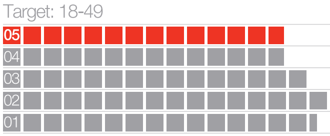
Holding
RTL Klub: 49%

National audience breakdown 2005 (%)
Source: AGB Hungary
4+



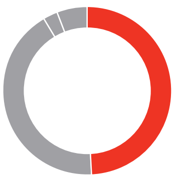
RTL Klub	33.8
TV2	27.8
MTV	14.5
Others	23.9

Audience share 2001/2005 (%)
Source: AGB Hungary
RTL Klub
Target: 18-49



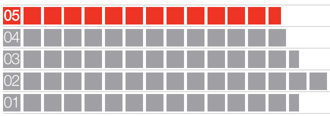
05	36.5
04	36.5
03	39.7
02	42.1
01	40.8

National advertising breakdown 2005 (%)
Source: RTL Klub Estimates



RTL Klub	49.2
TV2	42.3
MTV	2.7
Others	5.8

Advertising share 2001/2005 (%)
Source : RTL Klub Estimates
RTL Klub



05	49.2
04	50.0
03	52.0
02	57.0
01	52.0

RTL Klub was once again the clear market leader in 2005 and increased its share of the 4+ audience from 33.6% to 33.8%. Its share of the prime-time target audience of 18 to 49 year-olds held steady at 36.5% and the channel extended its lead over its nearest rival, TV2 – an impressive performance in a highly competitive environment.

Hungary's TV advertising market has expanded rapidly in recent years. Although this growth started to slow in 2005, RTL Klub nonetheless achieved another year of improved financial performance.

There was good news in July 2005, when Hungary's media authority ORTT announced that RTL Klub's broadcasting licence, due to expire in 2007, would be extended for a further five years to 2012.

Programme successes

Several new programmes were launched, of which the most successful was *Gyözike*, which followed the life of a Romany pop musician and his family. Another popular new format was *Benne Leszek A Tévében*, which gave "would-be TV stars" an opportunity to demonstrate their talents.

RTL Klub was also successful with its first-ever coverage of Oscar Night, which it supported by showing several Academy Award winning movies. The US series *Lost* also attracted large audiences after RTL Klub mounted an extensive promotional campaign.

Two new reality formats were launched. In *A Rettegés Foka* (*Cape Fear*) celebrities were put through a series of challenges, while *Bajkeverök* is a new format featuring youngsters on holiday at Lake Balaton.

RTL Klub's afternoon talk shows *Balázs* and *Mónika* maintained their leading positions with shares of more than 40%. The prime-time programmes *News*, *Fókusz*, *Who Wants To Be A Millionaire?* and the Grundy-UFA soap *Barátok Közt* were all market leaders in their respective slots.

Sports coverage was as strong as ever with boxing and Formula One motor racing occupying key prime-time slots. RTL Klub's football coverage included league matches and the Hungarian national team's World Cup qualifiers.

01


02


03


01 Afternoon talk show *Balàzs* maintained its leading 40% share

02 *World Village*, a new 12 part series, explores the cultural differences of ordinary people around the world

03 The reality docu show *Gyözike* featured nine times in the top 20 most popular programmes in Hungary in 2005

The emblematic show *Soldiers*, now in its sixth season, was one of the programme highlights on REN TV

Russia

Television

Our stake in REN TV gives us a foothold in Russia's fast-growing TV market.

Holding
REN TV: 30%

Audience share 2001/2005 (%)
Source:TNS Gallup

REN TV
Target: 6-54

05	5.6
04	5.9
03	6.1
02	6.1
01	5.5

EBITA 2005*

€1m

*Consolidated as from 1 October 2005

Advertising market share 2005

5.7%

2004 5.3%

Audience share*

5.6%

2004 5.9%

*Target: 6-54

RTL Group entered Russia's TV market in 2005, following the agreement in July to acquire the 30% stake in REN TV held by the channel's founders Irena Lesnevskaya and Dmitry Lesnevsky. At the same time, RAO UES sold its 70% share in REN TV to another Russian corporation, Severstal-Group, which then sold 35% to Surgutneftegaz.

In October 2005, Alexander Ordzhonikidze was appointed CEO of the REN TV holding company, and Ralph Siebenaler of RTL Group was appointed as his deputy, responsible for programming and sales.

The REN TV network

Moscow-based REN TV is one of Russia's leading private broadcasters. In 2005 it ranked sixth with an audience share of 4.9% (4+).

REN TV was formed in 1991 as a TV production company. It grew rapidly, and in 1997 it launched as a TV channel, operating through a network of holding licences, subsidiaries and agreements with local broadcasters. These ensure that REN TV's signal covers 85.3% of the Russian TV audience. Its principal competitors are STS and TNT, which also operate on a network basis. The Russian TV market is developing rapidly, and there were several channel start-ups in 2005, such as the Domashny (Home) network launched by STS which competes with REN TV for broadcasting partners.

REN TV offers a broad range of programming, including news, documentaries, entertainment, music and sports shows, as well as popular series and movies. In 2005 it was the first channel in Russia to broadcast the international event *Domino Day*. It was a massive success, watched by more than 10 million Russians and generating 665,000 text messages – one of the biggest responses ever achieved in Russia. Early in 2006 REN TV acquired exclusive rights to broadcast Formula One motor racing from 2006 to 2010.

01

01 Judgment Hour

Portugal

Television and radio

TVI aired three soap operas on a daily basis (*Morangos com Açúcar*, *Ninguém como Tu* and *Mundo Meu*)

An outstanding year for Grupo Media Capital, our strategic investment in Portugal.

Holding
Grupo Media Capital: 33%

Audience share 2001/2005 (%)
Source: Marktest

TVI
Target: 4+

05	34.9
04	33.1
03	32.5
02	35.1
01	34.8

Advertising share 2001/2005 (%)
Source: TVI/MC Estimates

TVI

05	46.0
04	43.0
03	44.0
02	46.0
01	43.0

EBITA 2005*

€0m

*Consolidated as from mid December 2005

Advertising market share 2005

46.0%

2004 43.0%

Audience share*

34.9%

2004 33.1%

*Target: 4+

During 2004 and 2005 RTL Group built a 33% strategic holding in Grupo Media Capital, owner of Portugal's leading TV broadcaster and a major player in the country's TV production and radio sectors. It also has interests in outdoor advertising, the internet and magazine publishing.

Grupo Media Capital's TV business, TVI, is one of the two privately-owned general interest channels in Portugal. Since its launch in 1993 it has built an impressive position, which reached a new peak in 2005 when it attained overall leadership of the Portuguese television market. Its average audience share of 34.9% was well ahead of the second-placed channel, SIC, with 31.7%. This strengthened TVI's hold over the TV advertising market, where it has a 46% share.

Television

TVI's strategy since 2000 has been to offer broad programming targeted at ABC1 viewers in the 25 to 54 age range. The main programme genre is fiction, which in 2005 accounted for almost a third of TVI's airtime. Serialised telenovelas and daily soaps are key elements in its schedule. The telenovela *Ninguém Como Tu*, based on an original Portuguese script, became the top non-football programme on Portuguese TV with audience shares consistently over 40%.

Other important genres are news – TVI has Portugal's top news programme *Jornal Nacional* – and entertainment.

Radio

Grupo Media Capital's radio subsidiary, Media Capital Radio (MCR), owns four stations. The combined audience share for the four stations increased from 16% in early 2003 to 23% in 2005, although the environment for radio broadcasters remained difficult in 2005.

Radio Comercial broadcasts an adult contemporary format on a national frequency, and is MCR's main radio station.

Cidade FM is a contemporary hit music station targeting teens and university students.

The classic hits station **Radio Clube Português** targets family adults in the 35 to 55 age range.

Best Rock FM is a niche radio format broadcasting to young urban listeners in the Lisbon area.

SPORTFIVE maintained its position as a world leader in football rights marketing.

Holding
SPORTFIVE: 25%

Revenue 2005

€0m

2004 €135m

EBITA 2005

€1m

2004 €11m

SPORTFIVE

SPORTFIVE is one of the largest companies of its kind in the world, offering a full range of sports rights marketing services, from stadium advertising and hospitality to shirt sponsorships and the sale of international TV rights. It develops brand and value-enhancing programmes for its clients, and has a comprehensive marketing model that is implemented at 19 football clubs.

Headquartered in Paris and Hamburg, SPORTFIVE employs more than 370 people at 29 offices and operates through a large network of subsidiaries, representative offices and agents.

Football rights worldwide

Football accounts for around 94% of SPORTFIVE's business. In 2005 the company represented more than 30 European football federations, and it marketed 253 of the 282 matches in the FIFA World Cup 2006 qualification cycle. It also won the rights to sell the UEFA Euro 2008 competition to European broadcasters.

SPORTFIVE represents 10 national leagues for worldwide television distribution, including the Italian, Spanish and German leagues, and has partnerships with some 270 European professional football clubs. The African football authorities appointed SPORTFIVE to distribute TV and marketing rights of the CAN and CAF Champions League, not only to boost revenues but also to improve exposure to African football around the world.

SPORTFIVE offers broad-based services in other sports, such as handball, rugby and boxing, and it acts a key partner in developing national and international campaigns for sporting brands.

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.

Corporate governance

Board of Directors and Chief Executive Officer

On 31 December 2005, the Board of RTL Group had 11 members, one executive director, and 10 non-executive directors. The members elected at the Annual Shareholders' meeting of 16 April 2003 were appointed for a period of three years. The biographical details of the directors are set out on pages 64 to 65. Three of the non-executive directors, Onno Ruding, Jacques Santer and Martin Taylor, are independent of management and other outside interests that might interfere with the exercise of their independent judgement. The Internal Regulations and Governance (IRG), adopted by the Board set out the Company's procedures for ensuring good corporate governance. The Board of Directors has to review, if requested with the assistance of an expert, that to any transaction between RTL Group or any of its subsidiaries and any of the shareholders is at arm's length terms. Under the IRG the responsibility for day to day management of the Company is delegated to the CEO but the Board, which meets at least once every three months, has a formal schedule of matters reserved to it including approval of the annual overall Group budget, of significant acquisitions and disposals and of the Group's financial statements. The Board of Directors met four times in 2005 and adopted some decisions by circular resolution on matters presented and discussed at a previous Board meeting.

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

Nomination and Compensation Committee

The Nomination and Compensation Committee is made up of four non-executive directors. 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 (four, since 1 January 2006) non-executive directors, two of whom are independent, and meets at least three times a year.

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

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

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

Directors' fees

In 2005 a total of €0.8 million (2004: €0.9 million) was allocated in the form of fees to the members of the Board of Directors and the Committees which emanate from it.

How we manage risks

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

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

Corporate governance
continued

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

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

- Comprehensive scope of risk assessment: risks are assessed within a framework of defined key risk categories. Regular risk assessments are undertaken to include a description of the risk, an indication of the potential financial impact, and the approach taken to mitigate the risk.

- Regular reporting: RTL Group's system of internal controls ensures that risks will be addressed, reported and mitigated when they arise. Within the specific risk reporting framework all significant risks are comprehensively assessed and reported to RTL Group management on a bi-annual basis. This ensures that the necessary actions are undertaken to manage, mitigate or offset the risks within the Group.

- Bottom-up approach: we assess risks at the level where they arise, i.e. in our operations.

- Harmonised reporting tool: our operations report on their risk assessment using a common reporting tool thus ensuring consistency in scope and approach.

- Consolidated Group matrix: we gain a comprehensive view of significant risks for the Group through the consolidation of the local risk assessments. A Risk Management Committee, chaired by the CFO and comprising senior Group management, prepares and reviews this consolidated Group risk matrix which is then submitted to RTL Group's Audit Committee.

- Audit approach: both the processes of local risk assessments as well as the consolidated Group risk matrix are regularly reviewed by the external auditors.

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

Risk management framework

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

Major risk factors

Type of Risks	Description and areas of impact	Mitigation activities
External & Market Risks		
Legal	The local and European media regulations could change. Some changes could alter businesses and revenue (e.g. ban of certain types of advertisements, opening of markets, deregulation of well-regulated markets, cancellation of restrictions, limitation of advertising minutes).	RTL Group tries to anticipate any changes in legislation and to act accordingly.
Cyclical Development of Economy	Downturns and economic cycles impact directly the advertising market and therefore RTL Group revenue.	RTL Group tries to diversify the revenue base through regional expansion as well as new products and services generating non advertising revenue. In addition to that the Group tries to react quickly to market changes.
Risks in Key Business		
Audience & Market Share	A decrease in audience and/or market share may impact negatively RTL Group's revenue.	New talent and formats are developed or acquired. Performance of existing shows is under constant review with the aim to drive audience share performance and hence future revenue.
Talent Retention & Management	RTL Group's success relies partly on key talents. Competitors may try to attract them away from the Group.	Competitive remuneration and an attractive working environment are some of the tools to keep key talents at the Group.
Suppliers	The supply of certain types of content is limited and may lead to a rise in costs. Over reliance on one supplier may also cause costs, in the long term, to rise.	The Group tries wherever possible to diversify its sources of supply. RTL Group benchmarks purchasing terms and conditions to identify best practices with the aim to reduce costs via for example joint purchasing.
Customers	Bad debts or loss of customers may impact negatively RTL Group's financial statements.	Credit analysis of all new advertisers is systematically undertaken to prevent such a potential risk to happen. Depending on the customer's credit worthiness credit insurances are used. This risk is also mitigated by broadening the advertiser base.
Financial Risks		
Foreign Exchange Exposure	Effective management of foreign exchange risk is an important factor. The operating margin and broadcasting costs are impacted by foreign exchange volatility, especially if there is a strong increase of the USD versus EUR (feature films or sport rights purchases).	RTL Group has in place a strict policy regarding Foreign Exchange management, which is monitored and followed up by Group Treasury, using plain vanilla hedge instruments to mitigate volatility on the income statement.

Corporate responsibility

As Europe's leading commercial broadcaster, we have responsibilities to viewers and to the wider communities in which we operate, as well as to our employees and shareholders. We are accountable to all of our stakeholders, and we expect our companies to discharge their corporate responsibilities with commitment and integrity.

Respecting our employees

Like all media businesses, RTL Group relies on the talent, professionalism and dedication of its people. We strive to recruit the best people and to ensure that they are amply rewarded, well motivated, and that their abilities are developed so that they achieve their full potential.

We aim to motivate employees by creating stimulating workplaces and favourable conditions of employment that allow their talents to flourish. In most of our companies, employees participate in profit sharing or incentive schemes that recognise and reward personal achievement.

Our companies provide extensive internal and external training opportunities for staff. For instance, many of our businesses provide scholarships and places at specialist media schools – some of which are run by our own companies. For instance, 30 students graduated in 2005 from RTL Journalistenschule, our journalism school in Germany, and all found work either as employees or freelancers. In November 2005, Grundy UFA in Germany founded the country's first school for TV scriptwriters – the Grundy UFA Serienschule.

RTL Group companies also help to promote skills development in the wider media community, through such initiatives as the First Steps project for up-and-coming German filmmakers, which the FremantleMedia company teamWorx supports. In France, M6 actively participates in the Graines de Boss competition for young entrepreneurs, while RTL Radio has Les Talents RTL, in which a new music talent is selected every month and promoted on-air.

We want to know what our employees think about their workplaces, so we measure and monitor their attitudes. Many RTL Group companies take part in regular employee surveys, the most recent of which was conducted in 2004. A number of new ideas and improvements have been implemented as a result of this survey. Measures to boost communication within and between Group companies include the introduction of suggestion boxes and the development of new intranet platforms.

Télévie

RTL Belgium and RTL Luxembourg collected no less than €6.75 million for leukaemia projects through their Télévie fundraising events in 2005. Since the start of the initiative in 1989 almost €70 million has been raised.

Télévie was created in order to collect funds to finance and improve research into cancer and children's leukaemia. Télévie has been active in Belgium since 1989, and in Luxembourg since 2002. With the money raised by Télévie more then 1,000 research projects have been financed in both countries. In 2005, grants for 87 new research projects were distributed and a total of 115 research projects are currently up and running with 130 young scientists working on them.

Among many other events the employees of RTL Group's Luxembourgish activities organised a special event in the Corporate Fitness Centre at the headquarters of RTL Group in Luxembourg. This "Télévie Challenge" was a sports event in which the employees and the management raised money by cycling on special spinning bicycles. In total €25,000 was raised for Télévie and the event will be repeated in 2006.

www.televie.be
www.televie.lu

Fivearts

A huge pink banner on the front of a building in the city centre of Liverpool. When you get closer you read "Lippy Loose-limbed liberatingly lyrical, irreverent inspired je ne sais quoi...". This is the start of a poem by the renowned poet Roger McGough.

The poem as well as the artwork are a part of "Fivearts cities" which took place from spring 2004 to spring 2005 in Liverpool.

"Fivearts cities" is a unique partnership between Five and the Arts Council England designed to showcase the nation's cultural offering and to encourage people to explore the arts and their own creativity.

Roger McGough, writer of the Liverpool poem, points out "This inspired project by Five and the Arts Council gave me the opportunity to write a poem about my city that evolved beyond the page, becoming accessible to the wider community through the various formats in which it appeared."

"Fivearts cities" in Liverpool reached some 5.7 million people through broadcast programmes and promotions, and community events. More than 1,500 people directly participated in the events and activities. The second phase of "Fivearts cities" started in Newcastle and Gateshead in spring 2005.

Kim Peat, Controller of Arts, Daytime and Religion at Five, says "Five and the Arts Council England share with "Fivearts cities" the same goal – to get more people involved in the arts. It was fantastically stimulating to see how we brought together the different communities through the creative art work that came out of our programmes, events and initiatives run throughout last year in Liverpool as well as this year in Newcastle and Gateshead and looking ahead to spring 2006, the city of Oxford."

http://www.five.tv/programmes/fiveartscities/home

Maintaining editorial standards

Our broadcasting companies take their responsibilities to audiences very seriously. We regard editorial independence as sacrosanct and we apply rigorous ethical standards to ensure that the material we broadcast is appropriate for the time of day, and sensitive to the needs of our audiences.

We encourage a culture of journalistic freedom. Most of our news programmes are produced in-house and the editor-in-chief is responsible for content – our CEOs act only as publishers and do not interfere in the production of content. Most of our editors adhere to clearly defined codes of editorial conduct. For example, RTL Television in Germany has a "news philosophy" to ensure objective and fair news programming. The *RTL Nieuws* show in the Netherlands has a code of conduct for its journalists setting out their rights and obligations, and RTL Televizija in Croatia has a set of general principles for content which are based on Croatian media law.

Our companies are just as rigorous in the application of advertising standards, either by membership of independent national organisations or by implementing their own control mechanisms.

Supporting the EWC

In addition to the employee representation arrangements which each profit centre has in place, RTL Group supports a European Works Council (EWC). This works with Group management to defend jobs and employment rights across the Group, resolve cross-border employment issues and intervene in situations where staff have limited protection.

The EWC has its roots in the Group's traditional markets, such as Germany, France and the Benelux, where there is a strong works council culture and legislative framework. Staff of several Group companies in these countries are currently going through a period of uncertainty while their organisations are relocated or restructured. The EWC is consulting with RTL Group management and maintaining lines of communication with national and local works councils whilst this process is ongoing.

There are fewer opportunities for the EWC in the Group's newer markets of southern, central and eastern Europe, either because works council structures are less well established or because RTL Group is a minority shareholder. The EWC's strategy is to create or strengthen the works council culture in these countries and to deepen the social dialogue with management at the European level.

FTSE4Good Index Series

RTL Group is a member of the FTSE4Good Index. To be accepted for membership, companies must meet globally recognised standards of corporate responsibility.

Grundy UFA Serienschule

The Grundy UFA Serienschule (Storyline School) was founded in November 2005 to teach students how to become a script writer for serial TV productions such as the successful daily soaps or telenovelas of Grundy UFA.

"Good Times – Bad Times", episode 3443….To develop creative and touching plots during a short period of time is a great challenge for authors. Though the demand for serial TV production has significantly increased during the last few years there is no special instruction available in this field. This led Grundy UFA to the idea of developing a school which offers, for the first time, a systematic instruction for script writers.

Anja Weber, Head of Grundy UFA Serienschule, points out "You cannot compare script writing for a serial production with writing for a movie. We need "storytellers" talented in writing, who are team-orientated and have strong nerves."

The first class started in November 2005. Andreas Walker, student at Grundy UFA Serienschule thinks: "The know-how conveyed by our tutors, not just in theory but also in practice, is essential to become a good script writer." Student Sonja Cöster adds: "Our training offers us various options such as becoming chief author, producer or television editor."

www.grundyufaserienschule.de

Recognising diversity

RTL Group companies recognise and reflect the diversity of the cultures they serve, not only in the programmes that they broadcast but also in the composition of their workforces. For example, around 10% of the staff on Five News in the UK are from Asian or Afro Caribbean backgrounds, including two of the presenters. RTL Klub has introduced practical measures to help eliminate prejudice against minority groups in Hungary, and RTL Lëtzebuerg broadcasts a daily French translation of its Luxembourg news programme.

Our companies also appreciate the importance of making their programmes accessible to disabled people. Five in the UK has a strong commitment to its hearing-impaired audience – some 60% of its programmes were subtitled in 2004 and this will rise to 80% in 2008.

Our companies are also introducing sign language translation for digital transmission, and are planning to provide audio description for visually impaired viewers. In France, M6 has exceeded the French media authority's requirements for subtitling.

We respect the special requirements and sensibilities of younger viewers and listeners. Our flagship children's channel, Super RTL in Germany, commissions external studies to improve its understanding of the ways in which children use television. RTL Television in Germany participates in several literacy projects and produces media packages for teachers on various topics including daily soaps and news programmes. In 2005, Antena 3 in Spain created the Fundación Antena 3 which focuses on developing young people's relationships with television, the internet and new technologies.

Supporting local communities

Our TV and radio companies have strong ties with their communities. They often give active support to charitable projects, through sponsorship and through their own foundations and initiatives. Many also give production resources and free promotional airtime – in 2005 VOX in Germany provided airtime with a commercial value of more than €6 million for a range of charities and social projects, including its own SOS für Kinder initiative. Some channels have set up charitable foundations, such as RTL Television's RTL Stiftung. Five is involved in the "Fivearts Cities" cultural initiative with the Arts Council England.

The media fundraising events sponsored by our companies generate many millions of euros for worthwhile causes. Télévie, organised by RTL Belgium and RTL Luxembourg, collected €6.75 million for a range of charities in 2005. RTL Television's Spendenmarathon has raised more than €51 million since it started ten years ago – the 2005 event in November drew around €4.6 million in donations.

Environmentally aware

We take our environmental responsibilities very seriously. Our companies try to ensure that natural resources are used responsibly in the production and distribution of our programmes and related products, and we aim to exceed the requirements of environmental legislation in our procurement practices.

Practical measures our companies have taken include the introduction of low radiation monitors at UFA Film & TV Produktion in Germany, "intelligent" facility management and other practices to reduce energy consumption and improve waste disposal practices.

Pièces Jaunes

All aboard! From 28 to 30 January 2005 RTL journalists, presenters, technicians and the French radio station's management were present on the train "TGV Pièces Jaunes" to raise funds for the "Pièces Jaunes" (Yellow Coins) initiative of the organisation "Hôpitaux de France".

The train "TGV Pièces Jaunes" stopped in the French cities of Saint-Quentin, Châteauroux, Sens, Montauban and Sète: special programmes were aired from the railway stations and exceptional events organised to support the initiative. During the journey the RTL programmes gave information on the current status of donations and news from inside the train. The initiative on the TGV train raised about 2.5 tons of coins.

In total, the "Pièces Jaunes" collected funds amounting to €5.2 million.

The aim of the organisation "Hôpitaux de France", whose president is Bernadette Chirac, is to improve the quality of life in hospitals and offer help to sick children. Since the foundation of "Hôpitaux de France" in 1989 the organisation has so far funded over 4,600 projects in France and in France's Overseas Departments. "Pièces Jaunes" started in 1990 and RTL has been its radio partner since 1992.

http://www.piecesjaunes.com
www.fondationhopitaux.fr

Spendenmarathon

"No doubt the most exciting way to raise funds". That's how Anke Schäferkordt, CEO of RTL TV and Chairperson of the Foundation RTL "Stiftung RTL – Wir helfen Kindern e.V." describes RTL Television's unique charity action Spendenmarathon. For the tenth consecutive year RTL Television dedicated its programme on 24 and 25 November to help children in need all over the world.

In 2005 the Spendenmarathon collected approximately €4.6 million, whilst a total of €51.4 million has been raised since the event first began.

Every year famous people act as godparents to the RTL projects.
In 2005 the wife of the German President Eva Luise Köhler, the former tennis champion Steffi Graf, RTL presenter Frauke Ludowig, Germany's national football team coach Jürgen Klinsmann and the actor Pierre Brice were among those who participated. With their help and the funds raised by RTL, a variety of new projects were launched including kindergartens in Eritrea, social stations in Moldavia and a hospital for children in Sri Lanka.

www.spendenmarathon.de

The Board

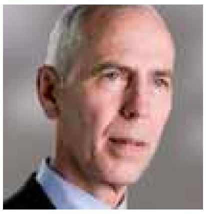
Executive Director

Gerhard Zeiler (50)
Chief Executive Officer

Gerhard Zeiler, moved from Vienna, Austria, to Cologne, Germany, in November 1998 when he was appointed CEO of RTL Television. He managed RTL Group's most important profit centre until he was additionally appointed CEO of RTL Group in March 2003. In his function as CEO of RTL Group, Gerhard Zeiler is a member of the Supervisory Board of M6 in France, and FremantleMedia and Chairman of the Board of Five in the UK. He is also a member of the Bertelsmann Executive Board.

Gerhard Zeiler started his career as a journalist and then became press-spokesman for the Austrian Minister for Education and Art, Dr. Fred Sinowatz, a position he retained when Sinowatz assumed the position of Austrian Federal Chancellor in 1983. Thereafter, he became General Secretary of the Austrian public broadcaster "ORF" in Vienna from 1986 to 1990. After a two-year period as CEO of Tele 5 and a further two-year period as CEO of RTL II, he was elected Chief Executive Officer of ORF in 1994 and stayed in this position until November 1998.

