Annual report 2007

RTL GROUP

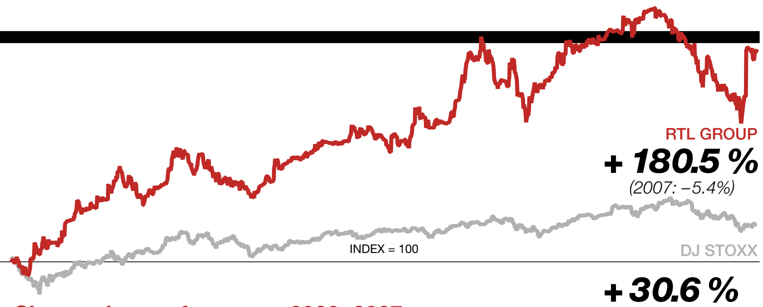
The leading European entertainment network

174 pages of strong ratings, revenues and results

Plus: awards, anniversaries and advertising highlights

How RTL Group increased revenue and EBITA for the sixth consecutive year

Key figures



+ 180.5 % (2007: –5.4%)

+ 30.6 % (2007: –6.7%)

Share price performance 2003–2007

Dividend per share

2003–2007 (€)

07	5.00*
06	3.00**
05	1.05
04	0.95
03	0.80

+ 66.7%

* Of which € 3.70 proposed extraordinary dividend per share

** Of which € 1.80 extraordinary dividend per share

Adjusted earnings per share***

2003–2007 (€)

07	3.54
06	3.52
05	2.96
04	2.62
03	2.14

+ 0.6%

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

Revenue

2003–2007 (€million)

07	5,707
06	5,640
05	5,115
04	4,878
03	4,452

+ 1.2%

EBITA

2003–2007 (€million)

07	898
06	851
05	758
04	709
03	487

+ 5.5%

Equity

2003–2007 (€million)

07	6,431
06	6,151
05	5,348
04	4,862
03	4,268

+ 4.6%

Market capitalisation

2003–2007 (€billion)

07	12.5
06	13.1
05	10.5
04	8.5
03	7.3

– 5.4%

Revenue per business segment

2007 (€million)

TV	4,418
Content	1,176
Radio	279
Other	65
Eliminations	(231)
Total	**5,707**

EBITA per business segment

2007 (€million)

TV	731
Content	126
Radio	79
Other	(38)
Total	**898**

Shareholding structure

31 December 2007*

RTL Group	Bertelsmann	90.3%
	Public	9.7%

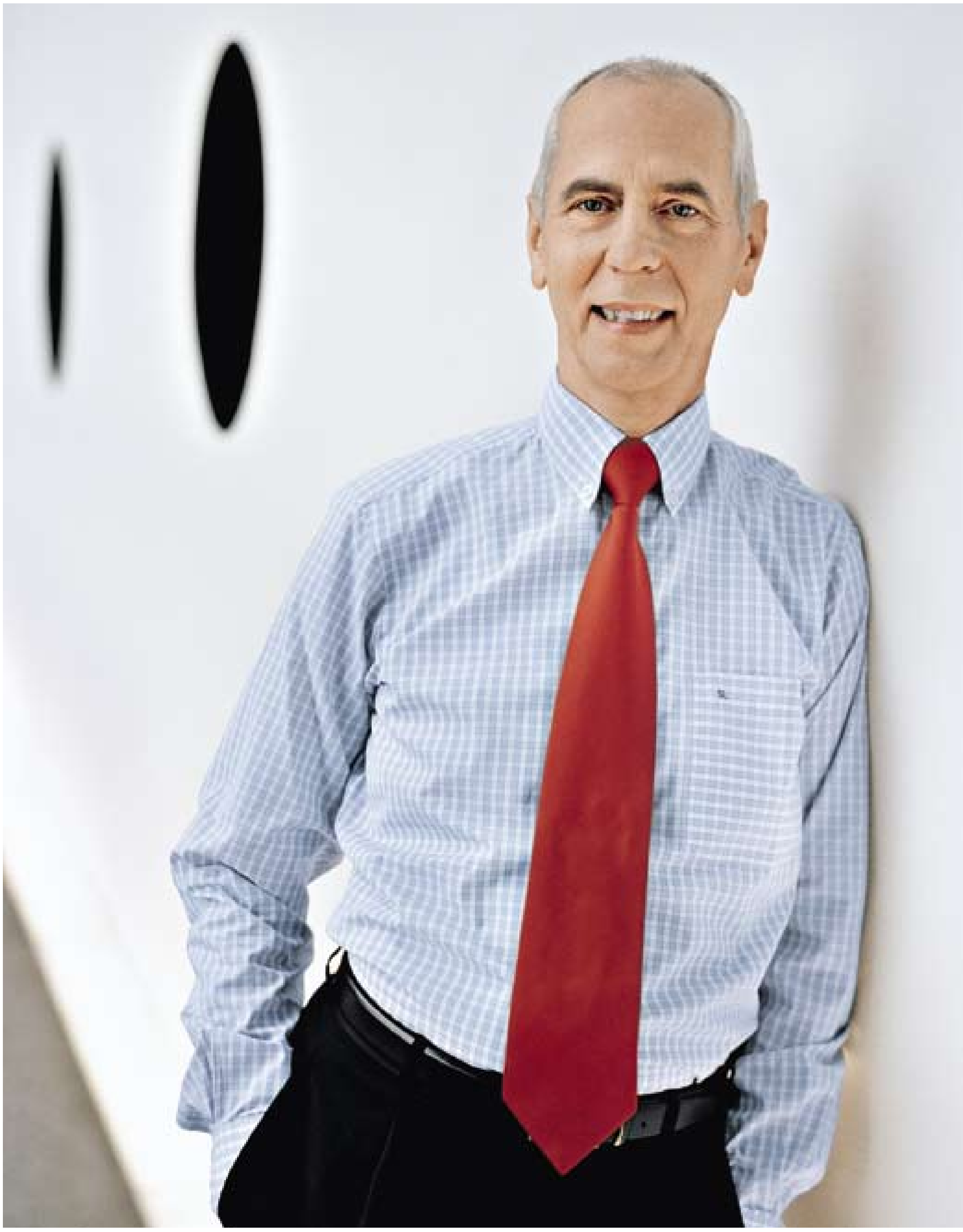
* Excluding 0.76% which is held collectively as treasury stock by RTL Group and one of its subsidiaries

2007 was the most successful business year in the history of RTL Group.

Australian Idol 2007
Grand final for the fifth season of *Australian Idol* at the Sydney Opera House on 25 November 2007. When Natalie Gauci finally took the 2007 crown, half of the audience in the 18 to 49 age group watching commercial television tuned in to the show.

Contents

Chairman's statement



"With substantial cash generation and a strong balance sheet, the Group has ample financial flexibility to pursue value-creating investments."

Siegfried Luther, Chairman of the Board of Directors

2007 offered clear proof of the operational and financial strength of our Group. For the sixth consecutive year, RTL Group reports significant growth of its operating profit. With substantial cash generation and a strong balance sheet, the Group has ample financial flexibility to pursue value-creating investments.

RTL Group is in excellent shape. This is ever more important, as the digital world presents many opportunities and challenges for a broadcasting and production company such as RTL Group. I am pleased to report that the Board and the management team all agree on three appropriate strategic responses: first, developing and strengthening our families of channels. The strong results generated by the RTL families in Germany, the Netherlands and Belgium, and also by Groupe M6 in France, underline the validity of this concept. In the UK, where RTL Group operates the young Five family, the company had to record a significant impairment of goodwill, mainly due to stronger competition in the increasingly fragmented UK television market, affecting all established broadcasters.

The second response is to further increase our non-advertising revenue streams, not only by activities such as merchandising, shopping or testing new digital business models, but also by significantly growing our production unit, FremantleMedia, across all markets. And third, we can succeed by exploring geographical expansion, especially in fast-growing markets.

On 4 December 2007, Bertelsmann AG acknowledged that it was considering making an offer to acquire all the outstanding shares in RTL Group that it did not already own. On 20 December 2007, Bertelsmann AG announced that it would not proceed with a contemplated voluntary public offer for RTL Group shares for the time being, "in light of uncertainties" in the Luxembourg Takeover Law, while maintaining its strategic goal to take RTL Group private. If Bertelsmann does indeed make an offer, the RTL Group Board of Directors will assess it in accordance with the interests of the company and its minority shareholders.

The RTL Group share price ended the year at €80.77, down 5.4 per cent from the end of 2006, though this was better than the DJ STOXX index of European media shares which was down 6.7 per cent over the year.

At the end of the year, Gunter Thielen and Ewald Walgenbach resigned from RTL Group's Board of Directors. The resignations followed changes in the Bertelsmann AG Executive Board. The Board thanks Gunter Thielen and Ewald Walgenbach for their contribution in building RTL Group's strong position and for their loyal services as members of the Board of Directors.

The RTL Group Board co-opted Hartmut Ostrowski, the new Chairman and Chief Executive Officer of Bertelsmann AG. Replacing Mr Thielen, he has joined the RTL Group Board as non-executive director as from 1 January 2008 and has also become a member of the Nomination and Compensation Committee.

Finally, I would like to thank everyone within our Group companies and at the Corporate Centre for their magnificent effort, initiative, creativity and dedication. Without their commitment and hard work, such a strong overall performance would not be possible.

Siegfried Luther
Chairman

"Despite fierce new competition, RTL Group in 2007 again strengthened its position as the leading European broadcaster."

Gerhard Zeiler, Chief Executive Officer

Chief Executive's report

by Gerhard Zeiler

2007 was the most successful business year in RTL Group's history. By maintaining a firm focus on our core businesses, we grew both our revenue and our operating result for the sixth consecutive year, and generated our highest margin ever.

In times of uncertainty as to how the future of media might look, television proved that it is still, and will remain for a long time, the leading medium. Despite fierce new competition, RTL Group in 2007 again strengthened its position as the leading European broadcaster.

Group revenue rose 1.2 per cent to €5,707 million, despite the deconsolidation of the French Pay TV TPS; underlying revenue was up 3.2 per cent. Reported EBITA rose 5.5 per cent to €898 million. The reported EBITA margin improved to 15.7 per cent, marking our highest margin ever.

Net profit attributable to RTL Group shareholders is down to €563 million (2006: €890 million), due to a number of one-offs affecting both years, namely the goodwill impairment accounted for in 2007 and the sale of TPS and recognition of a deferred tax asset in 2006. Without these effects the 2007 profit for the year would have increased substantially.

Following our strong results and based on our consistently strong cash flows, we recommend the distribution of a gross dividend per share of €5.00 for the fiscal year 2007.

The RTL Group share price ended the year at €80.77, down 5.4 per cent from the end of 2006, though this was above the performance of the Dow Jones STOXX index of European media shares which was down 6.7 per cent.

Chief Executive's report

Focus on core businesses

The fact that again we have achieved these record results under mixed and sometimes difficult market conditions provides solid proof that our pan-European strategy is working well.

In 2007, RTL Group maintained a firm focus on our core businesses by further developing the families of channels as well as the production of TV content and the expansion of digital activities, and in addition maintaining control of costs.

Our families of channels in Germany, the Netherlands, Belgium and Groupe M6 in France in particular contributed to the earnings increase. Driven by higher earnings from the US, our worldwide production arm FremantleMedia again made significant contributions to the Group's EBITA.

With currently 42 TV channels in 10 countries, RTL Group has a very well balanced portfolio as a TV broadcaster. Nevertheless, our third strategic goal remains to expand further geographically. However, this is not a goal in itself. We will only expand if it is financially reasonable and if we can contribute with our expertise, as strategic investors.

Balanced portfolio pays off

In Germany, EBITA rose, despite a €96 million fine which IP Deutschland, RTL Group's advertising sales unit in Germany, had to pay to settle an antitrust investigation of the German Federal Cartel Office. The negative impact of the fine was largely offset by cost savings and other measures.

The German family of channels recorded the best ever audience share, with all channels reporting higher audience shares in the target group, increasing the audience lead over its main competitor. The digital pay-TV channels in Germany, launched in 2006, have already attracted more than two million subscribers.

In 2007, our German radio holding, RTL Radio Deutschland, achieved its best result ever.

In France, the main channel, M6, recorded its best ever net advertising market share, clearly outperforming the market, and the digital channels grew dynamically. The mini-generalist channel W9 became the most-watched 'new channel' on free DTT in France in the second half of 2007.

Our content arm, FremantleMedia, had another year of strong performance. EBITA increased, mainly due to higher earnings from FremantleMedia North America, the unit's biggest profit contributor. In 2007, FremantleMedia's global network of companies produced 10,081 hours of TV programming across 55 countries. The company distributed its programmes to more than 150 countries, among them strong programme brands such as *Idols, Got Talent, Betty la Fea*, and the improvisation comedy format, *Thank God You're Here*. In the US, FremantleMedia North America had successful shows on all the major networks in 2007. In Germany, the company launched the subsidiary UFA Cinema. This new company plans to produce up to 10 films a year and already has 40 projects in the development stage.

In the United Kingdom, the TV advertising market had a difficult start to the year but recovered in the second half of 2007, resulting in a year-on-year increase of 2.9 per cent. In this very competitive market, Five Group increased its net advertising market share to an all-time high of 9.3 per cent, aided by additional sales from the digital channels Five US and Five Life, launched in October 2006. Five made a major investment in programming by securing the rights to the Australian drama *Neighbours* for several years.

In the Netherlands and in Belgium, the RTL families of channels achieved strong advertising sales, and both profit centres delivered a record EBITA.

The RTL Radio family in France has regained market leadership, with RTL Radio gaining more than 600,000 additional listeners in one year.

"Television will remain the key medium. And RTL remains the quality brand in commercial television."

Ongoing diversification

We maintained the broad sources of our revenue, as we believe that successful broadcasters need a well balanced, diversified revenue mix, made up of advertising, subscription fees, transactional revenues and content sales. Our broadcasting brands extend their reach online, as diversification activities, as well as digital content and services, improve.

With 49 per cent of its revenue coming from non-advertising sources, Groupe M6 continues to be a leader in the field of diversification. Its broad offering encompasses distance selling, publishing, rights-trading, interactive and web-based activities. M6 Mobile by Orange, launched in June 2005, continued its success story. By the end of July 2007, the service reached the mark of one million customers, 18 months ahead of the initial business plan.

Within Mediengruppe RTL Deutschland, RTL Interactive is responsible for diversification activities and digital content and services. With approximately one billion video views in 2007, the platforms RTL.de, Vox.de, Clipfish.de and RTLnow.de saw a significant increase year-on-year. During peak times, the video community Clipfish.de registered up to 121 million video views by 3.1 million individual users per month.

FremantleMedia also realised a significant increase in online and mobile activities through 2007. The extension of *Atomic Wedgie* from a mobile TV comedy channel to an open online entertainment channel resulted in a significant uptake in consumer demand.

Portfolio management

In the Netherlands, an asset deal with Talpa Media strengthened the RTL family of channels. The country's leading radio station, Radio 538, was integrated in RTL Nederland while Talpa Media received a minority stake in RTL Nederland. The deal closed at the end of September 2007 and brought certain TV assets from Talpa Media to RTL Nederland, such as sports rights, including the Dutch football premier league, and successful Dutch shows and drama series.

Via Groupe M6, RTL Group acquired 34 per cent in Annoncesjaunes.fr through a €16 million capital increase in October 2007. In November, RTL Group entered the nascent Russian satellite and cable TV market, thereby strengthening its presence in one of the fastest-growing advertising markets. Together with the Continental Finance Group SA, RTL Group formed a joint venture for the production, operation and distribution of thematic, non-terrestrial TV channels.

Following regulatory approval, RTL Group completed its exit from Sportfive, resulting in a gain on disposal of €66 million for the Group.

In Portugal, RTL Group decided to sell its entire shareholding in Media Capital. This full disposal resulted in cash proceeds of €209 million and a gain on disposal of €33 million for the Group.

Special dividend

Based on our strong operating earnings in 2007, the Board recommends to the Annual General Meeting of Shareholders the distribution of a gross ordinary dividend per share of €5.00, including an extraordinary dividend of €3.70 per share, up 67 per cent compared to the total dividend payout for the fiscal year 2006 (€3.00 per share, including an extraordinary dividend of €1.80 per share).

Television remains key

More than ever, RTL Group's success is founded on numerous businesses across Europe. Building on this strong foundation, we are guiding the company into a new phase.

We are developing our broadcasting operations into digital TV families with a presence on all new platforms. We will systematically meet the rising demand for attractive content and expand our production arm, FremantleMedia, with new talent, new formats and by doing business in new markets.

Television will remain the key medium. And RTL remains the quality brand in commercial television.

Gerhard Zeiler
Chief Executive Officer

Profit centres at a glance

The RTL families of channels in Germany, the Netherlands and Belgium, plus Groupe M6 in France – adjusted for the sale of TPS – in particular contributed to RTL Group's earnings increase in 2007. Our worldwide production arm FremantleMedia again made significant contributions to the Group's EBITA. The Five Group in the UK returned to profitability, with positive EBITA of €10 million. The French radio family has regained commercial market leadership, with RTL Radio gaining more than 600,000 additional listeners in one year.

Germany

Television and radio	2007	2006
Revenue	€1,983m	€1,965m
EBITA	€336m	€301m
Advertising market share	43.3%	43.8%
Audience share*	33.6%	31.8%

** Target: 14–49*

France

Television	2007	2006
Revenue	€1,357m	€1,410m
Revenue (excluding TPS in 2006)	€1,357m	€1,275m
EBITA	€237m	€249m
EBITA (excluding TPS in 2006)	€237m	€226m
Advertising market share	20.8%	20.2%
Audience share*	18.0%	19.3%

** Target: housewives <50*

FremantleMedia

Content	2007	2006
Revenue	€1,132m	€1,128m
EBITA	€131m	€125m

United Kingdom

Television	2007	2006
Revenue	€499m	€466m
EBITA	€10m	€(1)m
Advertising market share	9.3%	8.8%
Audience share*	6.2%	6.0%

** Target: 16+ (including Five US and Five Life)*

Netherlands

Television and radio	2007	2006
Revenue	€408m	€350m
EBITA	€85m	€70m
Advertising market share	40.4%	37.9%
Audience share*	29.7%	29.9%

** Target: shoppers 20–49 (18–24h)*

Belgium

Television and radio	2007	2006
Revenue	**€210m**	€186m
EBITA	**€49m**	€34m
Advertising market share	**70.1%**	67.9%
Audience share*	**35.3%**	34.8%

** Target shoppers: 18–54 (17–23h)*

France

Radio	2007	2006
Revenue	**€190m**	€198m
EBITA	**€33m**	€33m
Advertising market share	**27.8%**	26.7%
Audience share*	**19.6%**	17.9%

** Target: 13+*

Luxembourg

Television, radio and technical services	2007	2006
Revenue	**€86m**	€79m
EBITA	**€1m**	€1m

Croatia

Television	2007	2006
Revenue	**€48m**	€44m
EBITA	**€2m**	€0m
Advertising market share	**42.3%**	42.9%
Audience share*	**28.3%**	28.6%

** Target: 18–49*

Spain

Television and radio	2007	2006
EBITA (Group contribution)	**€40m**	€49m
Advertising market share	**25.2%**	27.1%
Audience share*	**18.0%**	20.7%

** Target: 13–55*

Hungary

Television	2007	2006
EBITA (Group contribution)	**€7m**	€8m
Advertising market share	**48.5%**	49.7%
Audience share*	**34.8%**	34.4%

** Target: 18–49 (primetime)*

Russia

Television	2007	2006
EBITA (Group contribution)	**€2m**	€3m
Advertising market share	**5.3%**	4.7%
Audience share*	**5.0%**	4.9%

** Target: 6–54*

Company	**FremantleMedia Enterprises, United Kingdom**
Format	International distribution marketing campaign for new unscripted reality series, *Murder*
Communication objective	To invite viewers to become homicide detectives by solving real life cases, using evidence from exact replica crime scenes
Quote	“Murder is a cutting-edge and original series, offering international broadcasters and their audiences a new approach to the crime genre. We aimed to reflect the originality, freshness and engagement of the series through our creative campaign, and this material achieved those objectives.” (Mary Beer, Director of Marketing, FremantleMedia Enterprises)

The power of our brands

A fair proportion of our revenue comes from selling advertising opportunities. But in this digital world of new devices and new ways to reach the customer, our prize assets more than ever are our content and our brands – whether these brands are TV and radio channels or programmes. So we create advertising too, bringing our strong brands to the consumer. Here we feature some of our outstanding campaigns from 2007.

44 calibre handgun, close range...
this means the daughter didn't do it.

MURDER
REAL PEOPLE SOLVING REAL CRIMES

SPIKE
GET MORE ACTION

FREMANTLEMEDIA
ENTERPRISES


football
kicks off with Inter Mi
sunday 1.30pm

Company	**Five, United Kingdom**
Format	Football Italiano
Communication objective	Promote Five's broadcasts of live games and highlights from the Serie A Italian football
Quote	"Our ad aims to capture the spirit and excitement of a live Serie A football game, the look draws its inspiration from Michelangelo and Adidas in equal measure." (Simon Downing, Head of Marketing Services, Five)

Company	**N-TV, Germany**
Campaign	Image campaign to emphasise competence in current affairs
Communication objective	Fortify the brand N-TV in major capabilities of news, business and talk, with clear positioning against competitors
Quote	"Subjects, style and relevance make the campaign a signpost for people looking for information – N-TV asks the burning questions on current issues, and provides capable answers, for observers to 'sharpen their view'." (Christoph Hammerschmidt, Director Marketing and Communication, N-TV)

Company	**RTL Television, Germany**
Campaign	Live broadcast of the box fight Wladimir Klitschko vs Ray Austin on 10 March 2007
Communication objective	Boxing on RTL is far more than just sports broadcasting
Quote	"Boxing on RTL is the staging of a large-scale event. It's all about the emotions of a TV event: one-on-one battles, hopes, wishes and fascination. And that's precisely what we aim to convey with our campaign." (Michael Hajek, Managing Director Creation, RTL Creation)


EURO RSCG
Was hat die Gesundheitsreform schon gebracht?
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Schärfen Sie Ihren Blick.
n-tv
Der Nachrichtensender

105,2 Amay · 105,7 Arlon · 107,1 Ath · 100,3 Bastogne · 107,5 Beauraing · 106,7 Braine-le-Comte · 106,1 Bruxelles · 105,6 Charleroi · 107,9 Ciney · 106,6 Dinant · 107 Enghien · 107,7 Genappe · 107,5 Hannut · 105,6 Huy · 104,8 La Louvière · 107,2 La Roche-en-Ardenne
106,6 Libramont · 100,9 Liège · 107 Louvain-la-Neuve · 104,6 Marche-en-Famenne · 107,2 Mons · 90,8 Mouscron · 105,3 Namur · 105,3 Nivelles · 93,6 Tournai · 106,3 Tubize · 107,6 Verviers · 100,1 Virton · 106,4 Waremme · 94,9 Waterloo · 106,6 Wavre · 107,3 Welkenraedt

Company	**Mint Radio, Belgium**
Campaign	Launch of Mint, a new musical radio station, in the Belgian market
Communication objective	To target up-market listeners. Present a tasteful image, as well as convey the station’s different, unexpected and impertinent approach
Quote	“Mint’s print advertising was linked with the launch TV ad: same casting, same colours, same situation. However this shot was designed especially for the print ad, with high attention to detail. Post testing was very positive, positioning Mint Radio correctly with the right target audience.” (Xavier Huberland, Head of Marketing, RTL Belgium)

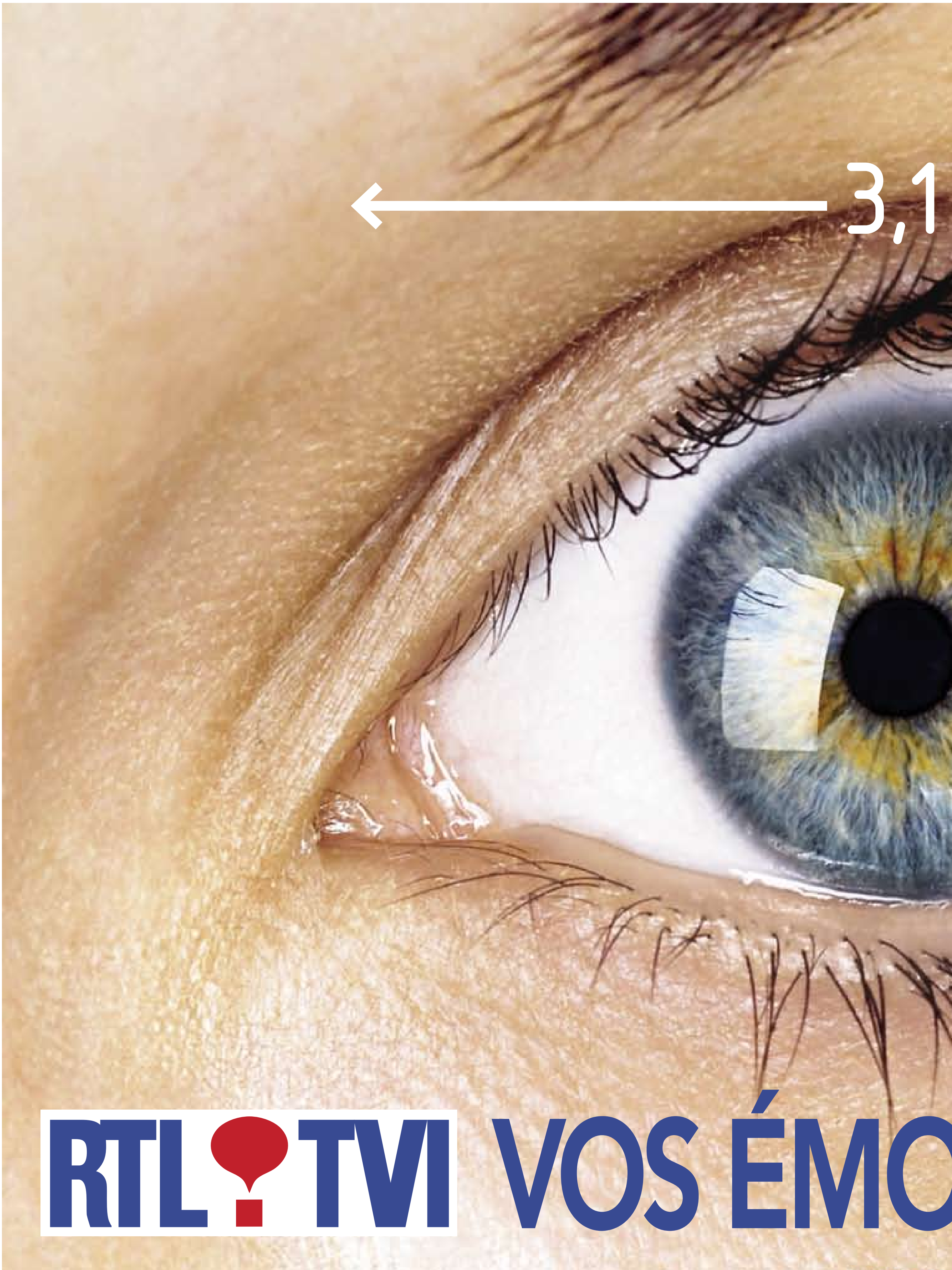
© Publicis agency

Company	**M6, France**
Campaign	Print campaign for the 20th anniversary of M6 – 10,000 displays
Communication objective	To enhance the spirit of M6 by promoting the channel's trademark creative programmes such as *Capital, Kaamelott, Nouvelle Star*
Quote	"M6 is a TV channel built on the 'culture of difference', relying on counter-programming and fresh ideas. We wanted to use humour, and be true to the diversity of the channel. And we wanted to use a different medium, not our own – one with good national coverage." (Emilie Pietrini, Director of Communication, M6)

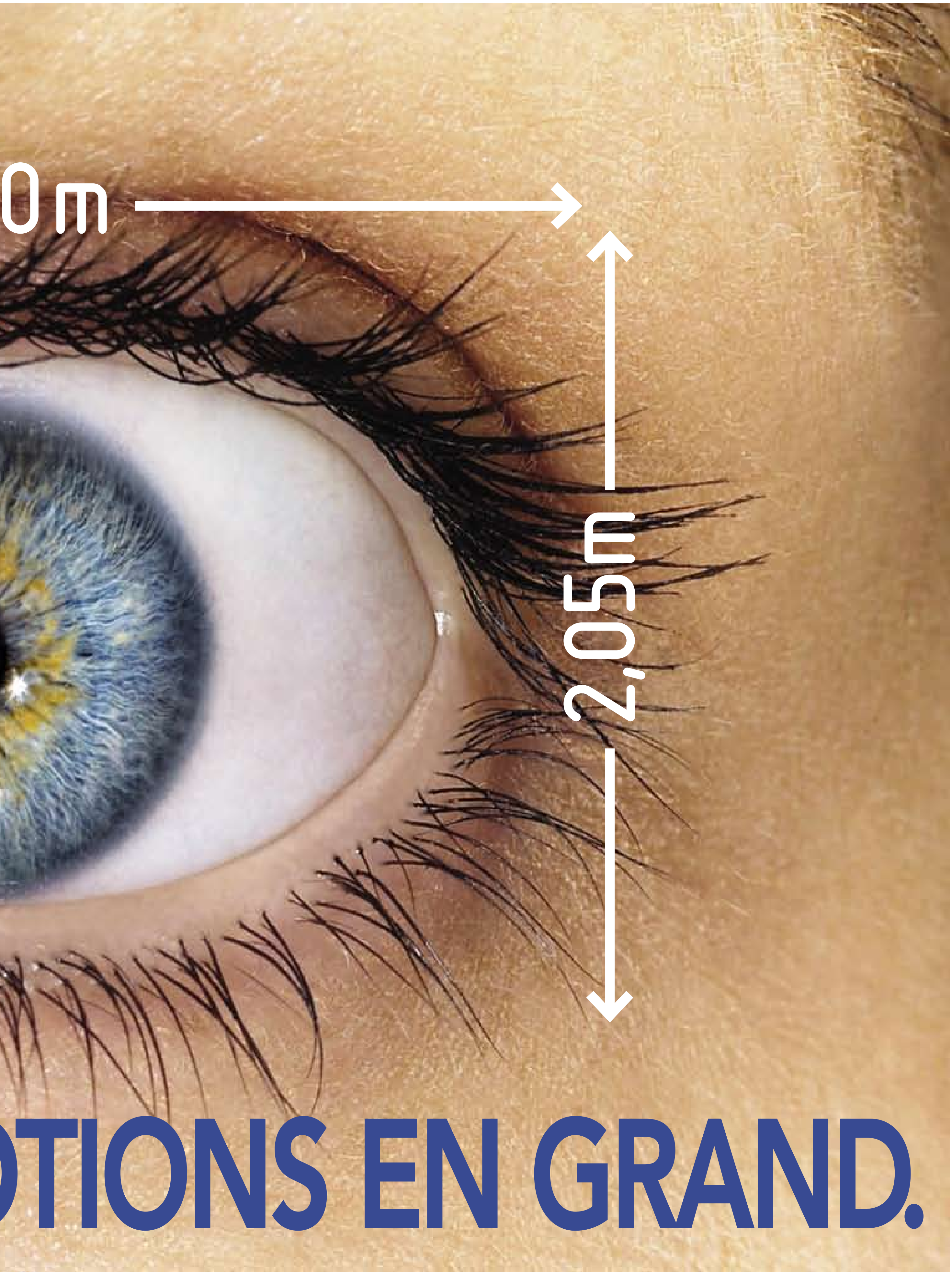
© Publicis agency

© Publicis agency

Company	**RTL-TVI, Belgium**
Campaign	Image campaign for the market-leading generalist RTL-TVI
Communication objective	Communicate the essence of the RTL-TVI brand – a TV station that is generating and sharing many emotions with its audience



Quote — "This campaign contributed to a further increase in people's preference for RTL-TVI. Together with its TV ad, this print ad helped RTL-TVI stand out, and also helped attract a younger audience." (Xavier Huberland, Head of Marketing, RTL Belgium)



Company	**RTL Radio, France**
Format	"RTL – C'est vous" – advertising campaign to launch the 2007/2008 season (nationwide outdoor and press)
Communication objective	This campaign focuses on the benefits of RTL's main programmes, and is designed to boost the station's listenership. The key message "RTL is you" expresses RTL Radio's mission, i.e. to reflect its listeners' interests
Quote	"RTL's top talents promote the core promise of their programming with a catchy, personable and witty message, which also communicates the station's key values, such as proximity and friendliness. The campaign is also a way to show that famous French stars become a part of people's daily lives thanks to RTL and the magic of radio." (Sophie Déroulède, Head of Communications, RTL Radio France)

Company	**RTL Televizija, Croatia**
Campaign	*Fear Factor* second season
Communication objective	*Fear Factor* built on RTL Televizija's reputation as a trend-setter in entertainment programming
Quote	"*Fear Factor* entertains viewers by waking up their emotions and senses, and we developed a print ad that had the same effect. The simple visual of the extreme consequence of fear, which is the essence of the show, was widely acknowledged and won the award for the best print ad at the national marketing and communication festival, *Festo*." (Vedrana Ivić, Marketing and PR Manager, RTL Televizija)


FEAR
FACTOR
New Season.
RTL
TELEVIZIJA

Corporate responsibility

Doing our bit

As one of Europe's foremost media organisations, RTL Group is in an excellent position to champion a wide range of good causes. And we do.

Singer Josh Groban and the African Children's Choir perform live for the *Idol Gives Back* show held at the Walt Disney Concert Hall on 25 April 2007 in Los Angeles, California

RTL Spendenmarathon, *Télévie* and *Idol Gives Back* were three of RTL Group companies' big events of the year – for raising both money for, and awareness of, good causes

RTL Group is committed to improve the societies in which it operates. When dedicating to certain causes, it's important to find the balance between spectacular fundraising events, supportive exposure and thoughtful programming. 2007 was a year of making the most of RTL Group's strengths – for a whole host of important causes.

The Dalai Lama shows his support for *Spendenmarathon* on RTL Television

Popular shows provide a high profile

Nothing demonstrates quite how fun and positive fundraising can be like RTL Group's flagship charity events, where popular television personalities rally the viewers to donate to a good cause – with a generous helping of entertainment thrown in for good measure.

For example, in April 2007, *American Idol* (produced by RTL Group's FremantleMedia and shown on the US network Fox) ran special fundraising episodes – *Idol Gives Back* – that managed to generate an incredible $75 million for poor children in the USA and Africa. Simon Fuller, the shows' producer, was understandably pleased: "We are so proud to have been able to leverage the power of *Idol* to raise so much money and awareness for such worthwhile charitable organisations." The achievement was even recognised by a special Emmy award, officially presented during the September ceremony in Los Angeles.

RTL Group's charity event *Télévie* has become something of an institution in Belgium and Luxembourg. It was set up in 1989, and since then has raised more than €84 million for FNRS – Belgium's National Fund for Scientific Research. RTL Belgium and RTL Lëtzebuerg not only broadcast the action, but actually put together a number of fundraising events as well. In addition, last year's non-stop cycling challenge at RTL Group's Corporate Centre in Luxembourg racked up more than 10,000 miles, which were then converted into €45,000. Total donations for *Télévie 2007* in Belgium and Luxembourg exceeded €7.5 million, which went towards research into leukaemia and cancer.

In Germany, one of the biggest events of all was *Spendenmarathon*. For 12 years now, RTL Television has been organising an annual 24-hour fundraising push for children in need. By the end of November's programme, which enjoyed support from the Dalai Lama, more than €5.4 million had been raised, pushing the 12-year total to over €63 million. Proceeds are distributed to children's aid projects in Germany and throughout the world. Last year, €50,000 was immediately directed to help victims of the cyclone in Bangladesh.

Raising awareness

Alongside the massive events, various RTL Group's broadcasters also like to do what they can by teaming up with all sorts of other campaigns, raising awareness and understanding. Even though fundraising is still an important aspect of these projects, in many ways the real challenge is to inform as many people as possible about relevant issues.

RTL pomaže djeci (RTL Helps Children), the charity foundation of RTL Televizija in Croatia, is bringing support to existing organisations that take care of ill, disabled or poor children, focusing on those organisations that lack the funds to reach the public. "As the leading TV station in Croatia, it was a priority for us to embrace our responsibility towards the Croatian society and to give back to the communities," explains Christoph Mainusch, CEO of RTL Televizija and president of *RTL pomaže djeci.* Since its establishment over a year ago, the foundation has amassed considerable achievements. For example, the 'Be my friend' campaign, launched in December 2007, raised €350,000 to ensure a better future for children in need.

World Aids Day is an important date in the international calendar, because despite huge efforts in education and prevention over recent years, the disease is a worsening problem, even in a developed and prosperous country such as Germany. In 2007, RTL II set up a hotline allowing viewers to immediately contribute €5 to the German Aids Foundation. The money goes to treatment and education in both Germany and Namibia.

Elsewhere, responding to concerns from The National Aids Counselling Service in Hungary that the state isn't doing enough to actively fight HIV, RTL Klub joined forces with the service to produce a series of short films highlighting the dangers of Aids. And to make sure the message reached as wide an audience as possible, RTL Klub provided other TV channels with the films free of charge.

Sometimes the most productive help RTL Group can provide is simply to offer a platform. EEN is a campaign run as part of the Global Call for Action Against Poverty, the worldwide movement behind Live 8 and ONE. As EEN's media partner, RTL Nederland spearheaded a cross-media campaign on TV, radio and the internet, providing valuable exposure for all kinds of fundraising.