Non Executive Directors



Siegfried Luther (61)
Chairman

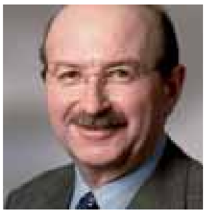
Committee Membership:
Audit, Nomination and Compensation

Appointed: 24 July 2000

Martin Taylor (53)
Vice Chairman
Chairman of Syngenta

Committee Membership:
Audit, Nomination and Compensation (Chairman)

Appointed: 25 July 2000



Gérald Frère (54)
Managing Director of Groupe Bruxelles Lambert, Chairman of TVi and Compagnie Nationale à Portefeuille, Vice Chairman Pargesa Holding, Executive Director of Frère-Bourgeois, Director of Suez-Tractebel, Power Financial Corporation and Regent of the Banque Nationale de Belgique,

Appointed: 21 July 2000

Lutz Glandt[1] (49)
Former Managing Director of WAZ Mediengroup

Appointed: 16 April 2003

Non Executive Directors
continued

Jocelyn Lefebvre (48)
Managing Director Europe of Power Corporation of Canada, President of Sagard Private Equity Partners, Director of Imerys and Suez-Tractebel

Appointed: 12 July 2001

Thomas Rabe (40)
Member of the Bertelsmann AG Executive Board, CFO Bertelsmann AG and CEO of Bertelsmann Music Group

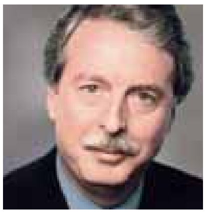
Committee Membership: Audit,[2] Nomination and Compensation[4]

Appointed: 12 December 2005[2]

Onno Ruding (66)
Retired Vice Chairman and Director of Citibank, Chairman of the Board of Centre for European Policy Studies

Committee Membership: Audit (Chairman)

Appointed: 12 September 2000



Rolf Schmidt-Holtz[3] (57)
From 10 February 2006, CEO of Sony BMG

Appointed: 1 March 2002

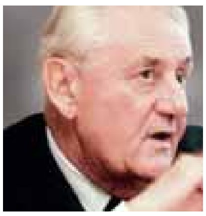
Gilles Samyn (55)
Managing Director of Compagnie Nationale à Portefeuille, Director of Pargesa and Groupe Bruxelles Lambert

Committee Membership: Nomination and Compensation

Appointed: 3 June 1999

Jacques Santer (68)
Chairman of the Board of CLT-UFA. Former Prime Minister of the Luxembourg Government and former President of the European Commission.

Appointed: 9 December 2004



Erich Schumann[1] (75)
Managing Partner of WAZ Mediengroup

Appointed: 24 July 2000

Gunter Thielen (63)
Chairman of the Executive Board and CEO, Bertelsmann AG

Committee Membership: Nomination and Compensation[5]

Appointed: 3 September 2002

Ewald Walgenbach (46)
Member of the Bertelsmann AG Executive Board, CEO of Direct Group Bertelsmann

Appointed: 25 July 2000

[1] resigned on 28 September 2005
[2] effective 1 January 2006
[3] resigned on 10 February 2006
[4] effective 15 March 2006
[5] till 15 March 2006

Executive committee

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Chief Executive Officer

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Gerhard Zeiler started his career as a journalist and then became press-spokesman for the Austrian Minister for Education and Art, Dr. Fred Sinowatz, a position he retained when Sinowatz assumed the position of Austrian Federal Chancellor in 1983. Thereafter, he became General Secretary of the Austrian public broadcaster "ORF" in Vienna from 1986 to 1990. After a two-year period as CEO of Tele 5 and a further two-year period as CEO of RTL II, he was elected Chief Executive Officer of ORF in 1994 and stayed in this position until November 1998.

Elmar Heggen (37)
Executive Vice President Regional Operations and Development

Elmar Heggen holds a diploma in Business Administration from the European Business School and graduated as Master of Business Administration (MBA) in Finance. In 1992 he started his career at the Felix Schoeller Group, becoming Vice President & General Manager of Felix Schoeller Digital Imaging in the UK in 1999. He joined RTL Group in 2000 as Vice President Mergers & Acquisitions and was promoted to Senior Vice President Controlling & Investments in January 2003.

From July 2003 until December 2005 he was Executive Vice President Strategy & Controlling.

In January 2006 he was appointed Executive Vice President Regional Operations and Development.

Ignace Van Meenen (37)
Chief Financial Officer,
Head of Corporate Centre

Ignace Van Meenen studied law at the universities of Ghent and Osnabrück obtaining a Doctorate in law from the University of Osnabrück in Germany.

He started his professional career at Deutsche Bank in Düsseldorf, Germany, in 1993, where he held various senior positions before eventually becoming Vice President in the Corporate and Institutional Banking Division at Deutsche Bank Securities in New York in 1997.

In 1999 he joined RAG AG, an international energy and chemicals group, as Senior Vice President and Group Financial Director. In 2001 he was additionally appointed President of RAG Beteiligungs-GmbH, the Investment Holding of RAG AG.

He joined RTL Group as of 1 January 2006 as Chief Financial Officer and Head of the Corporate Centre.

Directors' report

Auditors' report

and consolidated financial statements

Contents

Directors' report

The Directors are pleased to present their report to the shareholders, with details on the businesses and the development of the Group, together with the financial statements for the year ended 31 December 2005 on pages 84-131.

Highlights	Year to December 2005 €m	Year to December 2004 (restated)[1] €m	Per cent change
Revenue	**5,115**	**4,878**	**+4.9**
Underlying revenue[2]	**5,052**	**4,794**	**+5.4**
Reported EBITA[3]	**758**	**709**	**+6.9**
Restructuring costs and non recurring items	8	15	
Start up losses[4]	31	38	
Adjusted EBITA	**797**	**762**	**+4.6**
Reported EBITA margin (%)	14.8	14.5	
Adjusted EBITA margin (%)	15.6	15.6	
Reported EBITA	**758**	**709**	**+6.9**
Amortisation of fair value adjustments on acquisitions of subsidiaries and joint ventures	(16)	(13)	
Impairment of goodwill and amortisation of fair value adjustments on acquisitions of associates	(2)	(6)	
Gain/(loss) from sale of subsidiaries, joint ventures and other investments	1	(18)	
Net financial expense	(9)	(44)	
Income tax expense	(116)	(196)	
Profit for the year	**616**	**432**	**+42.6**
Attributable to:			
Minority interest	79	66	
RTL Group shareholders	537	366	+46.7
Adjusted EPS (€)[5]	**2.96**	**2.62**	**+13.0**
Proposed/paid dividend per share (€)	**1.05**	**0.95**	**+10.5**

[1] 2004 result restated by €2 million following application of IFRS 2 (share based payments)

[2] Adjusted for the full consolidation of Five in 2005. In 2004 adjustments made for the full consolidation of M6 and partial disposal of SPORTFIVE

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

[4] RTL Televizija, Yorin FM, RTL FM and launch of digital television and radio channels

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

RTL Group headlines

- Record reported EBITA of €758 million, up 6.9 per cent
- Strong audience and advertising market positions maintained
- Mixed advertising market conditions in Europe continue
- Group revenue of €5,115 million, up 4.9 per cent
- Positive net result of €537 million, up from €366 million in 2004
- Net cash from operating activities of €987 million resulting in an operating cash conversion of 120 per cent
- Proposed dividend of €1.05 per share, up almost 11 per cent

Profit centre highlights

- Record EBITA at M6, RTL Nederland, Antena 3, RTL TVi, FremantleMedia and RTL Klub in Hungary
- Significant increase in results and share of advertising market at Five
- Double digit growth in non-advertising revenue

Strategic developments

- Full consolidation of Five in the UK following the acquisition of remaining stake
- Launch of new family of channels in the Netherlands
- Significant increase in strategic participation in Grupo Media Capital in Portugal
- Acquisition of stake in REN TV in Russia

Directors' report

continued

Revenue

Advertising market conditions remained mixed across Europe in 2005 with strong growth in Spain, moderate growth in the United Kingdom and the Netherlands whilst Germany and France were stable year-on-year with Belgium recording a decline in advertising for the first time since 2000.

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 group.

	2005 net TV advertising market growth rate %	RTL Group advertising market share 2005 %	RTL Group advertising market share 2004 %	2005 Audience share in main target group %	2004 Audience share in main target group %
Germany	+0.4[6]	43.5	44.2	32.2[7]	32.9[7]
France	+1.0[6]	23.2	22.1	19.1[8]	18.6[8]
UK	+3.2[6]	8.8*	8.3*	6.6[9]	6.7[9]
Netherlands	+2.9[6]	39.9*	39.7*	30.1[10]	30.2[10]
Belgium	-2.5[11]	68.3	66.7	32.1[12]	32.5[12]
Spain	+9.9[13]	29.2	26.9	22.8[14]	21.9[14]
Hungary	+7.2[15]	49.2*	50.0*	36.5[16]	36.5[16]

*net estimates
[6]Industry/IREP and RTL Group estimates
[7]Target group: 14-49
[8]Target group: housewives under 50
[9]Target group: 16+
[10]Target group: Shoppers 20-49
[11]Source: IP estimate
[12]Target group: 18-54, 17:00 – 23:00
[13]Source: Antena 3 estimates
[14]Target group: 13-55, all day
[15]Source: RTL Klub estimate
[16]Target group: 18-49, 19:00 – 22:59

Revenue increased by 4.9 per cent to €5,115 million (2004: €4,878 million). On a like-for-like basis (adjusting for the main portfolio changes) revenue was up 5.4 per cent. The main scope changes affecting revenue result from the full consolidation of M6 from February 2004, the partial sale of SPORTFIVE, also in 2004, and the full consolidation of Five from September 2005. Excluding the SPORTFIVE effect, Content revenue rose 7.5 per cent.

Revenue	Year to December 2005 €m	Year to December 2004 €m	Per cent change
Television	4,001	3,707	+7.9
Content	1,022	1,086	(5.9)
Radio	242	244	(0.8)
Other	85	88	(3.4)
Eliminations	(235)	(247)	(4.9)
Total	**5,115**	**4,878**	**+4.9**

EBITA

Reported EBITA increased by almost 7 per cent to €758 million, another record result. The improvement was across the board with the largest changes coming from Antena 3, M6, Five and RTL Nederland. Stripping out restructuring costs, non recurring items and start-up losses, EBITA was up almost 5 per cent to €797 million.

EBITA	Year to December 2005 €m	Year to December 2004 (restated) €m	Reported EBITA Margin 2005 %	Reported EBITA Margin 2004 %
Television	617	560	15.4	15.1
Content	125	118	12.2	10.9
Radio	35	37	14.5	15.2
Other	(19)	(6)	(22.4)	(6.8)
Total	**758**	**709**	**14.8**	**14.5**

Adjusted EBITA	Restructuring costs and non-recurring items 2005 €m	Start up losses 2005 €m	Adjusted EBITA 2005 €m	Adjusted EBITA 2004 €m	Adjusted EBITA Margin 2005 %	Adjusted EBITA Margin 2004 %
Television	15	19	651	596	16.3	16.1
Content	(7)	–	118	118	11.5	10.9
Radio	–	8	43	52	17.8	21.3
Other	–	4	(15)	(4)	(17.6)	(4.5)
Total	**8**	**31**	**797**	**762**	**15.6**	**15.6**

Group operating expenses increased to €4,525 million from €4,335 million, up 4.4 per cent.

Portfolio changes

The most significant portfolio change in 2005 was the first time full consolidation of Five as from September. Other portfolio changes include Mistergooddeal (via M6 in France) and the first time equity accounting for both REN TV in Russia and Grupo Media Capital in Portugal.

Review by profit centre

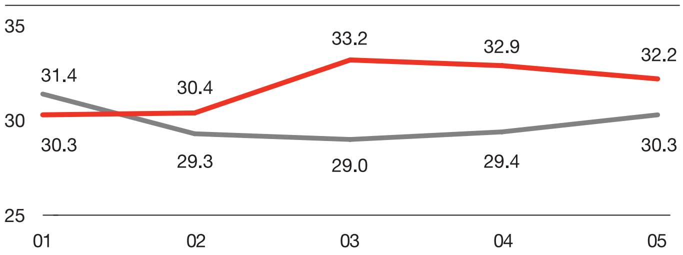
Revenue	Year to December 2005 €m	Year to December 2004 (restated) €m	Per cent change	Per cent of total 2005	Per cent of total 2004
Germany	1,858	1,826	+1.8	36.3	37.4
M6	1,270	1,145	+10.9	24.8	23.5
FremantleMedia	947	866	+9.4	18.5	17.8
Five	370	276	+34.1	7.2	5.7
Netherlands	358	338	+5.9	7.0	6.9
French Radio	198	207	(4.3)	3.9	4.2
Belgium	174	167	+4.2	3.4	3.4
Luxembourg	110	125	(12.0)	2.2	2.6
Croatia	38	14	>100.0	0.7	0.3
SPORTFIVE	–	135	(100.0)	–	2.8
Others	43	50	(14.0)	0.9	1.0
Eliminations	(251)	(271)	(7.4)	(4.9)	(5.6)
Total revenue	**5,115**	**4,878**	**+4.9**	**100.0**	**100.0**

EBITA	Year to December 2005 €m	Year to December 2004 (restated) €m	Per cent change	Per cent of total 2005	Per cent of total 2004
Germany	244	262	(6.9)	32.2	36.9
M6	229	207	+10.6	30.2	29.2
FremantleMedia	104	101	+3.0	13.7	14.2
Five	36	18	+100.0	4.7	2.5
Netherlands	46	39	+17.9	6.1	5.5
French Radio	37	43	(14.0)	4.9	6.1
Belgium	28	26	+7.7	3.7	3.7
Luxembourg	16	5	>100.0	2.1	0.7
Croatia	(8)	(19)	(57.9)	(1.0)	(2.7)
Antena 3	39	17	>100.0	5.1	2.4
SPORTFIVE	1	11	(90.9)	0.1	1.6
Others	(14)	(1)	>100.0	(1.8)	(0.1)
Reported EBITA	**758**	**709**	**+6.9**	**100.0**	**100.0**

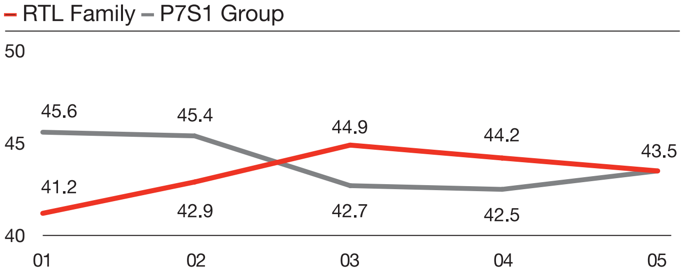
Profit Centre Germany

The combined audience share of the family of channels decreased slightly to 32.2 per cent (target group 14-49), from 32.9 per cent in 2004. The RTL family remained the clear market leader with almost a 2 percentage point gap over its commercial rival. On an underlying basis, before restructuring and start up costs, EBITA was €265 million compared to €264 million in 2004.

Audience share 2001 – 2005
Target: 14-49
Source: Gfk
– RTL Family – P7S1 Group

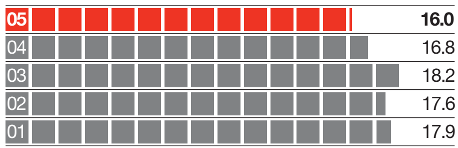


Advertising share 2001 – 2005
Source: Nielsen S+P
– RTL Family – P7S1 Group

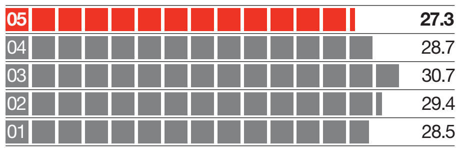


	Year to December 2005 €m	Year to December 2004 €m	Per cent change
Revenue			
TV	1,755	1,733	+1.3
Radio	14	13	+7.7
RTL Shop	89	80	+11.3
Total	**1,858**	**1,826**	**+1.8**
EBITA			
TV	265	264	+0.4
Radio	4	1	>100.0
RTL Shop	(4)	(3)	(33.3)
Start up losses, restructuring costs and non recurring items	(21)	–	n.a.
Total	**244**	**262**	**(6.9)**

RTL Television, audience share 2001 – 2005
Target: 14-49
Source: Gfk



RTL Television, advertising share 2001 – 2005
Source: Nielsen S+P



RTL Television was audience market leader in Germany, with a 16.0 per cent share, for the thirteenth consecutive year in the key target group of 14-49 year old viewers. RTL Television broadcast the most successful movie, the most popular series and the most liked sitcom thus also making it the leading commercial channel in terms of total audience share (with 13.2 per cent).

The end of 2005 saw an outstanding start to the third season of *Deutschland sucht den Superstar* with 5.3 million fans (27.1 per cent) tuning in. Other programme highlights in 2005 included the classic quiz show *Wer wird Millionär?* which had up to 11.4 million viewers and an average share of 21.1 per cent, the spectacular *Domino Day* with 7.8 million viewers (34.1 per cent) as well as the new two-part event format *Typisch Frau, Typisch Mann* (22.5 per cent) and *Der große Deutsch-Test* with Hape Kerkeling (22.2 per cent).

Service-oriented reality formats with high production values were a new trend in 2005. Tine Wittler and her home makeover special *Einsatz in vier Wänden – Spezial* achieved a market share (14-49) of 22.9 per cent in primetime, and 19.3 per cent of 14 to 49 year olds picked up valuable tips from *Super Nanny*. With a market share (14-49) of 19.4 per cent, the new home-documentary *Unsere erste gemeinsame Wohnung* made a very strong first appearance. Good ratings were also achieved by the new TV romance *Bauer sucht Frau* which had up to 5.9 million viewers and a market share of 24.2 per cent among the 14-49 target group.

Directors' report

continued

Of the ten most successful series on German television, nine formats are RTL Television productions. The top position was once again occupied by *Alarm für Cobra 11* which had a market share of 20.3 per cent.

The most successful sitcom of the television broadcasting year 2005 was also an RTL Television format: the final season of *Nikola* achieved a market share of 18.5 per cent among the relevant target group. The RTL Television daily soap *Gute Zeiten, schlechte Zeiten* continues to be the leading daily series with a market share of 24.1 per cent.

The best cinema films of the year were also broadcast on RTL Television: *Harry Potter and the Philosopher's Stone* enchanted 9.9 million muggles on October 2, achieving a remarkable 45.9 per cent market share among 14-to-49-year-olds. *James Bond: Die Another Day* was watched on December 4 by 7.6 million viewers resulting in an audience share of 32.5 per cent amongst 14-49 year olds.

Completing the line up were the two most successful international series on German television, *CSI: Miam*i (23.8 per cent) and *Monk* (18.1 per cent).

The RTL Television news formats were once again one of the most important sources of information on German television. The morning shows *Punkt 6* and *Punkt 9*, the lunchtime show *Punkt 12* and the late-night format *RTL Nachtjournal* outperformed their competitors among all viewers and the target 14-49 age group. *Punkt 9* improved its audience share by 3.7 percentage points (to 20.3 per cent in the 14-49 age group) whilst *Punkt 12* remains the most successful news format on German television with an audience share of 29.2 per cent in the 14-49 target group.

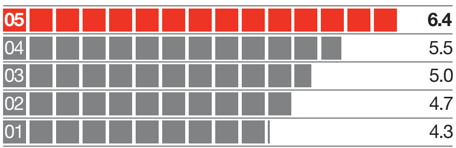
Formula One once again delivered solid ratings for RTL Television with the year's most watched race, the Canadian Grand Prix on 12 June 2005, attracting almost 10 million viewers. The average for all 19 races was 6.9 million fans and an audience share of 42.4 per cent in the target group.

At the end of 2005 RTL Television made a significant step into the digital world by becoming the first major broadcasting group to have signed digital feed contracts with the cable operators. The signals of the entire RTL family of channels will be available nationwide in digital cable from January 2006 onwards.

VOX, audience share 2001 – 2005

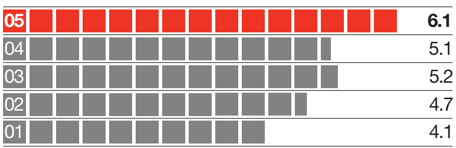
Target: 14-49

Source: Gfk



VOX, advertising share 2001 – 2005

Source: Nielsen S+P



VOX had another very successful year finishing with a 6.4 per cent audience share in its target group, an increase of 16 per cent year-on-year. This success is largely down to high-quality productions from the US which have secured excellent viewer ratings in primetime.

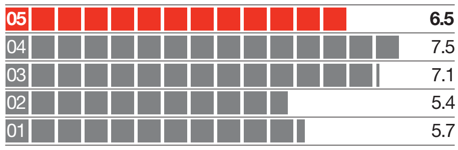
Leading programme highlights include the crime series *CSI:NY*, *CSI*, *Law & Order: Criminal Intent* and *Crossing Jordan*. Among in-house productions, it is TV chef Tim Mälzer with his show *Schmeckt nicht, gibt's nicht* who stands out. This is German television's most successful cooking show and Mälzer's second cookery book, *Born to Cook 2* immediately went to number one in the non-fiction bestseller list.

Weekends continued to be dominated by the magazine formats that have been successful for many years now. *Auto Motor und Sport TV*, the first car magazine show on private German television, broadcast its 500th episode in the autumn of 2005.

RTL II, audience share 2001 – 2005

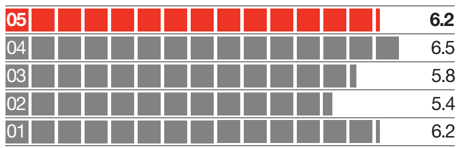
Target: 14-49

Source: Gfk



RTL II, advertising share 2001 – 2005

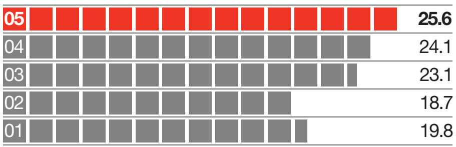
Source: Nielsen S+P



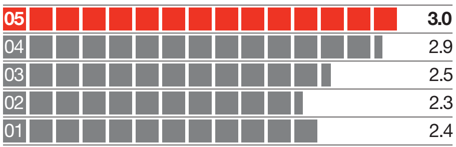
RTL II's main programme highlights include the series *Stargate* and its spin-off *Stargate Atlantis*, which are among the most popular science fiction series shown on German television with audience shares of up to 14.4 per cent. Popular science formats such as *Welt der Wunder* and *Welt der Wunder – Schau dich schlau !* also proved to be ratings successes with audience shares of up to 14.9 and 10.6 per cent respectively. Movies such as *Con Air* and *The Shawshank Redemption* were also very successful.

RTL II finished the year with a share of viewing among the 14-49 age category of 6.5 per cent, down from 7.5 per cent in 2004, and a contribution to RTL Group's EBITA of €9 million (2004: €18 million).

Super RTL, audience share 2001 – 2005
Target: 3-13
Source: Gfk



Super RTL, advertising share 2001 – 2005
Source: Nielsen S+P



Super RTL celebrated its tenth anniversary during the year by achieving its highest ever audience share reaching 25.6 per cent in its target group of 3-13 year olds. This success is due in part to the performance of the Icelandic series *Lazy Town* which drew a market share of more than 50 per cent among the target group and reached a series average of 37 per cent. Other popular formats included *Dragon Hunters – Die Drachenjäger* an internationally co-produced cartoon that drew a series average of 34 per cent. Super RTL has more than 85,000 subscribers for the two educational club sites of the channel, TOGGOLINO Club and TOGGO CleverClub, which provide a valuable source of diversification revenue to the channel. For the format *Kim Possible*, and for the first time in its history, The Walt Disney Company assigned not only the broadcast rights of a series to a TV channel but also the exploitation of the ancillary rights.

n-tv, the German news channel, successfully focused on news, business and talk formats during 2005. It achieved an audience share of 0.6 per cent (up from 0.5 per cent in 2004) in the audience group 14-49.

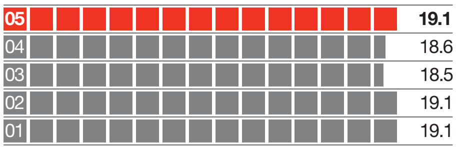
Profit Centre M6

The audience share of M6 increased significantly to 19.1 per cent (target group housewives under 50) from 18.6 per cent in 2004. Advertising market share and EBITA reached another record level.

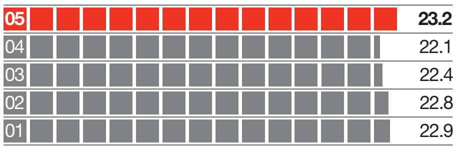
	Year to December 2005 €m	Year to December 2004 (restated) [17] €m	Per cent change
Revenue	**1,270**	**1,145**	**+10.9**
Underlying EBITA	**236**	**207**	**+14.0**
Start up losses	(7)	–	n.a.
Reported EBITA	**229**	**207**	**+10.6**

[17]Restated due to first time application of IFRS 2 (Share based payments)

M6, audience share 2001 – 2005
Target: Housewives under 50
Source: Mediamétrie



M6, advertising share 2001 – 2005
Source: TNS Secodip



M6 continued with the strategy started in 2004 with more investment in its programme grid, although this increase was less than 4 per cent year on year. This policy resulted in improved audience shares in the target group, 26 evenings when more than 5 million viewers tuned in to watch M6 (up from 17 evenings in 2004) and 90 evenings when more than 4 million viewers watched the channel (up from 66 in 2004). The Monday evening movie offering was a resounding success resulting in 10 out of the 12 best audience ratings in 2005 with the *Star Wars* saga, over 5 episodes, bringing an average of 6.5 million viewers to the channel.

The significant increase in audience share in the target group was driven by a very broad range of programmes including French fiction such as *Merci les enfants vont bien* (5.4 million viewers and a 21.8 per cent audience share in the 4 + age group for the first episode), a record audience for the series *Kaamelott* (5.6 million viewers and a 20.2 per cent audience share in the 4+ age group) and another record for the local version of Pop Idol, *Nouvelle Star*, which attracted up to 6.5 million viewers.

The steps taken on the programming front have resulted in a further increase in audience share in the under 35 years age group, to a record level of 21.5 per cent, up 1.6 percentage points year on year which was the strongest growth of all the channels.

Other programme successes include international fiction where M6 launched thirteen new series in 2005, among them hits such as *Nip/Tuck* and *Les 4400* both of which proved extremely popular.

In February 2005 M6 announced a landmark licensing deal with Orange thereby creating M6 Mobile by Orange. This new mobile offer, targeted at a young user, has proved an enormous success with 227,000 subscribers to the service signed up by the end of 2005 (against an original target of 100,000).

In March 2005 Digital Terrestrial Television (DTT) services were launched in France and within this new landscape M6 launched W9 – a new channel targeting the 15-34 year olds with a movie, series and music offer. Later in the year Paris Première, TF6 and TPS Star were all launched on pay DTT.

On 15 November 2005 M6 announced the acquisition of Mistergooddeal, one of the leading French e-commerce businesses dealing in discount branded products, thus further boosting its development in the diversification field.

Directors' report
continued

On 16 December 2005 M6 and TF1 announced a commercial agreement combining the pay TV business of TPS with those of Group Canal+. Subject to approval from the relevant authorities M6 will retain a 5.1 per cent holding in the new entity.

Profit Centre FremantleMedia
FremantleMedia, RTL Group's worldwide production business, had another year of growth driven by new format launches, in particular in Europe, and a strong performance in the US.

	Year to December 2005 €m	Year to December 2004 €m	Per cent change
Revenue	**947**	**866**	**+9.4**
Reported EBITA	**104**	**101**	**+3.0**

In terms of new formats, FremantleMedia had a groundbreaking year in 2005 by successfully introducing the Latin American telenovela format to Europe, reintroducing gameshows to primetime and continued success with established formats. FremantleMedia continues to invest in new concepts and talent to create quality entertainment programming for broadcasters around the world and also had the best year so far with its licensing and distribution businesses.

In 2005, FremantleMedia's global network of production companies produced 8,546 hours of award-winning primetime programming spanning drama, serial drama, entertainment, factual programming and comedy, making it one of the largest creators of programme brands in the world.

FremantleMedia Production
FremantleMedia produces programming in more than 22 countries. In Germany, Grundy UFA successfully introduced telenovelas (serialised love stories) into the market in 2005. Germany's first ever locally produced telenovela, *Bianca – Wege Zum Glück* (*Bianca – Path To Happiness*) made an impressive debut. An even bigger success was the launch of *Verliebt in Berlin* (*In Love in Berlin*), based on the original Latin American format *Betty La Fea* (*Betty, the Ugly*), which achieved outstanding audience shares for its broadcaster. Grundy Producciones in Spain, launched *El Autentico Rodrigo Leal* (*Finding Rodrigo*) and a local adaptation of *Betty La Fea*, produced by the Dutch company, Blue Circle, is due to launch in February 2006 on Talpa. *Juegos Prohibidos* (*Forbidden Games*), produced by Invento, the joint venture between Fremantle Productions Latin America and Teleset, made its debut in Colombia in November.

FremantleMedia, which has the largest gameshow catalogue in the world, saw renewed interest and ratings hits for this classic entertainment genre. In the UK, the innovative concept *The Gameshow Marathon* – a celebrity series that featured key FremantleMedia formats such as *The Price Is Right*, *Family Feud* and *Sale of the Century*, delivered impressive ratings for ITV1. A series of *Family Feud* has now been commissioned by ITV1 in the UK, Nine Network in Australia and Talpa in the Netherlands.

The entertainment juggernaut *Idols* continued to break records around the world and has now been broadcast in 32 countries. A total of 27 series were produced in 2005 and a pan-Latin *Idol* is planned for 2006. *American Idol 4* was the highest rated series in the US in 2005, delivering audiences larger than *ER*, *Lost* and *Desperate Housewives*. It achieved an average audience of 27 million viewers and an incredible 500 million phone votes were cast during the series. The first episode of *American Idol 5* on 17 January 2006 attracted the biggest audience yet for a season premiere, averaging 35.5 million viewers, and is currently the second most watched television programme in the US in the 2005/2006 season.

The second series of the UK's largest ever talent search *The X Factor* was one of ITV1's highest rated entertainment shows of the year delivering a peak audience of 10 million viewers with the final achieving a 51 per cent market share for Adults 16-34, ranking first in its timeslot. Local versions of the format were also produced in Australia, Belgium, Colombia and Russia.

FremantleMedia Enterprises
FremantleMedia Licensing Worldwide (FLW) had a record year in 2005 driven by the performance of *Idols* and *The X Factor* around the world, as well as the continued revival of the classic gameshow brands. 2005 also saw the launch of a number of exciting new mobile and internet products, as FLW continues to explore and develop the market in the new media space.

In the US, FLW continued its strategic expansion of the *American Idol* franchise throughout 2005. The division benefited from a number of successful partnerships including an international tie-up with Mattel to produce branded Barbie dolls, the launch of the *American Idol* magazine in February and ongoing sponsorship deals with Ford, Cingular Wireless and Coca-Cola.

In an exclusive deal, FLW partnered with Syco Music and Sony BMG to make *The X Factor* winner Shayne Ward's debut single, 'That's My Goal', available for download over the internet on the night of *The X Factor* final, three days before its retail release. The song was one of the biggest selling singles of 2005 and has entered the Guinness Book of World Records as the world's fastest selling download.

The resurgence of gameshows also led to record levels of subscriptions for mobile phone games based on these formats and the success of *The Price Is Right* live shows at casino venues across North America continued.

Distribution
Fremantle International Distribution (FID) had another profitable year in 2005 as it continued to secure distribution deals with leading producers and rights holders from the US and the UK.

In pursuit of its strategy to secure rights to quality blue chip documentary programming FID, along with FLW, signed a distribution and licensing deal for the latest big budget CGI series *Prehistoric Park*, from creators Impossible Pictures, producers of the multi-award winning *Walking With…* series. The company also successfully signed a key deal with US studio Miramax and Harvey and Bob Weinstein's new company, Weinstein Company Inc., for the hugely successful fashion reality series, *Project Runway*. FID also represents a slate of current programming from US broadcasters The Sundance Channel and Showtime for international markets.

Profit Centre Five

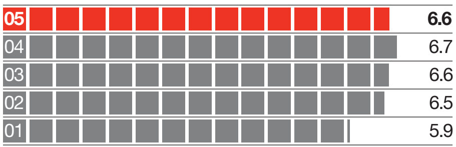
The audience share of Five decreased slightly to 6.6 per cent (target group adults) from 6.7 per cent. However, all the main terrestrial channels lost audience share during the year. Five's loss of just 1.5 per cent in adult audience shares compares well to the 5.6 per cent decline at ITV1 and 2.0 per cent at Channel 4. In terms of commercial impacts Five was the only terrestrial broadcaster to improve adult impacts in 2005.

A record level of revenue, reflecting Five's highest ever share of the advertising market, meant another year of increased profitability at Five.

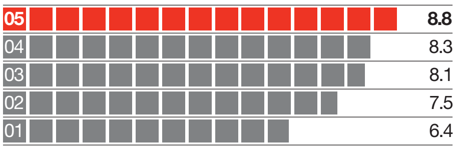
	Year to December 2005[18] €m	Year to December 2004 €m	Per cent change
Revenue	**370**	**276**	**+34.1**
Revenue in local currency 100%	324	290	+11.7
Reported EBITA	**36**	**18**	**+100.0**
EBITA in local currency 100%	32	19	+68.4

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

Five, audience share 2001 – 2005
Target: Adults
Source: BARB



Five, advertising share 2001 – 2005
Source: TV Industry



2005 was a momentous year for Five as RTL Group finally completed the acquisition of the remaining stake taking its ownership level to 100 per cent. The operating performance during the year and the scope for further increases demonstrates the logic of this acquisition. Five has continued the positive momentum of the last few years with stable audiences, despite more competition, and increased levels of advertising share and profitability. The advance in profitability was achieved in spite of another increase in programme investment of some 10 per cent. The UK advertising market performed strongly in 2005, up 3.2 per cent, with Five outperforming significantly with revenue growing by triple the market rate.

At the end of 2005 multichannel penetration had reached 61% of homes, up from 55% at the end of 2004. Freeview penetration has continued to grow faster than expected with the number of homes with a Freeview set estimated to be over 6 million (source: BARB). Five continues to do better in Freeview homes, with an audience share of 8.3 per cent, than in satellite or cable homes (4.0 per cent and 5.2 per cent respectively) so the continued growth and success of Freeview remains important for Five.

The increase in digital penetration has also contributed to Five's increase in reach (homes who are watching Five) to 88.5% of total homes (2004: 86.4%).

Programming highlights of the year include the new acquired series *House* (audience share 11.7 per cent) featuring Hugh Laurie, who won a Golden Globe for his performance, and the continued success of the *CSI* brand which now includes Vegas (audience share 15.1 per cent), Miami and New York (audience share 13.4 per cent).

Five continued to invest heavily in lifestyle programmes such as *Build a New Life in the Country* (audience share 8.9 per cent), *Call Yourself a Property Developer* and *How Not to Decorate* (audience share 7.1 per cent) all of which performed well, especially for ABC1 adults. Other new and continuing factual programmes such as *Extraordinary People*, *Fifth Gear* and *Hidden Lives* also helped contribute to the improved demographics at the channel.

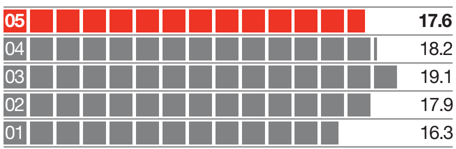
Films have continued to perform strongly with highlights in 2005 being *Spiderman* (audience share 14.9 per cent), *Men in Black 2* (audience share 15.7 per cent) and repeats of *Terminator 3* (audience share 13.9 per cent) and *Gladiator* (audience share 14.7 per cent). These films also all delivered an excellent young 16-34 year old audience. The original *Willy Wonka* film achieved an exceptional share of 22 per cent or 4.3 million people when it was broadcast in July.

Profit Centre Netherlands

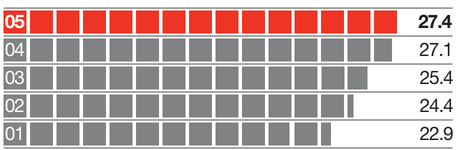
RTL's family of channels maintained its clear market leadership position with a total audience share of 30.1 per cent (shoppers 20-49), compared to 30.2 per cent in 2004 in spite of the launch of John de Mol's new channel, Talpa. During the year, RTL Nederlands successfully relaunched and repositioned its family of channels.

	Year to December 2005 €m	Year to December 2004 €m	Per cent change
Revenue			
TV	345	331	+4.2
Radio	13	7	+85.7
Total	**358**	**338**	**+5.9**
EBITA			
TV	54	54	+0.0
Radio	(8)	(15)	(46.7)
Total	**46**	**39**	**+17.9**

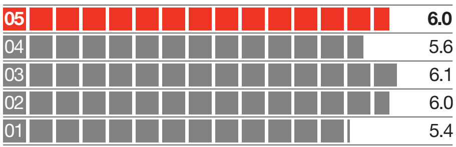
RTL 4, audience share 2001 – 2005
Target: Shoppers 20-49
Source: Intomart



RTL 4, advertising share 2001 – 2005
Source: BBC

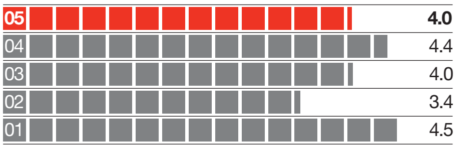


RTL 5, audience share 2001 – 11 August 2005
Target: Men 20-49
Source: Intomart



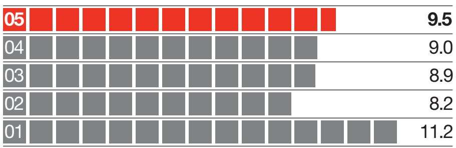
RTL 5, audience share – from 12 August 2005
Target: 20-34
Source: Intomart

RTL 5, advertising share 2001 – 11 August 2005
Source: BBC



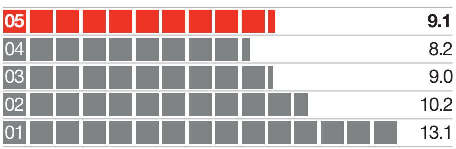
RTL 5, advertising share – from 12 August 2005
Source: BBC

Yorin, audience share 2001 – 11 August 2005
Target: 20-34
Source: Intomart

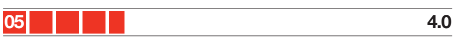


RTL7, audience share – from 12 August 2005
Target: Men 20-49
Source: Intomart

Yorin, advertising share 2001 – 11 August 2005
Source: BBC



RTL7, advertising share – from 12 August 2005
Source: BBC



The extremely strong position of **RTL 4** remains the basis for the success of RTL Nederlands. This television channel remained market leader in 2005 in the core target group Shoppers aged 20-49, with an audience share of 17.6%, some 5.3 percentage points ahead of commercial rival SBS 6.

The success of RTL 4 is partly due to a number of new programmes, but also to the continued success of the core programming. RTL4's extremely strong early evening line-up was unchanged, with *RTL News*, *Editie NL* and *RTL Boulevard* and *Goede Tijden, Slechte Tijden*, each guaranteeing at least one million viewers. On 2 September the 3,000th edition of *Goede Tijden, Slechte Tijden* was celebrated with a double-length show that attracted approximately 1.5 million viewers. RTL 4's already hugely popular 'living night' (one million viewers every Tuesday) was supplemented with the new show *Help, Mijn Man is een Klusser* (*Help, My Husband is into DIY*). The series *Baantjer* and *Crime Scene Investigation* continued to draw large audiences to the channel whilst reality shows such as *Dancing With The Stars* and *Idols* rounded off the offer and also attracted millions of viewers.

Following the closure of Yorin, a new channel, **RTL 7**, was launched. The channel covers breaking news as well as regular bulletins and business news with shows including *Nederland In Bedrijf* and *Business Class*. *De Pfaffs* and films targeted at a predominantly male target group, such as *Asterix & Obelix*, *Down Periscope*, *Turks Fruit* and *Soldaat van Oranje*, have also contributed strongly to RTL 7's audience share development since its launch on 12 August 2005.

Since its repositioning in August 2005, **RTL 5** has grown its market share culminating in an audience share of 9.0 per cent in the 20-34 target group as at year end. Football took up a very important position within the revamped RTL 5 schedule as did the weekend movie schedule. The late-night talkshow *Jensen!*, which was for the first time shown on every weekday evening in the most recent season, performed very well, reaching 400,000 viewers on average.

In radio, **RTL FM** achieved an audience share of 3.5 per cent, an increase of 0.6 percentage points compared to 2004 (2.9 per cent) in the target group 20-49. In the overall 10+ target group, RTL FM's market share grew from 2.2 per cent to 2.8 per cent.

Following musical changes and a fine-tuning of the programme, **Yorin FM** improved its performance in the core 20-34 target group in 2005 to a 6.4 per cent audience share, whilst in the overall 10+ target group, the station fell back slightly to 2.8 per cent. On 1 January 2006, following a strategic review of the radio activities, management decided to sell Yorin FM to SBS Broadcasting.

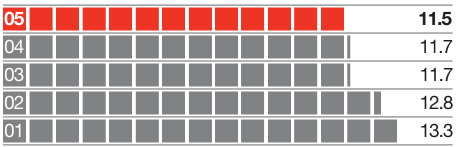
Profit Centre French Radio

The audience share of the French radio family was flat at 17.6 per cent (target 13+). Profitability was down year on year due to structural changes made by the new management team.

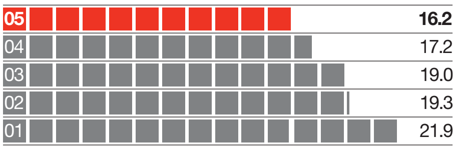
	Year to December 2005 €m	Year to December 2004 €m	Per cent change
Revenue	**198**	**207**	**(4.3)**
Reported EBITA	**37**	**43**	**(14.0)**

In April a new CEO, Axel Duroux, took over responsibility for the French radio activities and immediately set about refreshing existing formats, bringing in new programming and preparing the stations for the digital future.

RTL, audience share 2001 – 2005
Target: 13+ (since September 2002)
Source: Mediamétrie



RTL, advertising share 2001 – 2005
Source: TNS Secodip



RTL remains, as it has been for the last twenty years, the leading radio station in France. In the last audience measure of 2005 (Médiamétrie November – December) RTL recorded a market share of 11.4 per cent, 40 per cent ahead of the second-placed station. The performance of RTL during the weekend improved significantly in the last survey with average market shares increasing by 17 per cent year on year.

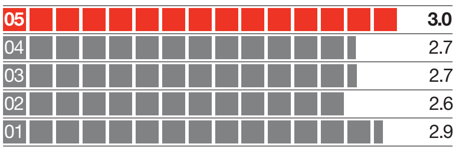
A number of new formats were launched at the end of 2005, reflecting management's desire to broaden the stations appeal, especially for young adults. New programmes include *On ne pouvait pas le rater* hosted by Marc-Olivier Fogiel, *L'Heure du Jazz* hosted by Jean-Yves Chaperon and the relaunch of *Stop ou Encore* presented by Vincent Perrot.

The "classic" shows with well-known and well-respected hosts of RTL such as Nagui, Julien Courbet, Jean-Pierre Foucault and of course Philippe Bouvard continue to appeal to a large number of listeners.

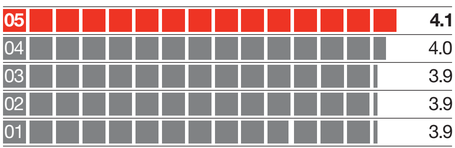
The ongoing marketing campaign "Vivrensemble" continues to re-affirm RTL's position and presence in people's lives.

RTL's share of the radio advertising market was 16.2 per cent (2004: 17.2 per cent).

RTL 2, audience share 2001 – 2005
Target: 13+ (since September 2002)
Source: Mediamétrie



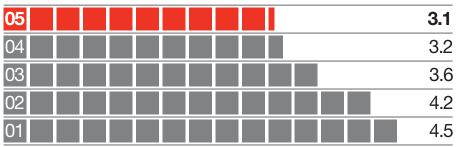
RTL 2, advertising share 2001 – 2005
Source: TNS Secodip



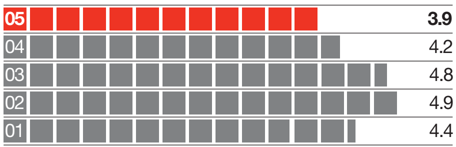
RTL 2 celebrated its tenth anniversary in 2005 with record audience shares across all target groups between the ages of 13 and 49, but especially in its core target of 25-39.

2005 was the year where RTL 2 started some innovative new shows like *Maxi Pop Rock* the first show with 100% extended versions of Pop Rock Hits and *Extra Pop Rock* a daily feature with exclusive versions of current and gold Pop Rock Hits. Maroon 5, Green Day, Phil Collins, Santana and U2 are part of the core sound of RTL 2 and RTL 2 is the official partner of Tracy Chapman, Oasis, Coldplay and Simply Red. RTL 2 staged a new live show at the legendary Olympia with Travis, Zazie, Lenny Kravitz, The Coors and Natalie Imbruglia.

Fun Radio, audience share 2001 – 2005
Target: 13+ (since September 2002)
Source: Mediamétrie



Fun Radio, advertising share 2001 – 2005
Source: TNS Secodip



Fun Radio was relaunched at the end of 2005 as a Soul and dance station for young listeners. The impact of this changed grid has still not yet been fully reflected in its audience share.

The *More than 40 minutes of Soul&Dance non stop* every hour of the daytime is the new music offer on Fun Radio. A fun and entertaining start to the day for 1.5 million listeners is guaranteed with the host Cauet while Fun Radio also connects the 13-25 year old target group with lifestyle information, appropriate music news and previews, cinema, DVD and video game releases, where to go at night, fun features, and friendly presenters.

Profit Centre Belgium

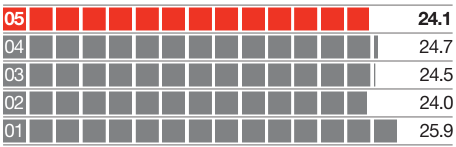
Audience shares of the family of channels fell slightly to 32.1 per cent (target 18-54, 17.00 – 23.00) from last years 32.5 per cent. But, contrary to the overall advertising market, which fell almost 3 per cent, RTL managed to increase its advertising share and further improved on an already high level of profitability.

	Year to December 2005 €m	Year to December 2004 €m	Per cent change
Revenue			
TV	154	147	+4.8
Radio	20	20	–
Total	**174**	**167**	**+4.2**
EBITA			
TV	20	18	+11.1
Radio	8	8	–
Total	**28**	**26**	**+7.7**

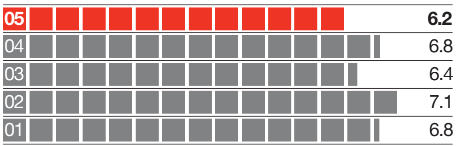
Directors' report

continued

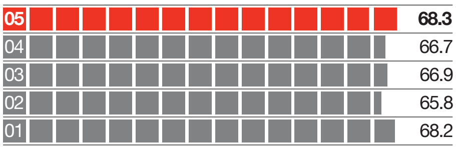
RTL-TVi, audience share 2001 – 2005
Target: Shoppers 18-54
Source: CIM Audiométrie South



Club RTL, audience share 2001 – 2005
Target: Men, 18-54
Source: Audiométrie



RTL-TVi/Club RTL/Plug TV, advertising market share
(French speaking Belgium) 2001 – 2005
Source: CIM MDB South



The RTL Group channels were responsible for 86 of the 100 best viewer ratings in 2005 with **RTL TVi** being leader in the evenings slot (17.00 – 23.00 hours) for 343 days of the year. RTL TVi also accounted for 22 of the year's 25 most watched programmes (age group 4 +) including *Le journal de 19 heures*, with an audience share of 51 per cent, and *Edition spéciale* which had an audience share of 47.7 per cent. US favourites such as *CSI*, which had a share of 31.2 per cent and *Desperate Housewives*, with a share of 30.0 per cent, were also amongst the most popular programmes of 2005.

Challenging and harrowing formats such as *Auschwitz* were also aired in 2005 and despite the subject matter managed to draw in a remarkable 34.2 per cent share (4+ age group). Top international movies such as *Coup de foudre à Manhattan* and *Spiderman* had shares of 34.8 per cent and 30.1 per cent respectively further highlighting the wide range of programmes on offer at RTL TVi.

Club RTL continues to focus on children's programmes during the day and sports in the evening. Champions League football remains the most important format averaging a 19.4 per cent audience share in 2005 (4+ age group). Other programme highlights include the *Moto GP* (6.5 per cent average audience share, 4+ age group) and *The Simpsons* (averaging 9.6 per cent audience share, 4+ age group).

Plug TV celebrated its first full year of operations having been launched on 13 February 2004. It caters for the young adult audience of 15-34 years old and in this target group Plug TV achieved a 4.5 per cent market share (17.00 – 23.00) up from 3.5 per cent in 2004. Programme highlights include formats such as *Nouvelle star* and *Les enfants de la télé* and the reality-entertainment format *Le pensionnat de Sarlat*.

In radio, **Bel RTL** retained, and further consolidated, its position as the number one radio station in the south of the country, where it had a 21.1 per cent audience share of the 12+ audience (CIM Radio March – May), up from 18.8 per cent in 2004. **Radio Contact** also improved its audience share rising to a market share of 15.6 per cent, from 12.6 per cent, and is now the clear number two. **BXL, la City Radio**, which is still in launch phase, completed its first full year of operations with an audience share of 0.2 per cent (CIM Radio March – May).

Profit Centre Luxembourg

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

	Year to December 2005 €m	Year to December 2004 €m	Per cent change
Revenue	**110**	**125**	**(12.0)**
Of which: CLT-UFA International	52	72	
Other Luxembourg activities	58	53	
Reported EBITA	**16**	**5**	**+100.0**
Of which: CLT-UFA International	10	7	+42.9
Reversal of impairment and start up losses	3	–	n.a.
Other Luxembourg activities	3	(2)	n.a.

RTL Radio remains the reference station for both news and entertainment with an audience share of 71 per cent (12+, Monday to Friday, 05.00 – 24.00). **RTL Télé Lëtzebuerg** maintained a broadly stable prime time audience share (12+, Monday to Friday, 19.00 – 20.00) at 67 per cent (from 70 per cent in 2004).

During the first six months of 2005 **BCE** provided the technical staff as well as the audiovisual infrastructure to support the Luxembourg presidency of the European Union.

On August 12, BCE started the transmission of the new Dutch channel RTL 7, which complements its two sister channels, RTL 4 and RTL 5. All three channels are now broadcast from Luxembourg using a new digital play-out facility.

BCE has further developed its role as a key digital player with its mass-digitalisation platform, fully automated, offering a processing capacity of over 20,000 hours per year and the ability to store over 1,200 Terabyte of data. These digital services (storage, archiving, broadcast, disaster recovery) represent one of the cornerstones of BCE's growth strategy.

CLT-UFA International (CUI) manages a portfolio of film rights, series and other rights. It remains in profitability despite further reductions in revenue, in line with the strategic decision to reduce the activities in this field.

Profit Centre Croatia

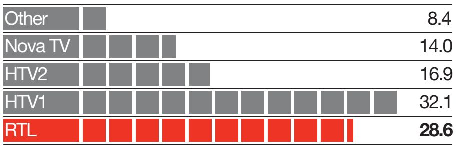
In its first full year of operations following its launch on 30 April 2004, RTL Televizija has achieved an excellent audience share in its target group of 18-49 of 28.6 per cent. The successful launch of RTL Televizija means that it is already the leading commercial television station in Croatia.

	Year to December 2005 €m	Year to December 2004 €m	Per cent change
Revenue	**38**	**14**	**>100.0**
Reported EBITA	**(8)**	**(19)**	**(57.9)**

National audience breakdown 2005

Target: 18-49

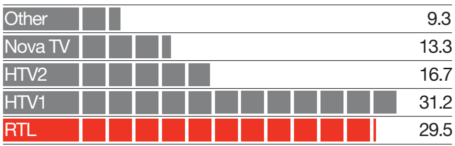
Source: AGB Plus



National audience breakdown, 4 May – 31 December 2004

Target: 18-49

Source: AGB Plus



Within the target group of younger adults aged between 18 and 49, RTL Televizija holds top positions in many programme genres including News, Tabloid Magazine shows, sports events, series and TV movies, sitcoms, daily soaps, variety shows and reality shows. Programme highlights include the daily soap produced by FremantleMedia *Zabranjena Ljubav* (*Forbidden Love*) which achieved an average audience share of 29.3 per cent, *Mijenjam Zenu* (*Wife Swap*) which achieved an average audience share of 36.8 per cent, *Prijatelj na Kvadrat* (*Home Improvement*) with an average audience share of 24.8 per cent and the Saturday movies which had an average audience share of 31.0 per cent during 2005.

The format *Big Brother – Season 2*, which was broadcast for 4 months from September 2005, continued to be extremely popular with audiences reaching an average share of 43.3 per cent. The daily shows achieved an audience share of 38.7 per cent and the weekly shows reached an audience share of 54.0 per cent.

This show is considered as the biggest production ever done in Croatia and the success was in line with expectations after the incredible results of Season 1, which was broadcast at the end of 2004.

The diversification activities started this year with the release of the best selling compilation album "Retromanija" which resulted in nearly 200,000 copies being sold.

Profit Centre Antena 3

Antena 3 improved its audience share to 22.8 per cent (target 13-55) from 21.9 per cent in 2004. Strong advertising market growth and an increase in the market share from 26.9 per cent to 29.2 per cent, combined with the better results at radio, new diversification revenue and the acquisition of Unipublic have enabled Antena 3 to achieve record results. EBIT[19] grew 88 per cent to €325 million in 2005 from €173 million last year.

Antena 3 reported excellent audience share growth, especially in the second half of the year, becoming overall leader for the last two months of the year despite increased competition following the launch of a new fourth terrestrial channel, Quatro. Viewers appreciate Antena 3 for its innovative and entertaining style and also for its information – in news Antena 3 was the leading channel, especially so in prime time where it was 2.6 percentage points ahead of the public channel TVE1 with an audience share of 25 per cent.

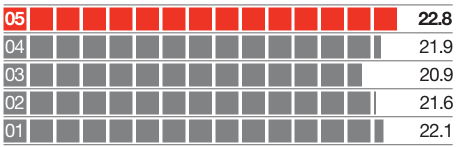
As a result of the improvement in the operational performance of the business the profit contributed to RTL Group was €39 million, up from €17 million in 2004.

[19] Local IFRS accounts as presented by Antena 3 on 100 per cent basis on 23 February 2006

Antena 3, audience share 2001 – 2005

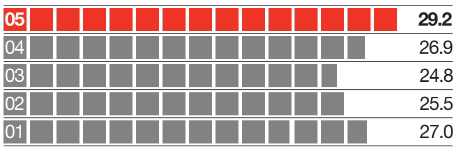
Target: 13-55

Source: TNS



Antena 3, advertising share 2001 – 2005

Source: Infoadex & internal estimates



Profit Centre SPORTFIVE

Following the partial disposal of SPORTFIVE on 25 June 2004, RTL Group has, from 1 July 2004, equity accounted for SPORTFIVE, thus no revenue is consolidated into the accounts of RTL Group.