Educating 4 good

Perhaps the most exciting times for RTL Group fundraising activities are when it's not just a question of raising money, but generating a deeper understanding of problems, and tackling them with an eye to the long term. There have been whole enterprises set up for good causes, such as FAN3 in Spain (an entire channel that broadcasts specifically for children in hospital) and Media Smart – an organisation dedicated to improving children's ability to understand and think about the intentions behind advertising.

Television programmes are one of the most effective ways to communicate important messages, particularly to young people. And RTL Group operations are using media as a platform for all sorts of positive messages, from the healthy eating campaign of Super RTL's *Lazy Town,* to the emphasis on children's sports in *Toggo TV,* all initiatives to fight against child obesity. *Gute Zeiten, schlechte Zeiten* (GZSZ), produced by Grundy UFA and shown on RTL Television, is Germany's most famous soap opera. At the beginning of 2008, the GZSZ production team joined forces with the German Federal Ministry of Health to tackle the difficult subject of drug addiction.

The heart of the RTL Group, the Corporate Centre, raised money for their TV colleagues' *Télévie* appeal in Belgium and Luxembourg by cycling 10,000 miles

Five has recently reduced its electricity consumption by 8.6 per cent.

Naturally cool protecting the environment

RTL Group is a member of the FTSE4Good index, evidence of its consistent commitment to sustainability. FTSE4Good was set up by the *Financial Times* and the London Stock Exchange as an index of ethically and environmentally aware companies.

One of RTL Group's strengths is the way that different profit centres use their initiative in different ways. For example, Five in the UK has been particularly determined in its efforts to curb waste. The first step has been to set up a Carbon Reduction Action Group and then to identify key projects in terms of energy, recycling, transport and communication. Consequently, Five has recently reduced its electricity consumption by 8.6 per cent.

Environmentally friendly buildings not only reduce waste, but also help inspire employees to be more aware of their own environmental impact, and their power to help make a difference. Mediengruppe RTL Deutschland will be moving into a new building that is being constructed under specific terms of environmental protection. For example, the cooling system will be regulated by naturally cool water, and waste heat will be recycled.

RTL-TVI in Belgium is heading in a similar direction – it's an active partner of the EC initiative GreenLight, which looks to install energy efficient lighting technology.

As is the case with a number of charitable causes, RTL Group can use its position as a broadcaster to highlight the issue of climate change. For example, RTL Radio in France plays its part by dedicating a whole day's broadcasting to programmes about environmental protection. Super RTL also looks to cover 'green' issues, but with the aim of educating children. So the cartoon heroine *Kim Possible* fights environmental pollution, and calls on viewers to always be on the lookout for environmental damage.

Other highlights

During November and December 2007, Vox appealed for donations towards the building of schools in Mali, one of the world's poorest countries. The Vox ***Machen Sie Schule*** campaign raised just under €250,000, by inviting viewers to call a special hotline and donate €5.

Every year, employees at **IP Deutschland** propose causes they'd like to see supported, before the entire staff vote to decide who will receive IP's backing. In 2007, the children's hospice Sternenbrücke – one of only a handful in Germany – was given a cheque for €10,000.

Christmas is always a time for giving, and a new Christmas campaign at RTL Group in Luxembourg is ***Christmas in a shoebox***, when employees compile a shoebox full of gifts to be sent to children in need. It's an idea that originated in the UK, but soon spread further afield – in 2006 alone, 430,000 boxes were sent to children in 13 countries.

Boosting employee well-being

One of the key roles for any good human resources department is to establish a culture of teamwork, and to find ways of improving everybody's job satisfaction. At the RTL Group Corporate Centre in Luxembourg, one of the methods of achieving both is to focus on employees' health and well-being.

As one of a number of early initiatives, the Group built football and volleyball facilities for staff – kickstarting a campaign which would become known as 'Well-Being'. Romain Mannelli is RTL Group's Executive Vice President of Human Resources: "The Well-Being programme is focused on the health of our employees, and consists of three major themes. The first – 'get fit' – is about physical activity, the second is 'be healthy', promoting health protection, and the third is 'eat right'."

But Well-Being is about far more than simply talking about healthy lifestyles, and the real success has been in following through with decisive action. For example, RTL Group regularly organises various health care campaigns and, working closely with the company doctor, has been among the first companies in Luxembourg to provide its staff with free cardiovascular risk screening. It also offers free access to a fitness centre, as well as the new sports fields.

However successful and popular these initiatives have been, they don't necessarily reach everyone. State-of-the-art fitness facilities don't appeal to all staff, and of course the health checks are by no means compulsory.

So alongside providing first-rate equipment, RTL Group has also taken a more 'grass roots' approach, dealing with some basic health issues. So, for example, staff members enjoy free apples, and largely subsidised restaurant meals – including vegetarian dishes.

Feedback from employees has been positive, with recent surveys indicating that staff satisfaction has significantly increased since 2002. In 2007, RTL Group was recognized in Luxembourg as a leader in acting for its employees' health and well-being and won the Healthy Workplace Award from the Luxembourgish Ministry of Health. But, as Romain Mannelli says, the recipe for success is quite straightforward: "We contribute to the health and well-being of our employees by providing the relevant information and the tools they need."

Other highlights

For many years, RTL Radio France has been an enthusiastic supporter of the ***Pièces Jaunes*** campaign, led by Bernadette Chirac, which encourages young people to collect as much small change as they can. The money is then donated to Hôpitaux de Paris – Hôpitaux de France, where it helps support hospitalized children. Every January, RTL Radio makes every effort to promote and raise awareness of this remarkable campaign.

Twice a year, the EWC meets with RTL Group's senior management

An employee voice at Group level

The European Works Council (EWC) is a committee of personal representatives delegated from the various RTL Group entities in the European Union countries.

It meets RTL Group's senior management twice a year, or more if necessary, to discuss RTL Group economic and social issues of strategic and cross-border nature, which may have consequences for employees and their families. The idea being that each of the Group's 8,900 employees, while having no direct contact with Group management, at least has a two-way line of communication, and develops a feeling of belonging to the larger RTL Group. According to EWC Chairman Kai Brettman, "We have created a strong sense of collaboration and a good atmosphere, which allows us to ask difficult questions and raise issues that management may not be aware of. Personal representatives can then understand the Group perspective behind any proposed changes and relay this information within their own companies." Of course, each country RTL Group entities operate in is different, and Kai concedes that "the concept of works councils is slow to take off in some countries. But this problem is often small compared to other local issues. However, we keep asking questions of the management, and are convinced our management as well as our employees see the need and benefit of good dialogue." Moving forward to 2008, Kai sees two major issues on his agenda. One is to examine the many different models of profit-sharing, and to conduct discussions of this at a Group level. The other is the high proportion of limited contracts, an issue affecting many different industries. Says Kai: "Clearly this employment flexibility benefits the Group, but it can create problems for individuals planning family matters. These are the sorts of issues we have to discuss."

Operations

Television

	Free TV		Pay TV		TV Services	
Germany	RTL Television	100%	RTL Crime	100%	CBC	100%
	Vox	99.7%	RTL Living	100%		
	RTL II	35.9%	Passion	100%		
	Super RTL	50%				
	RTL Shop	100%				
	N-TV	100%				
France	M6	48.5%	Paris Première	48.5%		
	W9	48.5%	Téva	48.5%		
	RTL 9[1]	35%				
Netherlands	RTL 4[1]	73.7%				
	RTL 5[1]	73.7%				
	RTL 7[1]	73.7%				
	RTL 8[1]	73.7%				
UK	Five	100%				
	Five US	100%				
	Five Life	100%				
Belgium	RTL-TVI[1]	66%				
	Club RTL[1]	66%				
	Plug TV[1]	66%				
Luxembourg	RTL Télé Letzebuerg	100%			BCE	100%
	Den 2. RTL	100%			Enex	76.4%
Croatia	RTL Televizija	74%				
Spain	Antena 3	20.0%				
	Antena Neox	20.0%				
	Antena Nova	20.0%				
Hungary	RTL Klub	49%				
USA						
Australia						
Italy						
Portugal						
Russia	Ren TV	30%				

This chart illustrates the structure of RTL Group's principal businesses and undertakings as at 31 December 2007. The name of each company is followed by an indication of the percentage held directly or indirectly by RTL Group.

Radio

Content

Radio		Production[2]		Rights[2]	
104.6 RTL Berlins Hit-Radio	100%	UFA Film & TV Produktion[3]	100%	Universum Film	100%
105.5 Spreeradio	100%	Grundy LE[3]	100%		
RTL Radio – Die besten Hits aller Zeiten[1]	100%	Grundy UFA[3]	100%		
Antenne Bayern	16%	Phoenix Group[3]	51%		
Radio Hamburg	29.2%	Teamworx[3]	100%		
Hit Radio		UFA Entertainment[3]	100%		
Antenne Niedersachsen	36%				
RTL[1]	100%	FremantleMedia France[3]	100%		
RTL 2	100%	Be Happy[3]	100%		
Fun Radio	100%				
RTL Autrement	100%				
RTL L'Equipe	50%				
Radio 538	73.7%	Blue Circle[3]	100%	FremantleMedia Operations[3]	100%
				Fremantle Productions[3]	50%
		Talkback Thames[3]	100%	FremantleMedia Worldwide[3,4]	100%
Bel RTL	44.2%	Fremantle Productions Belgium[3]	100%		
Radio Contact	44.2%				
Mint	44.2%				
RTL Radio Lëtzebuerg	100%			CLT-UFA International[4]	100%
		Fremantle Produkcija[3]	100%		
Onda Cero	20%	Fremantle Producciones[3]	100%		
		Magyar Grundy UFA[3]	100%		
		FremantleMedia North America[3]	100%		
		Fremantle Productions Latin America[3]	100%		
		Grundy Television[3]	100%		
		Grundy Productions Italia[3]	100%		
		Fremantle Producoes TV[3]	100%		

Principal businesses – extended list on pages 160 to 167.
(1) Programmes broadcast by CLT-UFA under a Luxembourg license (2) FremantleMedia has operations in 22 countries, including Portugal, Finland, Poland, Denmark, Netherlands, Japan, Indonesia and Brazil (3) A FremantleMedia company (4) Global

How we work

Close co-operation brings its rewards

The philosophy of RTL Group is one of decentralisation. Each profit centre is autonomous, led by its own CEO, an entrepreneurial approach which ensures each can act quickly and flexibly in its local market. However, in today's lively media and entertainment sector, technology changes daily and new ideas emerge just as quickly – so each profit centre has much to gain by sharing its own knowledge and experience and absorbing that of colleagues at other profit centres within the RTL Group. Here we talk to two people at the heart of hitting the right balance – that between autonomy and the role of the Corporate Centre.

Financial management in a decentralised environment

Elmar Heggen was appointed Chief Financial Officer and Head of the Corporate Centre of RTL Group in September 2006. As he points out: "The RTL Group companies cover a wide geography and a lot of different cultures and customs. It's our duty in the Corporate Centre to overcome these differences, so that although people work in autonomous companies, they see themselves as part of the Group and therefore feel comfortable picking up the phone or emailing to colleagues outside of their profit centre."

The ultimate purpose of this networking and teamwork, of course, is to improve business performance. In Elmar Heggen's view, profitable growth will be sustained by a common understanding of value creation: "For the success of the Group, we have to be in a position to initiate best in class practice, and be able to transfer it around the Group. From a financial point of view, this means developing standard benchmarks, performance indicators and reporting systems." How does this work in practice? "Well, for instance, if we are comparing the revenue efficiency of certain programming across profit centres, we have to be comparing like with like, apples with apples. Only with common tools can we identify areas of improvement, or challenge profit centres."

Though when Elmar refers to challenge, he doesn't mean it in any confrontational way: "Our role in the Corporate Centre is to set the framework, and make sure we keep people up to date with policies and procedures, and also make sure that, through regular finance meetings, people know each other well enough across the Group to make proper use of the synergies available to them. As they see the benefits, they will act voluntarily towards common financial benchmarks."

Information exchange through Sycos

Claire Davenport is Executive Vice President for Corporate Strategy and Business Synergies at RTL Group. Claire manages the process of Synergy Committees, or Sycos, as they are known. "Our Sycos have been running properly for three years now," Claire explains, "the idea is for profit centres to draw on the understanding and expertise of other RTL Group family members – it's particularly useful to talk to someone who's done it before if you are setting up a new strand to your business."

The senior level decision makers of the profit centres meet regularly – whoever is most relevant to the Syco in question. There are three major Sycos – one for Programming, one for Radio, and one to look at new Business Models. Above those is the Operations Management Committee (OMC), where all the profit centre CEOs and senior executives from the Corporate Centre meet every six to eight weeks. Then beneath the major Sycos there are appropriate sub-groups looking at specific areas of interest.

"It really allows TV and radio companies who aren't competitors to learn from each other's experiences, especially where markets are similar," continues Claire, "and as people get more used to the idea, they get to know each other better, and there's much more networking going on across the Group, more information is passed on, and so it's much more productive. Actually the sub-groups become a bit more focused on their specialist areas, such as news or entertainment."

As examples of productivity, the News Syco has already resulted in premium news material being exchanged across the Group, and new magazine formats launching in different

> **"For the success of the Group, we have to be in a position to initiate best in class practice, and be able to transfer it around the Group."**
> *Elmar Heggen, CFO of RTL Group*

countries. And 2007's entertainment meetings have led to what will be the first major pitch from production companies to a number of different profit centres at the same time. According to Claire, other exciting initiatives this year include the Online Task Force, of which the Group CEO is a member. This discusses areas where the profit centres could work together, and produced a major piece of research work on online advertising, which involved three profit centres.

Other major areas of Syco activity for 2007 were working successfully on joint acquisitions and exchange of licenses among profit centres, as well as exchanging views on programming for a family of channels.

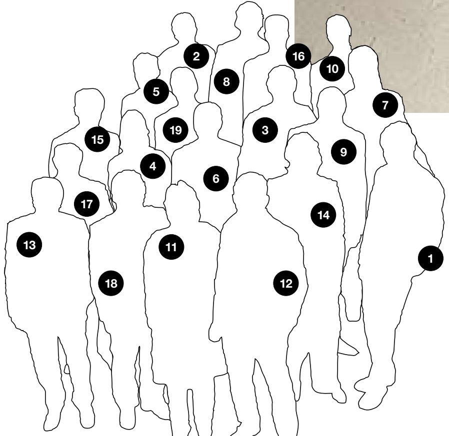
The Operations Management Committee (OMC) with all the profit centre CEOs and senior executives from the Corporate Centre meet every six to eight weeks

Each profit centre has much to gain by sharing its own knowledge and experience.

Operations Management Committee

Members

Gerhard Zeiler	1	Chief Executive Officer, RTL Group; Member of the Bertelsmann AG Executive Board
Alain Berwick	2	Chief Executive Officer, RTL Radio and Télé Lëtzebuerg
Tony Cohen	3	Chief Executive Officer, FremantleMedia
Claire Davenport	4	Executive Vice President Corporate Strategy and Business Synergies, RTL Group
Vincent de Dorlodot	5	General Counsel, RTL Group
Philippe Delusinne	6	Chief Executive Officer, TVI SA
Axel Duroux	7	Chief Executive Officer, RTL Radio France
Dirk Gerkens	8	Chief Executive Officer, RTL Klub
Elmar Heggen	9	Chief Financial Officer and Head of the Corporate Centre, RTL Group
Oliver Herrgesell	10	Executive Vice President Communications and Marketing, RTL Group
Jane Lighting	11	Chief Executive Officer, Five
Christoph Mainusch	12	Chief Executive Officer, RTL Televizija
Romain Mannelli	13	Executive Vice President Corporate HR, RTL Group
Anke Schäferkordt	14	Chief Executive Officer, RTL Television
Nicolas de Tavernost	15	Président du Directoire, Groupe M6
Andreas Walker	16	Executive Vice President Regional Operations, RTL Group
Fons van Westerloo	17	Chief Executive Officer, RTL Nederland (until 31 January 2008)
Gert Zimmer	18	Chief Executive Officer, RTL Radio Deutschland
Eduardo Zulueta	19	Managing Director, MABUAT (Spain)
Bert Habets		Chief Executive Officer, RTL Nederland (since 1 February 2008; not on the picture)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Corporate governance

The RTL Group Board of Directors recognises the importance of, and is committed to, high standards of corporate governance. The principles of good governance adopted by RTL Group have been applied in the following way. They are in line with the ten principles of corporate governance issued by the Luxembourg stock exchange. A section on the company's website (www.rtlgroup.com) is fully dedicated to this topic and can be found in the 'Investors' section. Shareholders have access to the 'RTL Group Charter on Corporate Governance', which contains all the rules of good governance applied for years by the company.

Shareholders

The share capital of the Company is set at €191,900,551 divided into 154,787,554 shares with no par value, each fully paid up.

Shareholding structure

31 December 2007*

RTL Group	Bertelsmann	90.3%
	Public	9.7%

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

Board of Directors and Chief Executive Officer

On 31 December 2007 the Board of RTL Group had nine members: one executive director, and eight non-executive directors. The non-executive directors elected at the General Meeting of Shareholders on 19 April 2006 were appointed for a period of three years. The executive director elected at the General Meeting of Shareholders on 19 April 2006 was appointed for a period of five years. The biographical details of the directors are set out on pages 78 to 81. 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 Board of Directors has to review, if requested with the assistance of an expert, that any transaction between RTL Group or any of its subsidiaries and any of the shareholders is at arm's length terms. The responsibility for day-to-day management of the Company is delegated to the CEO but the Board, which meets at least four times a year, has a formal schedule of matters reserved to it including approval of the annual overall Group budget, significant acquisitions and disposals, and the Group's financial statements. The Board of Directors met four times in 2007, with an average attendance rate of 78 per cent, and adopted some decisions by circular resolution on matters presented and discussed at a previous Board meeting.

An evaluation of the Board of Directors' activities, as well as the activities of its committees, was performed early in 2008. A report on the results was presented at the Board of Directors meeting in March 2008.

The following Board committees are established:

Nomination and Compensation Committee

The Nomination and Compensation Committee is made up of four non-executive directors, one of them being an independent director, and meets at least twice a year. The Nomination and Compensation Committee met twice in 2007, with an average attendance rate of 75 per cent.

The Nomination and Compensation Committee consults with the CEO on the appointment and removal of executive directors and senior management and determines the Group's compensation policy.

Audit Committee

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

The Committee's plenary meetings are attended by the CEO, the CFO and the Head of Internal Audit with or without the external auditors. The Audit Committee met three times in 2007, with an average attendance rate of 100 per cent.

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 2007 a total of €0.6 million (2006: €0.7 million) was allocated in the form of fees to the non-executive members of the Board of Directors and the Committees that emanate from it (see note 8.4. to the consolidated financial statements).

Neither options nor loans have been granted to Directors.

Market abuse

The Company has taken appropriate measures in order to ensure compliance with the provisions of the law dated 9 May 2006 on market abuse, as well as with the Circulars of the Commission de Surveillance du Secteur Financier (CSSF) dated 17 August 2006 and 5 February 2007 concerning the application of this legislation.

How we manage risks

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

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

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

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

- Comprehensive scope of risk assessment: risks are assessed within a framework of defined key risk categories. Regular risk assessments are undertaken to include a description of the risk, an indication of the potential financial impact, and the approach taken to mitigate the risk.
- Regular reporting: RTL Group's system of internal controls ensures that risks will be addressed, reported and mitigated when they arise. Within the specific risk reporting framework all significant risks are comprehensively assessed and reported to RTL Group management on a bi-annual basis. This ensures that the necessary actions are undertaken to manage, mitigate or offset the risks within the Group.
- Bottom-up approach: we assess risks at the level where they arise, i.e. in our operations.
- 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 headquarters.**
3	**Mitigation measures and action plans to control risks.**
4	**Risk management reporting.**
5	**Consolidation of risk management report and review by risk management committee. Reporting to Audit Committee.**
6	**Actions at Group/local level.**

Corporate governance

Type of risks	Description and areas of impact
External and market risks	
Legal	The local and European media regulations are subject to change. Some changes could alter businesses and revenue streams (for example, a ban of certain types of advertisements, opening of markets, deregulation of markets, cancellation of restrictions, limitation of advertising minutes).
Audience and market share	A decrease in audience and/or market share may have a negative impact on RTL Group's revenue.
Strategic direction	Wrong strategic decisions could lead to potential losses of revenue. Also, wrong strategic investment decisions and overpricing could imply the risk of an impairment of goodwill (apart from the cash cost of an overly expensive investment).
Cyclical development of economy	Economic development directly impacts the advertising market and therefore RTL Group revenue.
Market risks	
New entrants and market fragmentation	As countries move towards digital switchover, market entry barriers are reduced. New entrants will also provide further choice to the viewer. Higher competition in programme acquisition, fragmentation due to thematic channels, and expansion of platform operators may impact RTL Group's position.
Technological challenges/ innovation	New broadcasting technologies becoming more and more important over the coming years (for instance digital broadcasting, internet, video on demand) are a threat for RTL Group.
Risks in key business	
Customers	Bad debts or loss of customers may negatively impact RTL Group's financial statements.
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 to rise in the long term.
Inventories	There is a risk of over-accumulation of stock which would be unused or could become obsolete. This may imply that write offs/impairments are necessary.
Financial risks	
Foreign exchange exposure	Effective management of foreign exchange risk is an important factor. The operating margin and broadcasting costs are impacted by foreign exchange volatility, especially if there is a strong increase of the USD versus EUR (feature films or sport/distribution rights purchases).

Mitigation activities
RTL Group tries to anticipate any changes in legislation and to act accordingly by developing and exploiting new revenue sources.
New talent and formats are developed or acquired. Performance of existing shows is under constant review with the aim of driving audience share performance and hence future revenue. Moreover, RTL Group remains constantly proactive in the monitoring of international market trends.
Prudent investment policies are followed, underpinned by realistic and conservative business plans, approval levels being followed ensuring the relevant degree of management 'sign-off', solid valuation models and regular strategic planning sessions. A regular review of strategic options is undertaken ensuring that the strategic course of the Group is well understood and consistent over time.
RTL Group tries to diversify the revenue base through regional expansion as well as new products and services generating non-advertising revenue.
RTL Group's strategy is to embrace new digital opportunities by ensuring its channels and stations are platform neutral (available on the widest possible choice) and that we develop strong families of channels for the digital age based around our leading brands.
RTL Group remains proactive on new technological and broadcasting trends and develops digitalisation activities to offset the removal/loss of analogue activities.
Credit analysis of all new advertisers is systematically undertaken to prevent such a risk. Depending on the customer's credit worthiness credit insurances may be used. This risk is also mitigated by broadening the advertiser base.
The Group tries wherever possible to diversify its sources of supply. RTL Group benchmarks purchasing terms and conditions to identify best practices with the aim of reducing costs via, for example, joint purchasing. RTL Group makes a selection of high quality and solid suppliers for key services or equipment to reduce the risk of bankruptcy of business partners.
RTL Group has strict commercial policies, very close follow-up of existing inventories and strict criteria for approval of investment proposals for rights.
RTL Group has in place a strict policy regarding foreign exchange management, which is monitored and followed up by Group Treasury, using plain vanilla hedge instruments to mitigate volatility on the income statement.

The Board

Executive Director

Gerhard Zeiler
Chief Executive Officer

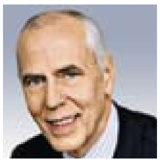
Gerhard Zeiler, born in 1955 in Vienna (Austria), joined RTL Group in November 1998 when he was appointed Chief Executive Officer (CEO) of RTL Television in Cologne. In this capacity, Zeiler was responsible for the German RTL family of channels (RTL Television, Vox, RTL II, Super RTL, N-TV). In March 2003 Gerhard Zeiler was additionally appointed CEO of RTL Group. He handed over the management of RTL Television to Anke Schäferkordt in September 2005 to fully concentrate on RTL Group's international channel architecture.

In his function as CEO of RTL Group, Gerhard Zeiler is a member of the Supervisory Boards of Groupe M6 in France and RTL Television in Germany, Chairman of the RTL Nederland Supervisory Board and Chairman of the Board of M-RTL in Hungary. He has been a member of the Bertelsmann AG Executive Board since October 2005.

Gerhard Zeiler began his career as a freelance journalist and then became press spokesman for the Austrian Minister for Education and the Arts, Dr Fred Sinowatz, whom he eventually followed to the Federal Chancellor Office in 1983. Later he continued working in the same capacity for Federal Chancellor Dr Franz Vranitzky. In 1986 he became Secretary-General of the Austrian public broadcaster ORF in Vienna. After a two-year period as CEO of Tele 5 and a further two-year period as CEO of RTL II, he was elected Chief Executive Officer of ORF in 1994 and stayed in this position until November 1998.

Appointed: 4 March 2003

Non-Executive Directors



Siegfried Luther
Chairman

Committee membership:
Audit, Nomination and Compensation

Mandates in listed companies:
Member of the Supervisory Boards of Infineon Technologies AG, Munich; WestLB AG, Düsseldorf; Wintershall Holding AG, Kassel; and Evonik Industries AG, Essen. Non-executive member of the Board of Directors of Compagnie Nationale à Portefeuille SA, Loverval

Siegfried Luther, born in 1944, was Chief Financial Officer (since 1990) and Deputy Chairman (since 2002) of Bertelsmann AG, Gütersloh. He retired at the end of 2005. Between 1974 and 1990 he held various senior positions at Bertelsmann AG in taxes, group accounting and treasury, and corporate finance. He graduated as a doctor of law from the University of Münster (Germany).

Appointed: 24 July 2000

Martin Taylor
Vice-Chairman; Independent Director

Committee membership:
Audit, Nomination and Compensation (Chairman)
Mandates in listed companies:
Chairman of the Board of Syngenta AG (CH)

Martin Taylor, born in 1952, began his career as a financial journalist with Reuters and the *Financial Times*. He then joined Courtaulds plc, becoming a director in 1987, and then Chief Executive of Courtaulds Textiles plc on its demerger in 1990. He moved to Barclays plc in 1993 as Chief Executive, a post he held until the end of 1998. From 1999 to 2003 he was Chairman of WH Smith PLC and from 1999 to 2005 International Advisor to Goldman Sachs. Currently he is Chairman of the Board of Syngenta AG. He has worked on various projects for the British Government and served for five years as a member of its Council for Science and Technology. Appointed as independent, non-executive director in July 2000 (when RTL Group was created), he took over the responsibilities of Vice-Chairman of the Board in December 2004.

Appointed: 25 July 2000

Hartmut Ostrowski
Chairman of the Executive Board
and CEO of Bertelsmann AG

Committee membership:
Nomination and Compensation

After having studied business administration at the University of Bielefeld, Hartmut Ostrowski, born in 1958, joined Bertelsmann in 1982 as Executive Assistant in what was then Bertelsmann Distribution. A year later, he was head of the credit management division. In 1988, he became Managing Director of a German subsidiary of Security Pacific, at the time the fourth-largest bank in the United States. In April 1990, he returned to Bertelsmann Distribution as head of a business unit. In July 1992, he was appointed Managing Director, and in July 1995, he became CEO of the newly formed Bertelsmann Services Group. Hartmut Ostrowski was appointed to the Arvato Executive Board in 1996, and became CEO of Arvato AG and a member of the Bertelsmann AG Executive Board in September 2002. He has been Chairman and CEO of Bertelsmann AG since 1 January 2008.

Appointed: 7 December 2007 (effective 1 January 2008)

Günther Grüger
Executive Vice President Corporate
Controlling and Strategy of Bertelsmann AG

Günther Grüger, born in Germany in 1951, is currently Executive Vice President Corporate Controlling and Strategy of Bertelsmann AG. From 1983 until 1997 he held various positions at Bertelsmann. Before joining Bertelsmann he worked in the Corporate Controlling Department of Oetker Group. He holds a diploma and a doctorate in Economics from the University of Münster (Germany).

Appointed: 29 August 2006

The Board

Non-Executive Directors

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

Committee membership:
Audit, Nomination and Compensation

Thomas Rabe, born in Luxembourg-Ville in 1965, holds a diploma and a doctorate in economics from the University of Cologne. He started his career in 1989 at the European Commission in Brussels. From 1990 to 1996 he held various senior positions at Forrester Norall & Sutton (now White & Case) in Brussels as well as the state privatisation agency Treuhandanstalt and a venture capital fund in Berlin. In 1996, he joined Cedel International (Clearstream, following the merger with Deutsche Börse Clearing) where he was appointed Chief Financial Officer and member of the Management Board in 1998. In 2000, Thomas Rabe became Chief Financial Officer and member of the Executive Committee of RTL Group. In March 2003 he was also appointed Head of the Corporate Centre with responsibility for the Luxembourgish activities of RTL Group. He has been Chief Financial Officer and Head of the Corporate Centre of Bertelsmann AG since January 2006.

Appointed: 12 December 2005 (effective 1 January 2006)

Onno Ruding
Chairman of the Board of the Centre for European Policy Studies; Independent Director

Committee membership:
Audit (Chairman)

Mandates in listed companies:
Corning, Holcim

Born in 1939, Onno Ruding served as the Minister of Finance of The Netherlands for the Christian Democratic Party (CDA) from November 1982 until November 1989. In July 1990, he became Vice-Chairman of Citicorp, and in March 1992, he was appointed Vice-Chairman of Citicorp/Citibank in New York. He retired in September 2003. In January 2002, he became Chairman of the Board of the Centre for European Policy Studies (CEPS) in Brussels, the largest independent think-tank in Europe addressing subjects related to European integration.

Appointed: 12 September 2000

Jacques Santer
Chairman of the Board of CLT-UFA;
Independent Director

Before Jacques Santer, born in 1937, became Chairman of the Board of CLT-UFA in May 2004, his distinguished career covered a variety of political roles including Member of the European Parliament (1974 to 1979 and 1999 to 2004), Prime Minister of Luxembourg (1984 to 1995) and President of the European Commission (1995 to 1999).

Appointed: 9 December 2004

Gunter Thielen
Chairman of the Executive Board and CEO of Bertelsmann AG (until 31 December 2007)

Committee membership:
Nomination and Compensation (until 31 December 2007)

Born in 1944, Gunter Thielen joined Bertelsmann AG in 1980. In 1985, he became a member of the Executive Board of Bertelsmann AG and CEO of Bertelsmann's Printing and Industrial Division (which became Bertelsmann Arvato in 1999). From November 2000 until the end of July 2002, he was Chairman of the Management Committee and CEO of the Bertelsmann Foundation. In August 2002, he was appointed Chairman of the Executive Board of Bertelsmann AG. Since January 2008 Gunter Thielen has been Chairman of the Executive Board of the Bertelsmann Foundation and Chairman of the Supervisory Board of Bertelsmann AG.

Appointed: 3 September 2002
Resigned: 31 December 2007

Ewald Walgenbach
Member of the Bertelsmann AG Executive Board and CEO of Direct Group Bertelsmann (until 31 December 2007)

Committee membership:
Nomination and Compensation (until 31 December 2007)

Born in 1959, Ewald Walgenbach was appointed Director of Corporate Development, Bertelsmann AG, in 1994 as well as Managing Director of UFA Film- und Fernseh GmbH, Hamburg. In 1997, he became Executive Director of TV, Production and Rights trading of CLT-UFA in Luxembourg where he was appointed Chief Operating Officer (COO) of RTL Group in 2000. In 2002 he became a Member of the Executive Board and Chief Operating Officer (COO) of Bertelsmann AG, later becoming Chief Executive Officer of Direct Group Bertelsmann.

Appointed: 25 July 2000
Resigned: 31 December 2007

Executive Commitee

Gerhard Zeiler
Chief Executive Officer

Elmar Heggen
Chief Financial Officer and Head of the Corporate Centre

Elmar Heggen, born in 1968, 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 and General Manager of Felix Schoeller Digital Imaging in the UK in 1999. Elmar Heggen first joined the RTL Group Corporate Centre in 2000 as Vice President Mergers and Acquisitions. In January 2003, he was promoted to Senior Vice President Controlling and Investments. From July 2003 until December 2005 he was Executive Vice President Strategy and Controlling. Since January 2006, he has served on the RTL Group Executive Management team, where he is responsible for business development in the emerging markets of Southern, Central and Eastern Europe, as well as the radio business, and the Belgian market. Since 1 October 2006 Elmar Heggen has been CFO and Head of the Corporate Centre of RTL Group.

Each month, the Executive Committee informs the Board of Directors on the results of the Group and its main profit centres.

The compensation of the members of the Executive Committee is determined by the Nomination and Compensation Committee, and is composed of a fixed and a variable part (see note 8.3. to the consolidated financial statements). Members of the Executive Committee also benefit from the Company's share option programme established by the Board of Directors on 25 July 2000. During 2007, none of the members of the Executive Committee exercised any option (see note 5.15.8. to the consolidated financial statements) and no additional options or loans were granted.

Bye-bye, Bob!

Bob Barker started working on The Price Is Right on 4 September 1972, and his face soon became synonymous with the show. The legendary host bowed out in style on 6 June 2007, and CBS broadcast his final appearance on the programme on 15 June 2007. For weeks, his fans had been camping out in front of the TV studio's gates. FremantleMedia's The Price Is Right is the top-ranking daytime TV show in the United States.

Directors' report Auditors' report

and consolidated financial statements

Highlights

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 2007 on pages 110 to 167.

	Year to December 2007 €m	Year to December 2006 €m	Per cent change
Revenue	**5,707**	**5,640**	**+1.2**
Underlying revenue[1]	**5,615**	**5,442**	**+3.2**
Reported EBITA[2]	**898**	**851**	**+5.5**
Restructuring costs and non recurring items	(3)	2	
Start up losses[3]	38	36	
Adjusted EBITA	**933**	**889**	**+4.9**
Reported EBITA margin (%)	15.7	15.1	
Adjusted EBITA margin (%)	16.3	15.8	
Reported EBITA	**898**	**851**	**+5.5**
Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries and joint ventures	(19)	(14)	
Amortisation of fair value adjustments on acquisitions of associates	0	(2)	
Impairment of goodwill and disposal groups	(133)	0	
Gain from sale of subsidiaries, joint ventures and other investments	76	207	
Net financial income	22	35	
Income tax (expense)/income, of which:	(170)	34	
– Current tax expense	(267)	(188)	
– Deferred tax income	97	222	
Profit for the year	**674**	**1,111**	
Attributable to:			
– Minority interest	111	221	
– RTL Group shareholders	563	890	
Adjusted EPS (in €)[4]	**3.54**	**3.52**	**+0.6**
Proposed/paid ordinary dividend per share (in €)	**1.30**	**1.20**	**+8.3**
Proposed/paid extraordinary dividend per share (in €)	**3.70**	**1.80**	**>100.0**

1) Adjusted for TPS, Belgian and Netherlands radio and other minor scope changes

2) EBITA represents earnings before interest and income tax expense excluding impairment of goodwill, disposal groups and amortisation and impairment of fair value adjustments on acquisitions and gain or loss from sale of subsidiaries, joint ventures and other investments

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

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

RTL Group headlines

- Reported EBITA of €898 million, up 5.5 per cent
- Reported Group revenue up 1.2 per cent to €5,707 million, despite the sale of TPS; underlying revenue up 3.2 per cent
- Reported EBITA margin improved to 15.7 per cent
- Net profit attributable to RTL Group shareholders down to €563 million (2006: €890 million). This is due to a number of negative one-offs in 2007 (the goodwill impairment and the German cartel fine) and positive one-offs in 2006 (the gain on disposal of TPS and recognition of a deferred tax asset)
- Net cash from operating activities of €860 million resulting in an operating cash conversion of 110 per cent
- €5.00 proposed total dividend payout, up 67 per cent compared to total dividend payout for 2006
- Improved advertising conditions in most countries

Profit centre highlights

- German family of channels increased its audience lead over ProSiebenSat1 to 4.6 percentage points, EBITA up 11.6 per cent
- EBITA of Groupe M6, adjusted for the sale of TPS, up 4.9 per cent
- Worldwide production arm Fremantle-Media with another year of strong performance across its main markets: EBITA up 4.8 per cent, driven by higher earnings from the US
- Five group in the UK with positive EBITA of €10 million, net advertising market share increased to 9.3 per cent, driven by additional sales from the digital channels Five US and Five Life
- RTL families of channels in the Netherlands and in Belgium with strong advertising business, both profit centres with record EBITA
- French radio family has regained market leadership, with RTL Radio gaining more than 600,000 additional listeners in one year

Focus on core businesses by further developing the families of channels and production, expansion of digital activities and cost control

- Best ever audience share for the German family of channels, with all channels reporting higher audience shares in the 14 to 49 target group
- Digital pay-TV channels in Germany already with more than two million subscribers one year after their launch
- Dynamic growth of Groupe M6's digital channels, W9 the most-watched 'new channel' on free DTT in France in the second half of 2007
- M6 Mobile by Orange continues its rapid expansion: customer base up 52.5 per cent year-on-year to 1.17 million subscribers
- Major growth initiatives to expand RTL Group's production business: launch of FremantleMedia Talent Fund and UFA Cinema in Germany
- Asset deal with Talpa Media to strengthen RTL Nederland: integration of Radio 538 and of successful Talpa programmes implemented, launch of fourth free-TV channel, RTL 8
- New joint venture to enter the fast-growing Russian satellite and cable TV market
- Launch of digital radio stations RTL L'Equipe and RTL Autrement in France

Revenue

Advertising market conditions were largely good across Europe in 2007 with growth in all markets with France stable.