	Year to December 2005 €m	Year to December 2004 €m	Per cent change
Revenue	**–**[20]	**135**	**(100.0)**
Reported EBITA	**1**	**11**	**(90.9)**

[20] Following the partial sale of SPORTFIVE in 2004 and the according change in consolidation method, no revenue is consolidated into the accounts of RTL Group

Since it was established in 1984, SPORTFIVE has grown into one of the largest sports marketing companies in the world, covering the whole range of sports rights marketing, from stadium advertising and hospitality programmes to shirt sponsorships and the sale of international TV rights. SPORTFIVE operates through a large network of subsidiaries, representative offices and agents. SPORTFIVE currently represents more than 30 European football federations. In the FIFA World Cup 2006™ qualification cycle, SPORTFIVE marketed 253 of the 282 matches. In 2005, SPORTFIVE won the tendering for the sale of the broadcasting rights in Europe to the UEFA EURO 2008™ in Austria and Switzerland.

Directors' report

continued

SPORTFIVE also represents ten national leagues for worldwide television distribution, including those of Italy, Spain and Germany. With partnerships with some 270 European professional football clubs, SPORTFIVE is the undisputed leader in UEFA Cup marketing. The African football authorities have also called on SPORTFIVE to take up the challenge of distributing TV- and marketing rights of the CAN and CAF Champions League.

The profit contributed to RTL Group was €1 million, down from €11 million in 2004 as last years result included a one-off compensation payment as part of the sales process.

Profit Centre Others

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

	Year to December 2005 €m	Year to December 2004 €m	Per cent change
Revenue	**43**	**50**	**(14.0)**
Reported EBITA	**(14)**	**(1)**	**>100.0**
Others	–	7[21]	n.a.
Corporate centre	(24)	(15)	+60.0
RTL Klub	9	7	+28.6
REN TV	1	–	n.a.
Media capital	0	–	n.a.

[21]Includes release of provisions following the sale of SPORTFIVE and litigations settled

8 out of the top 10 programmes in Hungary were broadcast by **RTL Klub**, which retains leadership position with an average audience share of 36.5 per cent in adults 18-49 (prime time). Programme highlights include formats such as *Who wants to be a millionaire* which had an audience peak of 53.6 per cent and the reality show *Gyozike*. The average rating for this show was 46.1 per cent and it was responsible for 9 out of the top 20 most popular programmes on television. The daily soap *Baratok kozt* remains extremely successful with peak audiences in excess of 50 per cent and an annual average share of 42.4 per cent.

In 2005 the broadcast licence was extended until 2012 following agreement with the ORTT (The National Radio and Television Board).

RTL Group's share of the results rose to €9 million (2004: €7 million).

RTL Group holds a 30 per cent stake in **REN TV**, one of Russia's leading private broadcasters. The Moscow based television network reaches 97 million citizens with a technical coverage of approximately 87 per cent. REN TV operates through a broadcast network holding licences in Moscow, Chelyabinsk, Magnitogorsk, and Volgograd and through subsidiaries in Ekaterinburg, Voronezh, Bryansk and Rostov-on-Don and has more than 180 broadcasting agreements with local operators. The REN TV signal is received in all 18 Russian cities with more than 1 million inhabitants and in all 29 cities included in the TNS Gallup peoplemeter panel.

REN TV's programme grid includes news, documentaries, entertainment, music and sports as well as popular series and movies. In the age group 6-54 REN TV achieved an audience share of 5.6 per cent and finished the year with an advertising market share of 5.7 per cent.

RTL Group's share of the results was €1 million (2004: €nil million) reflecting the first-time equity consolidation of REN TV as from 1 October 2005.

In Portugal, RTL Group increased its stake to 33 per cent in the media group, **Media Capital**, during 2005. Media Capital owns and runs the leading television channel, TVI, a generalist channel with a broad programme offer and a dynamic, independent, innovative and popular style. TVI obtained record audience shares in 2005 becoming, for the first time in the stations history, the leading channel in terms of total audience, with a 34.9 per cent share (up from 33.1 per cent in 2004). The main goal of TVI is to maximize its share among the key commercial targets of housewives and individuals ABC1 25-54 by focusing on the two main time-slots of access and prime-time (18.00-24.00 hours). This strategy paid off, in particular in primetime, with TVI increasing its audience share in 2005 to 38.4 per cent (2004: 37.2 per cent), well above its commercial rival, SIC, which drew 31.4 per cent.

RTL Group's share of the results was €nil million (2004: €nil million) reflecting the first-time equity consolidation of Media Capital as from mid-December 2005.

Portfolio changes

The most significant portfolio change was the first time full consolidation of Five as from September 2005 following the acquisition of the remaining stake from UBM.

Other main portfolio changes include Mistergooddeal in France, via M6, REN TV in Russia and Grupo Media Capital in Portugal.

Share of results of associates

EBITA	Year to December 2005 €m	Year to December 2004 €m	Per cent change
– RTL II	9	18	(50.0)
– Antena 3	39	17	>100.0
– SPORTFIVE	1	0	n.a.
– RTL Klub	9	7	+28.6
Others	5	–	n.a.
Total	**63**	**42**	**+50.0**

The total contribution of the associate companies increased to €63 million (2004: €42 million). The major explanation of the improved results is due to the very strong performance from Antena 3, which offset a disappointing year at RTL II. The portfolio changes relating to REN TV in Russia and Media Capital in Portugal have a minor impact in the results as at the 31 December 2005.

Interest expense (net) and financial results other than interest

Net interest expense fell to €11 million (2004: €25 million) reflecting further improvement of the average cash position. It also includes interest charges on pension liabilities.

The financial results other than interest include write-downs on financial assets as well as fair value adjustments on embedded derivatives.

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

As part of the gain of control of Five in the UK, RTL Group has completed a full fair value exercise. The amortisation of these fair values amounted to €2 million as at 31 December 2005 (2004: €Nil million) and is reported in this heading.

A similar fair value exercise was completed following the acquisition of M6 in France in 2004. The amortisation of these fair values amounted to €14 million as at 31 December 2005 (2004: €13 million) and is also reported in this heading.

Gain from sale of subsidiaries, joint ventures and other investments

There was a gain on sale of subsidiaries, joint ventures and other investments in 2005 amounting to €1 million. In 2004 the loss arose on the disposal of SPORTFIVE and the London Playout Centre.

Income tax expense

The tax expense decreased to €116 million (2004: €196 million). The normalised tax rate was approximately 29 per cent (2004: 33 per cent).

Net profit for the year

The net profit for the year was €537 million (2004: net profit €366 million) up 46.7 per cent year on year.

Earnings per share

Reported earnings per share, based upon 153,618,853 shares, was €3.50 per share (2004: €2.38 per share). The adjusted earnings per share, taking into account the amortisation of fair value adjustments on acquisitions and impairment of goodwill, gain or loss from sale of subsidiaries, joint ventures and other investments, net of income tax expense and one-off tax effects, increased to €2.96 (2004: €2.62).

Net debt/cash position

The consolidated net cash position at 31 December 2005 was €267 million (2004: reported net cash €246 million). The increased net cash position is despite the acquisitions made during the year, the most notable being Five in the UK, Media Capital in Portugal and REN TV in Russia and the re-classification of the marketable securities. The Group continues to generate significant operating cash flow with an EBITA cash conversion of 120 per cent (2004: 99 per cent).

Net cash position	As at 31 December 2005 €m	As at 31 December 2004 restated[23] €m	As at 31 December 2004 €m
Gross balance sheet debt	**(75)**	**(597)**	**(597)**
Less: Loans receivable[22]	**10**	**231**	**231**
Gross Financial debt	**(65)**	**(366)**	**(366)**
Add: Cash	**332**	**346**	**346**
Add: Cash deposit at Bertelsmann	**–**	**208**	**208**
Add: Marketable securities[23]	**–**	**–**	**58**
Net cash position	267[24]	188	246

[22]In 2004 the loans receivable relate to Five and other financing (n-tv and TPS via M6). In 2005 the loans receivable relate to n-tv and TCM (via M6)

[23]Marketable securities re-classified to equity (IAS 32 (revised)) from 1 January 2004

[24]Of which €241 million held by M6

Own shares

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

RTL Group indirectly holds 0.76 per cent (2004: 0.76 per cent) of RTL Group's shares.

Related party transactions

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

The interest expense for the year amounts to €5 million (2004: €16 million).

On 5 November 2002, RTL Group entered into a €600 million Revolving Credit Facility with Bertelsmann AG. The facility was granted for the period from 8 November 2002 to 31 August 2006. On 21 December 2004 the Facility was reduced by €300 million and on 15 June 2005 the remaining Facility was cancelled.

As this credit facility has not been used in 2005, the interest expense for the year amounts to €0 million (2004: €0 million).

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

The interest expense for the year amounts to €1 million (2004: €3 million).

During the year RTL Group has invested its short term cash surplus from working capital with its parent company Bertelsmann AG, with an EONIA flat rate return. As at 31 December 2005 the amount deposited amounts to €0 million (2004: €208 million).

The interest income for the year amounts to €2 million.

During the year commitment fees on unused credit facilities granted by Bertelsmann AG amounted to €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 2005 was 173,300 (2004: 217,200).

Directors' report

continued

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, a judgement being expected in the first half of 2006. 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 solely to 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 from making additional purchases of RTL Group shares.

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

The Court decided to join both claims (free float and de-listing). On March 30, 2004 the Court dismissed the claims of the minority shareholders who in turn lodged an appeal. It is expected that the Court of Appeal will render its judgement in the first half of 2006. The parties will be allowed to appeal the decision to the Supreme Court of Luxembourg.

The French high administrative court (Conseil d'Etat) examined an appeal lodged by Bouygues against the decision of the French media Authority (Conseil Supérieur de l'Audiovisuel) authorising the restructuring of the shareholding of Métropole Télévision following the partial exit of Suez in 2004. In April 2005 the Conseil d'Etat rejected the appeal made by Bouygues.

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

Profit appropriation (RTL Group S.A.)

The statutory accounts of RTL Group S.A. show a profit for the financial year 2005 of €76,051,681 (2004: profit of €76,167,298). Taking into account the profit carried forward as at 31 December 2005 of €1,750,511,835, the share premium (€5,782,185,577) and the profit for the year (€76,051,681), the amount available for distribution is €7,608,749,093. The Board of Directors recommends to the General Meeting of Shareholders on 19 April 2006 the distribution of a gross final dividend per share of €1.05 (2004: €0.95 per share).

If the General Meeting of Shareholders accepts this proposal, RTL Group will distribute for the financial year 2005 a total dividend of €163 million.

Outlook

Advertising market conditions are expected to remain mixed with low forward visibility throughout the year. Therefore we remain cautious at this early stage of the year.

This past year we have been able to seize opportunities to further strengthen our portfolio. We did this by increasing our shares in existing investments as well as by acquiring new stakes. Given our proven track record to assimilate these into the Group and our strong cash generation, with no net financial debt, we will continue to look for further internal and external growth opportunities.

Our strategy remains consistent with previous years: we will continue to develop families of channels to counter audience fragmentation, grow and further build upon our existing diversification businesses and look outside our current geographic footprint for new opportunities. By following this strategic path we aim to further strengthen our unique position as the only truly pan-European television company.

14 March 2006
The Board of Directors

Auditors' report

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 2005 and the related consolidated statements of income, cash flows and changes in equity for the year then ended as set out on pages 84 to 131 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 84 to 131 give a true and fair view of the financial position of the Group as of 31 December 2005, and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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

Luxembourg, 14 March 2006

PricewaterhouseCoopers S.à r.l. Réviseur d'Entreprises	KPMG Audit S.à r.l. Réviseurs d'Entreprises
Pascal Rakovsky	Philippe Meyer

PRICEWATERHOUSECOOPERS

KPMG

Consolidated income statement

for the year ended 31 December 2005

	Notes	2005 €m	2004* €m
Revenue	4.1	**5,115**	4,878
Other operating income		**103**	118
Consumption of current programme rights		**(1,788)**	(1,607)
Depreciation, amortisation and impairment		**(219)**	(233)
Other operating expense	4.2	**(2,518)**	(2,495)
Amortisation of fair value adjustments on acquisitions of subsidiaries and joint ventures		**(16)**	(13)
Gain/(loss) from sale of subsidiaries, joint ventures and other investments	4.3	**1**	(18)
Profit from operating activities		**678**	630
Share of results of associates	5.4	**63**	42
Earnings before interest and taxes ("EBIT")		**741**	672
Net interest expense	4.4	**(11)**	(25)
Financial results other than interest	4.5	**2**	(19)
Profit before taxes		**732**	628
Income tax expense	4.6	**(116)**	(196)
Profit for the year		**616**	432
Attributable to:			
RTL Group shareholders		**537**	366
Minority interest		**79**	66
Profit for the year		**616**	432

EBITA**		**758**	709
Amortisation of fair value adjustments on acquisitions of subsidiaries and joint ventures		**(16)**	(13)
Impairment of goodwill and amortisation of fair value adjustments on acquisitions of associates	5.4	**(2)**	(6)
Gain/(loss) from sale of subsidiaries, joint ventures and other investments		**1**	(18)
Earnings before interest and taxes ("EBIT")		**741**	672

Earnings per share (in €)			
– Basic	4.7	**3.50**	2.38
– Diluted	4.7	**3.50**	2.38

* Restated (see note 1.2.1)

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

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

Consolidated balance sheet

as at 31 December 2005

	Notes	**2005 €m**	2004* €m
Non-current assets			
Programme rights	5.1	**118**	125
Goodwill	5.1, 5.2	**3,084**	2,877
Other intangible assets	5.1	**248**	261
Property, plant and equipment	5.3	**334**	377
Investments in associates	5.2, 5.4	**617**	376
Loans and other financial assets	5.5, 5.8	**176**	401
Deferred tax assets	5.6	**199**	175
		4,776	4,592
Current assets			
Programme rights	5.7	**1,352**	1,294
Other inventories		**34**	19
Income tax receivable		**172**	195
Accounts receivable	5.8	**1,149**	1,336
Cash and cash equivalents	5.9	**332**	346
Assets classified as held for sale	5.10	**294**	–
		3,333	3,190
Current liabilities			
Loans and bank overdrafts	5.11	**25**	361
Income tax payable		**178**	141
Accounts payable	5.12	**1,788**	1,680
Provisions	5.13	**118**	88
Liabilities directly associated with non-current assets classified as held for sale	5.10	**248**	–
		2,357	2,270
Net current assets		**976**	920
Non-current liabilities			
Loans	5.11	**50**	236
Accounts payable	5.12	**118**	190
Provisions	5.13	**120**	125
Deferred tax liabilities	5.6	**116**	99
		404	650
Net assets		**5,348**	4,862
Equity attributable to RTL Group shareholders		**4,973**	4,515
Equity attributable to minority interest		**375**	347
Equity		**5,348**	4,862

* Restated (see note 1.2.1)

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

Consolidated cash flow statement

for the year ended 31 December 2005

	Notes	2005 €m	2004* €m
Cash flows from operating activities			
Profit before taxes		**732**	628
Adjustments for:			
– Depreciation and amortisation		**186**	204
– Value adjustments, impairment and provisions		**109**	58
– Equity-settled share-based payments expenses		**4**	2
– (Gain)/loss on disposal of assets		**(12)**	20
– Financial results including net interest expense and share of results of associates		**35**	39
Use of provisions	5.13	**(23)**	(22)
Working capital changes		**37**	(52)
Income taxes paid		**(81)**	(147)
Net cash from operating activities		**987**	730
Cash flows from investing activities			
Acquisitions of:			
– Programme and sport rights		**(68)**	(53)
– Five, net of cash acquired	3.4	**(357)**	–
– Other subsidiaries and joint ventures net of cash acquired	3.4	**(46)**	46
– Other intangible and tangible assets		**(106)**	(130)
– Other investments and financial assets		**(219)**	(173)
Current deposit with shareholder	5.8, 7.1	**–**	(208)
		(796)	(518)
Proceeds from the sale of intangible and tangible assets		**16**	8
Disposal of subsidiaries and joint ventures net of cash disposed of	3.6	**–**	215
Proceeds from the sale of other investments and financial assets		**69**	34
Interest received		**12**	12
Current deposit with shareholder	7.1	**208**	–
		305	269
Net cash used in investing activities		**(491)**	(249)
Cash flows from financing activities			
Interest paid		**(34)**	(36)
Proceeds from loans		**195**	87
Repayment of loans		**(474)**	(279)
Net change in bank overdraft		**12**	1
Dividends paid		**(209)**	(181)
Net cash used in financing activities		**(510)**	(408)
Net increase/(decrease) in cash and cash equivalents		**(14)**	73
Cash and cash equivalents at beginning of year		**346**	274
Effect of exchange rate fluctuation on cash held		**2**	(1)
Effect of cash in disposal group held for sale	5.10	**(2)**	–
Cash and cash equivalents at end of year		**332**	346

*Restated (see note 1.2.1)

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

Consolidated statement of changes in equity

for the year ended 31 December 2005

	Notes	Share capital €m	Share premium €m	Treasury shares €m	Currency translation reserve €m	Hedging reserve €m	Revaluation reserve €m	Retained earnings €m	Equity attributable to RTL Group shareholders €m	Equity attributable to minority interest €m	**Total equity €m**
Balance at 31 December 2003		**192**	**6,454**	**(44)**	**(127)**	**(51)**	**25**	**(2,207)**	**4,242**	**26**	**4,268**
Change in accounting policy		–	–	–	–	–	–	(12)	(12)	–	**(12)**
Restated balance at 31 December 2003		**192**	**6,454**	**(44)**	**(127)**	**(51)**	**25**	**(2,219)**	**4,230**	**26**	**4,256**
Gains and losses:											
Currency translation adjustment	5.15.3	–	–	–	3	–	–	–	3	–	**3**
Net change on cash flow hedging instruments	5.15.4	–	–	–	–	2	–	–	2	(1)	**1**
Net change on available-for-sale assets	5.15.5	–	–	–	–	–	6	–	6	–	**6**
Net profit for the year		–	–	–	–	–	–	366	366	66	**432**
		–	–	–	3	2	6	366	377	65	**442**
Capital transactions with owners and distribution to owners:											
Dividends	5.15.6	–	–	–	–	–	–	(123)	(123)	(9)	**(132)**
Equity–settled transactions net of tax	5.15.7	–	–	–	–	–	–	1	1	1	**2**
Business combinations and other transactions:											
Gain of control of M6	5.15.5	–	–	–	–	–	48	–	48	243	**291**
Acquisition of minority interest		–	–	–	–	–	–	(21)	(21)	21	**–**
Transactions on minority interest		–	–	–	–	–	–	3	3	–	**3**
Balance at 31 December 2004*		**192**	**6,454**	**(44)**	**(124)**	**(49)**	**79**	**(1,993)**	**4,515**	**347**	**4,862**
Gains and losses:											
Currency translation adjustment	5.15.3	–	–	–	5	–	–	–	5	3	**8**
Net change on cash flow hedging instruments	5.15.4	–	–	–	–	55	–	–	55	3	**58**
Net change on available-for-sale assets	5.15.5	–	–	–	–	–	(1)	–	(1)	–	**(1)**
Net profit for the year		–	–	–	–	–	–	537	537	79	**616**
		–	–	–	5	55	(1)	537	596	85	**681**
Capital transactions with owners and distribution to owners:											
Dividends	5.15.6	–	–	–	–	–	–	(146)	(146)	(65)	**(211)**
Equity-settled transactions net of tax	5.15.7	–	–	–	–	–	–	2	2	2	**4**
Business combinations and other transactions:											
Acquisition of associates achieved in stages	5.15.5	–	–	–	–	–	3	–	3	–	**3**
Transactions on minority interest		–	–	–	–	–	–	3	3	6	**9**
Balance at 31 December 2005		**192**	**6,454**	**(44)**	**(119)**	**6**	**81**	**(1,597)**	**4,973**	**375**	**5,348**

*Restated (see note 1.2.1)

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 2005 comprise the Company and its subsidiaries (together referred to as "the Group") and the Group's interest in associates and jointly controlled entities. RTL Group is the parent company of a multinational television, radio and production Group holding, directly or indirectly, investments in 702 companies. The list of the principal Group undertakings as at 31 December 2005 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 ultimate parent company of RTL Group S.A. preparing consolidated financial statements, Bertelsmann AG, includes in its consolidated financial statements those of RTL Group S.A.. Bertelsmann AG is a company incorporated under 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 its registered office.

The financial statements were authorised for issue by the Board of Directors on 14 March 2006.

1.1 Statement of compliance

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

1.2 Basis of preparation

1.2.1 Consolidated financial statements

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

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

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

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

The accounting policies have been consistently applied by Group enterprises and are consistent with those used in the previous year including the early application as from 1 January 2004 of IFRS 3 "Business Combinations" and revised IAS 36 "Impairment of Assets" and IAS 38 "Intangible Assets" and except for the application of the revised and new standards effective as from 1 January 2005 described below.

In 2003, the International Accounting Standards Board (IASB) published 15 revised International Accounting Standards (IAS), including IAS 32 "Financial Instruments: Disclosure and Presentation" and "IAS 39 Financial Instruments: Recognition and Measurement". Additionally, IFRS 2 "Share-based Payment", IFRS 4 "Insurance Contracts" and IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" were released in 2004. Those revised or new standards were effective as from 1 January 2005 and the main impacts from those changes in accounting policies used for the preparation of the financial statements of RTL Group are as follows:

- IFRS 2 "Share-based Payment" adopted retrospectively in accordance with the standard's provision resulting in a restatement of the income statement for the year ended 31 December 2004 to record a compensation expense of €2 million;
- IAS 32 "Financial Instruments: Disclosure and Presentation" (revised) resulted in a restatement of the opening balance sheet as at 1 January 2004 in respect of some subsidiaries' own shares held in the context of stock option plans. These shares were presented as marketable securities and are now deducted from equity. The net impact on "Equity attributable to RTL Group shareholders" as at 1 January 2004 amounts to €12 million;
- IAS 27 "Consolidated and Separate Financial Statements" (revised) and related amendments to IAS 1 "Presentation of Financial Statements" resulted in a modified presentation of the balance sheet, income statement and statement of changes in equity due to the required presentation of minority interest within equity, separately from the "Equity attributable to RTL Group shareholders";
- IAS 28 "Investments in Associates" (revised) resulted in goodwill on associates being presented within the caption "Investments in associates"; the reclassification from goodwill to "Investments in associates" amounts to €429 million as at 31 December 2005. 2004 comparatives have been restated accordingly for €234 million as at 31 December 2004;

- IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” adopted from 1 January 2005 prospectively in accordance with the standard’s provisions resulted in the “Non-current assets held for sale” and the directly associated liabilities being presented in separate lines in the balance sheet as at 31 December 2005.

Furthermore, the Group elected to reclassify certain balance sheet and income statement captions. Specifically, the current portion of provisions has been separately disclosed on the face of the balance sheet. 2004 comparatives have been restated accordingly.

The IASB has issued the following standards and amendments to standards that will be effective as from 1 January 2006 or after. The Group has not elected to early adopt those standards or amendments to standards. The Group is currently assessing the impact of these amendments and standards and does not expect at this stage that they would significantly impact the Group’s financial position.

- IFRS 6 “Exploration for and Evaluation of Mineral Resources” (effective from 1 January 2006);

- Amendments to IAS 19 “Employee Benefits, Actuarial Gains and Losses, Group Plans and Disclosures” (effective from 1 January 2006);

- Amendments to IAS 21 “The Effects of Changes in Foreign Exchanges Rates, Net Investments in a Foreign Operation” (effective from 1 January 2006);

- Amendments to IAS 39 “Financial Instruments: Recognition and Measurement, Cash Flow Hedge Accounting of Forecast Intragroup Transactions” (effective from 1 January 2006);

- Amendments to IAS 39 “Financial Instruments: Recognition and Measurement, The Fair Value Option” (effective from 1 January 2006);

- Amendments to IAS 39 “Financial Instruments: Recognition and Measurement” and to IFRS 4 “Insurance Contracts, Financial Guarantee Contracts” (effective from 1 January 2006);

- IFRIC 4 “Determining whether an Arrangement contains a Lease” (effective from 1 January 2006);

- IFRIC 5 “Rights to Interests arising from Decommissioning, Restoring and Environmental Rehabilitation Funds” incorporating an amendment to IAS 39 (effective from 1 January 2006);

- IFRIC 7 “Applying the restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies” (effective 1 March 2006);

- IFRIC 8 “Scope of IFRS 2” (effective 1 May 2006);

- IFRS 7 “Financial Instruments: Disclosures” (effective 1 January 2007);

- Amendments to IAS 1 “Presentation of Financial Statements, Capital Disclosures” (effective 1 January 2007).

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. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Company controls another entity. Directly or indirectly held subsidiaries are consolidated from the date on which control is transferred to the Company and are no longer consolidated from the date that control ceases.

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

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

1.3.2 Joint ventures

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

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

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

1.3.3 Associates

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

Notes to the consolidated financial statements continued

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

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

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

1.3.4 Transactions eliminated on consolidation

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

1.4 Foreign currency translation

1.4.1 Foreign currency transactions and balances

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

1.4.2 Financial statements of foreign operations

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

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

1.5 Derivative financial instruments and hedging activities

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

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

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

- For qualifying hedges, the effective component of fair value changes on the hedging instrument (mostly foreign currency forward contracts or cash balances in foreign currencies) is deferred in "Hedging reserve";

- Amounts deferred in "Hedging reserve" are subsequently released to the income statement in the periods in which the hedged item impacts the income statement or are used to adjust the carrying value of assets purchased (basis adjustment). When hedging forecast purchases of programme rights in foreign currency, releases from equity via a basis adjustment occur when the programme right is recognised on-balance sheet in accordance with the Group's policy;

- The ineffective component of the fair value changes on the hedging instrument is recorded directly in the income statement.

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

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

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

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

1.6 Current/non-current distinction

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

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

1.7 Intangible assets

1.7.1 Owned non-current programme 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 charge so as to achieve a constant rate on the outstanding finance balance. The corresponding lease obligations, net of finance charges, are included in loans payable. The interest element of the finance charge is charged to the income statement over the lease period.

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

1.7.3 Goodwill

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

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

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

1.7.4 Other intangible assets

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

Licences:	8 to 20 years
Software:	maximum 3 years

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

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

1.8 Property, plant and equipment

1.8.1 Owned assets

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

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

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

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

Notes to the consolidated financial statements continued

1.8.2 Leases

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

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

1.8.3 Subsequent expenditure

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

1.9 Loans and investments

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

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 they are included in current assets. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

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 "Revaluation reserve" in 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. Net realisable value represents management assessment of rights that are likely to be broadcast. They are consumed based on either the expected number of transmissions or expected revenues in order to match the costs of consumption with the benefits received. The rates of consumption applied for broadcasting rights are the following:

- Blockbusters (films resulting in a large amount of cinema tickets), "mini-series" (mainly own productions with a large budget), other films, series, TV movies and (co)productions are consumed over a maximum of 2 transmissions as follows: at least 67 per cent upon the first transmission, with the remainder upon the second transmission;

- Soaps, in-house productions, quiz and game shows, sports and other events, documentaries and music shows are fully consumed upon the first transmission;

- Children's programmes and cartoons are consumed over a maximum of 2 transmissions as follows: at least 50 per cent upon the first transmission, with the remainder upon the second transmission.

1.11 Accounts receivable

Trade accounts receivable arise from the sale of goods and services related to the Group's operating activities. Other accounts receivable include VAT recoverable, prepaid expenses and the fair value of derivative assets. Trade and other accounts receivable are measured at amortised cost. Impairment losses on trade and other accounts receivable, except derivative assets, are recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original term of receivables.

Accrued income is stated at the amounts expected to be received.

1.12 Cash and cash equivalents

Cash and cash equivalents are carried in balance sheet at cost and include cash in hand, postal and bank accounts, as well as balances receivable on demand and deposits with an original maturity of less than 90 days.

Bank overdrafts are included within current liabilities.

1.13 Impairment of non financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of assets other than goodwill, an impairment loss is reversed when there is an indication that the conditions that caused the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. The carrying value after the reversal of the impairment loss cannot exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

1.14 Impairment of financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. Impairment testing of trade receivables is described in note 1.11.

1.15 Accounts payable

Trade accounts payable arise from the purchase of 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 measured at amortised cost except derivatives, which are measured at fair value.

1.16 Loans payable

Interest-bearing current and non-current liabilities are recognised initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing current and non-current liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings using the effective interest method.

1.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation to transfer economic benefits as a result of past events. The amounts recognised represent management's best estimate of the expenditures that will be required to settle the obligation as of the balance sheet date. Provisions are measured by discounting the expected future cash flows to settle the obligation at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligation.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan and the restructuring has either commenced or has been announced publicly. Costs relating to the ongoing activities of the Group are not provided for.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

1.18 Employee benefits

1.18.1 Pension benefits

The Group operates or participates in both defined contribution and defined benefit plans, according to the national laws and regulations of the countries in which it operates. The assets of the plans are generally held in separate trustee-administered funds and some of the plans are operated through pension funds that are legally independent from the Group. The pension plans are generally funded by payments from employees and by the relevant Group companies, taking into account the recommendations of independent qualified actuaries.

Pension costs and obligations relating to defined benefit plans are recognised based on the projected unit credit method. Actuarial gains and losses arising from the periodical assessments of the actuaries are recognised to the extent that they exceed 10% 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.

Notes to the consolidated financial statements continued

1.18.2 Other benefits
Many Group companies provide death in service benefits, and spouses and children's benefits. The costs associated with these benefits are recognised when an employee has rendered service in exchange for the contributions due by the employer.

1.18.3 Equity compensation benefits
Share options are granted to certain directors and senior employees. The options are granted at the market price on the date of the grant and are exercisable at that price.

For share options that were granted before 7 November 2002, no compensation cost is recognised in the income statement. When the options are exercised the proceeds received, net of any transaction costs, are credited to share capital and share premium.

For share options that were granted after 7 November 2002, the fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using a trinomial model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

1.19 Share capital

1.19.1 Equity transaction costs
Incremental external costs directly attributable to the issue of new shares, other than in connection with a business combination, are deducted, net of the related income taxes, against the gross proceeds recorded in equity. Share issue costs incurred in connection with a business combination are included in the cost of acquisition.

1.19.2 Treasury shares
Where the Company or its subsidiaries purchases the Company's own equity shares, the consideration paid, including any attributable transaction costs net of income taxes, is shown in deduction of equity as "Treasury shares".

1.19.3 Dividends
Dividends on ordinary shares are recorded in the consolidated financial statements in the period in which they are approved by the Company's shareholders.

1.20 Revenue presentation and recognition
Revenue includes sales of rights and licence income, (co)productions, advertising revenues and other sales, net of sales deductions such as cash rebates, credit notes, discounts, refunds and VAT. Agency commissions are presented as a deduction from advertising revenues.

Revenue is recognised when the Group has transferred the significant risks and rewards of ownership, the control over the goods sold and the amount of revenue can be measured reliably. Specifically, advertising sales are recognised when the related advertisement or commercial is broadcast and sales of programme rights under licences are recognised when the programme material has been accepted by the licensee as being in accordance with the conditions of the licence agreement.

Barter revenue is recognised if goods or services in a barter transaction are of a dissimilar nature and if revenue has economic substance and can be reliably measured. Revenue from barter transactions is recognised at the fair value of the goods or services received, adjusted for any cash involved in the transaction.

1.21 Interest income/expense
Interest income/expense is recognised on a time proportion basis using the effective interest method.

1.22 Income tax
Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.

Deferred taxes are recognised according to the balance sheet liability method on any temporary difference between the carrying amount for consolidation purposes and the tax base of the Group's assets and liabilities. Temporary differences are not provided for when the initial recognition of assets or liabilities affect neither accounting nor taxable profit and when differences relate to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. No temporary differences are recognised on the initial recognition of goodwill. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences and losses carried forward can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

1.23 Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as treasury shares.

The diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The only category of dilutive potential ordinary shares is share options.

1.24 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

1.25 Non-current assets held for sale

Non-current assets (or disposal groups) are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through a continuing use.

2 Segment reporting

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment earnings are presented after elimination of inter-segment profit.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business segments

The Group comprises the following main business segments:

Television:

RTL Group's television segment comprises interests in 34 free-to-air television channels in 11 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, 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 32 radio stations in 7 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.

Notes to the consolidated financial statements continued

2.1 Business segments

	Television 2005 €m	Television 2004 €m	Content 2005 €m	Content 2004 €m
Revenue from external customers	**3,973**	3,678	**849**	902
Inter-segment revenue	**28**	29	**173**	184
Total revenue	**4,001**	3,707	**1,022**	1,086
Profit/(loss) from operating activities	**544**	504	**122**	110
Share of results of associates	**58**	43	**–**	3
EBIT	**602**	547	**122**	113
EBITA	**617**	560	**125**	118
Amortisation of fair value adjustments on acquisitions of subsidiaries and joint ventures	**(16)**	(13)	**–**	–
Impairment of goodwill and amortisation of fair value adjustments on acquisitions of associates	**–**	–	**(2)**	–
Gain/(loss) from sale of subsidiaries, joint ventures and other investments	**1**	–	**(1)**	(5)
EBIT	**602**	547	**122**	113
Net interest expense				
Financial results other than interest				
Income tax expense				
Minority interest				
Profit for the year attributable to RTL Group shareholders				
Segment assets	**4,744**	4,474	**1,383**	1,370
Investment in associates	**535**	298	**22**	24
Assets classified as held for sale	**258**	–	**–**	–
Other assets				
Total assets				
Segment liabilities	**1,764**	1,550	**378**	365
Liabilities directly associated with non-current assets classified as held for sale	**233**	–	**–**	–
Other liabilities				
Total liabilities				
Net assets				
Capital expenditure	**490**	529	**35**	37
Depreciation and amortisation	**(121)**	(140)	**(48)**	(53)
Impairment losses excluding goodwill	**(1)**	(2)	**6**	(7)

2.2 Geographical segments

	Germany 2005 €m	Germany 2004 €m	France 2005 €m	France 2004 €m	UK 2005 €m	UK 2004 €m
Revenue from external customers	**1,991**	2,021	**1,545**	1,371	**619**	504
Segment assets	**2,164**	2,259	**1,593**	1,717	**1,576**	1,166
Assets classified as held for sale	**7**	–	**254**	–	**–**	–
Capital expenditure	**35**	38	**120**	492	**333**	7

Radio		Other operations		Eliminations		Total	
2005 €m	2004 €m	**2005 €m**	2004 €m	**2005 €m**	2004 €m	**2005 €m**	2004 €m
245	247	**48**	51	**–**	–	**5,115**	4,878
(3)	(3)	**37**	37	**(235)**	(247)	**–**	–
242	244	**85**	88	**(235)**	(247)	**5,115**	4,878
31	35	**(19)**	(19)	**–**	–	**678**	630
5	(4)	**–**	–	**–**	–	**63**	42
36	31	**(19)**	(19)	**–**	–	**741**	672
35	37	**(19)**	(6)	**–**	–	**758**	709
–	–	**–**	–	**–**	–	**(16)**	(13)
–	(6)	**–**	–	**–**	–	**(2)**	(6)
1	–	**–**	(13)	**–**	–	**1**	(18)
36	31	**(19)**	(19)	**–**	–	**741**	672
						(11)	(25)
						2	(19)
						(116)	(196)
						(79)	(66)
						537	366
241	267	**434**	469	**(432)**	(223)	**6,370**	6,357
60	54	**–**	–	**–**	–	**617**	376
27	–	**9**	–	**–**	–	**294**	–
						828	1,049
						8,109	7,782
179	206	**240**	169	**(417)**	(211)	**2,144**	2,079
15	–	**–**	–	**–**	–	**248**	–
						369	841
						2,761	2,920
						5,348	4,862
7	6	**6**	8	**–**	–	**538**	580
(11)	(12)	**(6)**	(7)	**–**	–	**(186)**	(212)
(3)	(4)	**–**	–	**–**	–	**2**	(13)

Netherlands		Other regions		Eliminations		Total	
2005 €m	2004 €m	**2005 €m**	2004 €m	**2005 €m**	2004 €m	**2005 €m**	2004 €m
590	381	**754**	825	**(384)**	(224)	**5,115**	4,878
395	434	**926**	1,014	**(284)**	(233)	**6,370**	6,357
23	–	**10**	–	**–**	–	**294**	–
6	9	**44**	34	**–**	–	**538**	580

Notes to the consolidated financial statements continued

3 Acquisitions and disposals

3.1 Acquisitions and increases in interests held in subsidiaries and joint ventures

Details of significant acquisitions in the year ended 31 December 2005 are set out in note 3.2. Acquisitions have been consolidated using the purchase method of accounting with goodwill being recognised as an asset. All acquisitions have been included in the consolidated accounts from the date that control has been transferred to the Group.

In aggregate, the acquired businesses contributed revenue of €190 million and profit attributable to RTL Group shareholders of €17 million for the post acquisition period to 31 December 2005. Had the business combinations been at the beginning of the year, the revenue and the profit attributable to RTL Group shareholders would have amounted to €5,275 million and €546 million respectively.

3.2 Details of significant acquisitions and disposals, increases in interests held in subsidiaries and joint ventures

2005

Five Group

On 1 September 2005 following the approval of the European Commission on 26 August 2005, RTL Group completed the acquisition from United Business Media (UBM) of the 35.4% share in Five Group ("Five") for a consideration paid in cash of €67 million. As part of the transaction, the loans granted by UBM to Five were fully repaid for an amount of €300 million. The transaction qualifies as a business combination since RTL Group has gained control of Five. Prior to the acquisition, Five has been proportionately consolidated. In accordance with IFRS 3, RTL Group has allocated the cost of the transaction by recognising Five's identifiable assets, liabilities and contingent liabilities at their fair value at the date of the transaction as in the table below.

Five's brand has been recognised for an amount of €37 million. The brand value is the ability to produce revenue. The fair value for this intangible asset is an estimate of an annual royalty rate under a Brand Licensing Agreement.

A useful life of 10 years has been determined for the brand taking into account a variety of factors including the length of the licence, the audience and advertising share of Five and the fragmentation of the market.

Five earns the majority of its revenues from selling advertising slots and these slots are sold through a network of media agencies. The fair value of customer relationships corresponds to the price that a third party would be ready to pay in an arms length transaction to acquire the portfolio of existing customers. This has been estimated to be €25 million.

A deferred tax asset has been recognised on tax losses carried forward at the date of acquisition for an amount of €24 million.

The business combination resulted in the recognition of goodwill amounting to €256 million:

	€m
Carrying amount of net assets at the acquisition date	43
Incremental value:	
– Intangible assets (gross amount)	62
– Deferred tax liability (30 per cent)	(18)
– Deferred tax asset	24
Fair value of net assets acquired	111
Total purchase consideration	367
Goodwill	256

Five's net profit since the acquisition date included in the profit attributable to RTL Group shareholders for the year amounts to €17 million. Had the business combination been at the beginning of the year, the revenue and the profit attributable to RTL Group shareholders would have amounted to €5,219 million and €546 million respectively.

Mistergooddeal

On 15 November 2005, M6 acquired 95% of Mistergooddeal one of the leading French e-commerce businesses dealing in discount branded products. The consideration was €43 million and this resulted in goodwill of €38 million. The purchase accounting for the business combination has been determined on a provisional basis and will be completed in 2006.

2004

M6 Group

On 20 November 2003, the Conseil Supérieur de l'Audiovisuel (CSA), the French media regulatory body, approved the proposed sale by Suez of its participation in M6, the second largest French free-to-air television broadcaster, subject to a number of conditions, in particular the capping of RTL Group's voting rights at 34% and the setting of the number of independent Board members at 1/3 of the total number of Board members.

On 2 February 2004, M6 signed an amendment to its broadcasting licence agreement with the CSA. On 3 February 2004, Suez sold a large part of its M6 participation, reducing it from 37.34% (and 34% of the voting rights) to 5% (and 5% voting rights). Suez committed to maintain the 5% participation for at least 3 years. As a result of this transaction, RTL Group became the principal shareholder of M6, with a participation of 48.5% (and 34% of the voting rights). The remaining shareholdings are dispersed, the total free float, including the Suez participation at the time of the transaction, being at 50.55%. The simple majority at the shareholders meetings of M6, required for most of the actions put to the vote of the shareholders meeting, is based on the total number of shares, excluding the non-voting shares, i.e. the shares held by RTL Group exceeding 34% and own shares of M6.

Assets acquired upon which the fair value exercise has been undertaken	Nature	Carrying amount value €m	Incremental value €m	Fair value €m	Amortisation period
Other intangible assets	Brand Five	–	37	37	10 years
Other intangible assets	Customer relationships	–	25	25	10 years
Deferred tax asset	Tax losses carry forward	–	24	24	Not applicable
Total			**86**	**86**	

At the extraordinary shareholders meeting on 18 March 2004, the shareholders amended the statutes of M6 as agreed with the CSA. Article 35 was amended to cap RTL Group's voting rights at 34%. This cap will be automatically lifted if and when the legal limitation of ownership of 49% in a French terrestrial broadcaster is abandoned. Article 20-1 was amended to set the number of independent Board members at 1/3 of the total number of Board members. Further, the shareholders amended Article 20-2 of the statutes to prolong the term of the Board mandates to 4 years, and Article 15, to strengthen the role of the Conseil de Surveillance (Supervisory Board) of M6, by giving it the right to remove the members of the Directoire (Management Board), a right so far reserved to the shareholders meeting. On this basis, the Supervisory Board became the governing body of M6.

Since 11 February 2004, members representing RTL Group have a majority at the Supervisory Board of M6, ensured through appropriate arrangements.

On this basis, RTL Group has gained control of M6 and therefore fully consolidates M6 since February 2004. Until this date, M6 has been accounted for using the proportionate consolidation method.

As a result of the gain of control by RTL Group of M6, RTL Group has accounted for the business combination in accordance with IFRS 3 Business combinations. RTL Group has adopted IFRS 3 as from 1 January 2004 and has recognised M6's identifiable assets, liabilities and contingent liabilities at their fair values from February 2004 as in the table below.

The brand M6 has been recognised for an amount of €120 million. In determining that the brand M6 has an indefinite useful life, Group management has considered various factors such as the past and expected longevity of the brand, the impact of possible changes in broadcasting technologies, the impact of possible evolutions of the regulatory environment in the French television industry, the current and expected audience share of the M6 channel and M6 management strategy to maintain and strengthen the trademark "M6". Based on the analysis of these factors, management has determined that there is no foreseeable limit to the period of time over which the brand M6 is expected to generate cash inflows for the Group.

Notwithstanding the fact that the broadcasting licence of M6 arises from contractual rights, Group Management assessed that it was not possible to reliably measure its fair value due to the fact that it is not separable from the underlying business of M6. Therefore, in accordance with IAS 38.38, the broadcasting license has not been recognised as a separate intangible asset acquired in the business combination.

The application of IFRS 3 at the time the Group obtained the control of M6, but without the acquisition of a controlling stake in M6, led to the adjustment of the previously recognised goodwill arising from prior transactions to exclude the intangible assets that would have been recognised separately if IFRS 3 had been applied at the date of the prior transactions. The related adjustment amounts to €35 million.

The fair values have been allocated to equity attributable to RTL Group shareholders and to minority interest as follows:

	€m
Incremental value (gross amount)	261
Deferred tax liability (34.9 per cent)	(91)
Net incremental fair value	170
Equity attributable to RTL Group shareholders	83
Equity attributable to minority interest	87

M6's net profit since the acquisition date included in the profit attributable to RTL Group shareholders for the year amounts to €63 million. Had the business combination been at the beginning of the year, the revenue and the profit attributable to RTL Group shareholders would have amounted to €4,926 million and €367 million respectively.

Paris Première

In May 2004, M6 completed the acquisition of the remaining shares in the leading cable channel Paris Première from Suez. It has been fully consolidated as from 1 May 2004. The total consideration paid was €19.7 million and the related goodwill was €15 million.

RTL Hrvatska (formerly RTL Croatia)

Following the award of a television broadcast licence in 2003, RTL Hrvatska commenced operations on 30 April 2004. RTL Group acquired from minority interests two further stakes in the channel during 2004 taking its interest from 33% to 65.5% as at 31 December 2004. In June 2004, RTL Group acquired a 25% shareholding for an amount of €3.4 million and in November a further 7.5% stake was acquired for 1.8 million.

3.3 Assets and liabilities acquired

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

	2005 €m	2004 €m
Purchase consideration:		
– Cash paid	**419**	74
– Prior years payments on acquisitions	**9**	–
Total purchase consideration	**428**	74
Less fair value of net assets acquired	**(127)**	(37)
Change in revaluation reserve from gain of control of M6	**–**	48
Acquisition of minority interest	**–**	(21)
Goodwill	**301**	64

Assets acquired upon which the fair value exercise has been undertaken	Nature	Carrying amount value €m	Incremental value €m	Fair value €m	Amortisation period
Other intangible assets	Subscriber base TPS*	–	50	50	6 years
Other intangible assets	Customer relationships	–	28	28	10 years
Other intangible assets	Brand M6	–	120	120	Indefinite life
Property, plant & equipment	Office building (Paris – France)	47	63	110	25 years
Net assets acquired		**47**	**261**	**308**	

*transferred in 2005 to "Assets classified as held for sale" (see note 5.10)

Notes to the consolidated financial statements continued

3.4 Cash outflow/(inflow) on acquisitions

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

	2005 Carrying amount at acquisition date €m	2005 Incremental value €m	2005 Fair value €m	2004 Fair value €m
Cash and cash equivalents	16	–	**16**	120
Property, plant and equipment	9	–	**9**	110
Other intangible assets	1	62	**63**	218
Financial assets	7	–	**7**	8
Marketable securities	–	–	**–**	32
Current and non-current programme rights	72	–	**72**	71
Accounts receivable (trade and other)	22	–	**22**	324
Accounts payable (trade and other)	(68)	–	**(68)**	(413)
Employee benefit obligations	–	–	**–**	(24)
Other provisions	(2)	–	**(2)**	(28)
Interest bearing loans and borrowings	–	–	**–**	(36)
Net deferred tax assets/(liabilities)	1	6	**7**	(79)
Minority interest	1	–	**1**	(266)
Net assets acquired	59	68	**127**	37
Goodwill from acquisition of subsidiaries and joint ventures			**301**	64
Change in revaluation reserve from gain of control of M6			**–**	(48)
Acquisition of minority interest			**–**	21
Total purchase consideration			**428**	74
Less:				
Prior years payments on acquisitions			**(9)**	–
Cash and cash equivalents in operations acquired			**(16)**	(120)
Cash outflow/(inflow) on acquisitions			**403**	(46)

3.5 Assets and liabilities disposed of

Details of net assets disposed of and loss on disposal are as follows:

	2005 €m	2004 €m
Disposal proceeds	**–**	246
Net assets disposed of	**–**	(264)
Net loss on disposal of subsidiaries and joint ventures (see note 4.3.)	**–**	(18)

3.6 Cash inflow on disposals

The net assets disposed of are as follows:

	2005 €m	2004 €m
Cash and cash equivalents	**–**	(31)
Goodwill	**–**	(158)
Property, plant and equipment	**–**	(19)
Other intangible assets	**–**	(3)
Financial assets	**–**	(15)
Marketable securities	**–**	(5)
Current and non-current programme rights	**–**	(70)
Accounts receivable (trade and other)	**–**	(164)
Accounts payable (trade and other)	**–**	124
Employee benefit obligations	**–**	1
Other provisions	**–**	4
Interest bearing loans and borrowings	**–**	67
Net deferred tax assets/(liabilities)	**–**	4
Minority interests	**–**	1
Net assets disposed of	**–**	(264)
Total disposal proceeds	**–**	246
Less:		
Cash and cash equivalents in operations disposed of	**–**	(31)
Cash inflow on disposals	**–**	215

4 Consolidated income statement

4.1 Revenue

	2005 €m	%	2004 €m	%
Net spot advertising sales	**3,002**	59	**2,823**	58
Net bartering advertising sales	**38**	1	**44**	1
Net other advertising sales	**109**	2	**149**	3
Net advertising sales	**3,149**	62	**3,016**	62
Net film, programme and sport rights sales	**935**	18	**899**	19
Diversification and other revenue	**1,031**	20	**963**	19
	5,115	100	**4,878**	100

4.2 Other operating expense

	Notes	2005 €m	2004 €m
Personnel costs	4.2.1	**795**	743
External cost of live programmes		**318**	423
External cost of transmitting		**163**	148
Other marketing, promotion and public relations costs		**137**	136
Author rights		**169**	148
Consumption of other inventories		**121**	101
Rental costs		**93**	98
Repairs and maintenance		**77**	68
Operating taxes		**63**	60
Marketing and promotion costs – barter		**45**	40
Others		**537**	530
		2,518	2,495

Operating foreign exchange and derivative losses amount to €1 million (2004: €3 million).

SPORTFIVE Group contributed in 2004 an amount of €114 million within the caption “External cost of live programmes” (see note 5.4.1).

4.2.1 Personnel costs

	2005 €m	2004 €m
Wages and salaries	**601**	555
Social security	**130**	123
Share options granted to employees	**4**	2
Pension costs	**15**	8
Other personnel costs	**45**	55
	795	743

Amounts set out above, exclude personnel costs of €174 million (2004: €156 million), that are capitalised and which represent costs of employees directly allocated to the production of programmes. Pension costs relate to defined contribution and benefit plans (see note 5.13).

An analysis of the average number of employees for undertakings held by the Group is set out below:

	2005	2004
Employees of fully consolidated undertakings[1]	**8,388**	7,574
Employees of joint ventures[2]	**383**	647
	8,771	8,221

[1]of which 130 relate to disposal groups
[2]of which 244 relate to disposal groups

Employees of joint ventures reflect the number of employees based on the Group’s ownership in these joint ventures. The decrease in the number of employees in joint ventures is mainly due to the full acquisition of Five. Five is now reflected in the category “employees of fully consolidated undertakings”. In addition to the Five acquisition, “employees of fully consolidated undertakings” mainly increased due to expanding activities in Croatia and France.

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” mainly relates to the following:

2005
- Gain on sale of the investment in the Sud Radio associate €1 million

2004
- Loss on sale of the investment in the London Playout Centre subsidiary (transmission assets of FremantleMedia) €(5) million
- Loss on sale of the investment in the SPORTFIVE joint venture €(13) million

4.4 Net interest expense

	2005 €m	2004 €m
Interest income	**22**	22
Interest expense	**(33)**	(47)
	(11)	(25)

“Interest expense” includes an amount of €6 million (2004: €19 million) in respect of loans and facilities from Bertelsmann AG (see note 7.1).

4.5 Financial results other than interest

	2005 €m	2004 €m
Impairment losses and reversal of impairment on financial assets	**(3)**	–
Fair value changes on derivatives	**–**	(14)
Commitment fee on unused credit facilities (see note 7.1)	**(1)**	(2)
Other financial results	**6**	(3)
	2	(19)

“Fair value changes on derivatives” includes non-operating losses and gains on foreign exchange derivatives of €0 million (2004: €11 million).

4.6 Income tax expense

	2005 €m	2004 €m
Current tax expense	**134**	182
Deferred tax (income)/expense	**(18)**	14
	116	196

Notes to the consolidated financial statements continued

4.6 Income tax expense (continued)

The income tax on the Group profit before tax differs from the theoretical amount that would arise using the Luxembourg tax rate as follows:

	2005 €m	%	2004 €m	%
Profit before taxes	**732**		628	
Less:				
Impairment of goodwill	**–**		6	
Profit before impairment of goodwill	**732**		634	
Income tax rate applicable in Luxembourg		**30.38**		30.38
Tax calculated at domestic tax rate applicable to profits in Luxembourg	**222**		193	
Effects of tax rate in foreign jurisdictions and German trade tax	**41**		46	
Tax calculated at domestic tax rate applicable to profits in the respective countries	**263**	**35.9**	239	37.9
Change in tax regulation and status	**–**		2	
Non deductible expenses:				
– Capital losses	**–**		4	
– Other non deductible expenses	**8**		17	
Tax exempt revenue	**(27)**		(5)	
Recognition of deferred tax assets	**–**		(12)	
Effect of intercompany transactions	**(84)**		–	
Tax incentives not recognised in the income statement	**–**		(1)	
Non recognised tax assets	**–**		(6)	
Effect of tax losses utilised	**(33)**		(27)	
Tax expense before adjustment on prior years	**127**	**17.3**	211	33.2
Current tax adjustment on prior years	**(28)**		(7)	
Deferred tax adjustment on prior years	**17**		(8)	
Income tax expense	**116**	**15.8**	196	30.8

Tax exempt revenue mainly relates to the share of results of associates.

Effect of intercompany transactions results from the non compensating tax effect arising on transactions between Group companies.

Income tax adjustments on prior years comprise:

2005
- €16 million of income tax received on tax relief in United Kingdom;
- €12 million of income tax received mainly attributable to the tax audit conducted in the Netherlands and in Germany;
- €17 million of deferred tax mainly attributable to the amortisation of tax deductible goodwill previously not considered.

2004
- €7 million of income tax mainly attributable to the tax audit conducted in the Netherlands and in Germany;
- €8 million of deferred tax mainly attributable to the reassessment of loss carry-forwards previously not recognised.

4.7 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to RTL Group shareholders of €537 million (2004: profit of €366 million) and a weighted average number of ordinary shares outstanding during the year of 153,618,853 (2004: 153,618,853), calculated as follows:

	2005	2004
Profit attributable to RTL Group shareholders (in € million)	**537**	366
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 €)	**3.50**	2.38
Diluted earnings per share (in €)	**3.50**	2.38

For 2005 and 2004, there is no dilutive impact of the share option plan as all options are out of the money.