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

	2007 net TV advertising market growth rate (in per cent)	**RTL Group advertising market share 2007 (in per cent)**	RTL Group advertising market share 2006 (in per cent)	**RTL Group audience share in main target group 2007 (in per cent)**	RTL Group audience share in main target group 2006 (in per cent)
Germany	1.6 [5]	43.3	43.8	33.6 [6]	31.8 [6]
France	0.9 [7]	20.8	20.2	18.0 [8]	19.3 [8]
UK	2.9 [5]	9.3	8.8	6.2 [9]	6.0 [9]
Netherlands	6.8 [5]	40.4	37.9	29.7 [10]	29.9 [10]
Belgium	2.4 [11]	70.1	67.9	35.3 [12]	34.8 [12]
Spain	8.7 [13]	25.2	27.1	18.0 [14]	20.7 [14]

Revenue increased by 1.2 per cent to €5,707 million (2006: €5,640 million). On a like-for-like basis (adjusting for the main portfolio changes) revenue was up 3.2 per cent. The main scope changes affecting revenue result from the full consolidation of Radio 538 from 1 October 2007, the full consolidation of certain Belgian radio activities and the deconsolidation of TPS.

5) Industry/IREP and RTL Group estimates
6) Target group: 14–49
7) Source: M6 estimate
8) Target group: housewives under 50
9) Target group: 16+ (including Five US and Five Life, launched in October 2006)
10) Target group: shoppers 20–49, 18–24h (2007 including RTL 8, launched in August 2007)
11) Source: IP estimate
12) Target group: shoppers 18–54, 17–23h
13) Source: Antena 3 estimate
14) Target group: 13–55
15) Restated

Revenue

	Year to December 2007 €m	Year to December 2006[15] €m	Per cent change
Television	4,418	4,346	+1.6
Content	1,176	1,176	0.0
Radio	279	250	+11.6
Other	65	63	+3.2
Eliminations	(231)	(195)	+18.5
Total	**5,707**	**5,640**	**+1.2**

EBITA

Reported EBITA increased by 5.5 per cent to €898 million – another record result. The improvement was driven by a strong performance in our German, Netherlands and Belgian businesses and a return to profitability at Five in the UK. On an underlying basis (after correction for the disposal of TPS in 2006), Groupe M6 also reported a strong (+4.9 per cent) increase in EBITA, to €237 million. Stripping out restructuring costs, non recurring items and start up losses, EBITA was up 4.9 per cent to €933 million.

EBITA

	Year to December 2007 €m	Year to December 2006[16] €m	**Reported EBITA margin 2007 (%)**	Reported EBITA margin 2006 (%)
Television	731	698	16.5	16.1
Content	126	131	10.7	11.1
Radio	79	56	28.3	22.4
Other	(38)	(34)	(58.5)	(54.0)
Total	**898**	**851**	**15.7**	**15.1**

16) Restated

Adjusted EBITA

	Restructuring costs and non recurring items 2007 €m	Start up losses 2007 €m	Adjusted EBITA 2007 €m	Adjusted EBITA 2006[17] €m	Adjusted EBITA margin 2007 (%)	Adjusted EBITA margin 2006 (%)
Television	3	38	772	730	17.5	16.8
Content	–	–	126	136	10.7	11.6
Radio	(6)	–	73	57	26.2	22.8
Other	–	–	(38)	(34)	(58.5)	(54.0)
Total	**(3)**	**38**	**933**	**889**	**16.3**	**15.8**

Group operating expenses were flat at €4,950 million compared to €4,949 million. On an underlying basis operating expenses increased by approximately 1.0 per cent.

Review by profit centre

Revenue

	Year to December 2007 €m	Year to December 2006 €m	Per cent change	Per cent of total 2007	Per cent of total 2006
Germany: TV and radio	1,983	1,965	+0.9	34.8	34.8
France: TV	1,357	1,410	(3.8)	23.8	25.0
France: TV underlying (excluding TPS in 2006)	*1,357*	*1,275*	*+6.4*		
FremantleMedia: content	1,132	1,128	+0.4	19.8	20.0
UK: TV	499	466	+7.1	8.7	8.3
Netherlands: TV and radio	408	350	+16.6	7.2	6.2
Belgium: TV and radio	210	186	+12.9	3.7	3.3
France: radio	190	198	(4.0)	3.3	3.5
Luxembourg: TV, radio, technical services	86	79	+8.9	1.5	1.4
Croatia: TV	48	44	+9.1	0.8	0.8
Others	29	31	(6.5)	0.5	0.5
Eliminations	(235)	(217)	+8.3	(4.1)	(3.8)
Total revenue	**5,707**	**5,640**	**+1.2**	**100.0**	**100.0**

EBITA

	Year to December 2007 €m	Year to December 2006[17] €m	Per cent change	Per cent of total 2007	Per cent of total 2006
Germany: TV and radio	336	301	+11.6	37.4	35.4
France: TV	237	249	(4.8)	26.4	29.3
France: TV underlying (excluding TPS in 2006)	*237*	*226*	*+4.9*		
FremantleMedia: content	131	125	+4.8	14.6	14.7
UK: TV	10	(1)	n.a.	1.1	(0.1)
of which: Five digital channels	*(25)*	*(22)*	+13.6	–	–
Netherlands: TV and radio	85	70	+21.4	9.5	8.2
Belgium: TV and radio	49	34	+44.1	5.5	4.0
France: radio	33	33	0.0	3.7	3.9
Luxembourg: TV, radio, technical services	1	1	0.0	0.1	0.1
Croatia: TV	2	0	n.a.	0.2	0.0
Spain: TV and radio	40	49	(18.4)	4.4	5.8
Others	(19)	(15)	+26.7	(2.1)	(1.8)
Eliminations	(7)	5	n.a.	(0.8)	0.5
Reported EBITA	**898**	**851**	**+5.5**	**100.0**	**100.0**

17) Restated

Television and radio

Germany

Revenue in Germany increased slightly by 0.9 per cent to € 1,983 million (2006: €1,965 million), as higher advertising sales were partly offset by lower revenue from RTL Shop.

EBITA rose to €336 million (2006: €301 million), despite a €96 million fine which IP Deutschland, RTL Group's advertising sales unit in Germany, had to pay to settle an antitrust investigation of the German Federal Cartel Office. The negative impact of the fine was largely offset by cost savings and other measures.

	Year to December 2007 €m	Year to December 2006 €m	Per cent change
Revenue			
TV	1,966	1,948	+0.9
Radio	17	17	0.0
Total	**1,983**	**1,965**	**+0.9**
EBITA			
TV	333	308	+8.1
Radio	7	4	+75.0
Start up losses, restructuring costs and non recurring items	(4)	(11)	(63.6)
Total	**336**	**301**	**+11.6**

The combined average audience share of the RTL family of channels in the 14 to 49 target group increased by 1.8 percentage points to an all-time high of 33.6 per cent (2006: 31.8 per cent). RTL Television, Vox, RTL II, Super RTL and N-TV all reported improved audience shares in this demographic. As a result, the RTL family significantly increased its lead over the ProSiebenSat1 family, whose average audience share decreased to 29.0 per cent (2006: 29.4 per cent).

The net TV advertising market share of the RTL channels, including RTL II, decreased to 43.3 per cent (2006: 43.8 per cent). On a net basis, the RTL family maintained its market-leading position.

In November 2007, the German RTL family of channels adopted the brand name Mediengruppe RTL Deutschland. This newly developed label serves as the umbrella brand for the channels RTL Television, Vox and N-TV, and for RTL Group's interests in Super RTL and RTL II, as well as for the digital niche channels RTL Crime, Passion and RTL Living. Moreover, it covers the advertising sales company IP Deutschland, the technical service provider Cologne Broadcasting Center (CBC), and the subsidiary RTL Interactive, which is responsible for diversification activities as well as digital content and services. The strategy of maintaining independent, strong channel brands remains unaffected.

RTL Television — **TV audience share**

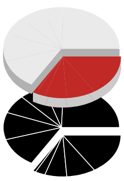
Source: GfK. Target: 14–49. — **2003–2007 (%)**

07	**16.0**
06	15.6
05	16.0
04	16.8
03	18.2

RTL Television gained ground in all genres in 2007. With a successful mix of big shows and sporting events, top-class drama, award-winning news and service-oriented factual formats, RTL Television came out as the clear market leader among young audiences for the 15th consecutive year. With a 16.0 per cent market share in the key target group of 14 to 49-year-old viewers (2006: 15.6 per cent), the channel increased its lead over its main commercial competitors ProSieben (11.7

Germany
National audience breakdown

Source: GfK. Target: 14–49. — **2007 (%)**



RTL Television	**16.0**
Vox	**7.9**
RTL II	**6.3**
Super RTL	**2.8**
N-TV	**0.7**
Pro 7	11.7
Sat 1	10.6
ARD	7.3
ZDF	6.7
Kabel 1	5.6
Others	24.4

per cent) and Sat1 (10.6 per cent). With 12.4 per cent, RTL Television was once again the leading commercial channel in terms of total audience share (2006: 12.8 per cent).

RTL Television's sports and show highlights drew large audiences in 2007. With more than 16 million viewers, the revenge fight between Henry Maske and Virgil Hill on 31 March 2007 was RTL Television's most watched programme of the year. Wladimir Klitschko's victory over Ray Austin on 10 March attracted 12.9 million viewers. A total of 11.1 million viewers tuned in to watch the final race of the Formula One World Championship on 21 October. Across all 17 races in the first year since Michael Schumacher's retirement, RTL Television achieved an average market share of 40.7 per cent in the 14 to 49 target group.

The fourth season of the German *Idols* show, *Deutschland sucht den Superstar*, broadcast from January to May 2007, was once again a huge success, scoring an average market share of 31.2 per cent in the key target group for RTL Television. This represents an increase of 2.5 percentage points compared to the third season in 2006. The final attracted up to 7.2 million viewers, and this ratings success was reflected in a record number of phone votes, compared to all three previous seasons of the show. The new show *Das Supertalent* – the German version of FremantleMedia's hit format *Got Talent* – also attracted high viewing figures with 24.8 per cent of viewers in the 14 to 49 age group watching the three-part show.

Dynamic and service-oriented factual shows were a key television trend during 2007 with RTL Television formats attracting the most viewers: from the third season of the TV romance series *Bauer sucht Frau* (market share 14–49: 25.0 per cent), new docudramas such as *Raus aus den Schulden* (market share 14–49: 21.5 per cent) and *Teenager außer Kontrolle – Letzter Ausweg Wilder Westen* (market share 14–49: 20.9 per cent) to the winner of the German TV Award for best coaching format, *Die Super Nanny* (market share 14–49: 19.2 per cent), RTL Television's real-life formats occupied nine of the top ten spots in 2007.

The most popular series on German TV were also broadcast by RTL Television, with top-class US drama attracting a growing number of viewers. With an average market share of 28.4 per cent in the 14 to 49 age group, *Dr. House* became the number one US drama on German television, followed by *CSI: Miami* (market share 14–49: 25.8 per cent). Together with *Monk*, *Psych*, *Bones*, *Law & Order* and *CSI: Den Tätern auf der Spur*, RTL Television broadcast all of the top seven US drama series in Germany. But RTL Television also continued to lead in local drama: *Alarm für Cobra 11* (market share 14–49: 17.6 per cent) and the newly launched *Post Mortem* (market share 14–49: 16.5 per cent) were the most-watched German drama series, while *Gute Zeiten, schlechte Zeiten* remained the most successful daily soap (market share 14–49: 21.2 per cent).

RTL Television's news programmes scored high ratings around the clock. The early morning news show *Punkt 6*, the midday news *Punkt 12* (extended to 120 minutes since 15 October 2007), the main news programme *RTL Aktuell* and the night-time news show *RTL Nachtjournal* were once again way ahead of their competition among young audiences. With a market share of 19.3 per cent, *RTL Aktuell* – winner of a German TV Award in 2007 for best news programme – also came out ahead of the other main news programmes in terms of total audience share (*Heute* on ZDF with 17.9 per cent and *Tagesschau* on ARD with 17.5 per cent).

Vox continued to perform strongly throughout 2007 and closed another year with the best result in its history. Its audience share in the target group of 14 to 49-year-old viewers increased significantly to 7.9 per cent (2006: 7.1 per cent), surpassing the public channels ARD (7.3 per cent) and ZDF (6.7 per cent) and thereby establishing Vox in the premier league of German television. Such was the success of the channel that it celebrated new monthly records three times in a row: from August to October 2007 its share of viewing among young audiences rose from 8.1 to 8.5 to 8.7 per cent.

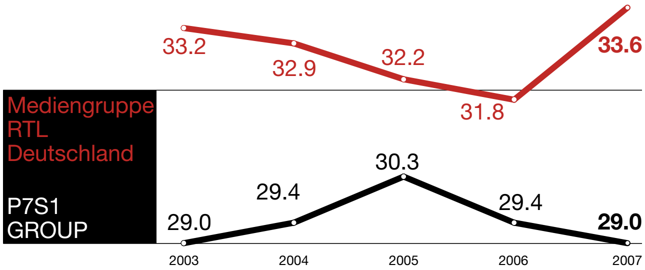
Vox's strong ratings performance is driven by a highly successful weekday access primetime line-up, double-digit ratings in a number of primetime slots, and a series of new formats that have become instant audience favourites.

The weekday access primetime line-up includes the veterinarian docu-series *Menschen, Tiere & Doktoren*, the food magazine *Wissenshunger* and, above all, the factual entertainment show *Das perfekte Dinner*, which won a 2007 German TV Award (market share 14–49: 16.6 per cent). In 2007, Vox successfully introduced another cooking format called *Unter Volldampf* which achieved an average audience share of 11.1 per cent among young viewers – clearly benefiting from the strong lead-in of *Das perfekte Dinner*. Overall, the average market share of Vox in weekday access primetime, in the 14 to

TV audience share

Source: GfK. Target: 14–49.

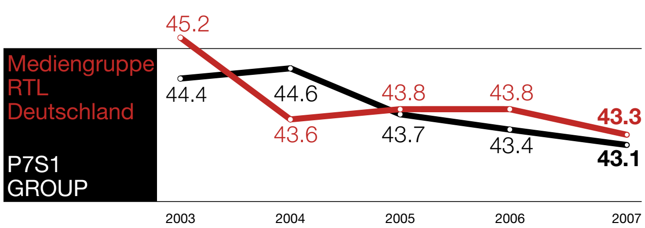
2003–2007 (%)



TV advertising share

Source: RTL Group estimates

2003–2007 (%)



49 target group, increased to 11.2 per cent (2006: 7.9 per cent).

In primetime, high-quality series from the US such as *CSI: NY, Criminal Intent* and *The Closer* continued to record double-digit audience shares. The new docusoaps *Goodbye Deutschland! Die Auswanderer* and *Mein Traumhaus am Meer*, plus the newly launched cooking show *Kocharena*, also performed well in primetime.

Vox's *Starkino* on Thursday evenings has become an established favourite with film fans. Blockbusters including *Independence Day* (market share 14–49: 20.1 per cent), *What Women Want* (market share 14–49: 17.0 per cent) and *The Princess Diaries* (market share 14–49: 16.4 per cent) scored high ratings.

RTL II **TV audience share**

Source: GfK. Target: 14–49. 2003–2007 (%)

07	**6.3**
06	6.0
05	6.5
04	7.5
03	7.1

RTL II achieved a 6.3 per cent audience share in the 14 to 49 target group, up from 6.0 per cent in 2006. The market share among 14 to 29-year-olds remained stable at 7.2 per cent.

The biggest increase was seen in access primetime, where the channel grew its 14 to 49 audience share by 0.8 percentage points to 5.7 per cent. This positive development was driven by popular sitcoms (*Immer wieder Jim*, *Hör mal, wer da hämmert*) and by the seventh season of the reality show *Big Brother*, which ran from February to July 2007. The daily summaries of events achieved an average market share of 7.7 per cent in the 14 to 49 target group. In primetime, the weekly live show *Big Brother – Die Entscheidung* (market share 14–49: 9.3 per cent) also scored high ratings.

Docu-soaps continued to be one of the brand-defining genres of RTL II with formats such as *Zuhause im Glück*, *Die Kochprofis – Einsatz am Herd*, the newly launched *Engel im Einsatz – mit Verona Pooth* or the long-running audience favourite *Frauentausch* (market share 14–49: 9.3 per cent).

In October 2007, the critically acclaimed US series *Heroes* premiered on RTL II with a market share of 17.3 per cent in the 14 to 49 target group. The drama has since become the most popular mystery series on German television, recording an average market share of 11.2 per cent.

The channel's daily *RTL II News* and *Das Nachrichtenjournal* on Sundays are established news formats featuring a compact and modern presentation catering specifically for young demographics. With *Die RTL II Schicksalsreportage* the channel successfully established a new human-interest documentary series, while the popular-science magazine, *Welt der Wunder*, continued to perform well in Sunday's access primetime.

The channel's contribution to RTL Group's EBITA was down to €3 million from €4 million in 2006.

Super RTL **TV audience share**

Source: GfK. Target: 3–13. 2003–2007 (%)

07	**23.2**
06	23.7
05	25.6
04	24.1
03	23.1

Super RTL remained the clear market leader among young viewers with an audience share in its target group of 3 to 13-year-olds of 23.2 per cent (2006: 23.7 per cent), despite increased competition in this segment. Top audience favourites among 3 to 13-year-olds included access primetime series such as Disney's *Kim Possible* or *Große Pause*. Super RTL's own productions, such as the arts-and-crafts show *WOW – Die Entdeckerzone* and *Toggo TV*, also performed strongly, with peak market shares exceeding 51 per cent in the target group.

In primetime, Super RTL did well with formats that – in line with its two-pronged programme strategy – appeal both to children and their parents, such as *DSDS – Das Magazin*, the reality-soap *Die Supermamas – Einsatz im Kinderzimmer*, and animated features.

In 2007, the network of Super RTL's various websites (including SuperRTL.de, Toggo.de, the download portal for children's audiobooks Toni.de, the community ElementGirls.de) registered an average of 170 million page impressions per month. The two educational sites – *Toggolino Club* and *Toggo Clever Club* – already have more than 125,000 subscribers, proving that parents are willing to pay for premium online content. With 2,800 children participating in 2007, the newly launched *Toggo Summer Camp* – a series of week-long stays for children filled with activities during the summer holidays – was a great success for Super RTL and will be repeated in 2008. The share of non-advertising revenue remained stable at 25.0 per cent of Super RTL's total revenue.

N-TV reached an average 5.6 million viewers a day in its key target group of adult viewers aged 14 and over during 2007 (2006: 5.2 million). The channel's average monthly market share in this demographic increased to 0.7 per cent from 0.6 per cent in 2006. Viewers again trusted N-TV's live news reporting and responded well to new launches such as *N-TV Wissen* and *5th Avenue*. With usage peaking at 119.4 million page impressions and 14.4 million visits per month, N-TV.de has established itself as one of the leading German news websites. In early 2007, the news channel launched the interactive TV offer *N-TV plus*, with features such as extra live information on the current programme (text and images) and catch-up video services. *N-TV plus* currently generates as many as 300,000 views a month.

Within Mediengruppe RTL Deutschland, **RTL Interactive** is responsible for diversification activities and digital content and services. With approximately one billion video views in 2007, the platforms RTL.de, Vox.de, Clipfish.de and RTLnow.de saw a significant increase year-on-year. During peak times, the video community Clipfish.de registered up to 121 million video views by 3.1 million individual users per month. Up to seven million episodes or editions of shows were viewed each month on the video on demand platform RTLnow.de, which was launched in January 2007. During 2007, this offer focused on free content, adding a large number of popular RTL Television programmes to its digital library. 2007 was also a successful year for the newly created company RTL Games. Not only has the game *RTL Winter Sports 2008* been in the Top 10 in the Nintendo Wii charts in Germany for weeks, it has also been successfully sold in the United States for the first time.

In February 2008, RTL Interactive announced to sell RTL Shop. In order to create greater added value for RTL Shop, RTL Interactive is looking for a strategic lead investor with a retail background to take on the management of RTL Shop.

RTL Radio Deutschland – RTL Group's German radio holding company – achieved its best result ever in 2007. The flagship stations 104.6 RTL and Antenne Bayern both increased their advertising revenue and grew the market shares in their respective advertising markets.

All stations within the portfolio of RTL Radio Deutschland further developed their diversification, internet and digital radio activities. In co-operation with Hit Radio FFH and Radio FFN, three participations of RTL Radio Deutschland (Antenne Bayern, Hit-Radio Antenne Niedersachsen, and Radio Hamburg) created the 'Digital 5' consortium to bundle their activities in the digital world. The consortium has already launched 16 special interest web channels including Hits for Kids, Jack FM, Movie Mania and Lounge. Digital 5 is also prepared to broadcast its content via digital terrestrial signals.

In October 2007, RTL Radio Deutschland increased its 33.84 per cent stake in the Berlin-based radio station, 105.5 Spreeradio, to 100 per cent. For the first time, a German media authority approved an operator to fully own two radio stations in one single regional market. The holding company also increased its participation in Hitradio RTL Sachsen to 69.4 per cent and acquired further stakes in 89.0 RTL and Radio Brocken, taking its holding to 54.0 per cent in each station.

At the end of 2007, RTL Group's German radio portfolio comprised investments in 20 stations, most of which are minority holdings because of constraints on media ownership in Germany. All portfolio stations reach 24 million listeners per day and have a combined average audience of almost five million listeners per hour.

Television

France

Reported revenue of Groupe M6 in France decreased by 3.8 per cent to €1,357 million (2006: €1,410 million), following the sale of the French pay-TV platform TPS whose operational results had been included in the consolidated accounts of RTL Group until 31 August 2006. Reported EBITA was €237 million, down from €249 million in 2006.

	Year to December 2007 €m	Year to December 2006 €m	Per cent change
Revenue	**1,357**	**1,410**	**(3.8)**
Adjusted EBITA	**246**	**258**	**(4.7)**
Start up losses	(9)	(9)	0.0
Reported EBITA	**237**	**249**	**(4.8)**

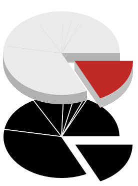
Adjusted for the above change in portfolio, underlying revenue growth of Groupe M6 amounted to 6.4 per cent (from €1,275 million in 2006 to €1,357 million in 2007), with EBITA increasing by 4.9 per cent (from €226 million in 2006 to €237 million in 2007), mainly driven by the strong advertising sales performance of the M6 channel.

The French terrestrial TV advertising market was opened to large retail companies at the start of 2007. However, the additional advertising income from the retail sector was compensated by lower ad spend from other sectors, in particular from the telecommunications operators. As a result, the French net TV advertising market posted only a slight growth of 0.9 per cent in 2007. The M6 channel clearly outperformed this market, mainly thanks to the good position obtained with the new advertisers from the retail sector. The channel achieved its best ever net advertising market share, at 20.8 per cent (2006: 20.2 per cent).

In the commercial target group of housewives aged under 50, M6 maintained its

France
National audience breakdown

Source: Médiamétrie. Target: housewives < 50.



	2007 (%)
M6	**18.0**
TF1	34.8
France 2	14.2
France 3	8.7
Canal Plus	3.1
France 5	2.6
Arte	1.0
Others	17.6

M6 **TV audience share**

Source: Médiamétrie. Target: housewives < 50. 2003–2007 (%)

07	18.0
06	19.3
05	19.1
04	18.6
03	18.5

position as the second most popular channel in France, for the ninth consecutive year, with an audience share of 18.0 per cent, down from 19.3 per cent in 2006. The decrease is mainly attributable to growing competition from digital terrestrial television (DTT) and a weaker performance in access primetime. In primetime, however, M6 was the only major channel that managed to increase its audience figures gaining 100,000 additional viewers in this time slot. On 142 evenings in 2007, more than four million viewers tuned in to M6 (compared to 132 in 2006). This was the highest figure ever achieved by M6.

All programme genres of M6 contributed to this success. Among the most popular programmes were the mainly in-house produced information magazines such as *Capital*, *Zone Interdite*, *Enquête Exclusive* and *Secrets d'Actualité* all of which increased their average audience figures in 2007. Other primetime formats that drew large audiences included reality and lifestyle formats such as *D&CO*, *L'amour est dans le Pré* or *Pekin Express*; French fiction, with the summer saga *Suspectes* and the police series *Les Bleus*; talent shows (*Nouvelle Star*, *Incroyable Talent*); and high-quality US series such as *NCIS*, *Bones* and *Prison Break*. With 6.8 million viewers, the two episodes of *NCIS* broadcast on 16 November were M6's most-watched programmes in 2007.

Throughout 2007, free DTT continued its rapid expansion in France: at the end of 2007, 13.6 million people (November/December 2006: 7.3 million people) lived in homes equipped with at least one DTT receiver offering 18 free-TV channels. The investment strategy to position W9 as a leading channel ahead of the planned digital switchover in 2011, has clearly begun to pay off. The ambitious programming of the mini-generalist channel includes original series, movies, cartoons, music and sports events. In the second half of 2007, W9 became the most-watched of the 'new channels' on free DTT, according to the monthly Médiamétrie studies, with an audience share of 3.7 per cent in DTT households. In terms of entire national audience share, W9 crossed the symbolic threshold of 1 per cent (age group 4+) in September 2007. Over the whole year, W9 was the channel with the highest increase in total audience share, driven by a new programming strategy which included new talk shows and entertainment formats. In the pay-TV environment, the group's other digital channels confirmed their position among the top channels, most notably Paris Première and Téva. In January 2007, the female skewed channel Téva became a 100 per cent subsidiary of Groupe M6 following the acquisition of the remaining 49 per cent stake.

With 49 per cent of its revenue coming from non-advertising sources, Groupe M6 continues to be a leader in the field of diversification. Its broad offering encompasses distance selling, publishing, rights-trading, interactive and web-based activities. M6 Mobile by Orange, launched in June 2005, continued its success story. By the end of July 2007, the service reached the mark of one million clients, 18 months ahead of the initial business plan. At the end of the year, its customer base was up 52.5 per cent to 1.17 million clients as compared with the end of 2006 (767,000 clients). Revenue at Groupe M6's distance selling branch, including Home Shopping Service (HSS) and the e-commerce platform Mistergooddeal.com, grew by 21 per cent in 2007. With strategic goals to build up a library of movie rights and to secure content sourcing, the group further strengthened its audiovisual rights-trading activities in 2007. In April 2007, Groupe M6 acquired a 9 per cent stake in the US movie production company Summit Entertainment LLC.

In the internet domain, the subsidiary M6 Web currently manages a network of 50 websites with 5.4 million unique visitors per month (December 2007), including a number of websites devoted to the group's various channels and its most popular format brands, the video-on-demand platform M6video.fr, the social network community Yootribe.fr and the video sharing website Wideo.fr.

In July 2007, Groupe M6 announced a strategic partnership with Pages Jaunes. In October, the company acquired a 34 per cent stake in the capital of Pages Jaunes Petites Annonces to jointly develop the website Annoncesjaunes.fr and to position it as a multi-segment leader in the fast growing market for small ads on the internet.

Content

FremantleMedia

FremantleMedia, RTL Group's worldwide production business, had another year of strong performance. EBITA increased to € 131 million (2006: € 125 million), mainly driven by higher earnings from FremantleMedia North America, the unit's biggest profit contributor. Revenue remained stable at € 1,132 million (2006: € 1,128 million).

	Year to December 2007 €m	Year to December 2006 €m	Per cent change
Revenue	**1,132**	**1,128**	**+0.4**
Reported EBITA	**131**	**125**	**+4.8**

In 2007, FremantleMedia's global network of production companies produced 10,081 hours of award-winning TV programming across 55 countries, making it one of the largest creators of international programme brands. The company distributed its programmes to more than 150 countries. Strong existing programme brands such as the *Idols* format, the company's roster of popular daily soaps and telenovelas, plus new formats, contributed to the positive business development of RTL Group's worldwide production arm.

FremantleMedia Production

Got Talent was one of FremantleMedia's top travelling formats in 2007 realising sales to 17 territories by the end of the year. It is a joint FremantleMedia and Syco TV format. Other successful formats include *Betty la Fea* (Betty The Ugly), a format originated by Colombian broadcaster RCN, which has been localised by FremantleMedia in five markets; and the improvisation comedy format *Thank God You're Here (TGYH)*, originally acquired from Australian production company Working Dog, has been sold in 19 territories to date, including the UK and the US. At Mipcom 2007, FremantleMedia launched *Hole in the Wall* – a format created by Japanese television company Fuji Creative Corporation – generating great interest from buyers around the world. Fifteen broadcasters have already picked up the show for markets including Australia, Russia and Hong Kong. Moreover, clips of the show on YouTube have achieved millions of views, helping to establish the programme around the world.

In the **US**, FremantleMedia North America had successful shows on all the major networks in 2007 with *American Idol* on Fox (a co-production with format co-owner 19 TV), *America's Got Talent* on NBC, *American Inventor* on ABC (both of which are co-productions with Syco TV), and *The Price Is Right* on CBS (with new host Drew Carey). In addition three new shows were launched in 2007 including *Thank God You're Here* (NBC), *The Next Great American Band* (Fox) and *Temptation* (syndicated). Season 6 of the hit show *American Idol* gained an average audience share of 30 per cent (more than three times the Fox average primetime audience share in the key target group of 18 to 49-year-olds), making it the network's number one series yet again and the top show on US television.

In the **UK**, Talkback Thames' entertainment business realised great success. The newly launched *Britain's Got Talent*, co-produced with Syco TV, quickly became ITV's highest-rated entertainment show in 2007, being overtaken only in the last quarter by FremantleMedia's own *The X Factor*. The series has already won a re-commission for an extended run in 2008. The fourth season of *The X Factor*, a co-production with partner Syco TV, delivered ITV's highest ratings in 2007 for the 16 to 34-year-old segment. The final attracted 12.2 million viewers in total mak-

FremantleMedia

Number of hours produced

Programmes	2007	2006
New	**2,165**	2,780
Existing	**7,916**	7,377
Total	**10,081**	10,157

Breakdown of the hours produced by main markets

	2007	2006
UK	**559***	2,071
Germany	**1,398**	1,307
United States	**1,050**	661
France	**553**	423
Spain	**314**	138
Italy	**257**	320

*The decrease in UK hours was due to the end of *Quizmania* ing it the highest-rated episode of all time for the popular talent show.

In its third season, the reality format *The Apprentice* moved from BBC 2 to BBC 1, exceeding the channel's primetime average audience share by 107 per cent among young adults (16–34). Finally, the newly launched *All Star Family Fortunes* became the UK's highest rated game show of 2007, while the second series of *The IT Crowd* delivered Channel 4's highest sitcom ratings for the year.

In **Germany**, UFA had continued success with its mix of light entertainment, daily soap operas, serial dramas and television movies. The daily drama series *Alles was zählt* has established itself in RTL Television's access primetime realising an average audience share of 16.1 per cent in the 14 to 49 target group. The two-part event movie *Die Flucht* aired in March 2007 on the public broadcaster ARD, averaging a 29.2 per cent total audience share. With an audience of 11.2 million viewers, the first episode was the highest rated drama in Germany in 2007. Season 4 of *Deutschland sucht den Superstar* (Idols) was the top entertainment show in 2007, while *Das Supertalent* (based on the *Got Talent* format) launched a successful first series, with an average audience share of 24.8 per cent in the 14 to 49 age segment. Both talent shows were broadcast on RTL Television.

At the end of 2007, UFA made a move to return to its feature film roots by launching a new subsidiary, UFA Cinema. The new company plans to produce up to 10 films a year and already has 40 projects in the development stage.

In **Australia** our two businesses Grundy and Crackerjack merged on 1 January 2007 to form FremantleMedia Australia. *Australia's Got Talent* was a ratings winner for Channel 7 with a 51 per cent commercial share, while *Australian Idols 5* and *The Biggest Loser* were major successes for Network 10. New and original content such as factual entertainment programme *Choir of Hard Knocks* on ABC were also successes with audience and critics. *Neighbours*, the serial drama for Network 10, now in its 23rd year, continued to be consistently first in its timeslot for young adults.

Production in **Spain** leapt forward in 2007. In the drama genre, the company had great success with *Betty la Fea*, rated the top telenovela ever in Spain, and newly commissioned *Sin Tetas no Hay Paraiso* (a weekly drama) launched on Telecinco in January 2008. Entertainment realised equally strong results with *The X Factor* achieving top ratings on Cuatro. In **France**, *Nouvelle Star (Idols)* was the highest rated entertainment show on M6 in the key commercial target group of housewives under 50 years old, while home improvement show *D&CO* was rated the highest factual show on M6 for all individuals. In the **Netherlands**, *The Farmer Wants a Wife* has been the top entertainment show for public broadcaster NED1 every year since its launch, with the third season running from late 2007 into 2008 and achieving the highest rating programme status in the Netherlands with a peak audience of 2.9 million viewers in 2007. Similarly, the Belgian version of the show, in its third series, achieved top ratings of 56 per cent of the 18 to 44-year-old audience.

FremantleMedia Enterprises

2007 was the first full year of FremantleMedia Enterprises (FME) operating as an integrated division, responsible for all of FremantleMedia's commercial exploitation activities including international distribution, licensing and home entertainment. It was a successful year with the division delivering best ever turnover and profit.

For international distribution, the year got off to an excellent start with season 6 of *American Idol* being sold to over 150 countries and the record-breaking sale of *Neighbours*, the ever-popular Australian serial drama, to Five (starting in 2008) after more than 20 years with the BBC.

2007 was also a big year for FME's licensing division, driven by key properties such as the *American Idol* franchise. The *Idols* franchise has generated more than three billion phone votes so far worldwide, 609 million of them from season 6 of *American Idol*. *American Idol Camp*, a summer school for kids who want to learn the performing arts, was launched with great success. FME has also realised a significant increase in online and mobile activities through 2007. The extension of *Atomic Wedgie* from a mobile TV comedy channel to an open online entertainment channel resulted in a significant uptake in consumer demand. The division has also launched an on-demand offering of its catalogue of comedy classics, direct to consumers, through the website Tvcomedyclassics.com. In the UK, *The X Factor* launched a premium branded channel on YouTube.

Television

United Kingdom

In 2007, revenue of the Five Group rose 7.1 per cent to €499 million (2006: €466 million), driven by additional advertising sales from the digital channels Five US and Five Life, launched in October 2006. Reported EBITA was €10 million, compared to a loss of €1 million in 2006. This improvement was driven by stringent cost management at the main channel, resulting in an EBITA of the Five main channel of €35 million (2006: €21 million). Start-up costs for the two digital channels amounted to €25 million (2006: €22 million) – a significant improvement against the digital channel investment plan for 2007.

	Year to December 2007 €m	Year to December 2006 €m	Per cent change
Revenue	**499**	**466**	**+7.1**
Revenue in local currency	*341*	*318*	*+7.2*
EBITA Five main channel	35	21	+66.7
EBITA Five digital channels	(25)	(22)	+13.6
Reported EBITA	**10**	**(1)**	**n.a.**
EBITA Five main channel in local currency	*24*	*17*	*+41.2*
EBITA Five digital channels in local currency	*(17)*	*(15)*	*+13.3*
Reported EBITA in local currency	*7*	*2*	*>100.0*

The UK TV advertising market had a difficult start to the year but recovered in the second half of 2007, resulting in a year-on-year increase of 2.9 per cent (2006: decline of 5.5 per cent). In a very competitive market, the Five group of channels managed to grow its share of net advertising revenues from 8.8 per cent in 2006 to an all-time high of 9.3 per cent in 2007, with 0.8 percentage points coming from the two digital channels.

In terms of audience shares, 2007 was a tough year for the five major terrestrial channels, all of which lost audience market share due to increasing penetration of digital TV across the UK. At the end of the third quarter of 2007, multi-channel penetration had reached 86.1 per cent of homes, up from 78.6 per cent at the end of 2006. A significant proportion of multi-channel audiences came from terrestrial digital channels as the Freeview platform continued to grow faster than expected. The number of homes with Freeview as their primary set is now estimated to be over 9.3 million. This offers a great opportunity for the digital channels Five US and Five Life to continue their growth as they are both present on this platform.

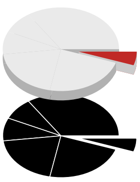
Mainly driven by this general market development, the adult share of viewing of the Five main channel decreased to 5.3 per cent (2006: 5.9 per cent). The total group, including Five US and Five Life, achieved a combined adult share of viewing of 6.2 per cent (2006: 6.0 per cent, with Five US and Five Life launched in October 2006).

Five's most successful programmes in 2007 included the Australian soap *Home and Away*, and high-quality US drama series such as *House*, *NCIS*, *Shark*, *Law & Order* and the *CSI* franchise which performed particularly well in the 16 to 34 age group. The documentary travel series, *Paul Merton in China*, was a big success for Five, achieving one of the channel's highest ever ratings for a factual programme – 1.8 million viewers and a 7.8 per cent adult share of viewing. The *Extraordinary People* factual strand continued to be a ratings hit for Five. In its seventh season, the programme attracted an average of 1.1 million viewers and a 5.0 per cent audience share among viewers aged 16 and older.

Films have also continued to be an important part of Five's schedule, and the Columbia output deal continued to deliver top performing films such as *Spider-Man*, *XXX* and *Terminator 3*.