5 Consolidated balance sheet

5.1 Programme and sport rights, goodwill and other intangible assets

	Sport rights €m	(Co)-productions €m	Distribution and broad-casting rights €m	Advance payments and (co)productions in progress €m	Total Programme and sport rights[1] €m	Goodwill €m	Other intangible assets €m
Cost							
Balance at 1 January 2004	**114**	**505**	**1,019**	**14**	**1,652**	**6,904**	**194**
Early application of IFRS 3	–	–	–	–	–	(943)	–
Effect of IAS 28 revised	–	–	–	–	–	(518)	–
Restated balance at 1 January 2004	**114**	**505**	**1,019**	**14**	**1,652**	**5,443**	**194**
Effects of movements in foreign exchange	–	(33)	(7)	–	(40)	–	1
Additions	6	20	12	23	61	–	47
Disposals	–	–	(305)	–	(305)	–	(10)
Subsidiaries and joint ventures disposed of	(127)	–	(1)	(4)	(132)	(344)	(4)
Subsidiaries and joint ventures acquired	–	–	–	–	–	64	–
Gain of control of M6	6	68	101	9	184	–	260
Transfers and other changes	1	5	71	(11)	66	–	(66)
Balance at 31 December 2004	**–**	**565**	**890**	**31**	**1,486**	**5,163**	**422**
Effects of movements in foreign exchange	–	45	14	–	59	5	1
Additions	–	18	22	28	68	–	29
Disposals	–	(6)	(39)	(1)	(46)	–	(19)
Subsidiaries and joint ventures acquired[2]	–	–	–	–	–	301	66
Transfer to assets classified as held for sale	–	–	–	(1)	(1)	(99)	(94)
Transfers and other changes	–	(10)	51	(28)	13	–	(16)
Balance at 31 December 2005	**–**	**612**	**938**	**29**	**1,579**	**5,370**	**389**
Amortisation and impairment							
Balance at 1 January 2004	**(53)**	**(497)**	**(933)**	**–**	**(1,483)**	**(3,701)**	**(120)**
Early application of IFRS 3	–	–	–	–	–	943	–
Effect of IAS 28 revised	–	–	–	–	–	286	–
Restated balance at 1 January 2004	**(53)**	**(497)**	**(933)**	**–**	**(1,483)**	**(2,472)**	**(120)**
Effects of movements in foreign exchange	–	33	6	–	39	–	(1)
Amortisation charge for the year	(5)	(26)	(47)	–	(78)	–	(53)
Impairment losses recognised for the year	–	(1)	(4)	–	(5)	–	(4)
Disposals	–	–	305	–	305	–	10
Subsidiaries and joint ventures disposed of	61	–	1	–	62	186	1
Gain of control of M6	(3)	(66)	(84)	–	(153)	–	(42)
Transfers and other changes	–	–	(48)	–	(48)	–	48
Balance at 31 December 2004	**–**	**(557)**	**(804)**	**–**	**(1,361)**	**(2,286)**	**(161)**
Effects of movements in foreign exchange	–	(45)	(13)	–	(58)	–	(1)
Amortisation charge for the year	–	(21)	(51)	–	(72)	–	(39)
Impairment losses recognised for the year	–	(1)	(2)	–	(3)	–	(6)
Reversal of impairment	–	1	9	–	10	–	–
Disposals	–	6	39	–	45	–	14
Subsidiaries and joint ventures acquired[2]	–	–	–	–	–	–	(3)
Transfer to assets classified as held for sale	–	–	–	–	–	–	34
Transfers and other changes	–	12	(34)	–	(22)	–	21
Balance as at 31 December 2005	**–**	**(605)**	**(856)**	**–**	**(1,461)**	**(2,286)**	**(141)**
Carrying amount:							
At 31 December 2004	**–**	**8**	**86**	**31**	**125**	**2,877**	**261**
At 31 December 2005	**–**	**7**	**82**	**29**	**118**	**3,084**	**248**

[1]Programme and sport rights include internally generated capitalised rights
[2]Including gain of control of Five

Notes to the consolidated financial statements continued

5.1 Programme and sport rights, goodwill and other intangible assets (continued)

Other intangible assets mainly include M6 and Five brands for €156 million (2004: €120 million) and M6 and Five customer relationships of €47 million (2004: €26 million).

As explained in note 3.2, the M6 brand is considered to have an indefinite useful life and has been recognised for an amount of €120 million. As at 31 December 2005, an impairment test was performed and did not lead to any impairment.

5.2 Impairment test for goodwill

Goodwill is allocated to the Group's cash-generating units identified according to geographical area of operation and business segment except for the content business which is considered as a sole cash-generating unit for worldwide operations.

A segment-level summary of the goodwill allocation is as follows:

	2005 €m	2004 €m
Germany		
– Television	**836**	833
– Radio	**14**	14
France		
– Television	**388**	449
– Radio	**65**	65
Netherlands		
– Television	**124**	124
UK		
– Television	**746**	485
Content	**894**	890
Other regions		
– Television	**17**	17
Total goodwill on cash-generating units	**3,084**	2,877
Germany		
– Television	**24**	24
– Radio	**45**	42
France		
– Radio	**–**	2
Content	**8**	8
Other regions		
– Television	**346**	152
– Radio	**6**	6
Total goodwill on associates	**429**	234
Goodwill	**3,513**	3,111

The recoverable amounts of cash generating units are determined based on value-in-use calculations or trading comparables (EBITA multiples). Value-in-use calculations use cash flow projections based on financial budgets prepared by management covering a 3 year period. Cash flows beyond the 3 years period are extrapolated using the estimated growth rates stated below. The growth rates do not exceed the long-term average growth rate for the business in which the cash-generating unit operates.

Key assumptions used for the value-in-use calculations are as follows:

% a year	Television	Content	Radio
Growth rate	**3.0-4.0**	**3.0**	**3.0**
Discount rate	**8.5-10.0**	**9.5**	**9.0**

These assumptions have been used for the analysis of each cash-generating unit within the business segment. Management determined budgeted gross margin based on past performance and its expectations for the market development. The discount rates used reflect specific risks relating to the relevant segments. No impairment loss has been recorded in 2005 (2004: €6 million on goodwill on associates).

5.3 Property, plant and equipment

	Land, buildings and improvements €m	Technical equipment €m	Other €m	Total €m
Cost				
Balance at 1 January 2004	**308**	**327**	**214**	**849**
Effect of movements in foreign exchange	1	–	–	1
Additions	14	30	36	80
Disposals	(7)	(30)	(20)	(57)
Subsidiaries and joint ventures disposed of	(14)	(59)	(3)	(76)
Subsidiaries and joint ventures acquired	–	1	–	1
Gain of control of M6	96	18	67	181
Transfers and other changes	14	7	(22)	(1)
Balance at 31 December 2004	**412**	**294**	**272**	**978**
Effect of movements in foreign exchange	1	–	1	2
Additions	6	19	43	68
Disposals	(12)	(17)	(26)	(55)
Subsidiaries and joint ventures acquired[1]	9	1	4	14
Transfer to assets classified as held for sale	(24)	–	(120)	(144)
Transfers and other changes	3	(14)	9	(2)
Balance at 31 December 2005	**395**	**283**	**183**	**861**
Depreciation and impairment losses				
Balance at 1 January 2004	**(133)**	**(269)**	**(150)**	**(552)**
Effect of movements in foreign exchange	–	–	–	–
Depreciation charge for the year	(24)	(24)	(33)	(81)
Impairment losses recognised for the year	(4)	–	–	(4)
Disposals	4	28	17	49
Subsidiaries and joint ventures disposed of	8	46	3	57
Gain of control of M6	(9)	(16)	(47)	(72)
Transfers and other changes	(7)	–	9	2
Balance at 31 December 2004	**(165)**	**(235)**	**(201)**	**(601)**
Effect of movements in foreign exchange	–	–	(1)	(1)
Depreciation charge for the year	(23)	(22)	(30)	(75)
Impairment losses reversed for the year	1	–	–	1
Disposals	10	17	24	51
Subsidiaries and joint ventures acquired[1]	(1)	(1)	(3)	(5)
Transfer to assets classified as held for sale	8	–	97	105
Transfers and other changes	(2)	9	(9)	(2)
Balance at 31 December 2005	**(172)**	**(232)**	**(123)**	**(527)**
Carrying amount:				
At 31 December 2004	**247**	**59**	**71**	**377**
At 31 December 2005	**223**	**51**	**60**	**334**

[1]Including gain of control of Five

Net tangible assets held under finance leases at 31 December 2005 amount to €13 million (2004: €21 million).

Notes to the consolidated financial statements continued

5.4 Investments in associates

	2005 €m	2004 €m
Balance at 1 January	**376**	114
Effect of IAS 28 revised	**–**	232
Restated balance at 1 January	**376**	346
Effect of movements in foreign exchange	**–**	2
Share of results of associates	**63**	42
Dividend distribution	**(61)**	(36)
Change in ownership interest	**246**	23
Transfer to assets classified as held for sale	**(4)**	–
Transfers and other changes	**(3)**	(1)
Balance at 31 December	**617**	376

Share of results of associates:

	2005 €m	2004 €m
Share of result after tax	**65**	48
Amortisation of fair value adjustments on acquisitions of associates	**(2)**	–
Impairment of goodwill	**–**	(6)
	63	42

Investments in associates at 31 December 2005 include goodwill of €429 million (2004: €234 million).

5.4.1 Change in ownership interest

2005

REN TV Group

On 1 October 2005, the Group acquired a 30% interest in the Russian television and production group REN TV. The investment in REN TV has been equity accounted for from 1 October 2005 to 31 December 2005, resulting in the recognition of a goodwill amounting to €67 million included in "Investments in associates". The purchase accounting has been determined on a provisional basis and will be completed in 2006.

Media Capital Group

On 15 December 2005, RTL Group obtained a significant influence in the Portuguese group Media Capital, following its increased shareholding to 33%. The investment in Media Capital has been equity accounted for from mid December 2005 to 31 December 2005, resulting in the recognition of a goodwill amounting to €128 million and included in "Investments in associates". Prior to the step acquisition, Media Capital Group was presented as an available-for-sale financial asset. The purchase accounting has been determined on a provisional basis and will be completed in 2006.

2004

SPORTFIVE Group

In June 2004, RTL Group sold its interests in SPORTFIVE to Advent International/Goldman Sachs for an amount of €219 million. RTL Group subsequently re-invested in the ultimate holding company of the new SPORTFIVE Group obtaining a 25% stake for an amount of €23 million. Goodwill arising on this acquisition amounted to €8 million.

The impacts of acquisitions of associates are presented below:

	2005 €m	2004 €m
Purchase consideration:		
– Cash paid	**181**	8
– Prior years payments on acquisitions	**63**	–
Total purchase consideration	**244**	8
Less fair value of net assets acquired	**(45)**	–
Goodwill on acquisitions of associates	**199**	8

	2005 €m	2004 €m
Investments in associates	**48**	–
Acquisition of associates achieved in stages	**(3)**	–
Net assets acquired	**45**	–
Goodwill on acquisitions of associates	**199**	8
Total purchase consideration	**244**	8
Less:		
Prior years payments on acquisitions	**(63)**	–
Cash outflow in acquiring associates*	**181**	8

*included in "Acquisitions of other investments and financial assets" presented in the cash flow statement.

5.4.2 Summarised financial information

The summarised financial information on the main associates of the Group, on a 100% basis, is as follows:

				2005			
	Country of incorporation	Assets €m	Liabilities €m	Equity €m	Revenues €m	Profit/(loss) for the year €m	% interest held
Antena 3 De Television Group	Spain	1,003	610	393	932	226	17.3
Media Capital Group	Portugal	350	219	131	221	13	32.9
M-RTL rt	Hungary	120	77	44	124	12	48.8
REN TV Group	Russia	43	19	23	76	9	30.0
RTL 2 GmbH & CoKG	Germany	145	105	40	272	25	35.8
SPORTFIVE Group	France	749	697	52	526	(4)	24.9

				2004			
	Country of incorporation	Assets €m	Liabilities €m	Equity €m	Revenues €m	Profit/(loss) for the year €m	% interest held
Antena 3 De Television Group	Spain	996	645	351	771	113	17.3
M-RTL rt	Hungary	80	39	41	104	10	48.8
RTL 2 GmbH & CoKG	Germany	189	121	68	289	53	35.8
SPORTFIVE Group[1]	France	773	715	58	269	1	24.9

[1]Income statement for the period from July to December 2004

Based on their published price quotations as at 31 December 2005, the fair values of 100% of Antena 3 and Media Capital amount to €4,476 million and €606 million respectively.

5.5 Loans and other financial assets

	2005 €m	2004 €m
Loans to associates	**38**	39
Other loans and financial assets	**78**	244
Available-for-sale investments	**58**	115
Surplus in the defined benefit plans (see note 5.14)	**2**	3
	176	401

Other loans and financial assets include an amount of €0 million (2004: €139 million) in respect of a loan to Five.

No reversal of impairment losses has been recorded in 2005 (2004: €2 million).

The movements in available-for-sale investments are as follows:

	2005 €m	2004 €m
Balance at 1 January		
Non-current	**115**	60
Current	**–**	36
	115	96
Change in accounting policy on treasury shares	**–**	(31)
Balance at 1 January restated	**115**	65
Net acquisitions and disposals	**110**	47
Change in fair value	**35**	6
Impairment loss	**(4)**	(4)
Other changes	**(198)**	1
Balance at 31 December	**58**	115

Other changes include the effect of the acquisition, achieved in stages during 2004 and 2005, of Media Capital Group, equity accounted for as from 15 December 2005.

No reversal of impairment losses have been recorded in 2005 and 2004.

Notes to the consolidated financial statements continued

5.6 Deferred tax assets and liabilities

	2005 €m	2004 €m
Deferred tax assets	**199**	175
Deferred tax liabilities	**(116)**	(99)
	83	76

Unrecognised deferred tax assets amount to €2,129 million as at 31 December 2005 (2004: €2,181 million).

Deferred tax assets are recognised on tax losses-carry forwards to the extent that realisation of the related tax benefit through future taxable profits is probable. The Group has unrecognised tax losses of €5,894 million (2004: €7,113 million) to carry forward against future taxable income. The most significant portion of these tax losses are generated in Luxembourg and have no expiry date.

In addition, the Group has deductible temporary differences originated by an intercompany transaction which will reverse during the next 14 years (see note 9).

	2005 €m	2004 €m
Balance at 1 January	**76**	169
Income statement change	**18**	(14)
Tax charged to equity	**(29)**	(4)
Change in consolidation scope	**8**	6
Transfer to assets classified as held for sale	**(2)**	–
Transfer to liabilities directly associated with non-current assets classified as held for sale	**12**	–
Gain of control of M6	**–**	(81)
Balance at 31 December	**83**	76

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

Deferred tax assets	**Balance at 1 January 2005 €m**	(Charged)/ credited to income statement €m	(Charged)/ credited to equity €m	Change in consolidation scope €m	Transfers and other changes €m	**Balance at 31 December 2005 €m**
Intangible assets	–	55	–	–	–	55
Programme rights	61	(18)	–	–	(6)	37
Property, plant and equipment	2	1	–	–	–	3
Provisions	46	17	–	2	(4)	61
Tax losses	34	(5)	–	24	–	53
Others	32	26	(28)	–	(4)	26
Set off of tax	–	–	–	–	(36)	(36)
	175	**76**	**(28)**	**26**	**(50)**	**199**

Deferred tax liabilities	**Balance at 1 January 2005 €m**	(Charged)/ credited to income statement €m	(Charged)/ credited to equity €m	Change in consolidation scope €m	Transfers and other changes €m	**Balance at 31 December 2005 €m**
Intangible assets	(65)	(31)	–	(18)	8	(106)
Programme rights	(6)	–	–	–	6	–
Property, plant and equipment	(21)	–	–	–	–	(21)
Provisions	–	(6)	–	–	–	(6)
Others	(7)	(21)	(1)	–	10	(19)
Set off of tax	–	–	–	–	36	36
	(99)	**(58)**	**(1)**	**(18)**	**60**	**(116)**

5.7 Current programme rights

	2005 Gross value €m	2005 Valuation allowance €m	2005 Net value €m	2004 Gross value €m	2004 Valuation allowance €m	2004 Net value €m
(Co)productions	**477**	**(217)**	**260**	487	(207)	280
TV programmes	**75**	**(6)**	**69**	84	(8)	76
Other distribution and broadcasting rights	**990**	**(206)**	**784**	920	(172)	748
Sub-total programme rights	**1,542**	**(429)**	**1,113**	1,491	(387)	1,104
(Co)productions and programmes in progress	**121**	**(15)**	**106**	91	(15)	76
Advance, payments on (co)productions, programmes and rights	**133**	**–**	**133**	114	–	114
Sub-total programme rights in progress	**254**	**(15)**	**239**	205	(15)	190
	1,796	**(444)**	**1,352**	1,696	(402)	1,294

Additions and reversals of valuation allowance have been recorded for €(71) million and €31 million respectively in 2005 (2004: €(47) million and €24 million).

5.8 Accounts receivable

	2005 Under 1 year €m	2005 Over 1 year €m	2005 Total €m	2004 Under 1 year €m	2004 Over 1 year €m	2004 Total €m
Trade accounts receivable	**764**	**2**	**766**	735	14	749
Accounts receivable from associates	**20**	**–**	**20**	34	–	34
VAT receivable	**95**	**–**	**95**	120	–	120
Prepaid expenses	**66**	**–**	**66**	51	–	51
Accrued interest on loans and other financial assets	**1**	**–**	**1**	48	–	48
Fair value of derivative assets	**7**	**–**	**7**	–	–	–
Current deposit with shareholder (see note 7.1)	**–**	**–**	**–**	208	–	208
Other accounts receivable	**184**	**10**	**194**	119	7	126
	1,137	**12**	**1,149**	1,315	21	1,336

Impairments and reversals of impairment have been recorded for €(20) million and €14 million respectively in 2005 (2004: €(21) million and €32 million).

5.9 Cash and cash equivalents

	2005 €m	2004 €m
Cash in hand and at bank	**126**	116
Fixed term deposits (<3 months)	**201**	230
Other cash equivalents	**5**	–
	332	346

5.10 Assets classified as held for sale and liabilities directly associated with non-current assets classified as held for sale

Non-current assets classified as held for sale:

	2005 €m
Programme rights	**1**
Goodwill	**99**
Other intangible assets	**60**
Property, plant and equipment	**22**
Deferred tax assets	**2**
Other inventories	**32**
Accounts receivable	**55**
Cash and cash equivalents	**2**
	273

5.10 Assets classified as held for sale and liabilities directly associated with non-current assets classified as held for sale (continued)

Non-current assets held for sale:

	2005 €m
Property, plant and equipment	**17**
Investments in associates	**4**
	21

Liabilities directly associated with non-current assets classified as held for sale:

	2005 €m
Loans and bank overdrafts	**56**
Accounts payable	**165**
Provisions	**15**
Deferred tax liabilities	**12**
	248

The disposal groups mainly relate to TPS.

Further to the 16 December 2005 public announcement issued by TF1, M6 and Vivendi Universal, TPS Group (included in the television segment) will be sold, subject to regulatory approval, to Vivendi Universal in order to merge the activities of TPS Group and Group Canal Plus. As at 31 December 2005, RTL Group's share in the assets and liabilities of TPS Group has therefore been presented as "held for sale". The completion date is expected to be in 2006.

The carrying amount of the disposal groups is €25 million at 31 December 2005.

The non-current assets held for sale consist of 3 buildings located in Brussels, Luxembourg and Paris and an investment in a German radio station.

5.11 Loans and bank overdrafts

Current liabilities	2005 €m	2004 €m
Bank overdrafts	**7**	1
Bank loans payable	**2**	–
Current portion of other non-current loans payable	**1**	58
Leasing liabilities	**2**	2
Other current loans payable	**13**	300
	25	361

The decrease of "Other current loans payable" is mainly due to the repayment of the €300 million loan from Bertelsmann AG in April 2005 (see note 7.1).

Non-current liabilities	2005 €m	2004 €m
Bank loans payable	**25**	27
Leasing liabilities	**13**	24
Other non-current loans payable	**12**	185
	50	236

Other non-current loans payable include an amount of €0 million (2004: €139 million) in respect of a loan to Five.

5.11 Loans and bank overdrafts (continued)

	2005			
Term and debt repayment schedule	**Under 1 year €m**	**1 – 5 years €m**	**Over 5 years €m**	**Total carrying amount €m**
Bank overdraft	7	–	–	7
Bank loans payable	2	24	1	27
Current portion of other non-current loans payable	1	–	–	1
Leasing liabilities	2	7	6	15
Other loans payable	13	6	6	25
	25	**37**	**13**	**75**

	2004			
Term and debt repayment schedule	Under 1 year €m	1 – 5 years €m	Over 5 years €m	Total carrying amount €m
Bank overdraft	1	–	–	1
Bank loans payable	–	25	2	27
Current portion of other non-current loans payable	58	–	–	58
Leasing liabilities	2	17	7	26
Other loans payable	300	185	–	485
	361	**227**	**9**	**597**

5.12 Accounts payable

Current accounts payable	2005 €m	2004 €m
Amounts due to associates	**12**	17
Trade accounts payable	**1,066**	988
Fair value of derivative liabilities	**7**	73
Other accounts payable	**703**	602
	1,788	1,680

"Fair value of derivative liabilities" represents the fair value of forward foreign exchange contracts for an amount of €7 million (2004: €73 million).

"Other accounts payable" include deferred income for an amount of €104 million (2004: €105 million).

5.12 Accounts payable (continued)

Non-current accounts payable	2005 1–5 years €m	2005 Over 5 years €m	2005 Total €m	2004 1–5 years €m	2004 Over 5 years €m	2004 Total €m
Other accounts payable	**60**	**58**	**118**	183	7	190

5.13 Provisions

	Employee benefits[1] €m	Litigations[2] €m	Restructuring €m	Onerous contracts €m	Other provisions €m	Total €m
Balance at 1 January 2005	**120**	**38**	**6**	**31**	**57**	**252**
Change in accounting policy	(39)	–	–	–	–	(39)
Balance at 1 January 2005 restated	**81**	**38**	**6**	**31**	**57**	**213**
Provisions made during the year	15	10	10	28	22	85
Provisions used during the year	(7)	(4)	(3)	(6)	(3)	(23)
Provisions reversed during the year	(1)	(10)	–	(6)	(12)	(29)
Change in consolidation scope	2	–	–	–	1	3
Transfer to liabilities classified as held for sale	–	(7)	–	–	(8)	(15)
Other changes	(3)	2	(1)	–	6	4
Balance at 31 December 2005	**87**	**29**	**12**	**47**	**63**	**238**

	2005 €m	2004 €m
Non-current	**120**	125
Current	**118**	88
	238	213

[1] "Employee benefits" comprise provisions for defined benefit obligations for €77 million (2004: €75 million) (see note 5.14.) and provision for other employee benefits for €10 million (2004: €45 million, €5 million after changes in accounting policy).

[2] "Litigations" include provisions with M6 for €20 million (2004: €27 million) of which €7 million transferred to liabilities directly associated with non current assets classified as held for sale, RTL TVi for €5 million (2004: €6 million), and various other minor litigations for €4 million (2004: €5 million).

5.14 Employee benefits

RTL Group operates or participates in a number of defined benefit and defined contribution plans throughout Europe. These plans have been set up and are operated in accordance with national laws and regulations. A description of the principal defined benefit plans of the Group is given below:

Belgium
Employees of RTL TVi participate in a defined benefit plan insured with the insurance company AXA, which provides pension benefits to members and their dependants on retirement and death.

France
Ediradio, ID and IP France operate retirement indemnity plans, which, by law, provide lump sums to employees on retirement. The lump sums are based on service and salary at date of termination of employment in accordance with the applicable collective agreement. The Ediradio, ID retirement indemnity plan is partly funded by an insurance contract with AXA. M6 Group participates in a defined benefit plan which provides pension benefits to members on retirement.

Germany
Employees of UFA Berlin Group, UFA Film & Fernsehen and RTL Group Deutschland participate in the multi-employer Bertelsmann plan. The plan is unfunded and defined benefit in nature. Each employer which participates in this plan has separately identifiable liabilities.

IP Deutschland sponsors individual plans for five employees and former employees providing defined pension benefits to each employee at retirement.

RTL Television sponsors individual plans for three employees providing defined pension benefits to each employee at retirement. In addition, a number of employees participate in a support fund providing pension benefits to members and their dependants on retirement and death.

Luxembourg
Employees of CLT-UFA, RTL Group and Broadcasting Center Europe participate in a defined benefit plan which provides pension benefits to members and their dependants on retirement, death and disability. CLT-UFA, RTL Group and BCE set up provision for the unfunded retirement benefit plan. Death and disability are insured with Fortis Luxembourg-Vie.

Notes to the consolidated financial statements continued

5.14 Employee benefits (continued)

The Netherlands

Until 1 January 2005 the employees of IP Netherlands participated in a defined benefit plan insured with the insurance company Aegon, which provides pension benefits to members and their dependants on retirement and death.

As from 1 January 2005 the employees of IP Netherlands participate in an industry-wide pension fund. The industry-wide pension fund is not able to provide sufficient information needed to produce an IAS 19 valuation. For this reason the pension plan of IP Netherlands is treated as a defined contribution plan as of 1 January 2005.

United Kingdom

FremantleMedia Group Limited operates the Fremantle Group Pension Plan ("the Fremantle Plan"), which was established on 29 December 2000 and was, prior to 1 September 2005, known as the RTL Group UK Pension Plan. The Fremantle Plan provides both defined benefit and defined contribution benefits.

Defined benefit plans

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

	2005 % a year	2004 % a year
Discount rate	**4.00–5.00**	4.50–5.30
Expected return on plan assets	**3.75–6.40**	4.50–6.50
Long term inflation rate	**1.70–2.90**	1.70–2.90
Salary growth rate	**0.00–4.90**	2.50–4.90
Pension growth rate	**1.70–2.90**	1.70–4.00

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

	2005 €m	2004 €m
Present value of funded obligations	**80**	55
Fair value of plan assets	**(55)**	(39)
Present value of unfunded obligations	**74**	68
Deficit	**99**	84
Unrecognised actuarial losses	**(24)**	(12)
Liability in the balance sheet (see note 5.13)	**77**	75
Asset in the balance sheet (see note 5.5)	**2**	3

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

The amounts recognised in the income statement are as follows:

	2005 €m	2004 €m
Current service cost	**8**	7
Interest cost	**9**	6
Expected return on asset plan (gains)/losses	**(5)**	(2)
Actuarial (gains)/losses	**2**	1
Past service (gains)/cost	**3**	1
Settlements and curtailments	**(1)**	(1)
Total included in personnel costs and interest expense	**16**	12

The actual return on plan assets was €7 million (2004: €2 million).

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

	2005 €m	2004 €m
At beginning of year	**72**	67
Total included in the income statement	**16**	12
Contributions and benefits paid	**(13)**	(10)
Gain of control of M6	**–**	3
At end of year	**75**	72

5.15 Equity

5.15.1 Share capital
As at 31 December 2005, the subscribed capital amounts to €192 million (2004: €192 million) and is represented by 154,787,554 (2004: 154,787,554) fully paid-up ordinary shares, without nominal value. All shares have the same rights and entitlements.

5.15.2 Treasury shares
The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group. At 31 December 2005, the Group holds 1,168,701 own shares (2004: 1,168,701) at a cost of €44 million (2004: €44 million).

5.15.3 Currency translation reserve
The currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations that are not integral to the operations of the Company, as well as loans designated to form part of the Group's net investment in specific undertakings as repayment of those loans is not anticipated within the foreseeable future.

5.15.4 Hedging reserve
The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

5.15.5 Revaluation reserve
The revaluation reserve includes:

- The cumulative net change in the fair value of available-for-sale investments until the investment is derecognised for €30 million (2004: €31 million);

- The cumulative increase in the fair value of the intangible assets and property, plant and equipment following the gain of control of M6 and the acquisition of associates achieved in stages amounting to €51 million (2004: €48 million).