United Kingdom
National audience breakdown

Source: BARB. Target: 16+. — 2007 (%)



	2007 (%)
Five (main channel)	**5.3**
BBC 1	22.9
ITV 1	19.9
Channel 4	8.9
BBC 2	8.8
Others	34.2

Five Group* — TV audience share

Source: BARB. Target: 16+. — 2003–2007 (%)

07	**6.2**
06	6.0
05	6.6
04	6.7
03	6.6

*Including Five US and Five Life, launched in October 2006

Five made a major investment in programming by securing the rights to the Australian drama *Neighbours* for several years. Launched in the UK in 1986, *Neighbours* is the BBC's highest rated daytime show. It moved to Five's main channel – and the group's digital offering Five Life – on 11 February 2008.

In the digital arena Five Life and Five US have established themselves as two of the top 20 peak-time channels. Both channels perform particularly strongly on Freeview, with Five Life's *Home and Away* averaging around 642,000 viewers and regularly winning the ratings competition in its slot.

Television and radio

Netherlands

In June 2007, RTL Group and John de Mol's Talpa Media Holding signed an asset deal to strengthen RTL Nederland. Following the unconditional regulatory approval by the Dutch competition authority in August, the leading Dutch radio station, Radio 538, was integrated into RTL Nederland, which also acquired certain TV assets from Talpa Media such as sports rights, including the Dutch football premier league, and successful Dutch shows and drama series. In return, Talpa Media received a minority stake in RTL Nederland.

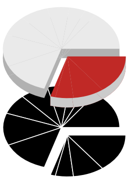
	Year to December 2007 €m	Year to December 2006 €m	Per cent change
Revenue			
TV	389	348	+11.8
Radio	19	2	>100.0
Total	**408**	**350**	**+16.6**
EBITA			
TV	69	68	+1.5
Radio	16	2	>100.0
Total	**85**	**70**	**+21.4**

Total revenue of the profit centre was up 16.6 per cent to €408 million (2006: €350 million), mainly driven by higher TV advertising revenue and the consolidation of Radio 538 as of 1 October 2007. EBITA increased to €85 million (2006: €70 million), including the profit contribution of Radio 538 for the months October to December (€10 million) and a one-time income of €6 million related to the reimbursement of upfront fees paid for RTL FM radio licences.

The Dutch TV advertising market grew strongly by 6.8 per cent, with RTL Nederland taking 40.4 per cent of the market, up from 37.9 per cent in 2006. RTL Nederland's higher market share is mainly due to the fact that the channel Tien (formerly Talpa) stopped broadcasting and RTL Nederland launched RTL 8 in August 2007. Besides that, 2007 lacked any major sports events, such as the Olympics or the football World Cup, which are usually broadcast by the public channels. RTL Nederland also maintained its leading position in the audience market. The family of channels, including the newly launched RTL 8, achieved a combined primetime audience share of 29.7 per cent in the key target group of shoppers aged 20 to 49 (2006: 29.9 per cent).

Netherlands
National audience breakdown

Source: SKO. Target: shoppers 20–49 (18–24h). **2007 (%)**



RTL 4	14.8
RTL 5	8.7
RTL 7	5.1
RTL 8*	1.2
Nederland 1	13.3
SBS 6	12.5
Net 5	8.0
Nederland 3	7.6
Veronica	6.1
Nederland 2	4.4
Tien**	3.5
Others	14.8

*Launched in August 2007 **Stopped in August 2007

RTL 4 **TV audience share**

Source: SKO. Target: shoppers 20–49 (18–24h). **2003–2007 (%)**

07	14.8
06	15.8
05	17.6
04	18.2
03	19.1

RTL 4 was again the most-watched channel in this main commercial target group.

Its primetime market share was 14.8 per cent, down from 15.8 per cent in 2006. The decrease is mainly attributable to intensified competition, especially from the revamped public broadcaster Nederland 1. However, RTL 4 maintained its position as the market-leading family channel and continued to score high ratings with formats such as the talent show *X Factor*, the soap opera *Goede Tijden, Slechte Tijden*, the US series *CSI*, and the *RTL Evening News*. With an audience share of 33.0 per cent, the Christmas special *All You Need Is Love Kerstspecial* was RTL 4's most popular show among shoppers aged 20 to 49.

In the second half of 2007, the RTL 4 programme grid was strengthened by football rights and successful formats such as *Gooische Vrouwen* (market share among shoppers aged 20–49: 22.9 per cent) acquired as part of the asset deal with Talpa Media. The Dutch team's Euro 2008 qualifier against Albania scored the highest ratings in the target group of 20 to 49-year-old viewers on RTL 4, followed by *RTL Voetbal: Eredivisie*.

The average primetime market share for **RTL 5** in its main target group of viewers aged 20 to 34 was 10.1 per cent (2006: 11.0 per cent). The most popular formats in this target group were *Holland's Next Top Model*, *Mijn Tent Is Top*, *Bones* and *CSI: Miami*.

RTL 7 achieved a primetime market share of 6.7 per cent in its key target group of men aged 20 to 49, up 1.3 percentage points on the previous year and reaching its highest level since 2004. The top 30 programmes on RTL 7 were all sports shows, namely Formula One races and the Dutch football team's qualifying matches for Euro 2008.

RTL 5 **TV audience share**

Source: SKO. Target: 20–34. 2005–2007 (%)

07	**10.1**
06	11.0
05	9.0*

*12 August – 31 December 2005

RTL 7 **TV audience share**

Source: SKO. Target: men 20–49. 2005–2007 (%)

07	**6.7**
06	5.4
05	4.8*

*12 August – 31 December 2005

On 18 August 2007, RTL Nederland launched a fourth free-TV channel under Luxembourgish broadcasting license.

RTL 8 is aimed at a slightly more female audience compared to the existing channels of RTL Nederland and achieved an average primetime audience share of 3.3 per cent among women aged 20 to 49 since its launch. The most popular programmes were films and repeats of *Idols* and *Gooische Vrouwen*.

From 1 November, RTL Nederland suspended its call TV activities following an investigation into the legality of such programmes. RTL Nederland is waiting for the government's announced code of ethics before taking a final decision on whether or not to resume these call TV activities and, if so, under what kind of conditions.

Radio 538, acquired by RTL Nederland as part of the Talpa deal, is a music station targeting young adults between the ages of 20 and 34. With an average audience share of 21.2 per cent in this age group (2006: 22.1 per cent), it was the most popular radio station among young listeners. The highly profitable operation achieved a radio advertising market share of 28.0 per cent (2006: 30.8 per cent).

Television and radio

Belgium

Following the full consolidation of Radio Contact and higher TV and radio advertising sales, revenue increased 12.9 per cent to €210 million (2006: €186 million), while the total profit centre EBITA increased to €49 million (2006: €34 million). The EBITA increase also includes a one-time gain on the disposal of the new RTL building in Brussels, following a sale and leaseback transaction, amounting to €10 million. This gain is shown as part of the TV activities.

	Year to December 2007 €m	Year to December 2006[18] €m	Per cent change
Revenue			
TV	158	147	+7.5
Radio	52	39	+33.3
Total	**210**	**186**	**+12.9**
EBITA			
TV	30	18	+66.7
Radio	19	16	+18.8
Total	**49**	**34**	**+44.1**

Following a flat 2006, the net TV advertising market in southern Belgium was estimated to have grown by 2.4 per cent in 2007, with RTL-TVI, Club RTL and Plug TV increasing their combined market share to 70.1 per cent (2006: 67.9 per cent).

The RTL family of TV channels maintained its position as the leader in French speaking Belgium with an average primetime audience share of 35.3 per cent in the key commercial target group of shoppers aged 18 to 54 (2006: 34.8 per cent)[19]. In terms of total audience, RTL-TVI (general-interest) and Club RTL (sport, children's programming and alternative fiction) aired 86 of the year's top 100 broadcasts. RTL-TVI alone held the top 12 spots. *Belgique, Asile Politique* presented by the popular stand-up comedian François Pirette, was the most-watched TV programme in the French-speaking community in 2007, attracting 956,000 viewers. The evening news show *Le Journal* attracted an average 597,000 viewers, more than 136,000 viewers ahead of its direct competitor *JT* on the public broadcaster La Une. RTL-TVI also scored high ratings with US series such as the *CSI* franchise, *Dr House*, *Prison Break* and with the game show *Etes-vous plus malin qu'un enfant de primaire?*, the Belgian adaptation of *Are you smarter than a fifth grader?*.

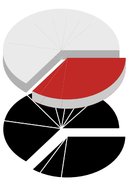
In its first full year of existence, the RTL Digital unit successfully developed and launched digital projects for TV, radio and other media in Belgium. In June 2007, the unit started the platform RTLinfo.be, which is present on all digital media (the internet, mobile phones, and games consoles). The platform's content consists of articles, photos and audiovisual material produced daily by the radio station Bel RTL and the TV channel RTL-TVI. In

18) 2006 figures reclassified for one entity between TV and radio

19) Total TV Share, calculated on the basis of people watching TV on their TV screen. In previous announcements the market share in Belgium was calculated on the basis of all people using their television screen, whether for watching TV, watching a DVD or playing games (Total Screen Usage Share)

Belgium
French-speaking Belgium audience breakdown

Source: Audimétrie. Target: shoppers 18–54 (17–23h). **2007 (%)**



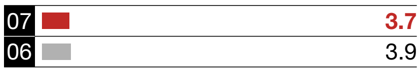
RTL-TVI	26.8
Club RTL	6.0
Plug TV	2.5
TF1	17.8
La Une	12.1
France 2	6.9
AB 3 / AB 4	5.0
La Deux	4.8
France 3	4.2
Others	13.9

RTL-TVI **TV audience share**

Source: Audimétrie. Target: shoppers 18–54 (17–23h). **2006–2007 (%)**

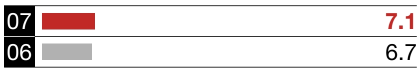
Plug TV **TV audience share**

Source: Audimétrie. Target: 15–34. **2006–2007 (%)**



Club RTL **TV audience share**

Source: Audimétrie. Target: men 18–54 (17–23h). **2006–2007 (%)**



December 2007, RTLinfo.be became the number one news website in the French-speaking community, attracting over one million unique visitors during that month.

In September 2007, CLT-UFA launched the digital channel 'RTL-TVI 20 ans' to celebrate RTL-TVI's 20th birthday. The channel's schedule comprised old programmes that were hits when first shown on RTL-TVI, a daily talk show, and popular series from the 1980s and 1990s.

With the creation of Radio H as the new radio holding company in Belgium in 2006, RTL Group gained control over the Radio Contact operations. Following this transaction, the new radio station Mint was launched in January 2007. Mint took the place of the stations Contact 2 and BXL. Resembling RTL 2 in France, Mint aims to become a leading rock and pop station for 25 to 44-year-old listeners. The audience share of Bel RTL (target group: 12+) remained stable at 19.6 per cent, while the audience share of Radio Contact, in the same age group, decreased to 13.6 per cent (2006: 15.0 per cent).

Bel RTL **Radio audience share**

Source: Cim Radio (Spring Wave). Target: 12+. **2003–2007 (%)**

07	**19.6**
06	19.6
05	21.1
04	18.8
03	19.4

Radio Contact **Radio audience share**

Source: Cim Radio (Spring Wave). Target: 12+. **2003–2007 (%)**

07	**13.6**
06	15.0
05	15.6
04	12.6
03	14.0

Radio

France

In 2007, the RTL radio family regained the leadership position in the French commercial radio market. RTL Radio, RTL 2 and Fun Radio achieved a combined average audience share of 19.6 per cent, up 1.7 percentage points on 2006. This performance put the RTL radio family ahead of the radio families of NRJ (17.0 per cent) and Lagardère (14.5 per cent).

	Year to December 2007 €m	Year to December 2006 €m	Per cent change
Revenue	**190**	**198**	**(4.0)**
Reported EBITA	**33**	**33**	**0.0**

Reported EBITA remained stable at €33 million. The profit centre's revenue decreased to €190 million (2006: €198 million), partly due to lower advertising sales.

Bolstered by its strong audience performance, the French radio family clearly outperformed the net radio advertising market, which was down by an estimated 5.6 per cent in 2007. As a result, its net market share increased significantly to 27.8 per cent (2006: 26.7 per cent). At the start of 2007, the terrestrial TV advertising market in France was opened to the retail sector. To date, the major retailers have continued their radio advertising campaigns in combination with TV, at the expense of press and outdoor budgets. The decline in the radio market is mainly due to a continued decrease in advertising spend by the telecoms sector.

RTL **Radio audience share**

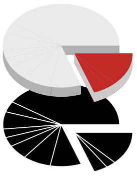
Source: Médiamétrie. Target: 13+ (since 9/2002). **2003–2007 (%)**

07	**12.8**
06	11.7
05	11.5
04	11.7
03	11.7

France

National audience breakdown

Source: Médiamétrie. Target: 13+.



	2007 (%)
General interest radio networks	
RTL	**12.8**
France inter	8.5
Europe 1	7.9
Music radio networks targeting adults	
RTL 2	**3.0**
Nostalgie	5.4
RFM	3.6
Chérie FM	3.5
Music radio networks targeting young listeners	
Fun Radio	**3.8**
NRJ	6.7
Skyrock	4.2
Other formats	40.6

The strongest performance was seen at general-interest station **RTL Radio**, which clearly profited from its comprehensive coverage of the presidential and general elections in France. Gaining more than 600,000 additional listeners in one year, RTL increased its market share significantly to 12.8 per cent (2006: 11.7 per cent) – the station's best result since the extension of the Médiamétrie survey to include 13-year-olds in 2002. The flagship station was also the clear leader in the other key ratings criteria: daily cumulated audience and time spent listening. RTL Radio alone represented 69 per cent of the audience growth recorded by all general-interest stations in 2007.

All key programme slots attracted larger audiences compared to 2006, supporting the simplified grid pattern introduced in 2006/2007. Over the year, the news morning slot (7–9am) grew its market share by 9 per cent, *Ca peut vous arriver* hosted by Julien Courbet (9.30–11.30am) was up by 11 per cent, and *On refait le monde* hosted by Nicolas Poincaré (7.15–8pm) by 15 per cent. With more than 1.3 million listeners every 15 minutes, the legendary afternoon show *Les Grosses Têtes* hosted by Philippe Bouvard (4–6pm) gained 19 per cent more listeners, reaching its highest level since 2000.

RTL 2 — Radio audience share

Source: Médiamétrie. Target: 13+ (since 9/2002). 2003–2007 (%)

07	**3.0**
06	2.8
05	3.0
04	2.7
03	2.7

RTL 2, the pop-rock station, ended 2007 with an average audience share of 3.0 per cent among listeners aged 13 years and over (2006: 2.8 per cent). In September 2007, RTL 2 launched its new morning show *Le Grand Morning sur RTL 2* which performed very well. Other notable successes included the exclusive live concert series *Concert très très privé* and the *RTL 2 Pop-Rock Tour*.

Fun Radio registered continuous growth in cumulated audience, gaining more than 426,000 listeners in a year. Its average audience share increased to 3.8 per cent (2006: 3.4 per cent). The music station's updated claim "Le Son Dancefloor" underlines its core sound – dance music dedicated to listeners aged between 13 and 34, represented by artists such as David Guetta, Rihanna and Kylie Minogue. As well as the channel's key programmes such as its entertaining morning show (6am–10am) and its evening talk show (9pm–midnight) Fun Radio features the dance hits and DJs that are most popular among teenagers and young adults.

Fun Radio — Radio audience share

Source: Médiamétrie. Target: 13+ (since 9/2002). 2003–2007 (%)

07	**3.8**
06	3.4
05	3.1
04	3.2
03	3.6

In December 2007, the French Government signed a decree establishing the T-DMB standard as the broadcasting norm for digital radio in France. In anticipation of the digital switchover, currently scheduled for December 2008, RTL Radio launched two new digital radio stations – currently available on the internet – which are supposed to get their own digital frequencies during 2008. RTL L'Equipe, dedicated to sports and news, is a 50/50 joint venture with the leading French sports daily *L'Equipe*. The second station, RTL Autrement, offers radio listeners repeats of their favourite RTL programmes in different time slots. The station will build its own profile and develop new and original formats in the future.

Television, radio and technical services

Luxembourg

This profit centre comprises the Luxembourg radio and television business, the technical services provider Broadcasting Centre Europe (BCE), IP Network, the radio station RTL Radio – Die besten Hits aller Zeiten, the group's participation in RTL 9, and the rights trading activity CLT-UFA International.

	Year to December 2007 €m	Year to December 2006 €m	Per cent change
Revenue	**86**	**79**	**+8.9**
Of which: CLT-UFA International	6	14	(57.1)
Other Luxembourg activities	80	65	+23.1
Reported EBITA	**1**	**1**	**0.0**
Of which: CLT-UFA International	0	(4)	n.a.
Other Luxembourg activities	1	5	(80.0)

RTL Radio Lëtzebuerg remains the country's reference station for both news and entertainment, with 192,000 listeners tuning in every day. The station's audience share (12+, Monday to Friday, 5–24h) increased to 72 per cent (2006: 70 per cent). **RTL Télé Lëtzebuerg** recorded a primetime audience share of 55 per cent (12+, Monday to Friday, 19–20h), down from 59 per cent in 2006. Since the autumn season 2007, RTL Télé Lëtzebuerg's primetime magazines have kicked off 20 minutes earlier, at 18.40. The main news bulletin, *De Journal*, has started to offer French and German subtitles on teletext.

The combination of RTL Lëtzebuerg's three media channels – TV, radio and internet – achieved an impressive daily reach of 77 per cent of all Luxembourgers aged 12 years and over. In a bid to co-ordinate its individual media with each other even more effectively, RTL Lëtzebuerg appointed a director of information who is in charge of researching and selecting information programmes for radio, TV and new media services. In addition, the news website RTLNews.lu was revamped to optimise the flow of information across the platforms, offering more of RTL's radio and video content. RTL Lëtzebuerg's internet offensive was complemented with the launch of the video community Youmake.tv where viewers can upload films shot on their digital cameras and mobile phones.

BCE, RTL Group's technical services provider in Luxembourg, had its best year since its creation in 2000. Based on its existing multi-channel play-out system, the company launched the broadcasting of RTL 8 in the Netherlands and two new channels for AB Groupe in France. The engineering department extended its services in Eastern Europe by delivering a complete turnkey solution to the Bulgarian channel Nova TV. The inauguration of the new CNA (Centre National de l'Audiovisuel) in Dudelange, Luxembourg took place at the end of 2007. BCE finished the complete technical installation, including a digital archive system with more than 13,500 hours digitised since 2002 via the company's highly automated digital infrastructure. The production department covered events for SES, ArcelorMittal, RTP, RTL-TVI and RTL Nederland, while BCE's IT team operates a worldwide telecom network for RTL Group's production arm, FremantleMedia.

CLT-UFA International (CUI) manages a portfolio of film rights, series and other rights. In line with the strategic decision to wind down the business over time and not to invest in additional rights, the company's revenue declined considerably in 2007.

Television

Croatia

RTL TELEVIZIJA

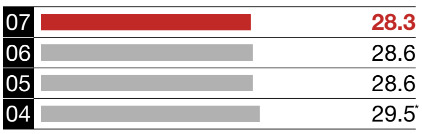
After reaching break-even in 2006, EBITA of RTL Televizija further increased to €2 million in 2007, while revenue went up to €48 million (2006: €44 million).

	Year to December 2007 €m	Year to December 2006 €m	Per cent change
Revenue	**48**	**44**	**+9.1**
Reported EBITA	**2**	**0**	**n.a.**

In 2007, RTL Televizija maintained its leading position among young viewers. At 28.3 per cent, the audience share in the key 18 to 49 target group was slightly down compared to 2006 (28.6 per cent), but still on a very high level and clearly ahead of its main competitors HTV 1 (25.9 per cent) and Nova TV (18.7 per cent). RTL Televizija's net advertising market share was 42.3 per cent, slightly down from 42.9 per cent in 2006.

RTL Televizija **TV audience share**

Source: AGB Nielsen Media Research. Target: 18–49. **2004–2007 (%)**



*Launched in April 2004

RTL Televizija's strong audience performance is based on a mix of locally developed news programmes and entertainment shows, adaptations of international hit formats, US series and movies, plus sports highlights. With an average audience share of 74.9 per cent among viewers aged 18 to 49, the England vs Croatia qualifying match for the Euro 2008 championship was the most popular programme in 2007 on Croatian TV in this target group.

The fourth season of *Big Brother* was once again a huge success for the channel. The 2007 season opening show achieved a market share of 62.3 per cent, while the average audience share of the fourth season was 40.5 per cent. Further programme highlights included the locally produced sitcom *Bibin svijet*, the reality format *Policijska Patrola* and the *Domino Day* event, which scored an audience share of 37.5 per cent.

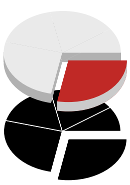
In 2007, the most popular US series on Croatian television were again broadcast by RTL Televizija. These included *Nip/Tuck*, *CSI: NY*, *Prison Break* and *Cold Case*, all of which scored excellent ratings of above 30.0 per cent. Movies have also continued to be an important part of RTL Televizija's schedule. The channel aired eight of the ten most-watched movies on Croatian television in 2007.

In May 2007, RTL Televizija successfully introduced a new weekday access prime-time line-up, starting with the courtroom drama *Sudnica* and followed by *Vecera za 5*, a local adaptation of the successful Vox format *Das perfekte Dinner*. The new lifestyle cookery show attracted an average audience share of 36.8 per cent among young viewers. The main news bulletin *Vijesti* was given a facelift and is now screened at 18.30, followed by the popular magazine *Exploziv*, the police series *KT 2* and the daily soap *Zabranjena Ljubav (Forbidden Love)*. Overall, the channel's audience share in the time slot increased strongly after the launch of the new line-up.

Croatia

National audience breakdown

Source: AGB Nielsen Media Research. Target: 18–49. **2007 (%)**



RTL Televizija	**28.3**
HTV 1	25.9
HTV 2	17.6
Nova	18.7
Others	9.5

Television and radio

Spain

The introduction of digital terrestrial television (DTT) in 2005 and the launch of two new general-interest channels in 2006 (Cuatro and La Sexta) saw significant change in the Spanish TV market, where multi-channel penetration had been traditionally low. At the end of 2007, DTT penetration reached 24.7 per cent of TV households, up from 12.6 per cent at the end of 2006.

Spain

National audience breakdown

Source: TNS. Target: 13–55. **2007 (%)**

Antena 3	**18.0**
Telecinco	22.0
TVE (TVE 1 + La 2)	17.2
Forta	11.2
Cuatro	9.5
Sexta	5.0
Others	17.1

Due to the resulting audience fragmentation all major analogue channels lost audience shares in 2007. Antena 3's audience share in the key demographic of 13 to 55-year-old viewers fell to 18.0 per cent (2006: 20.7 per cent). The channel managed to maintain its position as the second most watched channel, both in the 13 to 55 demographic and in terms of total audience share. The Spanish TV advertising market continued to grow strongly, by an estimated 8.7 per cent. However, the drop in audience shares affected Antena 3's advertising revenue and the channel's share of the TV advertising market decreased to 25.2 per cent (2006: 27.1 per cent).

Antena 3 **TV audience share**

Source: TNS. Target: 13–55. **2003–2007 (%)**

07	**18.0**
06	20.7
05	22.8
04	21.9
03	20.9

Antena 3's most-watched programme in 2007 was the broadcast of the Uefa Cup final between the two Spanish teams Espanyol and Sevilla, which attracted more than 10 million viewers and achieved a total audience share of 50.4 per cent. In terms of total audience, six of the ten most-watched programmes in 2007 were aired by Antena 3. With an average audience share of 21.7 per cent in the key 13 to 55 age group, the acclaimed series *El Internado* became the most successful launch of a Spanish fiction series in the year. Other programmes that drew large audiences included the in-house produced fiction series *Los Hombres de Paco*; the film event *Shrek et feliz navidad*, a special production for Christmas starring the animated character Shrek; the popular game show *La ruleta de la suerta*; the US animated series *The Simpsons*; and *Antena 3 Noticias*, which was the most-watched news programme on Spanish TV for the third consecutive year.

Benefiting from the expansion of DTT, the digital channels of the group, Antena Neox and Antena Nova, more than doubled their cumulated audience during the year, with Antena Neox being the most-watched of the 'new' DTT channels.

The two radio stations of the Antena 3 Group, Onda Cero (general-interest) and Europa FM (hit music), both improved their ratings in 2007.

On a 100 per cent basis, the EBITDA of the Antena 3 Group decreased to €334 million (2006: €348 million) and the net profit to €200 million (2006: €: 290 million, positively impacted by a one-off income of €64 million).

The profit share of RTL Group was €40 million (2006: €49 million, positively impacted by a one-off income of €11 million).

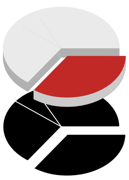
In June 2007, RTL Group and Grupo Planeta De Agostini, the two leading shareholders of Antena 3 Group, renewed their shareholders agreement. Both parties agreed to extend the agreement indefinitely, although both companies can terminate the agreement after 30 June 2009 with a 180-day notice period. At the end of 2007, RTL Group held a 20.0 per cent stake in Antena 3. Grupo Planeta De Agostini is the company's largest shareholder with a 45.15 per cent shareholding.

Others

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

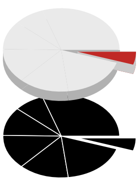
		Year to December 2007 €m	Year to December 2006 €m	Per cent change
Revenue		**29**	**31**	**(6.5)**
Reported EBITA		**(19)**	**(15)**	**+26.7**
	Corporate Centre	(28)	(31)	(9.7)
	RTL Klub	7	8	(12.5)
	Ren TV	2	3	(33.3)
	Media Capital	0	5	n.a.

Hungary
National audience breakdown
Source: AGB Hungary. Target: 18–49 (primetime). 2007 (%)



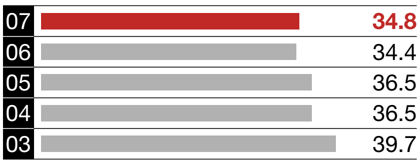
RTL Klub	**34.8**
TV 2	25.8
MTV 1	7.1
Others	32.3

Russia
National audience breakdown
Source: TNS Gallup Media. Target: 6–54. 2007 (%)



Ren TV	**5.0**
Channel 1	18.1
Russia	14.0
NTV	13.3
STS	11.1
TNT	8.4
Others	30.1

RTL Klub **TV audience share**
Source: AGB Hungary. Target: 18–49 (primetime). 2003–2007 (%)



RTL Klub maintained its clear leadership position and even slightly increased its average audience share in primetime in the key target group of 18 to 49-year-old viewers to 34.8 per cent (2006: 34.4 per cent), 9 percentage points ahead of its closest rival TV 2. In its main target group, RTL Klub was the most watched channel in Hungary on 342 out of 365 evenings. This positive development was driven by the channel's broad range of programmes, including established audience favourites such as the long-running daily soap *Barátok Közt* (Between Friends) and the reality show *Gyözike*, blockbuster movies including *Spider-Man*, *Ice Age* and *Mr & Mrs Smith*, and a grid of high-quality US series such as *ER*, *Lost*, *CSI: Miami*, *Prison Break*, *Grey's Anatomy* and *Criminal Minds*. During the autumn season, RTL Klub successfully launched three new primetime shows; the locally developed talent show *Csillag születik* (A Star is Born), FremantleMedia's game show format *Poker Face*, and Endemol's *Take it or Leave it*. RTL Klub's share of the net TV advertising market decreased from 49.7 per cent in 2006 to 48.5 per cent in 2007.

In July 2007, RTL Klub acquired 100 per cent of the shares in one of Hungary's largest internet DVD and book retailers, Netpiac. Another move to further diversify the company's revenue streams was the launch of the RTL-branded debit and credit card 'RTL Card', in partnership with K&H Bank, in August 2007. By the end of the year, more than 10,000 customers had applied for the service.

RTL Group's share of the results was €7 million (2006: €8 million).

Ren TV **TV audience share**
Source: TNS Gallup Media. Target: 6–54. 2003–2007 (%)

In Russia, RTL Group holds a 30 per cent stake in **Ren TV.** The new strategy for the Ren TV Media Holding, approved at the beginning of 2007, defines Ren TV's main target demographic as males aged 25 to 54, so most primetime projects cater to this audience. At the same time Ren TV is a channel with a broad offering which includes Formula One motor racing, new series such as *Supernatural*, *Prison Break*, *The 4400* and entertainment formats such as the Russian adaption of the Vox hit format *Das perfekte Dinner*. Ren TV's most successful original programmes include the serial *Soldaty* (Soldiers), *Chas suda* (Court time), the news programme *24*, *Voennaya tayna* (War Secret), along with documentaries and the analytical programme *Nedelya s Mariannoy Maksimovskoy* (This week with Marianna Maksimovskaya), which is famous for its independent views. Before the start of the new television season in August 2007, Ren TV had changed its logo and this now corresponds more precisely with the expectations of Ren TV's target audience.

The advertising market once again performed strongly, up an estimated 24 per cent on 2006, driven largely by pricing effects.

In the age group 6 to 54, Ren TV achieved an audience share of 5.0 per cent (2006: 4.9 per cent) and finished the year with a TV advertising market share of 5.3 per cent (2006: 4.7 per cent).

RTL Group's share of the results was €2 million (2006: €3 million).

EBITA **(share of results of associates)**	**Year to December 2007 €m**	Year to December 2006 €m	Per cent change
– Antena 3	40	49	(18.4)
– RTL Klub	7	8	(12.5)
– Media Capital	0	5	n.a.
– RTL II	3	4	(25.0)
– Ren TV	2	3	(33.3)
Others	8	3	>100.0
Total	**60**	**72**	**(16.7)**

Portfolio changes

Following approval from the European Commission on 18 January 2007, RTL Group completed its exit from Sportfive, resulting in a gain on disposal of €66 million for the Group.

On 22 January 2007, the Portuguese market regulators approved a voluntary offer for the shares of Media Capital by Grupo Prisa. The offer period ran from 23 January to 5 February 2007 and was priced at €7.40 per share. Given the uncertainties surrounding both the pricing and the timing of a subsequent mandatory offer by Grupo Prisa, and the unlikelihood that a counter offer by RTL Group would succeed, RTL Group decided to sell its entire shareholding. This full disposal resulted in cash proceeds of €209 million and a gain on disposal of €33 million for the Group.

In June, RTL Group and John de Mol's Talpa Media Holding announced that they signed an asset deal in the Netherlands. The country's leading radio station, Radio 538, was integrated in RTL Nederland, which also acquired TV assets from Talpa Media, such as sports rights and successful Dutch shows and drama series. Talpa Media received a minority stake in RTL Nederland. The deal closed at the end of September 2007.

In October 2007, RTL Group, via M6, acquired 34 per cent in AnnoncesJaunes.fr through a €16 million capital increase.

Share of results of associates

The total contribution of the associated companies decreased to €60 million (2006: €72 million). The major reasons for this decline are the weaker results at Antena 3 – although 2006 was positively impacted by a one-off income of €11 million – and the sale of the Media Capital stake at the beginning of 2007 (the 2006 results include the full year results of Media Capital in Portugal).

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

Net interest expense amounted to €4 million (2006: income €2 million). The deterioration is due to the discount effect of long term payables offsetting the increased interest income resulting from the strong cash position. It also includes interest charges on pension and lease liabilities.

The financial results other than interest include impairments on financial assets as well as fair value adjustments on embedded derivatives and put options.

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

This heading includes the costs related to the amortisation of fair value adjustments on the acquisitions of Five, M6, Ren TV and N-TV. The majority of the expense relates to Five and M6.

Under IAS 12, following a business combination, any later upwards re-assessment of deferred tax assets automatically leads to a similar downwards adjustment of goodwill. As at 31 December 2007 new deferred tax assets were recognised amounting to €5 million (2006: €nil million) leading to an additional goodwill impairment of the same amount, €5 million (2006 : €nil million). The effect on the net result was nil.

Impairment of goodwill and disposal groups

An impairment of goodwill was recorded at 30 June 2007 amounting to €123 million. This impairment affects the carrying value of the Group's UK television activities and reflects the following:

- Stronger competition in the increasingly fragmented UK television market, affecting all established broadcasters;
- Higher content cost growth than previously forecast;
- A cautious outlook concerning call TV revenue and advertising market growth rates.

Based on the above, the value in use, determined on the basis of revised cash flow projections (using a growth rate of 3 per cent and a discount rate of 8.5 per cent), resulted in an impairment loss recorded as at 30 June 2007 which has been fully allocated to goodwill.

Gain from sale of subsidiaries, joint ventures and other investments

There was a net gain from the sale of subsidiaries, joint ventures and other investments in 2007 amounting to €76 million (2006: €207 million). The main transactions that occurred in 2007 were the gain on disposal of both Media Capital and Sportfive and a loss that was incurred following the repayment of a loan that has been considered as a partial disposal in accordance with IAS 21.

Income tax (expense)/income

The normalised Group tax rate was approximately 29 per cent (2006: 28 per cent).

In 2007 the tax expense was €170 million (2006: income of €34 million). 2006 was largely impacted by the recognition of a deferred tax asset amounting to €234 million. As of 6 July 2007, the tax reform 2008 passed the Bundesrat, the upper house of German parliament. The new tax legislation will be effective as of 31 January 2008 resulting in a lowering of the tax rate from 40 per cent to 31.5 per cent.

By using the new overall German effective tax rate of 31.5 per cent, the net amount of deferred tax assets and liabilities as of 1 January 2007 dropped by €68 million resulting in a one-off deferred tax expense.

A new deferred tax asset, amounting to €89 million, was recognised in 2007 following a reassessment of the losses available for use within the foreseeable future in Luxembourg.

Profit for the year attributable to RTL Group shareholders

The profit for the year attributable to RTL Group shareholders was €563 million (2006: €890 million). This decline is due to a number of negative one-offs in 2007 (the goodwill impairment and the German cartel fine) and positive one-offs in 2006 (the gain on disposal of TPS and recognition of a deferred tax asset). Without these effects the 2007 profit for the year would have increased substantially.

Earnings per share

Reported earnings per share, based upon 153,618,853 shares, was €3.67 per share (2006: €5.79 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 slightly to €3.54 (2006: €3.52) per share.

Net cash position

	As at 31 December 2007 €m	As at 31 December 2006 €m
Gross balance sheet debt	(105)	(106)
Less: loans receivable[20]	5	5
Gross financial debt	(100)	(101)
Add: cash	535	348
Add: cash deposit	624	487
Net cash position	**1,059**[21]	**734**

20) The loans receivable relate to TCM (via M6)
21) Of which €87 million held by M6 (2006: €196 million)

Net cash position

The consolidated net cash position at 31 December 2007 was €1,059 million (2006: reported net cash €734 million). The Group continues to generate significant operating cash flow with an EBITA cash conversion of 110 per cent (2006: 98 per cent).

Own shares

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

RTL Group directly and indirectly holds 0.76 per cent (2006: 0.76 per cent) of RTL Group's shares.

Related party transactions

On 5 November 2002, RTL Group entered into a €300 million 364 days (renewable)

Revolving Credit Facility with Bertelsmann AG. The Facility was 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 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.

On 12 July 2007 the Credit Facility was cancelled at the request of RTL Group. No costs were incurred as a result of this cancellation.

The total interest and other expenses on these facilities for the period ending 31 December 2007 amounts to €0 million.

As at 31 December 2007 RTL Group had various deposits (overnight and up to three months) amounting to €624 million (2006: €487 million) with Bertelsmann AG. These deposits bear an interest rate of either EONIA or EURIBOR plus 10 basis points depending on the duration of the deposit. The overnight deposit has subsequently been rolled over. The total interest income on these deposits for the period ending 31 December 2007 amounted to €24 million (2006: €4 million).

Bertelsmann AG granted to RTL Group a pledge on all shares of its wholly owned French subsidiary Media Communication SAS as security for all payments due by Bertelsmann AG. The total amount of the deposit does not exceed 60 per cent of the fair value of the pledge asset, which is revalued on a regular basis.

In July 2007, Bertelsmann AG granted to RTL Group a further pledge covering all the shares of its wholly owned Spanish subsidiary Media Finance Holding SL as security for all payments due by Bertelsmann AG. The total amount of the deposit does not exceed 60 per cent of the fair value of the pledged asset, which is revalued on a regular basis.

The UK Group relief of the Five Group and FremantleMedia Group to Bertelsmann Group resulted in a tax income of €8 million.

Share option plan

On 25 July 2000, RTL Group launched a share option plan for the directors, senior management and employees of the Group. Under the terms of the plan, the option price reflects the market value of the shares on the date that they are granted. The market value is defined as the average stock price on the Brussels exchange for the 20 working days preceding the grant, or as otherwise decided by the Board of Directors. The options vest in equal tranches on the second, third and fourth anniversary of the date of grant, and lapse after 10 years. The total number of options granted and accepted by the beneficiaries at the end of 2007 was 139,050 (2006: 147,800).

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 judgement was appealed.

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

The minority shareholders also dispute the decision by RTL Group to de-list its shares from the London Stock Exchange. On 31 December 2002, the Court of Appeal of Luxembourg, sitting in summary proceeding, confirmed the court decision pronounced in summary proceeding on 25 October 2002 that held the claim inadmissible. The de-listing of RTL Group's shares from the London Stock Exchange took effect from 31 December 2002. As a consequence of the de-listing, the minority shareholders requested the Luxembourg Civil Court to order the re-listing of the shares on the London Stock Exchange. On 30 March 2004 the court decided to join both claims (free float and de-listing) and dismissed the claims of the minority shareholders. The judgement was appealed.

On 12 July 2006, the Court of Appeal of Luxembourg decided to join the claims (swap, free-float and de-listing) and confirmed the judgements of the court of first instance. The minority shareholders lodged to the Luxembourg Supreme Court ("Cour de Cassation") a final appeal against this judgement, restricted to a limited set of legal issues not involving RTL Group but linked to the acquisition by Bertelsmann of RTL Group shares previously owned by GBL.

On 21 February 2008, the Luxembourg Supreme Court decided to refer the matter to the European Court of Justice for a preliminary ruling procedure. The proceedings before the Luxembourg Supreme Court are stayed, pending the outcome of the procedure before the European Court of Justice.

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 the original transaction (swap) and its involvement is limited to solely entering any transfer of shares into the shareholders register.

The negotiations with the State of Netherlands concerning the radio licence RTL FM were settled during the course of 2007.

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

Profit appropriation (RTL Group SA) [22]

The statutory accounts of RTL Group SA show a profit for the financial year 2007 of €311 063 897 (2006: profit of €214 028 089). Taking into account the profit carried forward as at 31 December 2007 of €1 401 503 424, the share premium (€5 782 185 577) and the profit for the year (€311 063 897), the amount available for distribution is €7 494 752 898. The Board of Directors recommends to the General Meeting of Shareholders on 16 April 2008 the distribution of a gross final dividend per share of €5.00, including an extraordinary dividend of €3.70 per share (2006: €3.00 per share, including an extraordinary dividend of €1.80 per share).

If the General Meeting of Shareholders accepts this proposal, RTL Group will distribute for the financial year 2007 a total dividend of €774 million.

22) Amounts in € except where stated

Outlook

With regard to advertising sales, RTL Group has – despite the current economic climate – no reason to be pessimistic. Nevertheless, we remain cautious given the continued low visibility in most markets.

RTL Group's success is founded on numerous businesses across Europe. Building on this strong foundation, we are guiding the company into a new phase. RTL Group is developing its broadcasting operations into digital TV families with a presence on all new platforms. The Group will also systematically meet the rising demand for attractive content and expand its production arm FremantleMedia, with new talent, new formats and by doing business in new markets.

Our first priority remains to create value for our shareholders. That's why we always look at all kinds of opportunities to expand our businesses. This includes developing our families of channels, building up diversification ventures, launching new digital services and also advancing our geographical expansion.

4 March 2008
The Board of Directors

Auditors' report

PRICEWATERHOUSECOOPERS

KPMG

400, route d'Esch
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L-1014 Luxembourg

9, allée Scheffer
L-2520 Luxembourg

To the Shareholders of RTL Group SA

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

We have audited the accompanying consolidated financial statements of RTL Group SA and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as at 31 December 2007 and the consolidated income statement, the consolidated statement of recognised income and expense and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 110 to 167.

Board of Directors' responsibility for the consolidated financial statements

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

Responsibility of the Réviseurs d'Entreprises

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements set out on pages 110 to 167 give a true and fair view of the consolidated financial position of the Group as of 31 December 2007, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The consolidated Directors' report, which is the responsibility of the Board of Directors is consistent with the consolidated financial statements.

Luxembourg, 4 March 2008

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

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

Consolidated income statement

for the year ended 31 December 2007

	Notes	2007 €m	2006 €m
Revenue	4. 1.	**5,707**	5,640
Other operating income		**71**	86
Consumption of current programme rights		**(2,048)**	(1,968)
Depreciation, amortisation and impairment		**(213)**	(217)
Other operating expense	4. 2.	**(2,689)**	(2,764)
Impairment of goodwill and amortisation of fair value adjustments on acquisitions of subsidiaries and joint ventures	5. 2. 5. 10.	**(142)**	(14)
Gain from sale of subsidiaries, joint ventures and other investments	4. 3.	**76**	207
Profit from operating activities		**762**	970
Share of results of associates	5. 4.	**60**	72
Earnings before interest and taxes ("EBIT")		**822**	1,042
Net interest income/(expense)	4. 4.	**(4)**	2
Financial results other than interest	4. 5.	**26**	33
Profit before taxes		**844**	1,077
Income tax income/(expense)	4. 6.	**(170)**	34
Profit for the year		**674**	1,111
Attributable to:			
RTL Group shareholders		**563**	890
Minority interest		**111**	221
Profit for the year		**674**	1,111

	Notes	2007 €m	2006 €m
EBITA*		**898**	851
Impairment of goodwill and of disposal group	5. 2. 5. 10.	**(133)**	–
Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries and joint ventures		**(19)**	(14)
Amortisation of fair value adjustments on acquisitions of associates	5. 4.	**–**	(2)
Gain from sale of subsidiaries, joint ventures and other investments	4. 3.	**76**	207
Earnings before interest and taxes ("EBIT")		**822**	1,042

	Notes	2007	2006
Earnings per share (in €)			
– Basic	4. 7.	**3.67**	5.79
– Diluted	4. 7.	**3.67**	5.79

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

* *EBITA represents earnings before interest and taxes excluding impairment of goodwill and of disposal group and amortisation and impairment of fair value adjustments on acquisitions and gain from sale of subsidiaries, joint ventures and other investments*

Consolidated balance sheet

as at 31 December 2007

	Notes	2007 €m	2006* €m
Non-current assets			
Programme rights	5.1.	**80**	93
Goodwill	5.1. 5.2.	**3,130**	3,144
Other intangible assets	5.1.	**357**	336
Property, plant and equipment	5.3.	**341**	354
Investments in associates	5.2. 5.4.	**466**	573
Loans and other financial assets	5.5.	**542**	482
Deferred tax assets	5.6.	**559**	392
		5,475	5,374
Current assets			
Programme rights	5.7.	**1,293**	1,390
Other inventories		**40**	46
Income tax receivable		**117**	122
Accounts receivable	5.8.	**1,833**	1,742
Cash and cash equivalents	5.9.	**535**	348
Assets classified as held for sale	5.10.	**18**	9
		3,836	3,657
Current liabilities			
Loans and bank overdrafts	5.11.	**14**	67
Income tax payable		**238**	218
Accounts payable	5.12.	**1,913**	1,933
Provisions	5.13.	**113**	160
Liabilities directly associated with non-current assets classified as held for sale	5.10.	**12**	1
		2,290	2,379
Net current assets		**1,546**	1,278
Non-current liabilities			
Loans	5.11.	**91**	39
Accounts payable	5.12.	**306**	259
Provisions	5.13.	**110**	121
Deferred tax liabilities	5.6.	**83**	82
		590	501
Net assets		**6,431**	6,151
Equity attributable to RTL Group shareholders		**5,876**	5,629
Equity attributable to minority interest		**555**	522
Equity		**6,431**	6,151

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

** Restated (see note 1.2.1.)*

Consolidated cash flow statement

for the year ended 31 December 2007

	Notes	2007 €m	2006 €m
Cash flows from operating activities			
Profit before taxes		**844**	1,077
Adjustments for:			
– Depreciation and amortisation		**170**	178
– Value adjustments, impairment and provisions		**227**	132
– Equity-settled share-based payments expenses		**13**	9
– Gain on disposal of assets		**(104)**	(216)
– Financial results including net interest expense and share of results of associates		**(45)**	(76)
Use of provisions	5.13.	**(78)**	(51)
Working capital changes		**89**	(86)
Income taxes paid		**(256)**	(103)
Net cash from operating activities		**860**	864
Cash flows from investing activities			
Acquisitions of:			
– Programme rights		**(48)**	(45)
– Subsidiaries and joint ventures net of cash acquired	3.4.	**57**	(36)
– Other intangible and tangible assets		**(143)**	(113)
– Other investments and financial assets		**(168)**	(41)
Current deposit with shareholder	5.8. 8.1.	**(134)**	(486)
		(436)	(721)
Proceeds from the sale of intangible and tangible assets		**67**	26
Disposal of:	3.6.		
– TPS, net of cash disposed of		**–**	(70)
– Other subsidiaries and joint ventures net of cash disposed of		**3**	12
Proceeds from the sale of associates, other investments and financial assets		**285**	95
Interest received		**48**	28
		403	91
Net cash used in investing activities		**(33)**	(630)
Cash flows from financing activities			
Interest paid		**(32)**	(12)
Proceeds from loans		**5**	113
Repayment of loans		**(66)**	(76)
Net change in bank overdraft		**(1)**	(7)
Dividends paid		**(537)**	(235)
Net cash used in financing activities		**(631)**	(217)
Net increase in cash and cash equivalents		**196**	17
Cash and cash equivalents at beginning of year		**348**	332
Effect of exchange rate fluctuation on cash held		**(9)**	(1)
Cash and cash equivalents at end of year		**535**	348

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

Consolidated statement of recognised income and expense

for the year ended 31 December 2007

	Notes	2007 €m	2006* €m
Foreign currency translation differences		**(6)**	1
Change in fair value of cash flow hedges		**(35)**	(39)
Change in fair value of available-for-sale financial assets	5. 4. 5. 5.	**2**	2
Defined benefit plan actuarial gains	5. 14.	**9**	10
Income tax on income and expense recognised directly in equity		**3**	6
Income and expense recognised directly in equity		**(27)**	(20)
Profit for the year		**674**	1,111
Total recognised income and expense for the year	5. 15.1.	**647**	1,091
Attributable to:			
RTL Group shareholders		**537**	873
Minority interest		**110**	218
Total recognised income and expense for the year		**647**	1,091

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

** Restated (see note 1.2.1.)*

Notes

to the consolidated financial statements

1. Significant accounting policies

RTL Group SA (the "Company") is a company domiciled in Luxembourg. The consolidated financial statements of the Company for the year ended 31 December 2007 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 616 companies. The list of the principal Group undertakings as at 31 December 2007 is set out in note 11.

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

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

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

The financial statements were authorised for issue by the Board of Directors on 4 March 2008.

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

The preparation of financial statements in conformity with IFRS, as adopted by the European Union, 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 10.

The accounting policies have been consistently applied by Group enterprises and are consistent with those used in the previous year except for the application of the revised and new standards and interpretations effective as from 1 January 2007 described below:

- Amendments to IAS 19 "Employee Benefits, Actuarial Gains and Losses, Group Plans and Disclosures" introduces an option of an alternative recognition approach for actuarial gains or losses. The adoption of the amendments only impacts the format and extent of disclosures presented in the Group's accounts for 2007. The Group changed in 2007 the accounting policy adopted for recognition, outside of the income statement, of actuarial gains or losses.

  The change in accounting policy was recognised retrospectively in accordance with the transitional provisions of the amendment, and comparatives have been restated as follows:

Balance sheet at 1 January	**2007 €m**	2006 €m
Cumulative increase in liability for employee benefits	**14**	24
Cumulative increase in deferred tax assets and liabilities	**(4)**	(7)
Cumulative decrease in retained earnings	**(10)**	(17)

  The change in accounting policy had no material impact on the income statement and earnings per share.

The following amendments and interpretations, which are mandatory for accounting periods beginning on or after 1 January 2007, did give rise to additional disclosures:

- IFRS 7, "Financial instruments: Disclosures", and the complementary amendment to IAS 1, "Presentation of financial statements – Capital disclosures", introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the Group's financial instruments, or the disclosures relating to taxation and trade and the other payables.

The following amendments and interpretations, which are mandatory for accounting periods beginning on or after 1 January 2007, did not have any effect on the financial statements of the Group and did not give rise to additional disclosures:

- IFRIC 8, "Scope of IFRS 2";
- IFRIC 10, "Interim financial reporting and impairment";
- IFRS 4, "Insurance contracts";
- IFRIC 7, "Applying the restatement approach under IAS 29, Financial reporting in hyper-inflationary economies";
- IFRIC 9, "Re-assessment of embedded derivatives".

The IASB has issued the following standards and amendments to standards that will be effective for the Group as from 1 January 2008 or after. The Group has not elected to early adopt these standards or amendments to existing standards.

- IFRS 8 "Operating Segments" sets out requirements for disclosure of information about an entity's operating segments and also about the entity's products and services, the geographical areas in which they operate, and its major customers. IFRS 8 will require additional disclosures on these items;
- IAS 23 (Amendment), "Borrowing costs". The amendment to the standard is still subject to endorsement by the European Union. It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group will apply IAS 23 (Amended) from 1 January 2009 but the standard is currently not applicable to the Group as there are no qualifying assets;
- IAS 1 (Revised) "Presentation of financial statements" is aimed at improving users' ability to analyse and compare the information given in financial statements. IAS 1 (Revised) will affect the presentation of owner changes in equity and of comprehensive income;
- IFRS 3 (Revised) "Business combinations". IFRS 3 (Revised) continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with some contingent payments subsequently remeasured at fair value through income. Goodwill may be calculated based on the parent's share of net assets or it may include goodwill related to the minority interest. All transaction costs will be expensed. IFRS 3 (Revised) will have an impact on how the Group will report on acquisitions;
- IAS 27 (Revised) "Consolidated and separate financial statements". IAS 27 (Revised) provides mainly guidance on changes in the ownership interests. In particular, changes in a parent's ownership interest in a subsidiary that do not result in the loss of control will be accounted for within equity, as is the current practice of the Group;
- IAS 32 (Amendment) "Financial Instruments: Presentation" and IAS 1 (Amendment) "Presentation of Financial Statements". These amendments to the standards require that some puttable financial instruments and some financial instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation to be classified as equity;
- IFRIC 11 "Group and Treasury Share Transactions" provides guidance in applying IFRS 2 "Share-based Payment" in three circumstances:
  - Share-based payment involving an entity's own equity instruments in which the entity chooses or is required to buy its own equity instruments (treasury shares) to settle the share-based payment obligation;
  - A parent grants rights to its equity instruments to employees of its subsidiary;
  - A subsidiary grants rights to equity instruments of its parent to its employees.
- IFRIC 12, "Service concession arrangements". IFRIC 12 applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. IFRIC 12 is not relevant to the Group's operations because none of the Group's companies provide public sector services;
- IFRIC 13, "Customer loyalty programmes". IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement in us-

ing fair values. IFRIC 13 is not relevant to the Group's operations because none of the Group's companies operate any loyalty programmes;

- IFRIC 14, "IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction". IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. The Group will apply IFRIC 14 from 1 January 2008, but it is not expected to have any impact on the Group's accounts.

1. 3. Principles of consolidation

1. 3. 1. Subsidiaries

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

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

When an acquisition is completed by a series of successive transactions, each significant transaction is considered individually for the purpose of the determination of the fair value of the identifiable assets, liabilities and contingent liabilities acquired and hence for the goodwill associated with the acquisition.

The fair values of the identifiable assets and liabilities acquired can vary at the date of each transaction. When a transaction results in taking control over the entity the interests previously held in that entity are revalued on the basis of the fair values of the identifiable assets and liabilities at that date. The contra posting for this revaluation is recorded directly in shareholders' equity.

Subsequent purchases, after the Group has obtained control, are treated as the acquisition of shares from minority interest: the identifiable assets and liabilities of the entity are not subject to a further revaluation and the positive or negative difference between the cost of such subsequent acquisitions and the net value of the additional proportion of the interest acquired is recorded directly in equity.

For disposals of minority interests, differences between any proceeds received and the relevant share of minority interest are also recorded in equity.

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 interest is presented separately as a minority interest in the consolidated balance sheet and in the consolidated income statement.

1. 3. 2. Joint ventures

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

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

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

1. 3. 3. Associates

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

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

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

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

1. 3. 4. Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealised gains arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and joint ventures are eliminated to the extent of the Group's interest in the undertaking. Unrealised gains resulting from transactions with associates are eliminated against the investment in the associates. 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 to the respective functional currencies of Group entities 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 date the fair value was determined.

1. 4. 2. Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill, except for goodwill arising from acquisitions before 1 January 2004, and fair value adjustments arising on consolidation, are translated to Euro 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 or partial disposal of a foreign operation, such exchange differences or proportion of 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

Fair value

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

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

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

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

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

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

Cash flow hedges

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

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

1. 6. Current/non-current distinction

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

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

1. 7. Intangible assets

1. 7. 1. Owned non-current programme rights

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

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

1. 7. 2. 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.

No goodwill is recognised on an acquisition of minority interest.

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. 3. Other intangible assets

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

Licences: 7 to 20 years
Software: maximum 3 years

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

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

1. 8. Property, plant and equipment

1. 8. 1. Owned assets

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

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

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

Depreciation methods and useful lives, as well as residual values, are re-assessed annually.

1. 8. 2. Leases

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases. Assets held under finance leases and the related obligations are recognised on the balance sheet at the lower of their fair value and the present value of minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Such assets are depreciated on the same basis as owned assets (see note 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 other financial assets

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

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

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

Financial instruments are at fair value through profit or loss if they contain one or more embedded derivatives which cannot be measured separately. Changes in fair value are recognised in profit or loss.

All purchases and sales of non-current and current investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the asset.

The fair value of publicly traded investments is based on quoted market prices at the balance sheet date. The fair value of non-publicly traded investments is based on the estimated discounted value of future cash flows.

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 broadcast or sell them in the normal course of the Group's operating cycle. Current programme rights include an appropriate portion of overheads and are stated at the lower of cost and net realisable value. Net realisable value represents management assessment of rights that are not likely to be broadcast. They are consumed based on either the expected number of transmissions or expected revenues in order to match the costs of consumption with the benefits received. The rates of consumption applied for broadcasting rights are the following:

- Blockbusters (films resulting in a large amount of cinema tickets), "mini-series" (primarily own productions with a large budget), other films, series, TV movies and (co)productions are mainly consumed over a maximum of two transmissions as follows: 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 two 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. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within depreciation, amortisation and impairment. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against depreciation, amortisation and impairment in the income statement.

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, money market funds when they meet the criteria set out in IAS 7, paragraph 7, as well as balance receivable on demand and deposits with an original maturity of less than 90 days.

Bank overdrafts are included within current liabilities.

1. 13. Impairment of non-financial assets

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

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

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

1. 14. Impairment of financial assets

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

1. 15. Accounts payable

Trade accounts payable arise from the purchase of assets, goods and services relating to the Group's operating activities. Other accounts payable comprise in addition to VAT, fair value of derivative liabilities and accrued expenses, payable on capital expenditure. Trade and other accounts payable are measured at amortised cost except derivatives, which are measured at fair value.

1. 16. Loans payable

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

1. 17. Provisions

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

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

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

1. 18. Employee benefits

1. 18. 1. Pension benefits

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

Pension costs and obligations relating to defined benefit plans are recognised based on the projected unit credit method. In December 2004, IASB adopted an amendment to IAS 19 "Employee Benefits, Actuarial Gains and Losses, Group Plans and Disclosures", which allows actuarial gains and losses to be recognised directly in equity and presented in the consolidated statement of recognised income and expense.

The Group elected for the change and adopted the amendment as at 1 January 2007 (see note 1.2.1.). Previously the Group applied the corridor method to recognise actuarial gains and losses over the expected average remaining service lives of employees in the plans, and recognised related actuarial gains and losses in income statement.

Pension costs relating to defined contribution plans (including deferred compensation plans that are defined contribution plans in nature) are recognised when an employee has rendered service in exchange for the contributions due by the employer.

1. 18. 2. Other benefits

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

1. 18. 3. Share-based transactions

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

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

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

1. 19. Share capital

1. 19. 1. Equity transaction costs

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

1. 19. 2. Treasury shares

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

1. 19. 3. Dividends

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

1. 20. Revenue presentation and recognition

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

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

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

1. 21. Interest income/expense

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

1. 22. Income tax

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

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

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

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

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

1. 23. Earnings per share

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

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

1. 24. Segment reporting

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

1. 25. Non-current assets held for sale

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

2. Segment reporting

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

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

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

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

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

Business segments

The Group comprises the following main business segments:

Television:

RTL Group's television segment comprises interests in 42 television channels in ten European countries and a range of technical services, covering broadcasting and transmission as well as production and post-production.

Content:

RTL Group produces programmes for television covering a wide range of genres, ranging from action adventure and science fiction to game shows and drama series, situation comedies and sports. The content segment is divided into two parts: production and distribution. Production comprises the production of original programmes for broadcasters; distribution comprises the distribution of programme rights made by RTL Group or acquired/licensed from third-party producers.

***Radio*:**

RTL Group's commercial radio segment comprises interests in 32 radio stations in six countries.

Prior year figures have been restated in order to reflect the reallocation of one Group entity from "Other operations" to "Radio".

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

2.1. Business segments

	Television		Content	
	2007 €m	2006* €m	**2007 €m**	2006* €m
Revenue from external customers	**4,396**	4,325	**998**	1,028
Inter-segment revenue	**22**	21	**178**	148
Total revenue	**4,418**	4,346	**1,176**	1,176
Profit/(loss) from operating activities	**556**	819	**195**	131
Share of results of associates	**57**	69	**–**	–
EBIT	**613**	888	**195**	131
EBITA	**731**	698	**126**	131
Impairment of goodwill and of disposal group	**(133)**	–	**–**	–
Amortisation of fair value adjustments on acquisitions of subsidiaries and joint ventures	**(19)**	(14)	**–**	–
Amortisation of fair value adjustments on acquisitions of associates	**–**	(1)	**–**	(1)
Gain/(loss) from sale of subsidiaries, joint ventures and other investments	**34**	205	**69**	1
EBIT	**613**	888	**195**	131
Net interest income/(expense)				
Financial results other than interest				
Income tax income/(expense)				
Profit for the year				
Attributable to:				
RTL Group shareholders				
Minority interest				
Segment assets	**4,786**	5,353	**1,390**	1,389
Investment in associates	**409**	516	**1**	1
Assets classified as held for sale	**11**	–	**–**	2
Other assets				
Total assets				
Segment liabilities	**1,777**	2,060	**397**	442
Liabilities directly associated with non-current assets classified as held for sale	**12**	–	**–**	–
Other liabilities				
Total liabilities				
Net assets				
Capital expenditure	**165**	262	**13**	26
Depreciation and amortisation	**(140)**	(127)	**(17)**	(40)
Impairment losses excluding goodwill	**(5)**	(3)	**(3)**	(5)
Impairment of goodwill	**(123)**	–	**–**	–
Impairment of disposal group	**(10)**	–	**–**	–

** Restated (see note 1.2.1.)*

2.2. Geographical segments

	Germany		France		UK	
	2007 €m	2006 €m	**2007 €m**	2006 €m	**2007 €m**	2006 €m
Revenue from external customers	**2,104**	2,106	**1,543**	1,611	**789**	761
Segment assets	**1,873**	2,079	**2,096**	1,980	**1,560**	1,793
Assets classified as held for sale	**11**	–	**7**	9	**–**	–
Capital expenditure	**26**	48	**141**	82	**8**	107

	Radio		Other operations		Eliminations		Total	
	2007 €m	2006* €m	**2007 €m**	2006* €m	**2007 €m**	2006* €m	**2007 €m**	2006* €m
	277	254	**36**	33	**–**	–	**5,707**	5,640
	2	(4)	**29**	30	**(231)**	(195)	**–**	–
	279	250	**65**	63	**(231)**	(195)	**5,707**	5,640
	77	53	**(66)**	(33)	**–**	–	**762**	970
	3	3	**–**	–	**–**	–	**60**	72
	80	56	**(66)**	(33)	**–**	–	**822**	1,042
	79	56	**(38)**	(34)	**–**	–	**898**	851
	–	–	**–**	–	**–**	–	**(133)**	–
	–	–	**–**	–	**–**	–	**(19)**	(14)
	–	–	**–**	–	**–**	–	**–**	(2)
	1	–	**(28)**	1	**–**	–	**76**	207
	80	56	**(66)**	(33)	**–**	–	**822**	1,042
							(4)	2
							26	33
							(170)	34
							674	1,111
							563	890
							111	221
	498	297	**365**	409	**(228)**	(467)	**6,811**	6,981
	56	56	**–**	–	**–**	–	**466**	573
	–	–	**7**	7	**–**	–	**18**	9
							2,016	1,468
							9,311	9,031
	254	183	**232**	248	**(218)**	(459)	**2,442**	2,474
	–	1	**–**	–	**–**	–	**12**	1
							426	405
							2,880	2,880
							6,431	6,151
	170	19	**3**	5	**–**	–	**351**	312
	(8)	(6)	**(5)**	(5)	**–**	–	**(170)**	(178)
	–	–	**3**	–	**–**	–	**(5)**	(8)
	–	–	**–**	–	**–**	–	**(123)**	–
	–	–	**–**	–	**–**	–	**(10)**	–

	Netherlands		Other regions		Eliminations		Total	
	2007 €m	2006 €m	**2007 €m**	2006 €m	**2007 €m**	2006 €m	**2007 €m**	2006 €m
	719	619	**1,059**	980	**(507)**	(437)	**5,707**	5,640
	535	350	**978**	1,040	**(231)**	(261)	**6,811**	6,981
	–	–	**–**	–	**–**	–	**18**	9
	156	4	**20**	71	**–**	–	**351**	312

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 2007 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 €20 million and profit attributable to RTL Group shareholders of €4 million for the post acquisition period to 31 December 2007. 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 €5,754 million and €571 million respectively.

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

2007

Radio 538 and RTL Nederland

RTL Group and John de Mol's Talpa Media Holding agreed on an asset deal on 26 June 2007. Following the unconditional regulatory approval by the Dutch competition authority in August, the transaction was completed on 29 September 2007. The deal was structured in several transactions with the final outcome that RTL Nederland, the country's leading TV group, and Radio 538, the country's leading radio station, are both integrated into a new structure, RTL Nederland Holding, held at 26 per cent by Talpa Media Holding and 74 per cent by RTL Group. As part of the deal, both parties also agreed that RTL Nederland would acquire TV assets from Talpa Media Holding such as sports rights, cable contracts, Dutch shows and drama series.

The acquisition of a 74 per cent interest in Radio 538 by RTL Group qualifies as a business combination since RTL Group has gained the control of Radio 538. RTL Group has allocated the related transaction costs and recognised the following identifiable assets, liabilities and contingent liabilities at their fair value at the date of the transaction:

- The Radio 538 brand for an amount of €10 million and a related deferred tax liability of €3 million;
- The deferred tax asset of €63 million in relation with future tax benefits and a corresponding liability at a discounted value of €46 million towards the minority interest which contractually benefits from those tax benefits.

The excess of the cost of the business combination over the net fair value of the identifiable assets, liabilities and contingent liabilities recognised was allocated to goodwill for an amount of €142 million.

The sale of 26 per cent interest in RTL Nederland was treated as an equity transaction consistent with the accounting principles applied by RTL Group for the acquisition of non-controlling minority interest in a controlled entity. RTL Group has allocated the related transaction costs to the disposal. This transaction resulted in an increase in equity attributable to RTL Group shareholders of €167 million and in minority interest of €5 million (see notes 5.15.1. and 5.15.9.).

As part of the transaction, RTL Group has provided a loan to Talpa Media Nederland which, subject to achievement of certain EBITA targets, might be impaired through recognition of an impairment loss in EBITA consistent with the basis of determination of the earnout mechanism.

SEDI TV – Téva

On 15 January 2007, Groupe M6 acquired the remaining 49 per cent in the female skewed thematic channel Téva. The acquisition of non-controlling interest in a controlled entity has been accounted for as an equity transaction and therefore no adjustment was recorded to goodwill. The decrease in equity attributable to RTL Group shareholders and to minority interest amounted to €6 million and €7 million (see note 5.15.1.) respectively.

Neue Spreeradio

Following the approvals by the competition and media authorities respectively in June and October 2007, RTL Group completed the acquisition of 66 per cent of the Berlin-based radio station 105.5 Spreeradio for a consideration of €0.4 million, resulting in a goodwill of €11 million. Prior to the acquisition, Neue Spreeradio was accounted for using the equity method. This transaction qualifies as a business combination since RTL Group has gained the control of Neue Spreeradio. The purchase accounting has been determined on a provisional basis and will be completed in 2008.

2006

Contact

Since 1 October 2006, RTL Group and its shareholding partners in the Belgian radio operations have brought together the following assets to Radio Belgium Holding SA:

- INADI SA operating under the Bel RTL brand and previously controlled;
- All companies operating under the Contact brand and equity accounted for until 1 October 2006. From this date RTL Group gained control of the Contact operations and these have been fully consolidated as from 1 October 2006. The transaction qualifies as a business combination. The purchase accounting led to no recognition of significant additional fair values directly attributable to the net assets acquired.

The consideration was €7 million and this resulted in the recognition of an additional goodwill of €8 million allocated to Contact. The goodwill previously presented in "Investments in associates" and related to Contact has been transferred to "Goodwill" (€6 million).

Mandarin Films

On 19 July 2006, Groupe M6 completed the acquisition of 100 per cent of Mandarin Films SAS, a production company owning a library of movie rights. It has been fully consolidated as from 1 July 2006.

The consideration paid amounted to €11 million and this resulted in the recognition of no goodwill following the completion of a fair value exercise. The related adjustments amount to a net €10 million. On this basis, it has been determined that:

- A fair value of €11 million on the catalogue of rights amortised based on expected revenues, with a corresponding deferred tax liability amounting to €4 million;
- A step-up of €4 million on accounts receivable, with a corresponding deferred tax liability amounting to €1 million.

N-TV

On 24 April 2006, following the approval of the German Cartel Office on 11 April 2006, RTL Group acquired the remaining 50 per cent in the German news channel from the co-shareholder CNN. It has been fully consolidated since that date. Until this date, N-TV has been accounted for using the proportionate consolidation method.

The transaction qualifies as a business combination since RTL Group has gained control of N-TV. The purchase accounting led to no recognition of additional fair values directly attributable to the net assets acquired. Most of the goodwill is attributable to the synergies arising from the control of N-TV.

The total consideration paid was € 17 million and this resulted in the recognition of an additional goodwill of € 29 million.

TPS Group

On 6 January 2006, Vivendi Universal, TF1 and M6 signed an agreement in accordance with the announcement made on 16 December 2005. This agreement aimed to bring together the French pay-TV businesses of Group Canal Plus and TPS into Canal Plus France, a new group controlled by Vivendi in the following way:

- TF1 and M6 contribute 100 per cent of TPS to Canal Plus France for a shareholding in the new group of 9.9 per cent and 5.1 per cent respectively;
- TF1 and M6 have a put option exercisable three years after the completion of the transaction at a minimum guaranteed amount of € 1.13 billion for the shareholding of 15 per cent (i.e. € 384.2 million for the shares held by M6), corresponding to an overall floor valuation of the new group of € 7.5 billion.

On 6 January 2006, Vivendi paid an advance of € 150 million to TF1 and M6 (i.e. € 51 million to M6) to be reimbursed, interest included, at the date of completion of the deal.

During 2006, the terms and conditions of the transaction were finalised between the various parties including the first steps leading up to final completion which included, amongst others, the recapitalisation of TPS. The main steps involved in this process can be summarised as follows:

- 30 August 2006: approval of the transaction by the French anti-trust authorities subject to the commitments made by both Vivendi and Canal Plus France;
- 31 August 2006: closure of the accounting reference period from which a number of the technical steps are based for the contribution of TPS to the new entity;
- 1 September 2006: transitory period for the TPS operation during which Canal Plus nominates a CEO and both TF1 and M6 lose joint operational and financial control over TPS;
- 30 November 2006: recapitalisation of TPS by both TF1 and M6 (M6 for an amount of € 66.6 million);
- 19 December 2006: signing of the contribution agreements moving the entire TPS activities under TPS Gestion SA, a company held by both TF1 (66 per cent) and M6 (34 per cent). At the same time signing of a contribution agreement approving the sale to Canal Plus France of TPS Gestion SA subject to the approval of each of the contribution agreements by the relevant general meetings of shareholders called on 4 January 2007;
- 4 January 2007: approval of the transaction by each of the relevant general meetings of shareholders resulting in completion of the deal as of this date. M6 reimburses Vivendi for a total amount of € 52.5 million, including interest, for the advance payment received from Vivendi on 6 January 2006.

The date from which the put option on the shares of Canal Plus France held by M6 becomes exercisable has been fixed as February 2010.

Following the completion of this transaction M6 has become a 5.1 per cent shareholder in Canal Plus France alongside Vivendi (65 per cent), Lagardère (20 per cent) who has participated from the beginning of 2006 in the consolidation process given their previous 34 per cent holding in Canal Sat, and TF1 (9.9 per cent). M6 does not participate in the Board of Directors of Canal Plus France.

The main assets of Canal Plus France are CanalSat, TPS, Multithématiques, Média Overseas, Canal Distribution (all 100 per cent shareholdings) and Canal Plus SA (49 per cent shareholding).

The accounting effects of this transaction can be summarised as follows:

- From 16 December 2005, TPS has been treated in the Group accounts as an asset held for sale in conformity with IFRS 5. Under the rules of IFRS 5 intangible and tangible assets have ceased to be amortised from December 2005 onwards;
- The loss of joint control by both TF1 and M6 from 1 September 2006 has resulted in the effect that only eight months of net result (based upon M6's proportionate share) has been consolidated into the Group accounts;
- The gain on disposal of TPS to Canal Plus France has been recognised in 2006;
- The 5.1 per cent shareholding in Canal Plus France, which was received in exchange for its participation in TPS by M6 has been designated as a financial asset at fair value through profit or loss. Under IAS 39 (amended) this asset is designated as a hybrid financial instrument made up of both an underlying financial asset (the shares in Canal Plus France) and an embedded derivative (the put option) whose fair value cannot be separately determined. As at 31 December, the fair value of this instrument is based on a floor value of this asset in 2010 (€ 384.2 million) and the difference between the normalised return and the underlying return on the investment in Canal Plus France. The fair value of the hybrid financial instrument amounts to € 343 million as at 31 December 2007 (€ 324 million as at 31 December 2006) and will be revalued upon each closing, with differences being shown in "Financial results other than interest", until 2010 so as to reach the floor price or higher fair value (see note 4.5.);
- The impact of the TPS disposal corresponds therefore to the fair value of the shares in Canal Plus France less the carrying amount of TPS in the Group accounts at the date of disposal plus related transaction costs.

In 2006 the cash flow movements related to this transaction include the following elements: cash advance from Vivendi for an amount of € 51 million, cash outflow relating to the recapitalisation of TPS and other expenses including the fees incurred (€ 70 million). There was a significant cash outflow in 2007 (relating to the reimbursement, to Vivendi, of the cash advance for an amount of € 52.5 million, interest included, originally received on 6 January 2006).

3. 3. Assets and liabilities acquired

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

	2007 €m	2006 €m
Purchase consideration:		
– Cash paid	**18**	43
– Payments on prior year acquisitions	**(2)**	2
– Deferred consideration on acquisitions	**–**	2
– Transactions made with minority interest	**173**	–
Total purchase consideration	**189**	47
Less fair value of net assets acquired	**(27)**	(3)
Acquisition of minority interest	**(6)**	(3)
Goodwill	**156**	41

3. 4. Cash (inflow)/outflow on acquisitions

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

	2007 Carrying amount at acquisition date €m	2007 Incremental value €m	2007 Fair value €m	2006 Fair value €m
Cash and cash equivalents	**75**	**–**	**75**	7
Property, plant and equipment	**1**	**–**	**1**	2
Other intangible assets	**25**	**10**	**35**	–
Current and non-current programme rights	**–**	**–**	**–**	12
Accounts receivable (trade and other)	**10**	**–**	**10**	29
Accounts payable (trade and other)	**(34)**	**(46)**	**(80)**	(26)
Interest bearing loans payable and borrowings	**(74)**	**–**	**(74)**	(12)
Net deferred tax assets/(liabilities)	**–**	**60**	**60**	(4)
Minority interest	**(1)**	**–**	**(1)**	–
Net assets acquired	**2**	**24**	**26**	8
Elimination of the contribution of companies previously accounted for using the equity method			**1**	(5)
Goodwill from acquisition of subsidiaries and joint ventures			**156**	41
Acquisition of minority interest			**6**	3
Total purchase consideration			**189**	47
Less:				
Transactions made with minority interest			**(173)**	–
Payments on prior year acquisitions			**2**	(2)
Deferred payments on acquisitions			**–**	(2)
Cash and cash equivalents in operations acquired			**(75)**	(7)
Cash (inflow)/outflow on acquisitions			**(57)**	36

3.5. Assets and liabilities disposed of

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

	2007 €m	2006 €m
Disposal proceeds	**3**	312
Net assets disposed of	**–**	(106)
Net gain on disposal of subsidiaries and joint ventures (see note 4.3.)	**3**	206

3.6. Cash inflow on disposals

	2007 €m	2006 €m
Cash and cash equivalents	**–**	(69)
Accounts receivable (trade and other)	**–**	(1)
Assets classified as held for sale	**–**	(272)
Accounts payable (trade and other)	**–**	1
Liabilities directly associated with non-current assets classified as held for sale	**(5)**	235
Net assets disposed of	**(5)**	(106)
Total disposal proceeds	**3**	312
Less:		
Consideration received in the form of financial assets (Canal Plus France)	**–**	(306)
Deferred consideration on disposal	**–**	5
Cash and cash equivalents in operations disposed of	**–**	(69)
Cash inflow/(outflow) on disposals	**3**	(58)
Out of which:		
TPS (see note 3.2.)	**–**	(70)
Others	**3**	12

4. Consolidated income statement

4. 1. Revenue

	2007 €m	%	2006* €m	%
Spot advertising sales	**3,406**	**60%**	3,252	58%
Bartering advertising revenue	**45**	**1%**	36	1%
Other advertising sales	**164**	**3%**	130	2%
Advertising sales, net of agency commission	**3,615**	**64%**	3,418	61%
Net films, programmes and other rights – sold or licensed	**1,220**	**21%**	1,196	21%
Sales of merchandise and consumer services (1)	**716**	**13%**	844	15%
Professional services	**156**	**2%**	182	3%
	5,707	**100%**	5,640	100%

** Reclassified*

(1) €132 million relates to TPS Group disposed of in 2006

4. 2. Other operating expense

	Notes	2007 €m	2006* €m
Employee benefits expense	4. 2. 1.	**847**	844
External cost of live programmes (1)		**281**	382
Expenses for subcontract production		**208**	199
Intellectual property expenses		**185**	224
External cost of transmitting		**206**	201
Consumption of other inventories		**228**	200
Other marketing, promotion and public relations costs (2)		**144**	170
Marketing and promotion costs – barter		**45**	36
Commissions on sales		**30**	36
Other distribution expenses		**34**	40
Rental costs		**83**	91
Operating taxes		**65**	68
Audit, consulting and legal fees		**59**	62
Repairs and maintenance		**50**	57
Administration and sundry expenses (3)		**224**	154
		2,689	2,764

** Reclassified*

(1) €21 million relates to TPS Group disposed of in 2006
(2) €24 million relates to TPS Group disposed of in 2006
(3) In 2007, €96 million relates to the IP Deutschland GmbH fine from the German Cartel Office

4. 2. 1. Employee benefits expense

	2007 €m	2006 €m
Wages and salaries	**661**	660
Social security costs	**131**	135
Share options granted to employees	**13**	9
Pension costs	**14**	8
Other employee expense	**28**	32
	847	844

The amounts set out above exclude personnel costs of €202 million (2006: €209 million), that are capitalised and which represent costs of employees directly allocated to the production of programmes. Pension costs relate to defined contribution for €8 million (2006: €6 million) and defined benefit plans (see note 5.14.).