5.15.6 Dividends
At the Annual General Meeting of RTL Group on 19 April 2006, a dividend in respect of 2005 of €1.05 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 2006. The dividends in respect of 2004 amounted to €0.95 per share (€146 million).

5.15.7 Share options
RTL Group Stock Option Plan
At 25 July 2000, the Group established a share option programme for certain directors and employees.

Eligibility
All participants in the Stock Option Plan ("SOP") must be employed by RTL Group or one of its subsidiaries at the time of granting the options under the SOP.

Grant
The number of options granted to a participant under the SOP is at the discretion of the compensation committee, being the Board of Directors of the Company or a duly constituted committee thereof, established amongst other things, for the purpose of operating the SOP. Participants may renounce options granted to them. Participants will not be required to pay any sum in respect of the grant of any options to them under the SOP.

Scheme Limits
The number of ordinary shares, which may be placed under option under the SOP in any year, may not be more than a half per cent of the Company's issued ordinary share capital.

Exercise Price
The exercise price to be paid by a participant in order to exercise options which are granted under the SOP will be the average closing middle market price of shares in the Company on the Brussels Stock Exchange over 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.

5.15.7 Share options (continued)

Movements in the number of share options are as follows:

In thousands of options	Average exercise price in € per share	2005	Average exercise price in € per share	2004
Options outstanding at the beginning of the year	86	**217**	86	241
Options expired/cancelled during the year	85	**(44)**	85	(24)
Options outstanding at the end of the year	86	**173**	86	217

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

Expiry date	Exercise price (in €)	Number of options 2005	Number of options 2004
August 2010	120.00	6	6
December 2010	85.24	166	209
May 2011	85.24	1	2
		173	**217**

The market price of RTL Group shares on the Brussels Stock Exchange was €68 as at 31 December 2005.

M6 Share Option Plan

M6 has established employee share option plans open to directors and certain employees within the Group. The number of options granted to participants is determined by the Board of Directors of Metropole Television in accordance with the authorisation given by the General Meeting of Shareholders.

The terms and conditions of the grants are as follows, whereby all options are settled by physical delivery of shares:

Grant date	Number of options (in thousands)	Vesting conditions	Contractual life of options
09–1998	645.00	4 years of service	7 years
12–1998	685.00	4 years of service	7 years
06–1999	500.00	4 years of service	7 years
01–2000	20.00	4 years of service	7 years
06–2000	218.80	4 years of service	7 years
06–2001	377.30	4 years of service	7 years
06–2002	557.50	4 years of service	7 years
07–2003	625.50	4 years of service	7 years
11–2003	20.00	4 years of service	7 years
04–2004	772.50	4 years of service	7 years
06–2005	531.00	4 years of service	7 years
06–2005	104.50	2 years of service + performance conditions	7 years
Total share options	**5,057.10**		

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 with the exception of the management free share allocation plan for 104 thousands options issued in June 2005.

Movements in the number of share options are as follows:

In thousands of options and in euros	Weighted average exercise price	2005	Weighted average exercise price	2004
Options outstanding at the beginning of the year	26	3,513	26	3,082
Options granted during the year	20	636	25	861
Options exercised during the year	16	(572)	16	(175)
Options expired/forfeited during the year	29	(156)	29	(255)
Options outstanding at the end of the year	**27**	**3,421**	**26**	**3,513**

5.15.7 Share options (continued)

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

Expiry date	Exercise price (in €)	Number of options 2005	Number of options 2004
2005	14.00	**–**	391
2006	19.00	**194**	375
2007	57.00	**239**	253
2008	30.80	**377**	398
2009	28.60	**558**	580
2010	23.00	**645**	693
2011	25.00	**773**	823
2012	20.00	**635**	–
Options outstanding at the end of the year		**3,421**	**3,513**
Out of which exercisable		*810*	*1,019*

The market Price of M6 on the Paris Stock Exchange was €23.40 as at 31 December 2005.

The fair value of services received in return for share options granted is measured by reference to the fair value of the share options granted. The estimate of fair value of the services received is measured based on a trinomial model.

Grant date	25/7/03	14/11/03	28/4/04	2/6/05	2/6/05	Total
Share price (€)	23.66	25.07	24.97	20.17	20.17	
Strike price (€)	22.48	23.82	24.97	19.94	0.00	
Volatility	52.3%	52.3%	52.3%	41.8%	41.8%	
Risk-free interest rate	3.05%	3.54%	3.32%	3.24%	3.24%	
Expected return	0.86€ + 15% annual growth	0.86€ + 15% annual growth	0.86€ + 15% annual growth	0.84€ + 15% annual growth	0.84€ + 15% annual growth	
Liquidity discount	15%	15%	15%	15%	15%	
Option life	4 years	4 years	4 years	4 years	2 years	
Employee expense (in € million)						
2005	**1.3**	**0.0**	**1.6**	**0.4**	**0.7**	**4.0**
2004	1.3	0.0	1.1	0.0	0.0	2.4

6 Commitments and contingencies

	2005 €m	2004 €m
Guarantees and endorsements given	**214**	142
Contracts for purchasing rights, (co)productions and programmes	**2,435**	2,023
Operating leases	**791**	540
Other long-term contracts and commitments	**525**	520

6.1 Contracts for purchasing rights, co-productions and programmes

The Group has signed commitments to purchase audiovisual rights and programmes and to conclude agreements for (co)production rights amounting to €2,435 million (2004: €2,023 million).

6.2 Operating leases

Non-cancellable operating lease rentals are as follows:

	2005				2004			
	Under 1 year €m	1 – 5 years €m	Over 5 years €m	Total €m	Under 1 year €m	1 – 5 years €m	Over 5 years €m	Total €m
Leasing of satellite transponders	62	96	4	162	60	138	4	202
Other operating leases	89	322	218	629	72	203	63	338
	151	**418**	**222**	**791**	132	341	67	540

Other operating leases mainly relate to the rental of offices, buildings and equipments in Germany and the United Kingdom.

One of the leased properties has been sublet by the Group. The head lease and sublease expire in September 2011. Sublease payments of €4 million are expected to be received during the following financial year.

Notes to the consolidated financial statements continued

6.3 Other long-term contracts and commitments

The Group has "Other long-term contracts and commitments" amounting to €525 million as at 31 December 2005 (2004: €520 million). These relate to a number of items including broadcasting licences, distribution and transmission arrangements, production services sale and lease back transactions in respect of FremantleMedia and commitments to purchase other assets than programmes and rights.

FremantleMedia has arrangements for a remaining period of 12 years in relation to sale and lease back transactions for an amount of €129 million (2004: €132 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 AAA 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.

6.5 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 on a one-to-one basis the exposure above the materiality level of USD 100.000 in each currency by using external foreign currency derivative contracts. Below this threshold, hedging is done on a bulk basis.

The foreign currency management policy of the Group is to hedge 100% 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 25% 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 rights 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 253 at year-end 2005. The fair value of forward foreign exchange contracts is detailed as follows:

	2005 €m	2004 €m
Fair value of forward foreign exchange contracts (cash flow hedge)	**(7)**	(84)
Fair value of other forward foreign exchange contracts	**7**	11
	–	(73)

The notional amounts of forward exchange contracts as at 31 December 2005 are as follows:

In £ million	2006	2007	2008	2009	>2009	Total
Buy	104	2	–	–	–	106
Sell	(378)	(38)	(3)	(2)	–	(421)
Total	**(274)**	**(36)**	**(3)**	**(2)**	**–**	**(315)**

In US$ million	2006	2007	2008	2009	>2009	Total
Buy	732	207	84	58	6	1,087
Sell	(210)	(1)	(10)	(10)	(5)	(236)
Total	**522**	**206**	**74**	**48**	**1**	**851**

Interest rate risk

The management of interest rate risk is centralised at the level of Group Treasury.

The objective of the interest rate risk management policy is to minimise the interest rate funding cost over the long term and to maximise the cash excess return.

The Group believes this objective is more likely to be achieved with floating rate rather than fixed rate debt in a positive yield curve environment. This policy will be maintained as long as the Treasury and Risk Management Committee judges the level of the interest cover appropriate. Interest rate derivatives are only used if they hedge existing interest rate liabilities and satisfy the stringent criteria of hedge accounting.

Interest rate risk (continued)
Group Treasury uses various indicators to monitor interest rate risk such as a targeted net fixed/floating rate debt ratio, duration, basis point value (increase in interest rate costs resulting from a basis point increase in interest rate) and interest cover.

There is an interest rate derivative position (I.R.S.) outstanding as of the 31 December 2005 for a notional amount of €27 million (2004: €50 million).

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at balance sheet date and the periods in which they reprice:

	Notes	Effective interest rate %	Total amount €m	6 months or less €m	6–12 months €m	1–2 years €m	2–5 years €m	Over 5 years €m
Loans to associates – fixed rate	5.5	9.4	38	–	–	–	6	32
Other loans – floating rate	5.5	3.4	34	4	30	–	–	–
Cash and cash equivalents (not earning assets)	5.9	–	22	22	–	–	–	–
Cash and cash equivalents (earning assets)	5.9	2.2	310	310	–	–	–	–
Bank loans – floating rate	5.11	4.0	(27)	(27)	–	–	–	–
Bank overdrafts	5.11	2.3	(7)	(7)	–	–	–	–
Leasing liabilities – fixed rate	5.11	6.3	(15)	(1)	(1)	(3)	(4)	(6)
Loans payable – floating rate	5.11	2.2	(6)	(6)	–	–	–	–
Loans payable – fixed rate	5.11	2.5	(20)	(14)	–	–	–	(6)
At 31 December 2005			**329**	**281**	**29**	**(3)**	**2**	**20**

	Notes	Effective interest rate %	Total amount €m	6 months or less €m	6–12 months €m	1–2 years €m	2–5 years €m	Over 5 years €m
Loans to associates – fixed rate	5.5	9.4	39	–	–	–	7	32
Other loans – floating rate	5.5	5.7	192	192	–	–	–	–
Current deposit – floating rate	5.8	2.2	208	208	–	–	–	–
Cash and cash equivalents (not earning assets)	5.9	–	32	32	–	–	–	–
Cash and cash equivalents (earning assets)	5.9	2.2	314	314	–	–	–	–
Bank loans – floating rate	5.11	3.2	(27)	(27)	–	–	–	–
Bank overdrafts	5.11	2.3	(1)	(1)	–	–	–	–
Leasing liabilities – floating rate	5.11	3.4	(10)	(10)	–	–	–	–
Leasing liabilities – fixed rate	5.11	6.3	(16)	(1)	(1)	(4)	(4)	(6)
Loans payable – floating rate	5.11	5.8	(243)	(243)	–	–	–	–
Loans payable – fixed rate[1]	5.11	5.4	(300)	(300)	–	–	–	–
At 31 December 2004			**188**	**164**	**(1)**	**(4)**	**3**	**26**

[1]Financial liabilities bearing fixed interest rates for a fair value of €303 million

The carrying amounts of financial instruments presented above approximate their fair values.

Credit risk
The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Derivative counter parties and cash transactions are limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any one financial institution.

Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, Group Treasury aims at maintaining flexibility in funding by keeping committed credit lines available. Group Treasury monitors on a monthly basis the level of the "Liquidity Head Room" (total committed facilities minus current utilisation). The "Liquidity Head Room" amounts to €390 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 net gain incurred in 2005 in respect of these instruments amounts to €7 million (2004: loss of €3 million).

Notes to the consolidated financial statements continued

7 Related parties

Identity of related parties
As at 31 December 2005 the principal shareholder of the Group is Bertelsmann TV Beteiligungs GmbH (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 and executive officers.

7.1 Transactions with shareholders

During the year the Group made sales of goods and services, purchases of goods and services to Bertelsmann Group amounting to €17 million (2004: €17 million) and €56 million (2004: €46 million) respectively. At the year-end, the Group had receivables and payables due from/to Bertelsmann Group amounting to €12 million (2004: €11 million) and €14 million (2004: €14 million) respectively.

In April 2002, RTL Group entered into a €300 million loan agreement with Bertelsmann AG. The loan was granted to RTL Group for a period of 3 years. In accordance with the terms of the loan agreement, this loan was fully re-paid by RTL Group in April 2005. The interest expense for the year amounts to €5 million (2004: €16 million).

On 5 November 2002, RTL Group entered into a €600 million Revolving Credit Facility with Bertelsmann AG. The Facility was granted for the period from 8 November 2002 to 31 August 2006. On 21 December 2004 the facility was reduced by €300 million and on 15 June 2005 the remaining Facility was cancelled. As this credit facility has not been used in 2005, the interest expense for the year amounts to €0 million (2004: €0 million).

On 5 November 2002, RTL Group entered into a €300 million 364 days (renewable) Revolving Credit Facility with Bertelsmann AG. The Facility has been granted to RTL Group initially for the period from 8 November 2002 to 31 August 2004. The term of the Facility was extended to 31 August 2006. The Facility bore interest at a rate per annum equal to the sum of the EONIA rate plus a 25 basis point margin. The Facility was amended on the 1 December 2005 resulting in a new margin of 22 basis points over EONIA and was rolled over until 1 December 2006. The Facility is renewable for a further two more periods of 364 days beyond 1 December 2006. As at 31 December 2005, the balance of the Facility used by RTL Group amounts to €12 million (2004: €nil million). The interest expense for the year amounts to €1 million (2004: €3 million).

During the year RTL Group has invested its short term cash surplus from working capital with its parent company Bertelsmann AG, with an EONIA flat rate return. As at 31 December 2005 the amount deposited amounts to €0 million (2004: €208 million). The interest income for the year amounts to €2 million (2004: €1 million).

During the year commitment fees on unused credit facilities granted by Bertelsmann AG amounted to €1 million.

In 2005, RTL Group committed to sell one of its subsidiaries, S4M Solutions for Media GmbH, to Bertelsmann Group.

7.2 Transactions with associates and joint ventures

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

	2005 €m	2004 €m
Sales of goods and services to related parties :		
Associates	**51**	65
Joint ventures	**38**	33
	89	98
Purchase of goods and services from related parties:		
Associates	**8**	6
Joint ventures	**7**	5
	15	11

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:

	2005 €m	2004 €m
Accounts receivable from related parties:		
Associates	**9**	32
Joint ventures	**9**	3
	18	35
Accounts payable to related parties:		
Associates	**9**	13
Joint ventures	**3**	1
	12	14

7.3 Transactions with key management personnel

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

The key management personnel compensation is as follows:

	2005 €m	2004 €m
Short-term benefits	**4.5**	3.9
Post-employment benefits	**0.2**	0.2
Other long-term benefits	**0.4**	0.6
	5.1	4.7

The aggregate number of share options granted to key management personnel of the Company during 2005 and 2004 was 0. The outstanding number of share options granted to directors and executive officers of the Company at the end of the year was 11,500 (2004: 11,500).

7.4 Directors' fees

In 2005, a total of €0.8 million (2004: €0.9 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

	Country of incorporation	Consolidation rate 2005	2004
TPS Group[1]	**France**	34.00	34.00
Five Group[2]	**UK**	–	64.63
RTL Disney Fernsehen GmbH & Co KG	**Germany**	50.00	50.00
SPORTFIVE Group[3]	**France**	–	–
N-TV	**Germany**	50.00	50.00

[1]TPS Group is considered as a disposal group as at 31 December 2005
[2]Five Group has been proportionately consolidated in the income statement from 1 January to 31 August 2005
[3]SPORTFIVE Group has been proportionately consolidated in the income statement from 1 January 2004 to 30 June 2004

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:

	2005 €m	2004 €m
Non-current assets	**31**	52
Current assets	**279**	225
Non-current liabilities	**(31)**	(209)
Current liabilities	**(266)**	(312)
Net assets	**13**	(244)

	2005 €m	2004 €m
Income	**510**	744
Expenses	**(466)**	(735)

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

	2005 €m	2004 €m
Contracts for purchasing rights, (co)productions and programmes	**197**	173
Operating leases	**57**	196
Other long term contracts and commitments	**33**	105

9 Accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

9.1 Programme rights

The Group's accounting for non-current programme rights requires management judgement as it relates to estimates made of total net revenue used in the determination of the amortisation charge and impairment loss for the year.

In addition, management judgement is required to assess, taking into account factors such as the future programme grid and the realised/expected audience of the programme, the current programme rights that are not likely to be broadcast and the related valuation allowance.

9.2 Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1.7.3. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations or trading comparables (EBITA multiples). These calculations require the use of estimates (see note 5.2.).

9.3 Fair value of available-for-sale investments

The Group has used discounted cash flow analysis for various available-for-sale investments that were not traded in active markets.

The carrying amount of available-for-sale investments would be an estimated €5 million lower or higher were the discount rate used in the discounted cash flow analysis to differ by 10% from management's estimates.

9.4 Income and deferred taxes

The Group is subject to income taxes in numerous jurisdictions. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. During 2005 the Company completed a non-recurring transaction between Group entities. In relation with this transaction an amount of €59 million of deferred tax assets has been recognised while an amount of €352 million has not been recognised.

It is reasonably possible, based on current information available, that outcomes in the next financial year that are different from the assumptions taken could require a material adjustment to the carrying amount of deferred tax assets and income tax liability. It is expected that the ultimate tax determination will be made during 2006.

9.5 Pension benefits

The Group has adopted the following approaches for the pension assumptions:

- The discount rate for defined benefit provision equals the yield on the AA corporate bonds;
- The expected return on assets equals the return expected on the market value of assets at the start of the year; and
- The rate of salary increase is the best estimate of the future.

Notes to the consolidated financial statements continued

10 Group undertakings

	Country of incorporation	Note	2005 Group's Ownership	Consolidation method[1]	Note	2004 Group's Ownership	Consolidation method[1]
RTL Group SA	Luxembourg			M			M
Broadcasting TV							
5 Direct Ltd	UK	(3)	99.7	F	(3)	64.5	P
Agefinan SA	Portugal	(28)	32.9	E		–	NC
Antena 3 de Television SA	Spain	(7)	17.3	E	(7)	17.3	E
Antena 3 Editorial SA	Spain	(7)	17.3	E	(7)	17.3	E
Antena 3 Multimedia SLU	Spain	(7)	17.3	E		–	NC
Antena de Radiodifusion SA (formerly Cadena de Voz de Radio Difusion SA)	Spain	(7)	17.3	E	(7)	17.3	E
Atres Advertising SLU	Spain	(7)	17.3	E		–	NC
Auto Basic Motor SA	Portugal	(28)	32.9	E		–	NC
Bluescreen Ltd	Cyprus		99.7	F		–	NC
Boutiques du monde SAS	France	(2)	48.8	F	(2)	48.8	F
Broadcasting Center Europe SA	Luxembourg		99.7	F		99.7	F
BTP SA	Portugal	(28)	32.9	E		–	NC
Camarins Lda	Portugal	(28)	32.9	E		–	NC
Canal Factoria de Ficcion SA	Spain	(7)	6.9	E	(7)	6.9	E
Canal Media Radio SA	Spain	(7)	17.3	E	(7)	17.3	E
Capital Productions SA	France	(2)	48.8	F	(2)	48.8	F
Casa Da Criacao	Portugal	(28)	32.9	E		–	NC
CBC Cologne Broadcasting Center Gmbh	Germany		99.7	F		–	NC
Cena Editorial SA	Portugal	(28)	32.9	E		–	NC
Central Discos SA	Portugal	(28)	32.9	E		–	NC
Channel 5 Broadcasting Ltd	UK	(3)	99.7	F	(3)	64.5	P
Channel 5 Engineering Services Ltd	UK	(3)	91.7	F	(3)	59.3	P
Channel 5 Interactive Ltd	UK	(3)	99.7	F	(3)	64.5	P
Channel 5 Music Ltd	UK	(3)	99.7	F	(3)	64.5	P
Channel 5 Television Group Ltd	UK	(3)	99.7	F	(3)	64.5	P
Channel 5 Text Ltd	UK	(3)	99.7	F	(3)	64.5	P
Citato Sarl	France	(2)	38.7	F		–	NC
CLMC Multimedia SA	Portugal	(28)	32.9	E		–	NC
CLT-Vermögensverwaltungs GmbH	Germany		99.7	F		–	NC
Club Téléachat SNC	France	(2)	48.8	F	(2)	48.8	F
Compania Tres Mil Ochocientas SAU	Spain	(7)	17.3	E	(7)	17.3	E
Compunet Servicios Telematicos SA	Spain	(26)	5.9	E	(7)	15.5	E
Creation GmbH (formerly House Of Promotion Produktions GmbH)	Germany		99.7	F		99.7	F
Culture Mag Editions	France	(2)	44.0	F	(2)	44.0	F
Edicoes Expansao Economica Lda	Portugal	(28)	32.9	E		–	NC
Edit TV/M6 Music SNC	France	(2)	48.8	F	(2)	48.8	F
El Cartel Gmbh	Germany		35.8	E		35.8	E
EMAV Lda	Portugal	(28)	32.9	E		–	NC
Ensueno Films SL	Spain	(7)	17.3	E	(7)	17.3	E
EPC Lda	Portugal	(28)	32.9	E		–	NC
Estaciones Radiofonicas de Aragon SAU	Spain	(7)	17.3	E	(7)	17.3	E
Expansao Economica Sa (Eventos)	Portugal	(28)	32.9	E		–	NC

10 Group undertakings (continued)

	Country of incorporation	Note	2005 Group's Ownership	Consolidation method[1]	Note	2004 Group's Ownership	Consolidation method[1]
Expolider SA	Portugal	(28)	32.9	E		–	NC
Extension TV Série Club SA	France	(2)	24.4	P	(2)	24.4	P
Farol Muica Lda	Portugal	(28)	32.9	E		–	NC
Fealmar SA	Portugal	(28)	32.9	E		–	NC
Filmlux SA	Luxembourg		99.7	F		99.7	F
Football Club des Girondins de Bordeaux SAS	France	(2)	48.7	F	(2)	48.7	F
FUN TV SNC	France	(2)	48.8	F	(2)	48.8	F
Grupo Media Capital Sgps Sa	Portugal	(28)	32.9	E		–	NC
Grupo Universum Emisoras Radio Amanecer SAU	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	(25)	–	NC		99.7	F
Home Shopping Service Belgique SA	Belgium	(2)	48.8	F	(2)	48.8	F
Home Shopping Service Hongrie SA	Hungary	(2)	48.8	F	(2)	48.8	F
Home Shopping Service SA	France	(2)	48.8	F	(2)	48.8	F
Home Travel Services Sàrl	France	(24)	–	NC	(2)	24.4	P
Immobilière M6 SA	France	(2)	48.8	F	(2)	48.8	F
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 Medien KG	Germany		84.7	F		84.7	F
IP New Media GmbH	Germany		99.7	F		99.7	F
IPA Plus (Osterreich) Verm. für Fernsehwerbung GmbH	Austria		49.8	F		49.8	F
Ipar Ondas SAU	Spain	(7)	17.3	E	(7)	17.3	E
IPN SA	Netherlands		99.7	F		99.7	F
Kimberley Trading SA	Portugal	(28)	32.9	E		–	NC
La Veu de Lleida SLU	Spain	(7)	17.3	E	(7)	17.3	E
LABO Productions Sarl	France	(2)	48.4	F		–	NC
Live Stage SAS	France	(2)	34.0	F	(2)	34.0	F
M6 Affaires SAS	France	(2)	48.8	F		–	NC
M6 Bordeaux SAS	France	(2)	48.8	F	(2)	48.8	F
M6 Communication SAS	France	(2)	48.8	F		–	NC
M6 Creation SAS	France	(2)	48.8	F		–	NC
M6 Development SAS	France	(2)	48.8	F		–	NC
M6 Diffusions SA	France	(2)	48.8	F	(2)	48.8	F
M6 Droits Audiovisuels SA	France	(23); (2)	–	NC	(2)	48.8	F
M6 Editions SA	France	(2)	48.8	F	(2)	48.8	F
M6 Evenements SA	France	(2)	48.8	F	(2)	48.8	F
M6 Films SA	France	(2)	48.8	F	(2)	48.8	F
M6 Foot SAS	France	(2)	48.8	F	(2)	48.8	F
M6 Interactions SAS	France	(2)	48.8	F	(2)	48.8	F
M6 Numérique SNC	France	(2)	48.8	F	(2)	48.8	F
M6 Operation SAS	France	(2)	48.8	F		–	NC
M6 Publicité SAS	France	(2)	48.8	F	(2)	48.8	F
M6 Studio SAS	France	(2)	48.8	F	(2)	48.8	F

Notes to the consolidated financial statements continued

10 Group undertakings (continued)

	Country of incorporation	Note	2005 Group's Ownership	Consolidation method[1]	Note	2004 Group's Ownership	Consolidation method[1]
M6 Thématique SAS	France	(2)	48.8	F	(2)	48.8	F
M6 Toulouse SAS	France	(2)	48.8	F	(2)	48.8	F
M6 Web SAS	France	(2)	48.8	F	(2)	48.8	F
Mandarin SAS	France	(2)	48.8	F	(2)	48.8	F
Mce – Media Capital Edicoes Lda	Portugal	(28)	32.9	E		–	NC
MCR – Radiofonia e Publicidade SA	Portugal	(28)	32.9	E		–	NC
Med Cap Technologies SA	Portugal	(28)	32.9	E		–	NC
Media Capital – Editora Multimedia SA	Portugal	(28)	32.9	E		–	NC
Media Capital SA	Portugal	(28)	32.9	E		–	NC
Media Capital Entertainment Lda	Portugal	(28)	32.9	E		–	NC
Media Capital Outdoor SA	Portugal	(28)	32.9	E		–	NC
Media Capital Telecomunicacoes SA	Portugal	(28)	32.9	E		–	NC
Media Corner SA	Belgium		65.4	F		–	NC
Mediascore GmbH	Germany		75.0	F		–	NC
Medipress Valencia SAU	Spain	(7)	17.3	E	(7)	17.3	E
Meglo – Media Global Sgps SA	Portugal	(28)	32.9	E		–	NC
Métropole Production SA	France	(2)	48.8	F	(2)	48.8	F
Métropole Télévision SA	France	(2)	48.8	F	(2)	48.8	F
Mistergooddeal SA	France	(2)	45.9	F		–	NC
Moveis de Novela Lda	Portugal	(28)	32.9	E		–	NC
Movierecord Cine SA	Spain	(7)	17.3	E	(7)	17.3	E
M-RTL Rt	Hungary		48.8	E		48.8	E
Multi 4 SAS	France	(2)	28.2	F		–	NC
Multicena SA	Portugal	(28)	32.9	E		–	NC
Multivision SNC	France	(2)	16.5	P	(2)	16.5	P
Nanook – Empresa Europeia De Produçao De Documentarios Lda	Portugal	(28)	32.9	E		–	NC
Nbp – Iberica – Producciones Audiovisuales SA	Portugal	(28)	32.9	E		–	NC
Nbp – Oficina De Actores	Portugal	(28)	32.9	E		–	NC
Nbp – Producao Em Video SA	Portugal	(28)	32.9	E		–	NC
Norddeich TV Produktions GmbH	Germany		74.8	F		–	NC
n-tv Nachrichtenfernsehen GmbH & CoKG	Germany		49.8	P		49.8	P
n-tv Services GmbH	Germany		49.8	P		49.8	P
Onda Cero SAU	Spain	(7)	17.3	E	(7)	17.3	E
Ondadit SLU	Spain	(7)	17.3	E	(7)	17.3	E
OOO Media Holding REN TV	Russia	(27)	29.9	E		–	NC
OOO NPP Spectre	Russia	(27)	15.3	E		–	NC
OOO REN TV Bryansk	Russia	(27)	17.6	E		–	NC
OOO RTL Russland	Russia		99.7	F		–	NC
Organizaciones Deportivas Y Culturales De Unipublic SAU	Spain	(7)	17.3	E		–	NC
Paris Première SA	France	(2)	48.8	F	(2)	48.8	F
Pressetep SA	Portugal	(28)	32.9	E		–	NC
Publicarris SA	Portugal	(28)	32.9	E		–	NC
Publicidad 3 SA	Spain	(7)	17.3	E	(7)	17.3	E
Publimetro SA	Portugal	(28)	32.9	E		–	NC
Publipartner Lda	Portugal	(28)	32.9	E		–	NC
R. Cidade SA	Portugal	(28)	32.9	E		–	NC