An analysis of the average number of employees for undertakings held by the Group is set out opposite:

	2007	2006
Employees of fully consolidated undertakings	**8,811**	8,551
Employees of joint ventures	**83**	237
	8,894	8,788

Employees of joint ventures reflect the number of employees based on the Group's ownership in these joint ventures. The decrease in the number of employees in joint ventures is mainly due to the full disposal of TPS (2006: 147).

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:

	2007 €m
Gain on sale of the investment in the Sportfive Group associate (see note 5.4.)	**66**
Gain on sale of the investment in the Media Capital associate (see note 5.4.)	**33**
Gain on sale of the investment in the Telescope Inc subsidiary	**3**
Gain on sale of the investment in the BB Radio associate	**1**
Gain on sale of other investments	**1**
Loss on the partial disposal of Fremantle North America subsidiary. The loans initially provided to this entity were considered in 2002 as part of the net investment. Following the reimbursement in 2007 a loss on disposal was recognised (see note 1.4.2.)	**(28)**

	2006 €m
Gain on sale of the investment in the TPS Group joint venture (see note 3.2.)	201
Gain on sale of the investment in the Yorin FM subsidiary	3
Gain on sale of the investment in the S4M subsidiary	1
Gain on sale of the investment in the Telescope Inc subsidiary	1
Gain on sale of another investment (Athletline)	1

4. 4. Net interest income/(expense)

	2007 €m	2006 €m
Interest income on loans and receivables	**40**	18
Tax related interest income	**16**	7
Interest income	**56**	25
Interest expense on financial liabilities	**(30)**	(12)
Tax related interest expense	**(23)**	(4)
Pension related interest expense	**(7)**	(7)
Interest expense	**(60)**	(23)
Net interest income/(expense)	**(4)**	2

"Interest income on loans and receivables" includes an amount of € 24 million (2006: € 4 million) in respect of deposits to Bertelsmann AG (see note 8.1.).

"Interest expense on financial liabilities" includes a discount effect regarding a loan granted by the Group in 2007 for € 14 million.

4. 5. Financial results other than interest

	2007 €m	2006 €m
Impairment losses on available-for-sale investments	**(1)**	(4)
Cash flow hedges ineffectiveness	**11**	7
Net gain on financial instruments designated at fair value through profit or loss (see note 3.2.)	**19**	18
Net gain/(loss) on other financial instruments at fair value through profit or loss	**(3)**	13
Other financial results	**–**	(1)
	26	33

4. 6. Income tax income/(expense)

	2007 €m	2006 €m
Current tax expense	**(267)**	(188)
Deferred tax income	**97**	222
	(170)	34

The income tax on the Group profit before tax differs from the theoretical amount that would arise using the Luxembourg tax rate as follows:

	2007 €m		2006 €m	
Profit before taxes	**844**		1,077	
Income tax rate applicable in Luxembourg	**29.63%**		29.63%	
Tax calculated at domestic tax rate applicable to profits in Luxembourg	**250**		319	
Effects of tax rate in foreign jurisdictions and German trade tax	**57**		64	
Tax calculated at domestic tax rate applicable to profits in the respective countries	**307**	**36.4%**	383	35.6%
Change in tax regulation and status	**68**		2	
Non deductible expenses	**101**		26	
Tax exempt revenue	**(68)**		(109)	
Recognition of deferred tax assets	**(177)**		(8)	
Tax incentives not recognised in the income statement	**(42)**		(13)	
Effect of tax losses utilised	**(25)**		(43)	
Tax expense before adjustment on prior years	**164**	**19.4%**	238	22.1%
Current tax adjustment on prior years	**6**		(5)	
Deferred tax adjustment on prior years	**–**		(267)	
Income tax (income)/expense	**170**	**20.1%**	(34)	(3.2%)

Tax exempt revenue mainly relates to capital gains for €46 million (2006: €84 million) and to the share of results of associates for €20 million (2006: €21 million).

2007

- The effect of change in income tax rates in Germany resulted in a decrease of the deferred tax asset amounting to €68 million;
- Deferred tax assets have been recognised on tax losses carry forward in Luxembourg (€89 million), Germany (€62 million) and in the Netherlands (€21 million);
- Non deductible expenses primarily relate in 2007 to a fine (€38 million, see note 4.2.) and to an impairment loss on goodwill (€37 million, see note 5.2.).

2006

Income tax adjustments on prior years comprise:

- €5 million of current income tax mainly attributable to the decision on 9 August 2006 of the German supreme tax court (BFH) that the CLT-UFA German branch (now liquidated) had to be taxed with the tax rate for distributions of corporations;
- €256 million of deferred tax related to a non-recurring transaction between Group entities in 2005 following the agreement reached in December 2006 with the relevant authorities on the determination of the amount of an intangible asset. As at 31 December 2005 €59 million had been estimated and already recognised in relation to this transaction;
- €11 million of deferred tax mainly attributable to the amortisation of goodwill non-deductible for tax purposes and previously not considered.

4.7. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to RTL Group shareholders of €563 million (2006: €890 million) and a weighted average number of ordinary shares outstanding during the year of 153,618,853 (2006: 153,618,853), calculated as follows:

	2007	2006
Profit attributable to RTL Group shareholders (in €million)	**563.1**	890.0
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 €)	**3.67**	5.79
Diluted earnings per share (in €)	**3.67**	5.79

For 2007 and 2006, there is no dilutive impact of the share option plan as all options are out of the money.

5. Consolidated balance sheet

5.1. Programme rights, goodwill and other intangible assets

	(Co)-productions €m	Distribution and broad-casting rights €m	Advance payments and (co)-productions in progress €m	Total programme rights (1) €m	Goodwill €m	Other intangible assets €m
Cost						
Balance at 1 January 2006	**612**	**938**	**29**	**1,579**	**5,364**	**398**
Effect of movements in foreign exchange	(34)	(11)	–	(45)	10	3
Additions	17	7	29	53	–	120
Disposals	(39)	(26)	–	(65)	–	(26)
Subsidiaries and joint ventures acquired	–	12	–	12	41	–
Transfers and other changes	10	(59)	(45)	(94)	15	(5)
Balance at 31 December 2006	**566**	**861**	**13**	**1,440**	**5,430**	**490**
Effect of movements in foreign exchange	(34)	(10)	–	(44)	(48)	(13)
Additions	4	14	29	47	–	48
Disposals	(8)	(36)	–	(44)	–	(9)
Subsidiaries and joint ventures acquired (2)	–	–	–	–	156	35
Transfer to assets classified as held for sale	–	–	–	–	–	(1)
Transfers and other changes	1	28	(29)	–	(6)	–
Balance at 31 December 2007	**529**	**857**	**13**	**1,399**	**5,532**	**550**
Amortisation and impairment losses						
Balance at 1 January 2006	**(605)**	**(856)**	**–**	**(1,461)**	**(2,286)**	**(141)**
Effects of movements in foreign exchange	34	10	–	44	–	(1)
Amortisation charge for the year	(23)	(62)	–	(85)	–	(29)
Impairment losses recognised for the year	–	(4)	–	(4)	–	(3)
Reversal of impairment	–	1	–	1	–	–
Disposals	39	26	–	65	–	18
Transfers and other changes	–	93	–	93	–	2
Balance at 31 December 2006	**(555)**	**(792)**	**–**	**(1,347)**	**(2,286)**	**(154)**
Effects of movements in foreign exchange	33	10	–	43	7	4
Amortisation charge for the year	(5)	(50)	–	(55)	–	(47)
Impairment losses recognised for the year (3) (4)	–	(4)	–	(4)	(128)	(5)
Reversal of impairment	–	1	–	1	–	–
Disposals	7	36	–	43	–	8
Transfer to assets classified as held for sale	–	–	–	–	–	1
Transfers and other changes	–	–	–	–	5	–
Balance at 31 December 2007	**(520)**	**(799)**	**–**	**(1,319)**	**(2,402)**	**(193)**
Carrying amount:						
At 31 December 2006	**11**	**69**	**13**	**93**	**3,144**	**336**
At 31 December 2007	**9**	**58**	**13**	**80**	**3,130**	**357**

(1) Programme rights include internally generated capitalised rights
(2) See note 3.2.
(3) See note 5.2.
(4) After completion of purchase accounting, € 5 million deferred tax assets previously not recognised and related to tax losses carry forwards were subsequently recognised and realised. As a consequence, goodwill was impaired for the same amount

Other intangible assets include mainly Five, Mistergoodeal, M6 and Radio 538 brands for € 164 million (2006: € 161 million) and M6 and Five customer relationships of € 36 million (2006: € 42 million).

The increase in "Other intangible assets" relates mainly to the acquisition of Girondins players for € 33 million and Radio 538, including the following components: brand for € 10 million and radio licenses for € 28 million. The debt related to the radio licenses is presented in "Non-current payable" (see note 5.12.).

The M6 brand is considered to have an indefinite useful life and has been recognised for an amount of € 120 million. As at 31 December 2007, 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:

	2007 €m	2006 €m
Germany		
Television	**865**	865
Radio (see note 3.2.)	**25**	14
France		
Television	**390**	389
Radio	**65**	65
Netherlands		
Television	**124**	124
Radio (see note 3.2.)	**142**	–
UK		
Television	**589**	757
Content	**899**	899
Other regions		
Television	**17**	17
Radio	**14**	14
Total goodwill on cash-generating units	**3,130**	3,144
Germany		
Television	**24**	24
Radio	**45**	49
Other regions		
Television	**261**	339
Total goodwill on associates	**330**	412
Goodwill	**3,460**	3,556

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 three-year period. Cash flows beyond the three-year period for up to ten years are extrapolated using the estimated growth rates stated below. The growth rates do not exceed the long-term average growth rate for the business in which the cash-generating unit operates.

Key assumptions used for the value-in-use calculations are as follows:

	Television % a year	Content % a year	Radio % a year
Growth rate	3.0–3.5	3.0	3.0
Discount rate (1)	8.5–10.0	9.5	9.0

(1) Except Ren TV Group (17 per cent)

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.

An impairment of goodwill was recorded in the interim financial information as at 30 June 2007 amounting to € 123 million. This impairment affects the carrying value of the Group's UK Television activities and reflects the following:

- Stronger competition in the increasingly fragmented UK television market, affecting all established broadcasters;
- Higher content cost growth than previously forecast;
- A cautious outlook concerning call TV revenue and advertising market growth rates.

RTL Group has determined that those indicators, resulting from review of both internal and external sources of information, did justify the completion of an impairment test on the cash-generating unit as at 30 June 2007.

Based on the above, the value in use, determined on the basis of revised cash flow projections (using a growth rate of 3 per cent and a discount rate of 8.5 per cent), was lower than the carrying value as at 30 June 2007. The impairment loss was fully allocated to goodwill.

As at 31 December 2007, RTL Group management has concluded that the future cash inflows are sufficient to support the carrying value of recognised goodwill and other net assets and therefore no additional impairment loss is required.

5. 3. Property, plant and equipment

	Land, buildings and improvements €m	Technical equipment €m	Other €m	Total €m
Cost				
Balance at 1 January 2006	**395**	**283**	**183**	**861**
Effect of movements in foreign exchange	1	–	(1)	–
Additions	3	24	59	86
Disposals	(4)	(5)	(13)	(22)
Subsidiaries and joint ventures acquired (1)	–	3	1	4
Transfers and other changes	9	2	(6)	5
Balance at 31 December 2006	**404**	**307**	**223**	**934**
Effect of movements in foreign exchange	(3)	–	(2)	(5)
Additions	46	21	29	96
Disposals	(42)	(23)	(28)	(93)
Subsidiaries and joint ventures acquired	–	1	–	1
Transfer to assets classified as held for sale	–	–	(1)	(1)
Transfers and other changes	30	11	(42)	(1)
Balance at 31 December 2007	**435**	**317**	**179**	**931**
Depreciation and impairment losses				
Balance at 1 January 2006	**(172)**	**(232)**	**(123)**	**(527)**
Depreciation charge for the year	(21)	(22)	(21)	(64)
Impairment losses reversed for the year	(1)	–	–	(1)
Disposals	3	5	11	19
Subsidiaries and joint ventures acquired (1)	–	(2)	–	(2)
Transfers and other changes	(6)	–	1	(5)
Balance at 31 December 2006	**(197)**	**(251)**	**(132)**	**(580)**
Effect of movements in foreign exchange	1	–	2	3
Depreciation charge for the year	(21)	(25)	(21)	(67)
Impairment losses reversed for the year	3	–	–	3
Disposals	2	21	27	50
Transfer to assets classified as held for sale	–	–	1	1
Balance at 31 December 2007	**(212)**	**(255)**	**(123)**	**(590)**
Carrying amount:				
At 31 December 2006	**207**	**56**	**91**	**354**
At 31 December 2007	**223**	**62**	**56**	**341**

(1) Including gain of control of N-TV

Net tangible assets held under finance leases at 31 December 2007 amount to €12 million (2006: €12 million).

5. 4. Investments in associates

	2007 €m	2006 €m
Balance at 1 January	**573**	617
Effect of movements in foreign exchange	**(2)**	(1)
Share of results of associates	**60**	72
Dividend distribution	**(35)**	(38)
Change in ownership interest (1)	**(132)**	(79)
Transfer to assets classified as held for sale	**–**	(2)
Change in fair value	**3**	–
Transfers and other changes	**(1)**	4
Balance at 31 December	**466**	573

(1) Of which €(176) million related to the disposal of Media Capital Group in 2007

Share of results of associates:

	2007 €m	2006 €m
Share of result after tax	**60**	74
Amortisation of fair value adjustments on acquisitions of associates	**–**	(2)
	60	72

Antena 3 De Television Group contributed to the "Share of results of associates" for €40 million in 2007 (2006: €49 million). On 3 August 2006, an agreement for the settlement of the litigation between Uniprex, a wholly owned subsidiary of Antena 3, and Radio Blanca Group was reached. The settlement resulted in an €11 million non-recurring income in "Share of result of associates" in 2006.

"Investments in associates" at 31 December 2007 include goodwill of €330 million (2006: €412 million).

5. 4. 1. Main changes in ownership interest

2007

Antena 3 De Television Group
The Shareholders' Ordinary General Meeting held on 25 April 2007 decided a distribution of an extraordinary dividend in form of treasury shares (€83 million). RTL Group acquired during the third quarter 2007 additional shares for an amount of €23 million. Both transactions have contributed to an increase in the Group's interest from 19 per cent to 20 per cent after deduction of the treasury shares. RTL Group recognised an additional goodwill of €34 million.

Media Capital Group
Following the approval by the Portuguese market regulators on 22 January 2007, Grupo Prisa launched a voluntary offer for the shares of Media Capital at a price of €7.40 per share. The offer period ran from 23 January to 5 February 2007 and RTL Group decided on 2 February 2007 to sell its 33 per cent shareholding. The disposal generated a cash inflow of €209 million and a capital gain of €33 million was recognised.

Pages Jaunes Petites Annonces
On 17 October 2007, Groupe M6 obtained a significant influence in Pages Jaunes Petites Annonces. The stakeholding of 34 per cent occurred through a capital increase of €16 million. This resulted in the recognition of a goodwill of €13 million. The purchase accounting led to no significant additional fair value directly attributable to the assets, liabilities and contingent liabilities acquired.

Sportfive Group
The shareholders of Sportfive launched, in the second half of 2006, a competitive tender process as part of an agreed strategic exit. On 20 November 2006, the Group announced that it had sold its 25 per cent stake, as part of the full acquisition of Sportfive, to Lagardère SCA. Sportfive Group was classified as held for sale at 31 December 2006. The transaction was completed in January 2007 following the approval from the European Commission on 18 January 2007. In 2007, the disposal generated a cash inflow of €68 million and a capital gain of €66 million was recognised.

Neue Spreeradio
See note 3.2.

2006

Antena 3 De Television Group
In accordance with the resolutions decided by the Shareholders' Extraordinary General Meeting held on 29 November 2006, the following main operations were executed in December 2006:

- Reduction of the share capital by 5 per cent by refunding contributions to one shareholder, Santander Group (€200 million);
- Acquisition of treasury shares representing 5 per cent of the share capital from Santander Group (€200 million);
- Distribution of an extraordinary dividend mainly in form of treasury shares (€94 million).

Antena 3 additionally disposed of treasury shares in 2006 (€160 million, net of acquisitions).

All these operations have contributed to increase the Group interest as at 31 December 2006 from 17.3 to 19 per cent after deduction of the treasury shares. Following these operations RTL Group recognised a change in ownership interest for €46 million (i.e. a decrease of the equity attributable to the shareholders) and an additional goodwill related to the distribution in kind (€5 million).

Contact
See note 3.2.

Sportfive Group
Following the decision of the Sportfive shareholders to sell Sportfive Group, a Sale and Purchase Agreement was signed on 19 November 2006 with Lagardère relating to the disposal of the shares in Sportfive Group SAS (French holding of Sportfive Group). The acquisition was subject to regulatory approvals which were subsequently obtained on 18 January 2007.

On this basis, Sportfive Group has been equity accounted for until 30 September 2006 after the completion of the restructuring steps and classified as a disposal group, in accordance with IFRS 5 (see note 5.10.), as from 1 October 2006.

The restructuring steps consisted of:

- Reimbursement of the financial debt to the shareholders (RTL Group share amounted to €34 million, interest included);
- Interim distribution of share premium (RTL Group share amounted to €20 million presented in "Change in ownership interest").

Following the classification as non-current asset held for sale, no result has been recorded for RTL Group share of Sportfive Group results for the last quarter of 2006.

The impacts of acquisitions of associates are presented as follows:

	2007 €m	2006 €m
Purchase consideration:		
– Cash paid	**40**	8
– Dividends in kind	**13**	15
– Payments on prior year acquisitions	**(1)**	1
– Deferred consideration	**–**	1
Total purchase consideration	**52**	25
Less fair value of net assets acquired	**(5)**	(17)
Goodwill on acquisitions of associates	**47**	8

	2007 €m	2006 €m
Investments in associates	**4**	17
Acquisition of associates achieved in stages	**1**	–
Net assets acquired	**5**	17
Goodwill on acquisitions of associates	**47**	8
Total purchase consideration	**52**	25
Less:		
– Dividends in kind	**(13)**	(15)
– Payments on prior year acquisitions	**1**	(1)
– Deferred consideration	**–**	(1)
Cash outflow in acquiring associates	**40**	8

	2007 €m	2006 €m
Disposal proceeds	**278**	4
Assets disposed of	**(178)**	(4)
Net profit on disposal of associates (see note 4.3.)	**100**	–

	2007 €m	2006 €m
Investments in associates	**(176)**	–
Assets classified as held for sale	**(2)**	(4)
Net assets disposed	**(178)**	(4)
Total disposal proceeds	**278**	4
Cash inflow on disposal of associates	**278**	4

5.4.2. Summarised financial information

The summarised financial information on the main associates of the Group, on a 100 per cent basis, is as follows:

2007	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	924	598	326	938	200	19.9
M-RTL rt	Hungary	121	71	50	132	15	48.8
Ren TV Group	Russia	130	90	40	117	6	30.0
RTL 2 GmbH & CoKG	Germany	115	95	20	237	9	35.8

2006	Country of incorporation	Assets	Liabilities	Equity	Revenues	Profit/ (loss) for the year	% interest held
Antena 3 De Television Group	Spain	906	650	256	934	290	19.0
Media Capital Group	Portugal	351	204	147	229	16	32.9
M-RTL rt	Hungary	119	72	47	120	13	48.8
Ren TV Group	Russia	127	92	35	96	10	30.0
RTL 2 GmbH & CoKG	Germany	114	90	24	242	12	35.8

Based on the published share price as at 31 December 2007, the fair value of 100 per cent of Antena 3 amounts to €2,215 million (2006: €3,766 million).

5.5. Loans and other financial assets

	2007 €m	2006 €m
Loans to associates	**7**	12
Other loans and financial assets	**105**	87
Canal Plus France (see note 3.2.)	**343**	324
Available-for-sale investments	**87**	58
Surplus in the defined benefit plans (see note 5.14.)	**–**	1
	542	482

No reversal of impairment losses has been recorded in 2007 and 2006.

The movements in available-for-sale investments are as follows:

	2007 €m	2006 €m
Balance at 1 January	**58**	58
Net acquisitions and disposals	**31**	1
Change in fair value, net of tax	**(1)**	2
Impairment losses	**(1)**	(5)
Other changes	**–**	2
Balance at 31 December	**87**	58

5. 6. Deferred tax assets and liabilities

	2007 €m	2006* €m
Deferred tax assets	**559**	392
Deferred tax liabilities	**(83)**	(82)
	476	310

* Restated (see note 1.2.1.)

	2007 €m	2006* €m
Balance at 1 January	**310**	87
Income tax income	**97**	222
Income tax credited to equity (1)	**9**	6
Change in consolidation scope	**60**	(5)
Balance at 31 December	**476**	310

* Restated (see note 1.2.1.)

(1) Of which €6 million related as at 31 December 2007 (2006: nil) to derivatives on equity (see note 5.15.10.)

The Group has deductible temporary differences originated by an intra-group transaction which will reverse during the next 12 years (see note 4.6.).

Unrecognised deferred tax assets amount to €1,619 million as at 31 December 2007 (2006: €1,740 million).

Deferred tax assets are recognised on tax losses-carry forwards to the extent that realisation of the related tax benefit through the future taxable profits are probable. The Group has unrecognised tax losses of €5,412 million (2006: €5,783 million) to carry forward against future taxable income. The most significant portion of these tax losses are generated in Luxembourg and have no expiry date.

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

Deferred tax assets	Balance at 1 January 2007* €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 2007 €m
Intangible assets	294	(61)	–	63	–	296
Programme rights	37	1	–	–	–	38
Property, plant and equipment	3	(1)	–	–	–	2
Provisions	70	(22)	(2)	–	–	46
Tax losses (see note 4.6.)	36	143	–	(1)	–	178
Others	26	(4)	11	–	–	33
Set off of tax	(74)	–	–	–	40	(34)
	392	**56**	**9**	**62**	**40**	**559**

* Restated (see note 1.2.1.)
(1) Of which €6 million related as at 31 December 2007 to derivatives on equity (see note 5.15.10.)

Deferred tax liabilities	Balance at 1 January 2007* €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 2007 €m
Intangible assets	(108)	29	–	(3)	–	(82)
Property, plant and equipment	(20)	–	–	1	–	(19)
Provisions	(5)	2	–	–	–	(3)
Others	(23)	10	–	–	–	(13)
Set off of tax	74	–	–	–	(40)	34
	(82)	**41**	**–**	**(2)**	**(40)**	**(83)**

* Restated (see note 1.2.1.)

5. 7. Current programme rights

	2007 Gross value €m	2007 Valuation allowance €m	2007 Net value €m	2006 Gross value €m	2006 Valuation allowance €m	2006 Net value €m
(Co)productions	**442**	**(270)**	**172**	456	(235)	221
TV programmes	**59**	**(9)**	**50**	43	(10)	33
Other distribution and broadcasting rights	**1,035**	**(258)**	**777**	1,133	(264)	869
Sub-total programme rights	**1,536**	**(537)**	**999**	1,632	(509)	1,123
(Co)productions and programmes in progress	**126**	**(2)**	**124**	125	(16)	109
Advance, payments on (co)productions, programmes and rights	**170**	**–**	**170**	159	(1)	158
Sub-total programme rights in progress	**296**	**(2)**	**294**	284	(17)	267
	1,832	**(539)**	**1,293**	1,916	(526)	1,390

Additions and reversals of valuation allowance have been recorded for €(75) million and €43 million respectively in 2007 (2006: €(65) million and €27 million).

5. 8. Accounts receivable

	2007 Under 1 year €m	2007 Over 1 year €m	2007 Total €m	2006 Under 1 year €m	2006 Over 1 year €m	2006 Total €m
Trade accounts receivable	**866**	**4**	**870**	895	7	902
Accounts receivable from associates	**28**	**–**	**28**	21	1	22
VAT receivable	**113**	**–**	**113**	102	–	102
Prepaid expenses	**76**	**–**	**76**	55	–	55
Accrued interest on loans and other financial assets	**–**	**–**	**–**	1	–	1
Current deposit with shareholder (see note 8.1.)	**624**	**–**	**624**	487	–	487
Other financial assets	**38**	**–**	**38**	–	–	–
Other accounts receivable	**78**	**6**	**84**	170	3	173
	1,823	**10**	**1,833**	1,731	11	1,742

Additions and reversals of valuation allowance have been recorded for €(32) million and €26 million respectively in 2007 (2006: €(21) million and €18 million).

5. 9. Cash and cash equivalents

	2007 €m	2006 €m
Cash in hand and at bank	**133**	108
Fixed term deposits (under 3 months)	**106**	220
Other cash equivalents	**296**	20
	535	348

Other cash equivalents include money market funds for €296 million (2006: €20 million).

5. 10. Assets classified as held for sale and liabilities directly associated with non-current assets classified as held for sale

Non-current assets classified as held for sale

Disposal groups held for sale

	2007 €m	2006 €m
Other inventories	**12**	–
Accounts receivable	**9**	–
Impairment on disposal group	**(10)**	–
	11	–

Non-current assets held for sale

	2007 €m	2006 €m
Property, plant and equipment	**7**	7
Investments in associates	**–**	2
	7	9

Liabilities directly associated with non-current assets classified as held for sale

	2007 €m	2006 €m
Accounts payable	**11**	1
Provisions	**1**	–
	12	1

The carrying amount of the disposal groups is €(1) million at 31 December 2007 (2006: €(1) million).

At 31 December 2007, the non-current assets held for sale consist of a building located in Paris. The disposal of this building was completed in January 2008.

5. 11. Loans and bank overdrafts

Current liabilities

	2007 €m	2006 €m
Bank overdrafts	**6**	7
Bank loans payable	**7**	5
Leasing liabilities	**1**	2
Other current loans payable	**–**	53
	14	67

In 2006, "Other current loans payable" relates to an amount owed to Vivendi by Groupe M6 of €51 million (principal amount) as part of the TPS transaction (see note 3.2.).

Non-current liabilities

	2007 €m	2006 €m
Bank loans payable	**72**	20
Leasing liabilities	**13**	13
Other non-current loans payable	**6**	6
	91	39

Term and debt repayment schedule

2007	Under 1 year €m	1–5 years €m	Over 5 years €m	Total carrying amount €m
Bank overdraft	6	–	–	**6**
Bank loans payable	7	72	–	**79**
Leasing liabilities	1	13	–	**14**
Other loans payable	–	6	–	**6**
	14	**91**	**–**	**105**

Term and debt repayment schedule

2006	Under 1 year €m	1–5 years €m	Over 5 years €m	Total carrying amount €m
Bank overdraft	7	–	–	**7**
Bank loans payable	5	20	–	**25**
Leasing liabilities	2	6	7	**15**
Other loans payable	53	6	–	**59**
	67	**32**	**7**	**106**

5. 12. Accounts payable

Current accounts payable

	2007 €m	2006 €m
Amounts due to associates	**13**	12
Trade accounts payable	**1,085**	1,131
Fair value of derivative liabilities	**39**	34
Social security and other taxes	**63**	59
Personnel-related liabilities	**147**	111
Deferred income	**87**	111
Other accounts payable	**479**	475
	1,913	1,933

"Fair value of derivative liabilities" represents the fair value of forward foreign exchange contracts for an amount of €39 million (2006: €34 million).

Non-current accounts payable

	2007 1–5 years €m	2007 Over 5 years €m	2007 Total €m	2006 1–5 years €m	2006 Over 5 years €m	2006 Total €m
Other accounts payable	**162**	**144**	**306**	146	113	259

5. 13. Provisions

	Employee benefits €m	Litigations €m	Restructuring €m	Onerous contracts €m	Other provisions €m	Total €m
Balance at 1 January 2007*	**100**	**42**	**20**	**55**	**64**	**281**
Provisions made during the year	22	20	4	15	16	77
Provisions used during the year	(16)	(7)	(9)	(40)	(6)	(78)
Provisions reversed during the year	(5)	(14)	(1)	(8)	(8)	(36)
Transfer to liabilities classified as held for sale	–	–	–	–	(1)	(1)
Actuarial gains recognised in equity	(9)	–	–	–	–	(9)
Other changes	(11)	–	2	20	(22)	(11)
Balance at 31 December 2007	**81**	**41**	**16**	**42**	**43**	**223**

** Restated (see note 1.2.1.)*

	2007 €m	2006* €m
Non-current	**110**	121
Current	**113**	160
	223	281

* Restated (see note 1.2.1.)

The provisions mainly relate to the following:

- "Employee benefits" comprise provisions for defined benefit obligations for € 79 million (2006: € 88 million) (see note 5.14.) and provision for other employee benefits for € 2 million (2006: € 12 million);
- "Litigations" include provisions made by M6 for € 29 million (2006: € 23 million), Corporate Centre for € 4 million (2006: € 4 million), and various minor litigations for € 8 million (2006: € 7 million);
- "Onerous contracts" provisions include € 19 million for Groupe M6 (2006: € 19 million), € 13 million for RTL Television (2006: € 43 million) and € 10 million for FremantleMedia Group (2006: € 12 million);
- "Other provisions" primarily include provisions made by Groupe M6 for € 20 million (2006: € 39 million), FremantleMedia Group for € 10 million (2006: € 12 million).

The other changes for "Employee benefits" are mainly due to the reclassification under "Accounts payable".

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. Groupe M6 participates in a defined benefit plan which provides pension benefits to members on retirement.

Germany
Employees of UFA Berlin Group (including UFA Fernsehproduktion, UFA Entertainment, UFA Film & TV Produktion), Universum Film, UFA Film & Fernsehen and RTL Group Deutschland participate in the multi-employer Bertelsmann plan. The plan is unfunded and defined benefit in nature. Each employer which participates in this plan has separately identifiable liabilities.

RTL Television, AVE Hörfunkbeteiligung and IP Deutschland operate their own retirement arrangements. IP Deutschland sponsors individual plans for five employees and former employees providing defined pension benefits to each employee at retirement.

RTL Television sponsors individual plans for two employees and a former employee 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 Broadcasting Center Europe set up provisions for the unfunded retirement benefit plan. Death and disability are insured with Fortis Luxembourg-Vie.

United Kingdom
FremantleMedia Group Limited is the principle employer of the Fremantle Group Pension Plan ("the Fremantle Plan"), which was established on 29 December 2000 and was, prior to 1 September 2005, known as the RTL Group UK Pension Plan. The Fremantle Plan provides both defined benefit and defined contribution benefits.

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

	2007 €m	2006* €m
Present value of funded obligations	**80**	78
Fair value of plan assets	**(63)**	(58)
Present value of unfunded obligations	**62**	68
Deficit	**79**	88
Net liability	**79**	88
Provisions in the balance sheet (see note 5.13.)	**79**	88
Assets in the balance sheet (see note 5.5.)	**–**	(1)

** Restated (see note 1.2.1.)*

As RTL Group had in 2006 no legal right to realise the surplus in the UK plan and settle the obligations under the other plans of the Group, the surplus in the above mentioned plan is presented in assets, and the obligations under the plans in France, Germany, Luxembourg and Belgium are shown under provisions.

	2007 €m	2006* €m
Experience adjustments on provisions (gains)/losses	**(2)**	(4)
Experience adjustments on assets gains/(losses)	**–**	–

** Restated (see note 1.2.1.)*

The movement in the funded/unfunded defined benefit obligation over the year is as follows:

	2007 €m	2006* €m
Beginning of year	**146**	154
Current service cost	**8**	9
Interest cost	**7**	7
Past service (gains)/losses	**3**	–
Actuarial (gains)/losses	**(9)**	(10)
Employee contributions	**1**	1
Benefits paid by employer	**(4)**	(5)
Benefits paid out of the plan assets	**(2)**	(2)
Settlements and curtailments	**(5)**	(10)
Foreign exchange differences	**(3)**	1
Others	**–**	1
End of year	**142**	146

** Restated (see note 1.2.1.)*

The movement in the fair value of plan assets of the year is as follows:

	2007 €m	2006* €m
Beginning of year	**58**	55
Expected return on plan assets	**3**	3
Actuarial gains/(losses)	**–**	(1)
Employer contributions	**5**	4
Employee contributions	**1**	1
Benefits paid out of the plan assets	**(2)**	(2)
Settlements	**–**	(3)
Foreign exchange differences	**(2)**	1
End of year	**63**	58

** Restated (see note 1.2.1.)*

Plan assets are comprised as follows:

	2007 €m	2006 €m
Equity instruments	**47**	36
Debt instruments	**12**	21
Property	**2**	1
Other	**2**	–
Fair value of any plan assets	**63**	58

** Restated (see note 1.2.1.)*

The actual return on plan assets was € 4 million (2006: € 2 million).

Expected contributions to post-employment benefit plans for the year ending 31 December 2008 are € 7 million.

The amounts recognised in the income statement are as follows:

	2007 €m	2006* €m
Current service cost	**8**	9
Past service cost	**3**	–
Settlements and curtailments	**(5)**	(7)
Total included in employee benefits expense (see note 4.2.1.)	**6**	2

** Restated (see note 1.2.1.)*

	2007 €m	2006* €m
Interest cost	**7**	7
Expected return on plan assets	**(3)**	(3)
Other	**–**	1
Total included in net interest expense (see note 4.4.)	**4**	5

** Restated (see note 1.2.1.)*

The cumulated amount recognised in equity as at 31 December is as follows:

	2007 €m	2006* €m
Actuarial gains/(losses)	**(5)**	(14)
Total included in equity	**(5)**	(14)

** Restated (see note 1.2.1.)*

The principal actuarial assumptions used were as follows:

	2007 % a year	2006 % a year
Discount rate	**5.30–5.50**	4.25–4.90
Expected return on plan assets	**4.00–6.60**	4.00–6.80
Long-term inflation rate	**1.80–2.00**	1.80–2.00
Future salary increases	**1.00–5.25**	1.00–5.00
Future pension increases	**1.90–3.15**	1.90–2.90

5. 15. Equity

5. 15. 1. Consolidated statement of changes in equity

	Notes	Share capital €m	Share premium €m	Treasury shares €m
Balance at 31 December 2005		**192**	**6,454**	**(44)**
Change in accounting policy		–	–	–
Balance at 31 December 2005*		**192**	**6,454**	**(44)**
Gains and losses:				
Foreign currency translation differences	5. 15. 4.	–	–	–
Change in fair value of cash flow hedges, net of tax	5. 15. 5.	–	–	–
Change in fair value of available-for-sale financial assets, net of tax	5. 15. 6.	–	–	–
Defined benefit plan actuarial gains, net of tax		–	–	–
Net profit for the year		–	–	–
		–	–	–
Capital transactions with owners and distribution to owners:				
Dividends	5. 15. 7.	–	–	–
Equity-settled transactions net of tax	5. 15. 8.	–	–	–
Business combinations and other transactions:				
Transactions on minority interest		–	–	–
Transactions on treasury shares of associates	5. 4. 1.	–	–	–
Balance at 31 December 2006*		**192**	**6,454**	**(44)**
Gains and losses:				
Foreign currency translation differences	5. 15. 4.	–	–	–
Change in fair value of cash flow hedges, net of tax	5. 15. 5.	–	–	–
Change in fair value of available-for-sale financial assets, net of tax	5. 15. 6.	–	–	–
Defined benefit plan actuarial gains, net of tax		–	–	–
Net profit for the year		–	–	–
		–	–	–
Capital transactions with owners and distribution to owners:				
Dividends	5. 15. 7.	–	–	–
Equity-settled transactions net of tax	5. 15. 8.	–	–	–
Business combinations and other transactions:				
Transactions on minority interest	5. 15. 9.	–	–	–
Derivatives on equity instruments	5. 15. 10.	–	–	–
Transactions on treasury shares of associates	5. 4. 1.	–	–	–
Balance at 31 December 2007		**192**	**6,454**	**(44)**

** Restated (see note 1.2.1.)*

5. 15. 2. Share capital

As at 31 December 2007, the subscribed capital amounts to €192 million (2006: €192 million) and is represented by 154,787,554 (2006: 154,787,554) fully paid-up ordinary shares, without nominal value. All shares have the same rights and entitlements.

5. 15. 3. 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 2007, the Group holds 1,168,701 own shares (2006: 1,168,701) at a cost of €44 million (2006: €44 million).

5. 15. 4. 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 (see note 4.3.).

5. 15. 5. Hedging reserve

The hedging reserve (equity attributable to minority interest included) 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.

Between 31 December 2006 and 31 December 2007, the hedging reserve decreased by €35 million, before tax effect. This consists of:

- Decrease by €21 million due to foreign exchange contracts which existed at 2006 year end and which are still hedging off balance sheet commitments at 2007;
- Increase by €15 million due to foreign exchange contracts which existed at 2006 year end but which have been released from the hedging reserve to income statement;
- Decrease by €29 million due to foreign exchange contracts hedging new off balance sheet commitments.

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**
(119)	**6**	**81**	**(1,597)**	**4,973**	**375**	**5,348**
–	–	–	(16)	(16)	(1)	**(17)**
(119)	**6**	**81**	**(1,613)**	**4,957**	**374**	**5,331**
2	–	–	–	2	(1)	**1**
–	(28)	–	–	(28)	(2)	**(30)**
–	–	2	–	2	–	**2**
–	–	–	7	7	–	**7**
–	–	–	890	890	221	**1,111**
2	(28)	2	897	873	218	**1,091**
–	–	–	(161)	(161)	(74)	**(235)**
–	–	–	4	4	5	**9**
–	–	–	2	2	(1)	**1**
–	–	–	(46)	(46)	–	**(46)**
(117)	**(22)**	**83**	**(917)**	**5,629**	**522**	**6,151**
(5)	–	–	–	(5)	(1)	**(6)**
–	(28)	–	–	(28)	(1)	**(29)**
–	–	2	–	2	–	**2**
–	–	–	5	5	1	**6**
–	–	–	563	563	111	**674**
(5)	(28)	2	568	537	110	**647**
–	–	–	(461)	(461)	(76)	**(537)**
–	–	–	6	6	7	**13**
–	–	–	161	161	(3)	**158**
–	–	–	(5)	(5)	(5)	**(10)**
–	–	–	9	9	–	**9**
(122)	**(50)**	**85**	**(639)**	**5,876**	**555**	**6,431**

Between 31 December 2005 and 31 December 2006, the hedging reserve decreased by €39 million, before tax effect. This reflects the following:

- Decrease by €29 million due to foreign exchange contracts which existed at 2005 year end and which are still hedging off balance sheet commitments at 2006 closing;
- Increase by €6 million due to foreign exchange contracts which existed at 2005 year end but which have been released from the hedging reserve to income statement;
- Decrease by €16 million due to foreign exchange contracts hedging new off balance sheet commitments.

5. 15. 6. 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 €34 million (2006: €32 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 (2006: €51 million).

5. 15. 7. Dividends

At the Annual General Meeting of RTL Group on 16 April 2008, a dividend in respect of 2007 of €5.0 per share (of which an extraordinary dividend of €3.70 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 2008. The dividends in respect of 2006 amounted to €3.0 per share (of which an extraordinary dividend of €1.80 per share or €464 million).

RTL Group's dividend policy is to distribute an ordinary dividend between 35 and 50 per cent of the ordinary earnings.

5. 15. 8. Share options

RTL Group Stock Option Plan

At 25 July 2000, the Group established a share option programme for certain directors and employees.

Eligibility

All participants in the Stock Option Plan ("SOP") must be employed by RTL Group or one of its subsidiaries at the time of granting the options under the SOP.

Grant

The number of options granted to a participant under the SOP is at the discretion of the compensation committee, being the Board of Directors of the Company or a duly constituted committee thereof, established amongst other things, for the purpose of operating the SOP. Participants may renounce options granted to them. Participants will not be required to pay any sum in respect of the grant of any options to them under the SOP.

Scheme limits

The number of ordinary shares which may be placed under option under the SOP in any year may not be more than a half per cent of the Company's issued ordinary share capital.

Exercise price

The exercise price to be paid by a participant in order to exercise options which are granted under the SOP will be the average closing middle market price of shares in the Company on the Brussels Stock Exchange over 20 dealing days preceding the date of grant or such other, higher or lower, amount as determined by the compensation committee.

Exercise

Options will normally be exercisable as to one third on each of the second, third and fourth anniversaries of the date of grant or in accordance with such other vesting schedule as determined by the compensation committee. Options must normally be exercised before the expiry of 10 years from the date of grant or such shorter period as determined by the compensation committee. Options may be exercised earlier in the event of death.

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

Expiry date	Exercise price €	**Number of options 2007**	Number of options 2006
August 2010	120.00	**6**	6
December 2010	85.24	**132**	141
May 2011	85.24	**1**	1
		139	148

Movements in the number of share options are as follows:

In thousands of options	Average exercise price in € per share	**2007**	Average exercise price in € per share	2006
Options outstanding at the beginning of the year	87	**148**	86	173
Options expired/cancelled during the year	85	**(9)**	85	(25)
Options outstanding at the end of the year	87	**139**	87	148

The market price of RTL Group shares on the Brussels Stock Exchange was €80.8 as at 31 December 2007.

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 Métropole Télévision in accordance with the authorisation given by the General Meeting of Shareholders.

The terms and conditions of the grants are as follows, whereby all options are settled by physical delivery of shares:

	Grant date	Number of options initially granted (in thousands)	Remaining options (in thousands)	Vesting conditions	Contractual life of options (1)
Stock options plans					
	01-2000	175.00	–	4 years of service	7 years
	06-2000	338.10	–	4 years of service	7 years
	06-2001	551.80	293.10	4 years of service	7 years
	06-2002	710.50	440.00	4 years of service	7 years
	07-2003	713.50	497.00	4 years of service	7 years
	11-2003	20.00	20.00	4 years of service	7 years
	04-2004	861.50	622.50	4 years of service	7 years
	06-2005	635.50	508.00	4 years of service	7 years
	06-2006	736.70	631.00	4 years of service	7 years
	05-2007	827.50	779.20	4 years of service	7 years
Free shares plans					
	06-2005	106.70	–	2 years of service + performance conditions	
	06-2006	480.40	437.40	2 years of service + performance conditions	
	05-2007 (*)	188.30	176.80	2 years of service + performance conditions	
Total		**6,345.50**	**4,405.00**		

(1) Contractual life of options corresponds to the vesting period (i.e. four years) plus three years (which represents the time frame during which the options can be exercised)
(*) The maximum number of free shares granted if the performance conditions are significantly exceeded would amount to 272,479. Such number could be reduced to nil if objectives are not met

The price to be paid to exercise each of the remaining options is the average value of shares in Métropole Télévision on the Paris Stock Exchange over the 20 trading days preceding the date of grant with the exception of the management free share allocation plan.

Movements in the number of share options are as follows:

In thousands of options	Average exercise price in € per share	**2007**	Average exercise price in € per share	2006
Options outstanding at the beginning of the year	26	**3,715**	27	3,421
Options issued during the year	28	**827**	25	737
Options exercised during the year	22	**(6)**	19	(194)
Options expired during the year	34	**(745)**	35	(249)
Options outstanding at the end of the year	25	**3,791**	26	3,715

Approximately 614,000 free shares are still exercisable at the end of the year against 546,000 at the beginning of the year. 188,000 free shares were granted during the year with 84,000 being exercised and 34,000 being forfeited.

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

	Expiry date	Exercise price (in €)	Number of options 2007	Number of options 2006
Stock options plans				
	2007	57.40	–	206
	2008	30.80	293	345
	2009	28.06	440	517
	2010	22.53	517	609
	2011	24.97	623	722
	2012	19.94	508	587
	2013	24.60	631	729
	2014	27.52	779	–
			3,791	**3,715**
Free shares plans				
	2007		–	93
	2008		437	453
	2009		177	–
			614	546
Total			**4,405**	**4,261**
Out of which exercisable			1,834	1,069

The market price of M6 on the Paris Stock Exchange was €18.00 as at 31 December 2007.

The fair value of services received in return for share options granted is measured by reference to the fair value of the share options granted. The estimate of fair value of the services received is measured based on a binomial model. Free shares are valued at the share price at the date they are granted less the discounted dividends that employees can not receive during the vesting period.

The overall plan expense has increased by €0.6 million due to changes in the measurement method (i.e. calculation based on a binomial model, extension of option terms and implementation of a new model for allocation of free shares plans). The impact amounts to €0.3 million in 2007 (2006: €0.3 million).

Grant date	Share price in €	Strike price in €	Volatility %	Risk-free interest rate %	Expected return %	Liquidity discount %	Option life	Employee expense **2007** **€m**	Employee expense 2006 €m
Stock options plans									
25/7/2003	23.66	22.48	52.3	3.05	4.58	15	6 years	**1.0**	1.7
14/11/2003	25.07	23.82	52.3	3.54	4.32	15	6 years	**0.1**	–
28/4/2004	24.97	24.97	52.3	3.32	4.34	15	6 years	**1.9**	1.9
2/6/2005	20.17	19.94	41.8	3.24	5.24	15	6 years	**0.9**	0.9
6/6/2006	24.63	24.60	43.1	4.02	3.81	15	6 years	**1.3**	0.8
2/5/2007	26.55	27.52	37.8	4.40	3.99	15	6 years	**0.9**	–
								6.1	5.3
Free shares plans									
2/6/2005	20.17	N/A	N/A	3.24	5.24	0	2 years	**0.4**	0.8
6/6/2006	24.63	N/A	N/A	4.02	3.81	0	2 years	**5.2**	3.1
2/5/2007	26.55	N/A	N/A	4.40	3.99	15	2 years	**1.6**	–
								7.2	3.9
Total								**13.3**	9.2

5. 15. 9. Transactions on minority interest

In 2007, these transactions mainly relate to:

- The sale of 26 per cent interest in RTL Nederland and the acquisition of the remaining 49 per cent in SEDI TV (note 3.2.);
- Groupe M6 entered in 2007 into a share buyback programme. Approval was given to the company to buy back shares on the open market over a three-year period up to a maximum of 10 per cent of the subscribed capital. For the period ended 31 December 2007, 1.96 million shares of which 0.96 from Bayard d'Antin SA have been acquired. The related outflows amount to €24 million.

5. 15. 10. Derivatives on equity instruments

Derivative instruments relate to forward transactions by Groupe M6 on M6 shares.

6. Financial risk management

Group Treasury carries out risk management activities in accordance with Treasury policies issued and 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 credit risk, liquidity risk and market risk.

The Group is exposed in particular to risks from movements in exchange rates as it engages in long-term purchase contracts for film rights (output deals) denominated in foreign currency. 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 forward contracts. Derivatives are not used for speculative purposes.

Risks are hedged to the extent that they influence the Group's cash flows (i.e. translational risk is not hedged). The Group resorts on an ongoing basis to cash flow hedges that qualify as hedging instruments.

Market risk

Foreign exchange risk

Foreign exchange exposure

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures.

For the Group as a whole, cash flow, net income and net worth are optimised by reference to €. However, foreign exchange risks faced by individual Group companies are managed or hedged against the functional currency of the relevant entity (as these entities generally generate their revenues in local currencies). Hence, the Group manages a variety of currencies due to the numerous functional currencies of the companies constituting the Group.

On top of this geographic reason generating foreign exchange risk, market practices in the television business imply a significant forward exposure to USD (as film rights are usually denominated in USD and not paid upfront). This explains why the main off balance sheet exposure of the Group is toward the USD in respect of future purchases and sales of programme rights and output deals (commitments for future cash flows).

Management of the foreign exchange exposure

The management of RTL Group's foreign exchange exposure is carried out centrally by the Group Treasury Department, which hedges on the one hand the balance sheet exposure (for which the Group does not elect to use hedge accounting) and on the other hand the forecasted transactions arising from the operations (off balance sheet commitments for which hedge accounting is used). In order to manage the latter, the Group Treasury Department collects from its affiliates their forecasts of foreign currency exposures arising from signed output deals and programme rights on an ongoing basis in order to monitor and hedge the Group's overall foreign currency exposure. All foreign exchange deals are centralised in a global internet-based database. The Group Treasury Department is then responsible for hedging, on a one-to-one basis, the exposure against the functional currency of such entity above the materiality level of € 100,000 in each currency by using external foreign currency derivative contracts. Below this threshold, hedging is done on a bulk basis.

Entities exposed to foreign currency risk are responsible for hedging their exposures in accordance with the Group Treasury policies. The foreign currency management policy of the Group is to hedge 100 per cent of the recognised monetary foreign currency exposures arising from cash, receivables, payables, loans and borrowings denominated in currencies other than the functional currency. Group companies hedge more than 70 per cent of known cash flows which constitute firm commitments or highly probable forecasted transactions in the short term, and between 20 per cent and 85 per cent of longer-term (between two and five years) forecast cash flows according to the Group's foreign exchange policy.

In order to monitor the compliance of the management of the foreign exchange exposure with the Group's policy, a monthly report is produced. This report shows each subsidiaries their exposure to currencies other than their functional currency, detailing the nature (for example, trade accounts, royalties, intercompany accounts) of on balance sheet items, and the underlying deals and maturities of off balance sheet items, as well as the corresponding hedging ratios. A specific report showing the global USD exposure (representing the main exposure) is provided to top management on a monthly basis.

Accounting

The Group's policy is not to apply a foreign currency hedge accounting model defined under IAS 39 for economic hedges or exposures arising from recognised foreign currency monetary assets and liabilities. This is because there is a natural offset of gains and losses in the income statement between the revaluation of the hedging derivative and 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.

Changes in the fair value of the hedging instruments are recognised net of deferred tax in the hedging reserve in equity (see note 5.15.5.). They are released to the carrying value of the hedged item when such an item is recognised in the balance sheet. The ineffective portion of the change in fair value of the hedging instrument (swap points) is recognised directly in the income statement. For the year ended 31 December 2007 the amount of ineffectiveness (see note 4.5.) that has been posted to the income statement during the period (for example, the forward points that have not been booked in equity during the period) is € 11 million (€ 7 million in 2006).

Hedges

The number of foreign currency cash flow hedge relationships amounts to 303 at year-end 2007 (324 in 2006).

The fair value of forward foreign exchange contracts is detailed as follows:

	2007 €m	2006 €m
Fair value of derivative liabilities (see note 5.12.)	**39**	34
Operating foreign exchange gains/(losses)	**16**	(9)
Ineffectiveness gains/(losses) (see note 4.5.)	**11**	7

	2007 €m	2006 €m
Less than 3 months	**2**	14
Less than 1 year	**13**	8
Less than 5 years	**24**	12
Fair value of derivative liabilities (see note 5.12.)	**39**	34

The split by maturities of notional amounts of forward exchange contracts as at 31 December 2007 is as follows:

	2008 £m	2009 £m	2010 £m	2011 £m	>2011 £m	Total £m
Buy	121	–	–	–	–	121
Sell	(488)	(15)	–	–	–	(503)
Total	**(367)**	**(15)**	**–**	**–**	**–**	**(382)**

	2008 $m	2009 $m	2010 $m	2011 $m	>2011 $m	Total $m
Buy	706	311	197	144	56	1,414
Sell	(277)	(17)	(5)	–	–	(299)
Total	**429**	**294**	**192**	**144**	**56**	**1,115**

The split by maturities of notional amounts of forward exchange contracts as at 31 December 2006 is as follows:

	2007 £m	2008 £m	2009 £m	2010 £m	>2010 £m	Total £m
Buy	62	–	–	–	–	62
Sell	(378)	(22)	(6)	–	–	(406)
Total	**(316)**	**(22)**	**(6)**	**–**	**–**	**(344)**

	2007 $m	2008 $m	2009 $m	2010 $m	>2010 $m	Total $m
Buy	686	207	145	38	15	1,091
Sell	(182)	(23)	(12)	(5)	–	(222)
Total	**504**	**184**	**133**	**33**	**15**	**869**

Sensitivity analysis to foreign exchange rates

The Group estimates that:

- if the USD had been 10 per cent stronger (respectively weaker) this would have resulted in a pre-tax €1 million loss (respectively gain) for the Group, and in an additional pre-tax €60 million income (respectively expense) recognized in equity;
- if the GBP had been 10 per cent stronger (respectively weaker) this would have resulted in a pre-tax €1 million gain (respectively loss) for the Group compared to the actual situation and would have had a non-significant impact on equity;
- if other currencies had been 10 per cent stronger (respectively weaker), this would have had no material impact on equity.

This sensitivity analysis does not include the impact of translation of foreign operations.

Interest rate risk

The management of interest rate risk is centralised at the level of the Group Treasury Department. The objective of the interest rate risk management policy is to minimise the interest rate funding cost over the long term and to maximize the excess cash return.

In order to achieve this objective a cross border Euro cash pooling has been set up. The Group also believes that using floating rate rather than fixed rate debt in a positive yield curve environment supports that goal. This policy will be maintained as long as the Treasury and Risk Management Committee judge the level of the mix between fixed and floating rates is appropriate. As at 31 December 2007, the fixed/floating mix was: 12 per cent/88 per cent (14 per cent/86 per cent in 2006). Frequent benchmarks about interest rates are carried out in order to have this mix evolving along with market conditions.

The Group Treasury Department 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 ratio (i.e. adjusted EBITA over net interest expense as defined by rating agencies).

Assuming the actual amount of floating net cash available remains constant, it has been calculated that if the interest rates achieved would drop (respectively increase) by 100 basis points, at 31 December 2007, the interest income would subsequently drop (respectively increase) by €11 million (€7 million in 2006).

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 re-price.

	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 – floating rate	5.5.	8.2	1	–	1	–	–	–
Loans to associates – fixed rate	5.5.	4.3	6	1	–	–	1	4
Other loans – floating rate	5.5.	5.1	69	1	68	–	–	–
Current deposit – floating rate	5.8.	4.9	620	620	–	–	–	–
Cash and cash equivalents (not earning assets)	5.9.	–	9	9	–	–	–	–
Cash and cash equivalents (earning assets)	5.9.	4.2	526	526	–	–	–	–
Bank loans – floating rate	5.11.	5.8	(79)	(16)	(63)	–	–	–
Bank overdrafts	5.11.	2.3	(6)	(6)	–	–	–	–
Leasing liabilities – floating rate	5.11.	3.9	(1)	(1)	–	–	–	–
Leasing liabilities – fixed rate	5.11.	6.3	(13)	(1)	(1)	(3)	(4)	(4)
Loans payable – floating rate	5.11.	3.6	(6)	(6)	–	–	–	–
At 31 December 2007			**1,126**	**1,127**	**5**	**(3)**	**(3)**	**–**

	Notes	Effective interest rate %	Total amount €m	6 months or less €m	6–12 months €m	1–2 years €m	2–5 years €m	Over 5 years €m
Loans to associates – fixed rate	5.5.	4.0	12	–	–	–	12	–
Other loans – floating rate	5.5.	3.8	7	–	7	–	–	–
Current deposit – floating rate	5.8.	3.8	486	486	–	–	–	–
Cash and cash equivalents (not earning assets)	5.9.	–	18	18	–	–	–	–
Cash and cash equivalents (earning assets)	5.9.	2.9	330	330	–	–	–	–
Bank loans – floating rate	5.11.	4.6	(25)	(16)	(9)	–	–	–
Bank overdrafts	5.11.	3.2	(7)	(7)	–	–	–	–
Leasing liabilities – fixed rate	5.11.	6.3	(15)	(1)	(1)	(3)	(3)	(7)
Loans payable – floating rate	5.11.	2.8	(59)	(57)	(2)	–	–	–
At 31 December 2006			**747**	**753**	**(5)**	**(3)**	**9**	**(7)**

Credit risk

RTL Group's exposure to credit risk arises primarily through sales made to customers. Hence this risk primarily relates to trade receivables.

The Group's television and radio activities incur exposure to credit risk when making transactions with advertising agencies or direct customers. In 2007 the combined television and radio advertising revenue contributed 64 per cent of the Group's turnover. Due to the business model, RTL Group's exposure to financial risk is directly linked to the final client, however the risks are considered as weak due to the size of the individual companies or agency groups.

RTL Group produces programmes which are sold or licensed to state-owned and commercial television channels. In 2007 these activities contributed 21 per cent of the Group's turnover. Given the limited number of television broadcasters in different countries, there is a high degree of concentration of credit risk. However, given the long-standing relationships between content provider and broadcaster and the fact that the customers are large businesses with stable financials, the level of credit risk is significantly mitigated.

RTL Group also has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

The carrying amount of financial assets represents the maximum credit exposure.

The aging of financial assets at the reporting date is:

			Not impaired as of the reporting date and past due by					
	Gross carrying amount (1) €m	Neither impaired nor past due on the reporting date €m	<= 1 month €m	2–3 months €m	3–6 months €m	6–12 months €m	Over 1 year €m	Gross amount impaired €m
Loans and Canal Plus France	462	454	–	–	–	–	–	8
Trade accounts receivable	920	681	84	47	14	12	14	68
Accounts receivable from associates	28	28	–	–	–	–	–	–
Current deposit with shareholder	624	624	–	–	–	–	–	–
Other receivables	315	297	6	4	1	–	–	7
Cash and cash equivalent	535	535	–	–	–	–	–	–
At 31 December 2007	**2,884**	**2,619**	**90**	**51**	**15**	**12**	**14**	**83**

(1) As at 31 December 2007, the valuation allowance is €61 million and the amount of available-for-sale amounted to €87 million

The top ten trade receivable accounts represent €110 million whilst the top 50 receivables represent €265 million.

			Not impaired as of the reporting date and past due by					
	Gross carrying amount (1) €m	Neither impaired nor past due on the reporting date €m	<= 1 month €m	2–3 months €m	3–6 months €m	6–12 months €m	Over 1 year €m	Gross amount impaired €m
Loans and Canal Plus France	435	416	–	–	–	–	–	19
Trade accounts receivable	952	773	80	16	12	7	6	58
Accounts receivable from associates	22	13	–	–	–	–	9	–
Current deposit with shareholder	487	487	–	–	–	–	–	–
Other receivables	335	313	9	–	3	1	1	8
Cash and cash equivalent	348	348	–	–	–	–	–	–
At 31 December 2006	**2,579**	**2,350**	**89**	**16**	**15**	**8**	**16**	**85**

(1) As at 31 December 2006, the valuation allowance is €65 million and the amount of available-for-sale amounted to €58 million

The Group has a significant concentration of credit risk due to its relationship with Bertelsmann AG. Nevertheless, credit risk arising from transactions with shareholders is carefully mitigated (see note 8.1.).

According to the bank policy of the Group, derivative instruments and cash transactions (including bank deposits and investment in money market funds) are operated only with high credit quality financial institutions so as to mitigate counterparty risk. The Group's bank relationship policy sets forth stringent criteria for the selection of banking partners and money market funds (such as maximum volatility, track record, rating, cash and cash equivalent status under IAS 7). In order to mitigate settlement risk, the Group has policies that limit the amount of credit exposure to any one financial institution on any single day. Statistics (such as the percentage of the business allocated to each bank over the year compared to a target defined by management, or such as the summary of the highest intraday exposures by bank and by maturity date) are computed and used on a daily basis so as to ensure credit risk is mitigated in practice at any time.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, 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 € 103 million at year end.

	2007 €m	Under 1 year €m	1–5 years €m	Over 5 years €m
Credit facilities – shareholders				
Committed facility (yearly renewal)	**–**	–	–	–
Headroom	**–**	–	–	–
Credit facilities – banks				
Committed facilities	**273**	273	–	–
Headroom	**103**	103	–	–

	2006 €m	Under 1 year €m	1–5 years €m	Over 5 years €m
Credit facilities – shareholders				
Committed facility (yearly renewal)	**300**	300	–	–
Headroom	**300**	300	–	–
Credit facilities – banks				
Committed facilities	**182**	173	9	–
Headroom	**101**	101	–	–

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Under 1 year €m	1–5 years €m	Over 5 years €m	Total €m
Liabilities as per balance sheet				
Loans and bank overdrafts	19	109	–	128
Accounts payable (deferred income excluded)	1,838	186	150	2,174
At 31 December 2007	**1,857**	**295**	**150**	**2,302**

	Under 1 year €m	1–5 years €m	Over 5 years €m	Total €m
Liabilities as per balance sheet				
Loans and bank overdrafts	67	37	7	111
Accounts payable (deferred income excluded)	1,829	161	117	2,107
At 31 December 2006	**1,896**	**198**	**124**	**2,218**

Financial instruments by category

The fair values of each class of financial assets and liabilities are equivalent to their carrying amount.

	Notes	Assets at fair value through profit or loss (1) €m	Loans and receivables €m	Available-for-sale €m	**Total €m**
Assets as per balance sheet					
Loans and other financial assets	5.5.	378	77	87	**542**
Accounts receivable (prepaid expenses excluded)	5.8.	38	1,719	–	**1,757**
Cash and cash equivalents	5.9.	–	535	–	**535**
At 31 December 2007		**416**	**2,331**	**87**	**2,834**

(1) Include Canal Plus France instrument designated at fair value through profit or loss

	Notes	Liabilities at fair value through profit or loss €m	Other financial liabilities €m	**Total €m**
Liabilities as per balance sheet				
Loans and bank overdrafts	5.11.	–	105	**105**
Accounts payable (deferred income excluded)	5.12.	39	2,093	**2,132**
At 31 December 2007		**39**	**2,198**	**2,237**

	Notes	Assets at fair value through profit or loss (1) €m	Loans and receivables €m	Available-for-sale €m	**Total €m**
Assets as per balance sheet					
Loans and other financial assets	5.5.	404	20	58	**482**
Accounts receivable (prepaid expenses excluded)	5.8.	–	1,687	–	**1,687**
Cash and cash equivalents	5.9.	–	348	–	**348**
At 31 December 2006		**404**	**2,055**	**58**	**2,517**

(1) Include Canal Plus France instrument designated at fair value through profit or loss

	Notes	Liabilities at fair value through profit or loss €m	Other financial liabilities €m	**Total €m**
Liabilities as per balance sheet				
Loans and bank overdrafts	5.11.	–	106	**106**
Accounts payable (deferred income excluded)	5.12.	34	2,043	**2,077**
At 31 December 2006		**34**	**2,149**	**2,183**

7. Commitments and contingencies

	2007 €m	2006 €m
Guarantees and endorsements given (1)	**102**	110
Contracts for purchasing rights, (co)productions and programmes	**2,195**	2,216
Operating leases	**528**	538
Transmission and distribution	**369**	378
Other long-term contracts and commitments	**349**	398

(1) Including a rent guarantee for €56 million for which the Group benefit from rights pursuant to an indemnification agreement concluded in January 2007 with a third party

7.1. 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 €2,195 million (2006: €2,216 million).

7.2. Operating leases

Non-cancellable operating lease rentals are as follows:

	2007				2006			
	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	**39**	**48**	**18**	**105**	42	74	30	146
Other operating leases	**68**	**182**	**173**	**423**	49	167	176	392
	107	**230**	**191**	**528**	91	241	206	538

"Other operating leases" mainly relate to the rental of offices, buildings and equipments in Germany, France and the United Kingdom.

One of the leased properties has been sublet by the Group. The head lease and sublease expire in September 2011. Sublease payments of €3 million are expected to be received during the following financial year.

7.3. Purchase obligations in respect of transmission and distribution

These obligations result from agreements with providers of services related to the terrestrial and cable transmission and distribution of the analogical and digital signals of the RTL Group TV channels and radio stations.

7.4. Other long-term contracts and commitments

The Group has "Other long-term contracts and commitments" amounting to €349 million as at 31 December 2007 (2006: €398 million). These relate to a number of items including broadcasting licences, production services sale and lease back transactions in respect of FremantleMedia and commitments to purchase assets other than programmes and rights.

FremantleMedia has arrangements for a remaining period of ten years in relation to sale and leaseback transactions for an amount of €106 million (2006: €121 million). Under these arrangements, FremantleMedia has sold programme rights to a special purpose vehicle and simultaneously leased back the assets under a finance lease arrangement. The cash received is placed in a "restricted bank account" at an AA-rated bank in order to satisfy the lease payments. Fees received by FremantleMedia were recognised in the income statement when entering into these arrangements.

In the context of the deal, Radio 538 and RTL Nederland, RTL Group and Talpa Media Holding agreed on an earnout mechanism (see note 3.2.).

7.5. Licence agreement

In the course of their activities, several Group companies benefit from frequency licence agreements which commit the Group in various ways depending upon the legal regulation in force in the countries concerned.

8. Related parties

Identity of related parties
As at 31 December 2007, the principal shareholder of the Group is Bertelsmann TV Beteiligungs GmbH (90 per cent). The remainder of the Group's shares are publicly listed on the Brussels and Luxembourg stock exchanges. The Group also has a related party relationship with its associates, joint ventures and with its directors and executive officers.

8. 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 €28 million (2006: €36 million) and €51 million (2006: €68 million) respectively. At the year-end, the Group had receivables and payables due from/to Bertelsmann Group amounting to €17 million (2006: €26 million) and €5 million (2006: €15 million) respectively.

On 5 November 2002, RTL Group entered into a €300 million 364 days (renewable) Revolving Credit Facility with Bertelsmann AG. The Facility has been granted to RTL Group initially for the period from 8 November 2002 to 31 August 2004. The term of the Facility was extended to 31 August 2006. The Facility bore interest at a rate per annum equal to the sum of the EONIA rate plus a 25 basis points margin. The Facility was amended on 1 December 2005 resulting in a new margin of 22 basis points over EONIA and was rolled over until 1 December 2006. The Facility is renewable for a further two more periods of 365 days beyond 1 December 2006. On 12 July 2007, this Facility was cancelled.

During the year RTL Group has invested its short term cash surplus from working capital with its parent company Bertelsmann AG. Interest rates are based on an overnight basis on EONIA plus 10 basis points; or on a one-month or three-month basis on Euribor plus 10 basis points.

Bertelsmann AG grants to RTL Group a pledge on all shares of its wholly owned French subsidiary Media Communication SAS and, since July 2007, all shares of its wholly owned Spanish subsidiary Media Finance Holding SL as security for all payments due by Bertelsmann AG. The total amount of the deposits does not exceed 60 per cent of the fair value of the pledged asset, which is revalued on a regular basis. As at 31 December 2007 the amount deposited amounts to €20 million (2006: €387 million) on an overnight basis, €220 million (2006: 0 million) on a one-month basis and €380 million (2006: €100 million) on a three-month basis. The interest income for the year amounts to €24 million (2006: €4 million).

During the year commitment fees on unused credit facilities granted by Bertelsmann AG amounted to €nil million (2006: €nil million).

The UK Group relief of Five Group and FremantleMedia Group to Bertelsmann Group resulted in a tax income of €8 million (2006: €15 million).

8. 2. Transactions with associates and joint ventures

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

	2007 €m	2006 €m
Sales of goods and services to:		
Associates	**71**	53
Joint ventures	**20**	29
	91	82
Purchase of goods and services from:		
Associates	**9**	6
Joint ventures	**10**	11
	19	17

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:

	2007 €m	2006 €m
Accounts receivable from:		
Associates	**19**	13
Joint ventures	**4**	3
	23	16
Accounts payable to:		
Associates	**2**	3
Joint ventures	**3**	4
	5	7

8. 3. Transactions with key management personnel

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

The key management personnel compensation is as follows:

	2007 €m	2006 €m
Short-term benefits and termination benefits	**4.4**	4.4
Post-employment benefits	**–**	0.8
Other long-term benefits	**1.8**	2.4
	6.2	7.6

The aggregate number of share options granted to key management personnel of the Company during 2007 and 2006 was nil. The outstanding number of share options granted to directors and executive officers of the Company at the end of the year was 11,500 (2006: 11,500).

8. 4. Directors' fees

In 2007, a total of €0.6 million (2006: €0.7 million) was allocated in the form of attendance fees to the members of the Board of Directors of RTL Group SA and the committees which emanate from it with respect to their functions within RTL Group SA as well as other Group companies.

9. Interests in joint ventures

The main joint ventures state as follows:

	Country of incorporation	Consolidation rate **2007**	2006
N-TV GmbH (1)	Germany	–	–
RTL Disney Fernsehen GmbH & Co KG	Germany	50.00	50.00
TCM Droits Audiovisuels SNC	France	50.00	50.00
TPS Group (2)	France	–	–

(1) N-TV has been proportionately consolidated in the income statement from 1 January to 31 March 2006
(2) TPS Group was considered as a disposal group as at 31 December 2005 and has been proportionately consolidated in the income statement from 1 January to 31 August 2006

Included in the consolidated financial statements are the following items that represent the Group's interests in the assets and liabilities, income and expenses of the joint ventures:

	2007 €m	2006 €m
Non-current assets	**17**	25
Current assets	**43**	51
Non-current liabilities	**(12)**	(9)
Current liabilities	**(36)**	(50)
Net assets	**12**	17

	2007 €m	2006 €m
Income	**95**	238
Expenses	**(74)**	(198)

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

	2007 €m	2006 €m
Contracts for purchasing rights, (co)productions and programmes	**4**	6
Operating leases	**6**	8
Other long-term contracts and commitments	**9**	11

10. 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.

10. 1. Programme rights

The Group's accounting for non-current programme rights requires management judgements as it relates to estimates made of total net revenue used in the determination of the amortisation charge and impairment loss for the year.

In addition, management judgement is required to assess, taking into account factors such as the future programme grid, the realised/expected audience of the programme, the current programme rights that are not likely to be broadcast and the related valuation allowance.

10. 2. Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1.7.2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations or trading comparable (EBITA multiples). These calculations require the use of estimates (see note 5.2.).

10. 3. Fair value of available-for-sale investments and financial assets at fair value through profit or loss

The Group has used discounted cash flow analysis for various available-for-sale investments and financial assets at fair value through profit or loss that were not traded in active markets.

The carrying amount of available-for-sale investments would be an estimated € 5 million lower or higher were the discount rate used in the discounted cash flow analysis to differ by 10 per cent from management's estimates.

10. 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.

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. Management judgement is required to assess probable future taxable profits. In particular in 2007, deferred tax assets on losses carry forward and on temporary differences have been recognised on the basis of tax strategies supporting the total or partial use of tax losses mainly to the level of Luxembourg (€ 89 million) and Germany (€ 62 million).

10. 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.