10 Group undertakings (continued)

	Country of incorporation	Note	2005 Group's Ownership	Consolidation method[1]	Note	2004 Group's Ownership	Consolidation method[1]
Radio Alamedilla SAU	Spain	(7)	17.3	E	(7)	17.3	E
Radio Comercial SA	Portugal	(28)	32.9	E		–	NC
Radio Media Galicia SA	Spain	(7)	17.3	E	(7)	17.3	E
Radio Noticias Noventa SAU	Spain	(7)	17.3	E	(7)	17.3	E
Radio Regional De Lisboa SA	Portugal	(28)	32.9	E		–	NC
Radio Sistemas Radiofonicos Conco SLU	Spain	(7)	17.3	E	(7)	17.3	E
Radio Tormes SA	Spain	(7)	17.3	E	(7)	17.3	E
Radio XXI Lda	Portugal	(28)	32.9	E		–	NC
REN TV Channel	Russia	(27)	29.9	E		–	NC
REN TV Production	Russia	(27)	29.9	E		–	NC
RETI SA	Portugal	(28)	32.9	E		–	NC
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		100.0	F		100.0	F
RTL Group Communications SLU	Spain		100.0	F		100.0	F
RTL Group GmbH	Germany		99.7	F		99.7	F
RTL Hessen GmbH	Germany		99.7	F		99.7	F
RTL Hessen Programmfenster GmbH (formerly RTL Hessen GmbH)	Germany		59.8	F		59.8	F
RTL Hrvatska d.o.o. (formerly RTL Croatia d.o.o.)	Croatia		65.3	F		65.3	F
RTL iMedia Holding BV	Netherlands	(23)	–	NC		99.7	F
RTL Media Services GmbH	Germany		99.7	F		–	NC
RTL Nederland Broadcast Operation BV (formerly Broadcasting Center Nederland BV)	Netherlands		99.7	F		99.7	F
RTL Nederland BV	Netherlands		99.7	F		–	NC
RTL Nederland Interactief BV (formerly RTL iMedia Holding BV)	Netherlands		99.7	F		99.7	F
RTL Nederland SA (formerly RTL/de Holland Media Groep SA)	Luxembourg	(23)	–	NC		99.7	F
RTL NET GmbH	Germany		99.7	F		99.7	F
RTL Net SAS	France		99.7	F		99.7	F
RTL Interactive GmbH	Germany		99.7	F		99.7	F
RTL Nord GmbH	Germany		99.7	F		99.7	F
RTL Shop GmbH	Germany		99.7	F		89.4	F
RTL Television GmbH	Germany		99.7	F		99.7	F
RTL Z VOF	Netherlands	(23)	–	NC		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	(25)	–	NC		99.7	F
RTL4 Finance SA	Luxembourg	(23)	–	NC		99.7	F
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	France	(2)	48.8	F	(2)	48.8	F
SEDI TV SNC	France	(2)	24.9	F	(2)	24.9	F
Setepcom – Equipamentos E Espaços Comerciais SA	Portugal	(28)	32.9	E		–	NC
Sinersom Lda	Portugal	(28)	32.9	E		–	NC

10 Group undertakings (continued)

	Country of incorporation	Note	2005 Group's Ownership	Consolidation method[1]	Note	2004 Group's Ownership	Consolidation method[1]
SND SA	France	(2)	48.8	F	(2)	48.8	F
Société Européenne de Télévente Belgique SCA	France	(2)	48.4	F	(2)	48.4	F
STM SA	Portugal	(28)	32.9	E		–	NC
Studio 89 Productions SAS	France	(2)	48.8	F	(2)	48.8	F
TCM Droits Audiovisuels SNC	France	(2)	24.4	P	(2)	24.4	P
TCS SA	Portugal	(28)	32.9	E		–	NC
Teatro Mais Lda	Portugal	(28)	32.9	E		–	NC
Tecipress SA	France	(2)	48.8	F	(2)	48.8	F
Tele West KG	Germany		99.7	F		99.7	F
Télévente Promotion SA	France	(2)	48.8	F	(2)	48.8	F
Télévision Par Satellite SNC	France	(2)	16.6	P	(2)	16.6	P
TF6 Gestion SCS	France	(2)	24.4	P	(2)	24.4	P
TF6 SCS	France	(2)	24.4	P	(2)	24.4	P
Thames Cable and Satellite Services Ltd	UK	(26)	–	NC		100.0	F
TPS Cinéfaz SNC	France	(2)	16.6	P	(2)	16.6	P
TPS Cinéma SNC	France	(2)	16.6	P	(2)	16.6	P
TPS Cinéstar SNC	France	(2)	16.6	P	(2)	16.6	P
TPS Cinétoile SNC	France	(2)	16.6	P	(2)	16.6	P
TPS Enterprises SNC	France	(2)	16.6	P	(2)	16.6	P
TPS Foot SNC	France	(2)	16.6	P	(2)	16.6	P
TPS Interactif SNC (formerly TPS Services SNC)	France	(2)	16.6	P	(2)	16.6	P
TPS Jeunesse SNC	France	(2)	16.6	P	(2)	16.6	P
TPS Motivation SA	France	(2)	16.6	P	(2)	16.6	P
TPS Sport SNC	France	(2)	16.6	P	(2)	16.6	P
TPS Terminaux SNC	France	(2)	16.6	P	(2)	16.6	P
Transjornal – Ediçoes De Publiçoes S.A	Portugal	(28)	32.9	E		–	NC
Transpublicidade – Publicidade Em Transportes S.A	Portugal	(28)	32.9	E		–	NC
Traumpartner TV GmbH	Germany		99.7	F		99.7	F
TV Store	France	(2)	48.8	F	(2)	48.8	F
TVI – Televisao Independente SA	Portugal	(28)	32.9	E		–	NC
TVI SA	Belgium		65.8	F		65.8	F
Uniao De Leiria SAD	Portugal	(28)	32.9	E		–	NC
Unidivisa SA	Portugal	(28)	32.9	E		–	NC
Uniprex SA – Onda Cero Radio	Spain	(7)	17.3	E	(7)	17.3	E
Uniprex Television Digital Valenciana SLU	Spain	(7)	17.3	E		–	NC
Uniprex Television SLU	Spain	(7)	17.3	E		–	NC
Uniprex Valencia Television SLU	Spain	(7)	17.3	E		–	NC
Unipublic SAU	Spain	(7)	17.3	E		–	NC
Unité 15 Belgique SA	Belgium	(2)	48.8	F	(2)	48.8	F
Unité 15 France SA (formerly Unité 15 Fulfilment SA)	France	(2)	48.8	F	(2)	48.8	F
Vox Film & Fernseh GmbH & Co.KG	Germany		99.4	F		99.4	F
W9 Productions SAS	France	(2)	48.8	F	(2)	48.8	F
Yorin TV BV	Netherlands	(23)	–	NC		99.7	F
ZAO ACB Prestige Television Company	Russia	(27)	29.9	E		–	NC
ZAO Telecom-Azov	Russia	(27)	22.5	E		–	NC

10 Group undertakings (continued)

	Country of incorporation	Note	2005 Group's Ownership	Consolidation method[1]	Note	2004 Group's Ownership	Consolidation method[1]
Content							
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
Allied Communications Inc.	USA		100.0	F		100.0	F
Alomo Productions Ltd	UK	(19)	100.0	F	(19)	100.0	F
American Idols Productions Inc.	USA	(14)	100.0	F	(14)	100.0	F
Be Happy Productions SAS	France		100.0	F		100.0	F
Belga Films SA	Belgium		65.8	F		65.8	F
Bernesse Pty Ltd	Australia	(17)	100.0	F	(17)	100.0	F
Blu A/S	Denmark		75.0	F		–	NC
Blue Circle BV (formerly RTL 4 Productions BV)	Netherlands		99.7	F		100.0	F
Christie Films Pty Ltd	Australia	(12)	49.0	F		–	NC
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		100.0	F		100.0	F
Dedicated To Sport Sarl	France	(6)	24.9	E	(6)	24.9	E
Deutsche Synchron Film GmbH & Co KG	Germany	(8)	50.8	F	(8)	50.8	F
Eurowide Television Ltd (formerly Channel Three Ltd)	UK	(19)	100.0	F	(19)	100.0	F
Feudin' Productions Inc.	USA	(14)	100.0	F	(14)	100.0	F
Football France Promotion SA	France	(6)	24.9	E	(6)	24.9	E
Fremantle Producoes TV SA	Portugal		100.0	F		100.0	F
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)	95.0	F	(9)	95.0	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 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		99.7	F		99.7	F
Fremantle Licensing Ltd	UK	(26)	–	NC		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 Nederland Produkties BV	Netherlands	(26)	–	NC	(15)	100.0	F
Fremantle Polska Sp.Zo.O	Poland		100.0	F		100.0	F
Grundy Endemol Productions VOF	Netherlands	(11)	50.0	P	(11)	50.0	E
Fremantle Productions (South Africa) (PTY) Ltd	South Africa		100.0	F		100.0	F
Fremantle Productions Argentina SA	Argentina	(26)	–	NC	(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 BV	Netherlands	(25)	–	NC	(11)	100.0	F
Fremantle Productions Chile Ltda	Chile	(26)	–	NC		100.0	F

Notes to the consolidated financial statements continued

10 Group undertakings (continued)

	Country of incorporation	Note	2005 Group's Ownership	Consolidation method[1]	Note	2004 Group's Ownership	Consolidation method[1]
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
Fremantle Produkcija d.o.o.	Croatia		100.0	F		100.0	F
FremantleMedia Australia Holdings Pty Ltd	Australia	(17)	100.0	F	(17)	100.0	F
FremantleMedia Ltd	UK		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	(26)	–	NC		100.0	F
FremantleMedia Group Ltd	UK	(13)	100.0	F	(13)	100.0	F
FremantleMedia Holdings Inc.	USA		100.0	F		100.0	F
FremantleMedia Japan KK	Japan		100.0	F		51.0	F
FremantleMedia Licensing Inc.	USA	(9)	100.0	F	(9)	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		100.0	F		100.0	F
FremantleMedia Overseas Ltd	UK		100.0	F		100.0	F
FremantleMedia SA (formerly RTL UK Holdings SA)	Luxembourg		100.0	F		100.0	F
FremantleMedia Services Ltd (formerly Little Pond Television Ltd)	UK		100.0	F		100.0	F
FremantleMedia TV Film Yapim	Turkey		100.0	F		100.0	F
FremantleMedia Worldwide Ltd	UK		100.0	F		100.0	F
Gdl Gie	France	(6)	24.9	E	(6)	24.9	E
Good Games Productions Inc.	USA	(14)	100.0	F	(14)	100.0	F
Grundy Consulting Ltd	Antigua	(25)	–	NC	(15)	100.0	F
Grundy Entertainment Pty Ltd	Australia	(17)	100.0	F	(17)	100.0	F
Grundy European Holdings Ltd	Bermuda	(25)	–	NC	(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 Holdings (Australia) Ltd	Antigua	(25)	–	NC	(15)	100.0	F
Grundy International Holdings (I) BV	Netherlands		100.0	F		100.0	F
Grundy International Holdings (II) BV	Netherlands	(26)	–	NC	(15)	100.0	F
Grundy International Operations Ltd	Antigua		100.0	F		100.0	F
Grundy Light Entertainment GmbH (formerly HDTV-Entert. Dressler GmbH)	Germany		100.0	F		100.0	F
Grundy Light Entertainment/White Balance GmbH GBR	Germany		50.8	F		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 Pty Ltd	Australia	(17)	100.0	F	(17)	100.0	F
Grundy Producciones SA	Spain		100.0	F		100.0	F
Grundy Productions ARG SA	Argentina	(26)	–	NC	(10)	100.0	F
Grundy Productions Italy Spa	Italy		100.0	F		100.0	F

10 Group undertakings (continued)

	Country of incorporation	Note	2005 Group's Ownership	Consolidation method[1]	Note	2004 Group's Ownership	Consolidation method[1]
Grundy Productions Ltd	UK		100.0	F		100.0	F
Grundy Productions SA de CV	Mexico		100.0	F		100.0	F
Grundy Schweiz AG	Switzerland		65.0	F		–	NC
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
Hei Elei Film Productions SA (formerly IFP SA)	Luxembourg		99.7	F		99.7	F
HSV UFA Stadionmanagement und Verwaltungs GmbH	Germany	(6)	6.2	E		–	NC
HSV Vermögensverwaltungs GmbH	Germany	(6)	0.2	E		–	NC
I2I Musikproduktions & Musikverlags GmbH	Germany		99.7	F		99.7	F
ISPR Gmbh	Germany	(6)	24.9	E	(6)	24.9	E
Itsago Productions Inc.	USA	(23)	–	NC	(14)	100.0	F
Janus Grundy TV GmbH	Germany	(26)	–	NC		50.0	E
JOHO Services BV	Netherlands	(6)	24.9	E	(6)	24.9	E
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
Magyar Grundy UFA KFT	Hungary		99.7	F		99.7	F
Mark Goodson Productions LLC	USA	(14)	100.0	F	(14)	100.0	F
Media – Foot Belgique srl	Belgium	(6)	24.9	E	(6)	24.9	E
MG Productions Inc.	USA	(14)	100.0	F	(14)	100.0	F
MOVE Sportspromotion GmbH	Germany	(6)	24.9	E	(6)	24.9	E
Multimedia Global Finance SA	Luxembourg	(6)	24.9	E	(6)	24.9	E
Objektiv Film GmbH	Germany	(5)	99.7	F	(5)	99.7	F
OTL Productions Inc.	USA	(14)	100.0	F	(14)	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)	50.8	F	(8)	50.8	F
PT Dunia Visitama	Indonesia		100.0	F		100.0	F
PTV Dormant Ltd	UK	(19)	100.0	F	(19)	100.0	F
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
Regent Productions Ltd	UK	(26)	–	NC		100.0	F
Universum Film AllRights GmbH	Germany		99.7	F		99.7	F
RTL Group Deutschland Markenverwaltungs GmbH	Germany		99.7	F		–	NC
RTL Group Ltd	UK	(26)	–	NC		100.0	F
S5 Finco Sàrl	Luxembourg	(6)	27.7	E	(6)	27.7	E
S5 Group SAS	France	(6)	24.9	E	(6)	24.9	E
S5 Hattrick Sàrl	Luxembourg	(6)	24.9	E	(6)	24.9	E
S5 Luxembourg SCA	Luxembourg	(6)	24.9	E	(6)	24.9	E
S5 Sàrl	Luxembourg	(6)	24.9	E	(6)	24.9	E
SEDS SA	France	(6)	24.9	E	(6)	24.9	E
Select TV Communications Cons Ltd	UK	(19)	100.0	F	(19)	100.0	F

Notes to the consolidated financial statements continued

10 Group undertakings (continued)

	Country of incorporation	Note	2005 Group's Ownership	Consolidation method[1]	Note	2004 Group's Ownership	Consolidation method[1]
Select TV Ltd	UK	(19)	100.0	F	(19)	100.0	F
SNC SA	France		48.8	F		99.7	F
Somerford Brooke Productions Ltd (formerly Little Pond Television Ltd)	UK	(19)	100.0	F	(19)	100.0	F
Sport Rights Acquisitions Ltd (formerly Sport+ UK Ltd)	UK	(6)	24.9	E	(6)	24.9	E
Sportfive Asia Sdn. Bhd.	Malaysia	(6)	24.9	E	(6)	24.9	E
Sportfive GmbH	Germany	(6)	24.9	E	(6)	24.9	E
Sportfive GmbH & CoKG	Germany	(6)	24.9	E	(6)	24.9	E
Sportfive Intermediate GmbH	Germany	(6)	24.9	E	(6)	24.9	E
Sportfive International Ltd	UK	(6)	24.9	E	(6)	24.9	E
Sportfive International Sarl	Switzerland	(6)	24.9	E	(6)	24.9	E
Sportfive Italy SA (formerly Bastino Multimedia)	Italy	(6)	24.9	E	(6)	24.9	E
Sportfive Malaysia Sdn. Bhd. (formerly UFA Sports Malaysia Sdn. Bhd.)	Malaysia	(6)	17.4	E	(6)	17.4	E
Sportfive SA (formerly Groupe JC Darmon SA)	France	(6)	24.9	E	(6)	24.9	E
Sportfive SA Argentina	Argentina	(6)	24.9	E	(6)	24.9	E
Sportfive SP Zoo (formerly UFA Sports SP Zoo)	Poland	(6)	24.9	E	(6)	24.9	E
Sportfive Sulamerica Ltda	Brazil	(6)	24.9	E	(6)	24.9	E
Sportfive Tennis SA (formerly Palais des Sports de Toulouse SA)	France	(6)	24.9	E	(6)	24.9	E
Sportfive Tixx GmbH	Germany	(6)	24.9	E	(6)	24.9	E
Sportfive Turkey Ltd Sirketi	Turkey	(6)	24.7	E	(6)	24.7	E
Sportfive USA LLC	USA	(6)	24.9	E	(6)	24.9	E
Sportfive Verwaltungs GmbH	Germany	(6)	24.9	E	(6)	24.9	E
Sports Rights Acquisition BV	Netherlands	(6)	24.9	E	(6)	24.9	E
Stadion Frankfurt Management GmbH	Germany	(6)	12.5	E		–	NC
Talkback (UK) Productions Ltd	UK		100.0	F		100.0	F
Talkback Productions Ltd	UK	(21)	100.0	F	(21)	100.0	F
Talkback Thames Ltd (formerly Not Any Old Radio Commercials Ltd)	UK	(21)	100.0	F	(21)	100.0	F
Teamworx Television & Film GmbH	Germany		99.7	F		99.7	F
Telescope Inc.	USA		100.0	F		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
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	(26)	–	NC	(22)	100.0	F
The Baywatch Productions 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
Tick Tock Productions Inc.	USA	(14)	100.0	F	(14)	100.0	F
Trebitsch Produktion Holding GmbH	Germany	(5)	99.7	F	(5)	99.7	F
Trebitsch Produktion Holding GmbH & Co.KG	Germany	(5)	99.7	F	(5)	99.7	F

10 Group undertakings (continued)

	Country of incorporation	Note	2005 Group's Ownership	Consolidation method[1]	Note	2004 Group's Ownership	Consolidation method[1]
Truth Productions Inc.	USA	(26)	–	NC	(14)	100.0	F
UFA – Fernsehproduktion GmbH	Germany	(4)	99.7	F	(4)	99.7	F
UFA – Filmproduktion GmbH	Germany	(4)	99.7	F	(4)	99.7	F
UFA Entertainment GmbH	Germany	(4)	99.7	F	(4)	99.7	F
UFA Film & Fernseh GmbH	Germany	(4)	99.7	F	(4)	99.7	F
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- und Medienproduktion GmbH (ex START Television Produktions GmbH)	Germany	(20)	100.0	F	(20)	100.0	F
UFA International Film & TV Produktions GmbH	Germany	(4)	99.7	F	(4)	99.7	F
UFA Sports Iberia SL	France	(6)	24.9	E	(6)	24.9	E
UK TV Ltd	Australia	(12)	20.0	F	(12)	20.0	E
United World Television Ltd (formerly Select TV International Ltd)	UK	(19)	100.0	F	(19)	100.0	F
Universum Film GmbH & CoKG	Germany		99.7	F		99.7	F
What's My Line? Productions Inc.	USA	(14)	100.0	F	(14)	100.0	F
Witzend Productions Ltd	UK	(19)	100.0	F	(19)	100.0	F
Broadcasting radio							
AH Antenne Hörfunksender GmbH & CoKG	Germany		53.3	E		48.3	E
Antenne Mecklenburg- Vorpommern GmbH & CoKG	Germany		25.4	E		25.4	E
Antenne Niedersachsen Gesch. GmbH & CoKG	Germany		35.9	E		35.9	E
Antenne Sachsen Hörfunks- und Versorgungs GmbH	Germany		55.3	E		50.7	E
AVE Gesellsch. für Hörfunkbeteiligungen GmbH	Germany		99.7	F		99.7	F
AVE I Vermögensverwaltungsgesellschaft mbH & Co.KG	Germany		49.7	E		–	NC
AVE II Vermögensverwaltungsgesellschaft	Germany		99.7	F		99.7	F
AVE V GmbH	Germany		99.7	F		–	NC
AVE VI KG	Germany		49.7	E		–	NC
BB Radio Landeswelle Brandenburg GmbH & CoKG	Germany		39.9	E		39.9	E
BCS Broadcast Sachsen GmbH & Co.KG	Germany		30.4	E		–	NC
Blanc Bleu Communication Sarl	France	(24)	–	NC		19.9	E
Cobel D SA	Belgium		21.1	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		40.4	E		33.9	E
Ediradio SA	France		99.7	F		99.7	F
Holland FM Produkties BV	Netherlands	(23)	–	NC		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

Notes to the consolidated financial statements continued

10 Group undertakings (continued)

	Country of incorporation	Note	2005 Group's Ownership	Consolidation method[1]	Note	2004 Group's Ownership	Consolidation method[1]
IP Régions SA	France		99.7	F		99.7	F
Joker FM SA	Belgium		39.8	E		10.9	E
NMH Neue Medien Holding Sachsen-Anhalt GmbH	Germany	(23)	–	NC		99.7	F
Radio Advertising Benelux BV	Netherlands	(23)	–	NC		99.7	F
Radio Center Berlin GmbH	Germany		99.7	F		–	NC
Radio Hamburg GmbH & CoKG	Germany		29.1	E		29.1	E
Radio Systems GmbH	Germany		99.7	F		99.7	F
RB BLAUEN GmbH	Germany		39.4	E		–	NC
RB Rundfunk Beteiligungs GmbH	Germany	(23)	–	NC		49.8	E
RTL FM BV (formerly Holland FM BV)	Netherlands		99.7	F		99.7	F
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		99.7	F		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	(24)	–	NC		19.9	E
UFA Programmgesellschaft in Bayern mbH	Germany		99.7	F		99.7	F
VOFR NV	Belgium	(23)	–	NC		33.9	E
Yorin FM BV (formerly Northsea Media Network BV)	Netherlands		99.7	F		99.7	F
Others							
Audiomedia Investments Bruxelles SA	Belgium		100.0	F		100.0	F
B. & C.E. SA	Luxembourg		99.7	F		99.7	F
CBC Vermögensverwaltungs GmbH	Germany	(23)	–	NC		99.7	F
CLT-UFA Holding SA	Luxembourg	(23)	–	NC		100.0	F
CLT-UFA SA (including German Branch)	Luxembourg		99.7	F		99.7	F
CLT-UFA UK Radio Ltd	UK		99.7	F		99.7	F
CLT-UFA UK Television Ltd	UK		99.7	F		99.7	F

10 Group undertakings (continued)

	Country of incorporation	Note	2005 Group's Ownership	Consolidation method[1]	Note	2004 Group's Ownership	Consolidation method[1]
IP Luxembourg Sarl	Luxembourg		99.7	F		99.7	F
IP Plurimédia SA	Belgium		65.8	F		65.8	F
RTL Group Central & Eastern Europe GmbH	Germany		99.7	F		–	NC
RTL Group Central & Eastern Europe SA	Luxembourg		99.7	F		99.7	F
RTL Group Deutschland GmbH	Germany		99.7	F		99.7	F
RTL Group Germany SA	Luxembourg		99.7	F		–	NC
RTL Group Vermögensverwaltungs GmbH (formerly Darpar 128 GmbH)	Germany		100.0	F		100.0	F
RTL Group Verwaltungs und Holding GmbH	Germany	(23)	–	NC		100.0	F
RTL UK Ltd	UK		100.0	F		100.0	F
Société Immobilière Bayard d'Antin SA	France		99.7	F		99.7	F
TVI Interactions SA (formerly 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) Phönix 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 2005
(25) Company liquidated
(26) Company not trading anymore
(27) REN TV Group
(28) Media Capital Group

Five year summary

Five year summary

	2005 €m	2004 €m	2003 €m	2002 €m	2001 €m
Revenue	5,115	4,878	4,452	4,362	4,054
of which net advertising sales	*3,149*	*3,016*	*2,706*	*2,697*	*2,574*
Other operating income	103	118	76	83	87
Consumption of current programme rights	(1,788)	(1,607)	(1,501)	(1,411)	(1,453)
Depreciation, amortisation and impairment	(219)	(233)	(335)	(339)	(420)
Other operating expense	(2,518)	(2,495)	(2,201)	(2,305)	(2,005)
Amortisation and impairment of goodwill and fair value adjustments on acquisitions of subsidiaries and joint ventures	(16)	(13)	(317)	(298)	(2,840)
Gain/(loss) from sale of subsidiaries, joint ventures and other investments	1	(18)	3	(5)	228
Profit from operating activities	**678**	**630**	**177**	**87**	**(2,349)**
Share of results of associates	63	42	(4)	34	13
Earnings before interest and taxes (“EBIT”)	**741**	**672**	**173**	**121**	**(2,336)**
Net interest expense	(11)	(25)	(35)	(36)	(33)
Financial results other than interest	2	(19)	(20)	(47)	(55)
Profit before taxes	**732**	**628**	**118**	**38**	**(2,424)**
Income tax expense	(116)	(196)	(95)	(85)	(67)
Profit for the period	**616**	**432**	**23**	**(47)**	**(2,491)**
Attributable to:					
Equity holders of the Company	537	366	14	(56)	(2,499)
Minority interest	79	66	9	9	8
Profit for the period	**616**	**432**	**23**	**(47)**	**(2,491)**

EBITA	758	709	487	424	276
Amortisation and impairment of goodwill and fair value adjustments on acquisitions of subsidiaries and joint ventures	(16)	(13)	(317)	(298)	(2,840)
Impairment of goodwill and amortisation of fair value adjustments on acquisitions of associates	(2)	(6)	–	–	–
Gain/(loss) from sale of subsidiaries, joint ventures and other investments	1	(18)	3	(5)	228
Earnings before interest and taxes (“EBIT”)	**741**	**672**	**173**	**121**	**(2,336)**

Earnings per share (in €)					
– Basic	3.50	2.38	0.09	(0.37)	(16.27)
– Diluted	3.50	2.38	0.09	(0.37)	(16.27)
Dividend per share	1.05	0.95	0.80	0.70	0.50
Dividends paid (€ million)	163	146	123	107	77
Average number of full-time equivalent employees	8,771	8,221	7,465	7,414	7,235
Net assets (€ million)	5,348	4,862	4,268	4,425	4,603
Net cash/(debt): € million	267	246	(298)	(755)	(569)

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