11. Group undertakings

	Note	Group's ownership 2007	Consolidated method (1)	Note	Group's ownership 2006	Consolidated method (1)
Luxembourg*						
RTL Group SA			M			M

Broadcasting TV	Note	Group's ownership 2007	Consolidated method (1)	Note	Group's ownership 2006	Consolidated method (1)
Austria*						
IPA Plus (Österreich) Verm. für Fernsehwerbung GmbH		**49.8**	F		49.8	F
Belgium*						
Home Shopping Service Belgique SA	(2)	**48.5**	F	(2)	48.8	F
Media Corner SA	(21)	**–**	NC		65.8	F
Société Européenne de Télévente Belgique GIE	(2)	**48.5**	F	(2)	48.8	F
TVI SA		**65.8**	F		65.8	F
Unité 15 Belgique SA	(2)	**48.5**	F	(2)	48.8	F
Croatia*						
RTL Hrvatska d.o.o. (*formerly RTL Croatia d.o.o.*)		**73.8**	F		73.8	F
Cyprus*						
Bluescreen Ltd		**99.7**	F		99.7	F
France*						
A ton service (*ex M6 operation*) SAS	(2)	**16.5**	E	(2)	48.8	F
Capital Productions SA	(2)	**48.5**	F	(2)	48.8	F
Citato Sàrl	(2)	**48.5**	F	(2)	39.1	F
Clicanddeal SAS (*formerly M6 Affaires SAS*)	(2)	**48.5**	F	(2)	48.8	F
Club Téléachat SNC	(2)	**48.5**	F	(2)	48.8	F
Culture Mag Editions SNC	(22)	**–**	NC	(2)	44.0	F
DIEM 2 SA	(2)	**48.5**	F		–	
Echo6 SAS	(2)	**24.2**	P	(2)	24.4	P
Edit TV/ W9 SNC	(2)	**48.5**	F	(2)	48.8	F
Femmes en ville SAS	(2)	**24.2**	P	(2)	24.4	P
Football Club des Girondins de Bordeaux SASP	(2)	**48.4**	F	(2)	48.7	F
FUN TV SNC	(2)	**48.5**	F	(2)	48.8	F
Home Shopping Service SA	(2)	**48.5**	F	(2)	48.8	F
Immobilière 46D SAS	(2)	**48.5**	F		–	
Immobilière M6 SA	(2)	**48.5**	F	(2)	48.8	F
IP Network SA		**99.7**	F		99.7	F
Labo Productions Sàrl	(22)	**–**	NC	(2)	48.8	F
Live Stage SAS	(2)	**48.0**	F	(2)	48.4	F
M6 Bordeaux SAS	(2)	**48.5**	F	(2)	48.8	F
M6 Boutique La Chaîne SNC (*formerly Boutiques du monde SNC)*	(2)	**48.5**	F	(2)	48.8	F
M6 Communication SAS	(2)	**48.5**	F	(2)	48.8	F
M6 Creations SAS	(2)	**48.5**	F		–	
M6 Development SAS	(2)	**48.5**	F	(2)	48.8	F
M6 Diffusions SA	(2)	**48.5**	F	(2)	48.8	F
M6 Divertissement SAS	(2)	**48.5**	F		–	
M6 Editions SA	(2)	**48.5**	F	(2)	48.8	F
M6 Evenements SA	(2)	**48.5**	F	(2)	48.8	F
M6 Films SA	(2)	**48.5**	F	(2)	48.8	F
M6 Foot SAS	(2)	**48.5**	F	(2)	48.8	F
M6 Interactions SAS	(2)	**48.5**	F	(2)	48.8	F
M6 Numérique SAS	(2)	**48.5**	F	(2)	48.8	F
M6 Publicité SAS	(2)	**48.5**	F	(2)	48.8	F
M6 Recreative SAS	(2)	**48.5**	F		–	

Broadcasting TV	Note	**Group's ownership 2007**	Consolidated method (1)	Note	Group's ownership 2006	Consolidated method (1)
M6 Studio SAS	(2)	**48.5**	F	(2)	48.8	F
M6 Thématique SA	(2)	**48.5**	F	(2)	48.8	F
M6 Toulouse SAS	(2)	**48.5**	F	(2)	48.8	F
M6 Web SAS	(2)	**48.5**	F	(2)	48.8	F
Mandarin Films SAS	(2)	**48.5**	F	(2)	48.8	F
Mandarin SAS	(2)	**48.5**	F	(2)	48.8	F
Métropole Production SA	(2)	**48.5**	F	(2)	48.8	F
Métropole Télévision SA	(2)	**48.5**	F	(2)	48.8	F
Mistergooddeal SA	(2)	**48.5**	F	(2)	45.9	F
Multiplex R4 SAS	(2)	**28.3**	F	(2)	28.5	F
PagesJaunes Petites Annonces SA	(2)	**16.5**	E		–	
Paris Première SA	(2)	**48.5**	F	(2)	48.8	F
Retail concept (*ex M6 création*) SAS	(2)	**48.5**	F	(2)	48.8	F
RTL Net SAS		**99.7**	F		99.7	F
SCI du 107 SCI	(2)	**48.5**	F	(2)	48.8	F
SEDI TV SAS	(2)	**48.5**	F	(2)	24.9	F
Série Club SA	(2)	**24.2**	F	(2)	24.4	F
SNC SAS	(2)	**48.5**	F	(2)	48.8	F
SND SA	(2)	**48.5**	F	(2)	48.8	F
Studio 89 Productions SAS	(2)	**48.5**	F	(2)	48.8	F
TCM Droits Audiovisuels SNC	(2)	**24.2**	P	(2)	24.4	P
Tecipress SA	(22)	**–**	NC	(2)	48.8	F
Télévente Promotion SA	(2)	**48.5**	F	(2)	48.8	F
TF6 Gestion SA	(2)	**24.2**	P	(2)	24.4	P
TF6 SCS	(2)	**24.2**	P	(2)	24.4	P
Unité 15 France SA	(2)	**48.5**	F	(2)	48.8	F
W9 Productions SAS	(20)	**–**	NC	(2)	48.8	F

Broadcasting TV	Note	**Group's ownership 2007**	Consolidated method (1)	Note	Group's ownership 2006	Consolidated method (1)
Germany*						
CBC Cologne Broadcasting Center GmbH		**99.7**	F		99.7	F
Clipfish GmbH Co. KG		**99.7**	F		–	
CLT-Vermögensverwaltungs GmbH		**99.7**	F		99.7	F
Creation GmbH (*formerly House Of Promotion Produktions GmbH*)		**99.7**	F		99.7	F
El Cartel GmbH		**35.8**	E		35.8	E
GZSZ Vermarktungsgesellschaft mbH		**99.7**	F		99.7	F
IP Deutschland GmbH		**99.7**	F		99.7	F
IP Medien KG	(20)	**–**	NC		99.7	F
Mediascore GmbH		**75.0**	F		75.0	F
Norddeich TV Produktions GmbH		**74.8**	F		74.8	F
N-TV Nachrichtenfernsehen GmbH & Co. KG		**99.7**	F		99.7	F
N-TV Services GmbH		**99.7**	F		99.7	F
RTL Disney Fernsehen GmbH & Co. KG		**49.8**	P		49.8	P
RTL Enterprises GmbH		**99.7**	F		99.7	F
RTL Games GmbH (*formely Alpha Online GmbH*)		**99.7**	F		–	
RTL Group GmbH		**99.7**	F		99.7	F
RTL Hessen GmbH		**99.7**	F		99.7	F
RTL Hessen Programmfenster GmbH (*formerly RTL Hessen GmbH*)		**59.8**	F		59.8	F
RTL Interactive GmbH		**99.7**	F		99.7	F
RTL Media Services GmbH		**99.7**	F		99.7	F
RTL Net GmbH		**99.7**	F		99.7	F
RTL Nord GmbH		**99.7**	F		99.7	F
RTL Shop GmbH		**99.7**	F		99.7	F
RTL Television GmbH		**99.7**	F		99.7	F
RTL2 Fernsehen Geschäftsführung GmbH		**35.8**	E		35.8	E
RTL2 Fernsehen GmbH & Co. KG		**35.8**	E		35.8	E
S4M Solutions For Media GmbH		**19.8**	E		19.8	E
Tele West KG		**99.7**	F		99.7	F
Traumpartner TV GmbH		**99.7**	F		99.7	F
VG Media Gesellschaft zur Verwertung der Urheber- und Leistungsschutzrechte mbH		**49.8**	E		–	
Vox Film & Fernseh GmbH & Co. KG		**99.4**	F		99.4	F
Vox Holding GmbH		**99.7**	F		–	
Hungary*						
Home Shopping Service Hongrie SA	(2)	**48.5**	F	(2)	48.8	F
M-RTL Rt		**48.8**	E		48.8	E
Luxembourg*						
Broadcasting Center Europe SA		**99.7**	F		99.7	F
Filmlux SA		**99.7**	F		99.7	F
IP Network International SA		**99.7**	F		99.7	F
RTL9 SA		**34.9**	E		34.9	E
RTL9 SA & Cie SECS		**34.8**	E		34.8	E

Broadcasting TV	Note	**Group's ownership 2007**	Consolidated method (1)	Note	Group's ownership 2006	Consolidated method (1)
Netherlands*						
IP iMedia BV	(20)	–	NC		99.7	F
RTL Group Beheer BV		**100.0**	F		100.0	F
RTL Nederland Broadcast Operation BV (*formely Broadcasting Center Nederland BV*)		**73.4**	F		99.7	F
RTL Nederland BV		**73.4**	F		99.7	F
RTL Nederland Holding BV		**73.4**	F		–	
RTL Nederland Interactief BV (*formely RTL iMedia Holding BV*)		**73.4**	F		99.7	F
RTL Nederland Producties BV		**73.4**	F		99.7	F
RTL Nederland Sales BV		**73.4**	F		99.7	F
Portugal*						
Agefinan SA	(21)	–	NC	(24)	32.9	E
Auto Basic Motor SA	(21)	–	NC	(24)	32.9	E
BTP SA	(21)	–	NC	(24)	32.9	E
Camarins Lda	(21)	–	NC	(24)	32.9	E
Casa Da Criacao	(21)	–	NC	(24)	32.9	E
Cena Editorial SA	(21)	–	NC	(24)	32.9	E
Central Discos SA	(21)	–	NC	(24)	32.9	E
CLMC – Multimedia SA	(21)	–	NC	(24)	32.9	E
Edicoes Expansao Economica Lda	(21)	–	NC	(24)	32.9	E
EMAV Lda	(21)	–	NC	(24)	32.9	E
EPC Lda	(21)	–	NC	(24)	32.9	E
Expansao Economica Sa (Eventos)	(21)	–	NC	(24)	32.9	E
Expolider SA	(21)	–	NC	(24)	32.9	E
Farol Muica Lda	(21)	–	NC	(24)	32.9	E
Fealmar SA	(21)	–	NC	(24)	32.9	E
Grupo Media Capital Sgps SA	(21)	–	NC	(24)	32.9	E
Kimberley Trading SA	(21)	–	NC	(24)	32.9	E
Mce – Media Capital Edicoes Lda	(21)	–	NC	(24)	32.9	E
MCR – Radiofonia e Publicidade Sociedade Unipessoal SA	(21)	–	NC	(24)	32.9	E
Med Cap Technologies SA	(21)	–	NC	(24)	32.9	E
Media Capital – Editora Multimedia SA	(21)	–	NC	(24)	32.9	E
Media Capital SA	(21)	–	NC	(24)	32.9	E
Media Capital Entertainment Lda	(21)	–	NC	(24)	32.9	E
Media Capital Outdoor SA	(21)	–	NC	(24)	32.9	E
Media Capital Telecomunicacoes SA	(21)	–	NC	(24)	32.9	E

Broadcasting TV	Note	**Group's ownership 2007**	Consolidated method (1)	Note	Group's ownership 2006	Consolidated method (1)
Meglo – Media Global Sgps SA	(21)	–	NC	(24)	32.9	E
Moveis de Novela Lda	(21)	–	NC	(24)	32.9	E
Multicena SA	(21)	–	NC	(24)	32.9	E
Nanook – Empresa Europeia De Produçao De Documentarios Lda	(21)	–	NC	(24)	32.9	E
Nbp – Iberica – Producciones Audiovisuales SA	(21)	–	NC	(24)	32.9	E
Nbp – Oficina De Actores Lda	(21)	–	NC	(24)	32.9	E
Nbp – Producao Em Video SA	(21)	–	NC	(24)	32.9	E
Pressetep SA	(21)	–	NC	(24)	32.9	E
Publicarris SA	(21)	–	NC	(24)	32.9	E
Publimetro SA	(21)	–	NC	(24)	32.9	E
Publipartner Lda	(21)	–	NC	(24)	32.9	E
R. Cidade SA	(21)	–	NC	(24)	32.9	E
Radio Comercial SA	(21)	–	NC	(24)	32.9	E
Radio Regional De Lisboa SA	(21)	–	NC	(24)	32.9	E
Radio XXI Lda	(21)	–	NC	(24)	32.9	E
RETI SA	(21)	–	NC	(24)	32.9	E
STM SA	(21)	–	NC	(24)	32.9	E
TCS SA	(21)	–	NC	(24)	32.9	E
Teatro Mais Lda	(21)	–	NC	(24)	32.9	E
Transjornal – Ediçoes De Publiçoes SA	(21)	–	NC	(24)	32.9	E
Transpublicidade – Publicidade Em Transportes SA	(21)	–	NC	(24)	32.9	E
TVI – Televisao Independente SA	(21)	–	NC	(24)	32.9	E
Uniao De Leiria SAD	(21)	–	NC	(24)	32.9	E
Unidivisa SA	(21)	–	NC	(24)	32.9	E

Broadcasting TV	Note	Group's ownership 2007	Consolidated method (1)	Note	Group's ownership 2006	Consolidated method (1)
Russia*						
OOO Aksept	(23)	**29.9**	E	(23)	29.9	E
OOO Media Holding Ren TV	(23)	**29.9**	E	(23)	29.9	E
OOO NPP Spectre	(23)	**15.3**	E	(23)	15.3	E
OOO Ren TV Bryansk	(23)	**17.6**	E	(23)	17.6	E
OOO RTL Russland		**99.7**	F		99.7	F
OOO Sety-52	(23)	**30.0**	E		–	
OOO Teleradiokompanya Sintez TV	(23)	**30.0**	E		–	
Teleradioveschatelhaya Kompanya Alternativnaya	(23)	**22.2**	E		–	
TVV Telekom	(23)	**30.0**	E		–	
ZAO ACB Prestige Television Kompanya	(23)	**29.9**	E	(23)	29.9	E
ZAO Nezavisimoe Saratovskoe Televidinie	(23)	**30.0**	E		–	
ZAO Ren TV Television Kompanya	(23)	**29.9**	E	(23)	29.9	E
ZAO Telecom-Azov	(23)	**22.5**	E	(23)	22.5	E
ZAO Telecompanya August	(23)	**30.0**	E		–	
ZAO Telestantsiay Seti NN	(23)	**14.7**	E		–	
Spain*						
Antena 3 de Television SA	(7)	**19.9**	E	(7)	19.0	E
Antena 3 Directo SAU	(7)	**19.9**	E	(7)	19.0	E
Antena 3 Editorial SA	(7)	**19.9**	E	(7)	19.0	E
Antena 3 Multimedia SLU	(7)	**19.9**	E	(7)	19.0	E
Antena 3 TDT De Canarias SA	(7)	**19.9**	E			
Antena 3 Tematica SAU	(7)	**19.9**	E	(7)	19.0	E
Antena de Radiodifusion SAU (*formerly Cadena de Voz de Radio Difusion SA*)	(7)	**19.9**	E	(7)	19.0	E
Atres Advertising SLU	(7)	**19.9**	E	(7)	19.0	E
Canal Factoria de Ficcion SA	(7)	**8.0**	E	(7)	7.6	E
Canal Media Radio Galicia SLU	(7)	**19.9**	E	(7)	19.0	E
Canal Media Radio SAU	(7)	**19.9**	E	(7)	19.0	E
Canal Radio Castilla y Leon SLU	(7)	**19.9**	E	(7)	19.0	E
Canal Radio Valencia SLU	(7)	**19.9**	E	(7)	19.0	E
Compania Tres Mil Ochocientas SLU	(7)	**19.9**	E	(7)	19.0	E
Corporacion Radiofonica Castilla Leon SAU	(7)	**19.9**	E	(7)	19.0	E
Corporacion Radiofonica Region de Murcia SA	(7)	**10.0**	E	(7)	9.5	E
Ensueno Films SLU	(7)	**19.9**	E	(7)	19.0	E
Estaciones Radiofonicas de Aragon SAU	(7)	**19.9**	E	(7)	19.0	E
Grupo Universal Emisoras de Radio Amanecer SAU	(7)	**19.9**	E	(7)	19.0	E
Guadiana Producciones SAU	(7)	**19.9**	E	(7)	19.0	E
I3 Television SL	(7)	**10.0**	E	(7)	9.5	E
Ipar Ondas SAU	(7)	**19.9**	E	(7)	19.0	E
La Veu de Lleida SLU	(7)	**19.9**	E	(7)	19.0	E
Medipress Valencia SAU	(7)	**19.9**	E	(7)	19.0	E
Movierecord Cine SAU	(7)	**19.9**	E	(7)	19.0	E
Onda Cero SAU	(7)	**19.9**	E	(7)	19.0	E
Ondadit SLU	(7)	**19.9**	E	(7)	19.0	E
Organizaciones Deportivas Y Culturales De Unipublic SAU	(7)	**19.9**	E	(7)	19.0	E
Publicidad 3 SAU	(7)	**19.9**	E	(7)	19.0	E

Broadcasting TV	Note	Group's ownership 2007	Consolidated method (1)	Note	Group's ownership 2006	Consolidated method (1)
Radio Alamedilla SAU	(7)	**19.9**	E	(7)	19.0	E
Radio Noticias 90 SAU	(7)	**19.9**	E	(7)	19.0	E
Radio Sistemas Radiofonicos Cinco SLU	(7)	**19.9**	E	(7)	19.0	E
Radio Tormes SAU	(7)	**19.9**	E	(7)	19.0	E
RKOR Radio SLU	(7)	**19.9**	E	(7)	19.0	E
RTL Group Communications SLU		**99.7**	F		100.0	F
Teledifusion Madrid SA	(7)	**2.0**	E	(7)	1.9	E
Unimedia Central de Medios SA	(7)	**9.8**	E	(7)	9.3	E
Union Iberica de Radio SAU	(7)	**19.9**	E		–	
Uniprex SAU	(7)	**19.9**	E	(7)	19.0	E
Uniprex Television Digital Catalana SLU	(7)	**19.9**	E	(7)	19.0	E
Uniprex Television Digital Terrestre Andalusia SLU	(7)	**19.9**	E	(7)	19.0	E
Uniprex Television Digital Terrestre Canarias SLU	(7)	**19.9**	E	(7)	19.0	E
Uniprex Television SLU	(7)	**19.9**	E	(7)	19.0	E
Uniprex Valencia TV SLU	(7)	**19.9**	E	(7)	19.0	E
Unipublic SAU	(7)	**19.9**	E	(7)	19.0	E
VNews Agencia de Noticias SL	(7)	**10.0**	E	(7)	9.5	E
VSAT Compania de Producciones SL	(7)	**9.0**	E		–	
Switzerland*						
IP Multimedia (Schweiz) AG		**22.9**	E		22.9	E
UK*						
5 Direct Ltd	(3)	**99.7**	F	(3)	99.7	F
Channel 5 Broadcasting Ltd	(3)	**99.7**	F	(3)	99.7	F
Channel 5 Engineering Services Ltd	(3)	**99.7**	F	(3)	99.7	F
Channel 5 Interactive Ltd	(3)	**99.7**	F	(3)	99.7	F
Channel 5 Music Ltd	(3)	**99.7**	F	(3)	99.7	F
Channel 5 Television Group Ltd	(3)	**99.7**	F	(3)	99.7	F
Channel 5 Text Ltd	(3)	**99.7**	F	(3)	99.7	F
Lemonline Media Ltd		**48.8**	E		–	
Top Up TV 1 Ltd	(3)	**99.7**	F	(3)	99.7	F
USA*						
SND USA Inc	(2)	**48.5**	F			

Content	Note	Group's ownership 2007	Consolidated method (1)	Note	Group's ownership 2006	Consolidated method (1)
Antigua*						
Grundy International Operations Ltd		**100.0**	F		100.0	F
Argentina*						
Sportfive SA Argentina	(21)	**–**	NC	(6)	24.9	E
Australia*						
Bernesse Pty Ltd	(15)	**100.0**	F	(15)	100.0	F
Christie Films Pty Ltd	(11)	**49.0**	P	(11)	49.0	F
Crackerjack Productions Pty Ltd		**100.0**	F		100.0	F
Fremantle (AUS) Productions Pty Ltd	(9)	**100.0**	F	(9)	100.0	F
Fremantle Media Australia Pty Ltd	(11)	**100.0**	F	(11)	100.0	F
FremantleMedia Australia Holdings Pty Ltd	(15)	**100.0**	F	(15)	100.0	F
Grundy Entertainment Pty Ltd	(22)	**–**	NC	(15)	100.0	F
Grundy Film Financing Ltd	(22)	**–**	NC	(15)	100.0	F
Grundy Films Pty Ltd	(15)	**100.0**	F	(15)	100.0	F
Grundy Organization Pty Ltd	(15)	**100.0**	F	(15)	100.0	F
Grundy Television Pty Ltd	(15)	**100.0**	F	(15)	100.0	F
Grundy Travel Pty Ltd	(15)	**100.0**	F	(15)	100.0	F
International Sports Media Pty Ltd	(21)	**–**	NC	(6)	24.9	E
UK TV Ltd	(11)	**20.0**	E	(11)	20.0	F
Belgium*						
Belga Films SA		**65.8**	F		65.8	F
Fremantle Productions Belgium NV		**100.0**	F		100.0	F
Media – Foot Belgique SRL	(21)	**–**	NC	(6)	24.9	E
Brazil*						
Sportfive Sulamerica Ltda	(21)	**–**	NC	(6)	24.9	E
Croatia*						
Fremantle Produkcija d.o.o.		**100.0**	F		100.0	F
Denmark*						
Blu A/S		**75.0**	F		75.0	F
Sponsormatic APS	(21)	**–**	NC	(6)	24.9	E

Content	Note	Group's ownership 2007	Consolidated method (1)	Note	Group's ownership 2006	Consolidated method (1)
Finland*						
Fremantle Entertainment Oy		**100.0**	F		100.0	F
Fremantle Productions Oy	(20)	**–**	NC		100.0	F
France*						
Be Happy Productions SAS		**100.0**	F		100.0	F
Football France Promotion SA	(21)	**–**	NC	(6)	24.9	E
Fremantle France SAS		**100.0**	F		100.0	F
FremantleMedia Drama Productions SAS		**100.0**	F		100.0	F
Gdl Gie	(21)	**–**	NC	(6)	24.9	E
S5 Group SAS	(21)	**–**	NC	(6)	24.9	E
SEDS SA	(21)	**–**	NC	(6)	24.9	E
Sportfive SA (*formerly Groupe JC Darmon SA*)	(21)	**–**	NC	(6)	24.9	E
Sportfive Tennis SA (*formerly Palais des Sports de Toulouse SA*)	(21)	**–**	NC	(6)	24.9	E
TV Presse Productions SAS		**100.0**	F		70.0	F
Germany*						
CLT-UFA Multi Media GmbH		**99.7**	F		99.7	F
Cologne Sitcom Produktions GmbH	(17)	**50.2**	F	(17)	50.2	F
Cologne Sitcom Verwaltungs GmbH	(17)	**50.2**	F	(17)	50.2	F
Deutsche Synchron Film GmbH & Co. KG	(8)	**50.8**	F	(8)	50.8	F
Fremantle Licensing Germany GmbH (*formerly Geo Film GmbH*)		**99.7**	F		99.7	F
Grundy Light Entertainment GmbH (*formerly HDTV-Entert. Dressler GmbH*)		**100.0**	F		100.0	F
Grundy Light Entertainment/White Balance GmbH GBR		**50.8**	F		50.8	F
Grundy UFA TV Produktions GmbH	(4)	**99.7**	F	(4)	99.7	F
HSV UFA Stadionmanagement und Verwaltungs GmbH	(21)	**–**	NC	(6)	6.2	E
HSV Vermögensverwaltungs GmbH	(21)	**–**	NC	(6)	0.2	E
I2I Musikproduktions & Musikverlags GmbH		**99.7**	F		99.7	F
ISPR GmbH	(21)	**–**	NC	(6)	24.9	E
Juniper Group GmbH	(21)	**–**	NC	(6)	6.4	E
MOVE Sportspromotion GmbH	(21)	**–**	NC	(6)	24.9	E
Objektiv Film GmbH	(5)	**99.7**	F	(5)	99.7	F
Phöbus Film GmbH & Co. Produktions KG	(8)	**50.8**	F	(8)	50.8	F
Phönix Film Karlheinz Brunnemann GmbH & Co. KG	(8)	**50.8**	F	(8)	50.8	F
Phönix Geschäftsführungs GmbH	(8)	**50.8**	F	(8)	50.8	F
RTL Group Deutschland Markenverwaltungs GmbH		**99.7**	F		99.7	F
Sportfive GmbH	(21)	**–**	NC	(6)	24.9	E
Sportfive GmbH & Co. KG	(21)	**–**	NC	(6)	24.9	E
Sportfive Intermediate GmbH	(21)	**–**	NC	(6)	24.9	E
Sportfive Verwaltungs GmbH	(21)	**–**	NC	(6)	24.9	E

Content	Note	**Group's ownership 2007**	Consolidated method (1)	Note	Group's ownership 2006	Consolidated method (1)
Stadion Frankfurt Management GmbH	(21)	**–**	NC	(6)	12.5	E
Teamworx Television & Film GmbH		**99.7**	F		99.7	F
Trebitsch Produktion Holding GmbH	(5)	**99.7**	F	(5)	99.7	F
Trebitsch Produktion Holding GmbH & Co. KG	(5)	**99.7**	F	(5)	99.7	F
UFA – Fernsehproduktion GmbH	(4)	**99.7**	F	(4)	99.7	F
UFA – Filmproduktion GmbH	(4)	**99.7**	F	(4)	99.7	F
UFA Entertainment GmbH	(4)	**99.7**	F	(4)	99.7	F
UFA Film- und Medienproduktion GmbH (*ex START Television Produktions GmbH*)	(17)	**100.0**	F	(17)	100.0	F
UFA Film & Fernseh GmbH	(4)	**99.7**	F	(4)	99.7	F
UFA Film & TV Produktion GmbH	(4)	**99.7**	F	(4)	99.7	F
UFA Film Finance GmbH	(4)	**99.7**	F	(4)	99.7	F
UFA International Film & TV Produktions GmbH	(4)	**99.7**	F	(4)	99.7	F
Universum Film GmbH		**99.7**	F		99.7	F
Greece*						
Fremantle Productions SA		**100.0**	F		100.0	F
Hong Kong*						
Fremantle Productions Asia Ltd		**100.0**	F		100.0	F
Hungary*						
Grundy Magyarorszag TV Musorg Kft		**100.0**	F		100.0	F
Magyar Grundy UFA Kft		**99.7**	F		99.7	F
India*						
Fremantle India TV Productions Pvt Ltd		**100.0**	F		100.0	F
Indonesia*						
PT Dunia Visitama		**100.0**	F		100.0	F
Italy*						
Grundy Productions Italy Spa		**100.0**	F		100.0	F
Sportfive Italy SA (*formerly Bastino Multimedia*)	(21)	**–**	NC	(6)	24.9	E

Content	Note	**Group's ownership 2007**	Consolidated method (1)	Note	Group's ownership 2006	Consolidated method (1)
Japan*						
FremantleMedia Japan KK		**100.0**	F		100.0	F
Luxembourg*						
FremantleMedia SA (*formerly RTL UK Holdings SA*)		**100.0**	F		100.0	F
Hei Elei Film Productions SA (*formerly IFP SA*)		**99.7**	F		99.7	F
Multimedia Global Finance SA	(21)	**–**	NC	(6)	24.9	E
S5 Finco Sàrl	(21)	**–**	NC	(6)	27.7	E
S5 Hattrick Sàrl	(21)	**–**	NC	(6)	24.9	E
S5 Luxembourg SCA	(21)	**–**	NC	(6)	24.9	E
S5 Sàrl	(21)	**–**	NC	(6)	24.9	E
Malaysia*						
Sportfive Asia Sdn. Bhd.	(21)	**–**	NC	(6)	24.9	E
Sportfive Malaysia Sdn. Bhd. (*formerly UFA Sports Malaysia Sdn. Bhd.*)	(21)	**–**	NC	(6)	17.4	E
Mexico*						
Grundy Productions SA de CV		**100.0**	F		100.0	F
Netherlands*						
Blue Circle BV (*formerly RTL 4 Productions BV*)		**99.7**	F		99.7	F
FremantleMedia (Netherlands) BV	(14)	**100.0**	F	(14)	100.0	F
FremantleMedia Operations BV	(14)	**100.0**	F	(14)	100.0	F
FremantleMedia Overseas Holdings BV		**100.0**	F		100.0	F
Grundy Endemol Productions VOF	(10)	**50.0**	P	(10)	50.0	P
Grundy International Holdings (I) BV		**100.0**	F		100.0	F
JOHO Services BV	(21)	**–**	NC	(6)	24.9	E
Sports Rights Acquisition BV	(21)	**–**	NC	(6)	24.9	E
Poland*						
FremantleMedia Polska Sp. zo.o.		**100.0**	F		100.0	F
Sportfive SP Zoo (*formerly UFA Sports SP Zoo*)	(21)	**–**	NC	(6)	24.9	E
Portugal*						
Fremantle Producoes TV SA		**100.0**	F		100.0	F
Russia*						
Fremantle Productions LLC		**100.0**	F		100.0	F
Singapore*						
Fremantle Productions Asia Pte Ltd		**100.0**	F		100.0	F

Content	Note	Group's ownership 2007	Consolidated method (1)	Note	Group's ownership 2006	Consolidated method (1)
Spain*						
Fremantle de Espana SL	(9)	**95.0**	F	(9)	95.0	F
Grundy Producciones SA		**100.0**	F		100.0	F
UFA Sports Iberia SL	(21)	**–**	NC	(6)	24.9	E
Sweden*						
FremantleMedia Sverige AB		**75.0**	F		–	
Switzerland*						
Grundy Schweiz AG		**65.0**	F		65.0	F
Sportfive International Sàrl	(21)	**–**	NC	(6)	24.9	E
Turkey*						
FremantleMedia TV Film Yapim		**100.0**	F		100.0	F
Sportfive Turkey Ltd Sirketi	(21)	**–**	NC	(6)	24.7	E
UK*						
Active Sports Marketing Ltd	(21)	**–**	NC	(6)	24.9	E
Alomo Productions Ltd	(16)	**100.0**	F	(16)	100.0	F
Clement/La Fresnais Productions Ltd	(16)	**100.0**	F	(16)	100.0	F
Eurowide Television Ltd (*formely Channel Three Ltd*)	(16)	**100.0**	F	(16)	100.0	F
Fox Sport Ltd	(21)	**–**	NC	(6)	24.9	E
Fremantle (UK) Productions Ltd		**100.0**	F		100.0	F
FremantleMedia Ltd		**100.0**	F		100.0	F
FremantleMedia Group Ltd	(12)	**100.0**	F	(12)	100.0	F
FremantleMedia Overseas Ltd		**100.0**	F		100.0	F
FremantleMedia Services Ltd (*formerly Little Pond Television Ltd*)		**100.0**	F		100.0	F
RTL Group Systems Ltd		**100.0**	F		–	
Select TV Ltd	(16)	**100.0**	F	(16)	100.0	F
Somerford Brooke Productions Ltd (*formerly Little Pond Television Ltd*)	(16)	**100.0**	F	(16)	100.0	F
Sport Rights Acquisitions Ltd (*formerly Sport+ UK Ltd*)	(21)	**–**	NC	(6)	24.9	E
Sportfive International Ltd	(21)	**–**	NC	(6)	24.9	E
Talkback (UK) Productions Ltd		**100.0**	F		100.0	F
Talkback Productions Ltd	(18)	**100.0**	F	(18)	100.0	F
Talkback Thames Ltd (*formerly Not Any Old Radio Commercials Ltd*)	(18)	**100.0**	F	(18)	100.0	F
Thames Television Holdings Ltd		**100.0**	F		100.0	F
Thames Television Ltd	(19)	**100.0**	F	(19)	100.0	F
United World Television Ltd (*formerly Select TV International Ltd*)	(20)	**–**	NC	(16)	100.0	F
Witzend Productions Ltd	(16)	**100.0**	F	(16)	100.0	F

Content	Note	Group's ownership 2007	Consolidated method (1)	Note	Group's ownership 2006	Consolidated method (1)
USA*						
All American Entertainment Inc	(13)	**100.0**	F	(13)	100.0	F
All American Music Group	(13)	**100.0**	F	(13)	100.0	F
Allied Communications Inc		**100.0**	F		100.0	F
American Idols Productions Inc	(13)	**100.0**	F	(13)	100.0	F
Feudin' Productions Inc	(13)	**100.0**	F	(13)	100.0	F
Fremantle Goodson Inc	(13)	**100.0**	F	(13)	100.0	F
Fremantle International Inc	(13)	**100.0**	F	(13)	100.0	F
Fremantle Merchandising Inc	(13)	**100.0**	F	(13)	100.0	F
Fremantle Productions Inc	(13)	**100.0**	F	(13)	100.0	F
Fremantle Productions Latin America Inc		**100.0**	F		100.0	F
Fremantle Productions North America Inc	(13)	**100.0**	F	(13)	100.0	F
FremantleMedia Holdings Inc	(20)	**–**	NC		100.0	F
FremantleMedia Licensing Inc	(9)	**100.0**	F	(9)	100.0	F
FremantleMedia North America Inc (*formerly Pearson Television Inc*)	(13)	**100.0**	F	(13)	100.0	F
Good Games Live Inc	(13)	**100.0**	F	(13)	100.0	F
Good Games Productions Inc	(20)	**–**	NC	(13)	100.0	F
Grundy Music Services Inc	(20)	**–**	NC	(13)	100.0	F
Kickoff Productions Inc	(13)	**100.0**	F	(13)	100.0	F
LBS Communications Inc	(13)	**100.0**	F	(13)	100.0	F
Little Pond Television Inc	(13)	**100.0**	F	(13)	100.0	F
Mark Goodson Productions LLC	(13)	**100.0**	F	(13)	100.0	F
MG Productions Inc	(13)	**100.0**	F	(13)	100.0	F
OTL Productions Inc	(13)	**100.0**	F	(13)	100.0	F
Reg Grundy Productions Holdings Inc	(13)	**100.0**	F	(13)	100.0	F
Reg Grundy Productions Inc	(20)	**–**	NC	(13)	100.0	F
Sportfive USA LLC	(21)	**–**	NC	(6)	24.9	E
Terrapin Communications Inc	(20)	**–**	NC	(13)	100.0	F
Terrapin Productions Inc	(13)	**100.0**	F	(13)	100.0	F
The Baywatch Productions Company	(13)	**100.0**	F	(13)	100.0	F
The Price is Right Productions Inc	(13)	**100.0**	F	(13)	100.0	F
Thumbdance LLC		**50.0**	P		50.0	P
Tick Tock Productions Inc	(13)	**100.0**	F	(13)	100.0	F

Broadcasting Radio

	Note	Group's ownership 2007	Consolidated method (1)	Note	Group's ownership 2006	Consolidated method (1)
Belgium*						
Cobelfra SA		**44.1**	F		44.1	F
Contact SA		**49.8**	P		49.8	P
Contact Vlaanderen NV		**42.1**	P		42.1	P
Inadi SA		**44.1**	F		44.1	F
IP Plurimédia SA		**65.8**	F		65.8	F
Joker FM SA		**44.1**	F		44.1	F
Radio Belgium Holding SA		**44.1**	F		44.1	F
France*						
Ediradio SA		**99.7**	F		99.7	F
ID (Information et Diffusion) Sàrl		**99.7**	F		99.7	F
IP France SA		**99.7**	F		99.7	F
IP Régions SA		**99.7**	F		99.7	F
RTL Fun Développement Sàrl		**99.7**	F		99.7	F
SCP Sàrl		**99.7**	F		99.7	F
SERC SA		**99.7**	F		99.7	F
Sodera SA		**99.7**	F		99.7	F
Germany*						
AH Antenne Hörfunksender GmbH & Co. KG		**53.8**	E		53.3	E
Antenne Mecklenburg – Vorpommern GmbH & Co. KG		**25.4**	E		25.4	E
Antenne Niedersachsen Gesch. GmbH & Co. KG		**35.9**	E		35.9	E
Antenne Sachsen Hörfunks- und Versorgungs GmbH		**69.2**	F		68.4	F
AVE Gesellsch. für Hörfunkbeteiligungen GmbH		**99.7**	F		99.7	F
AVE I Vermögensverwaltungs- gesellschaft mbH & Co. KG		**49.7**	E		49.7	E
AVE II Vermögens- verwaltungsgesellschaft		**99.7**	F		99.7	F
AVE V GmbH		**99.7**	F		99.7	F
AVE VI KG		**49.7**	E		49.7	E
BCS Broadcast Sachsen GmbH & Co. KG		**38.1**	E		37.6	E
Neue Spreeradio Hoerfunk- gesellschaft mbH		**99.7**	F		33.7	E
Radio Center Berlin GmbH		**99.7**	F		99.7	F
Radio Hamburg GmbH & Co. KG		**29.1**	E		29.1	E
Radio Systems GmbH		**99.7**	F		99.7	F
RB Blauen GmbH		**42.0**	E		42.0	E
RTL Radio Berlin GmbH		**99.7**	F		99.7	F
RTL Radio Deutschland GmbH		**99.7**	F		99.7	F
RTL Radio Vermarktungs GmbH & Co. KG		**99.7**	F		99.7	F
UFA Programmgesellschaft in Bayern mbH		**99.7**	F		99.7	F
Netherlands*						
Radio 538 BV		**73.4**	F			
RTL FM BV (*formerly Holland FM BV*)	(21)	**–**	NC		99.7	F

Others

	Note	Group's ownership 2007	Consolidated method (1)	Note	Group's ownership 2006	Consolidated method (1)
Belgium*						
Audiomedia Investments Bruxelles SA		**100.0**	F		100.0	F
TVI Interactions SA (*formerly TVI Editions SA*)		**65.8**	F		65.8	F
France*						
Société Immobilière Bayard d'Antin SA		**99.7**	F		99.7	F
Germany*						
RTL Group Central & Eastern Europe GmbH		**99.7**	F		99.7	F
RTL Group Deutschland GmbH		**99.7**	F		99.7	F
RTL Group Vermögensverwaltungs GmbH (*formerly Darpar 128 GmbH*)		**100.0**	F		100.0	F
Luxembourg*						
B. & C.E. SA		**99.7**	F		99.7	F
CLT-UFA SA		**99.7**	F		99.7	F
IP Luxembourg Sàrl		**99.7**	F		99.7	F
Media properties Sàrl		**99.7**	F		–	
RTL Group Central & Eastern Europe SA		**99.7**	F		99.7	F
RTL Group Germany SA		**99.7**	F		99.7	F
UK*						
CLT-UFA Holdings Ltd		**99.7**	F			
CLT-UFA UK Radio Ltd		**99.7**	F		99.7	F
CLT-UFA UK Television Ltd		**99.7**	F		99.7	F

**Country of incorporation*

(1) *M: parent company*
F: full consolidation
P: proportionate
E: equity accounting
NC: not consolidated
(2) *Groupe M6*
(3) *Five 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 Group*
(11) *FremantleMedia Australia Group*
(12) *FremantleMedia Central Group*
(13) *FremantleMedia North America Group*
(14) *FremantleMedia Productions Netherlands Group*
(15) *Grundy Organisation (Holdings) Group*
(16) *Select TV Group*
(17) *Start Television Produktions Group*
(18) *Talkback Productions Group*
(19) *Thames Television Group*
(20) *Company absorbed by a company of the Group*
(21) *Company sold*
(22) *Company liquidated*
(23) *Ren TV Group*
(24) *Media Capital Group*

About RTL Group

The leading European entertainment network

With 42 television channels and 32 radio stations in ten countries, RTL Group is the leading European entertainment network. The Luxembourg-based media group operates TV channels and radio stations in Germany, France, Belgium, the Netherlands, the UK, Luxembourg, Spain, Russia, Hungary and Croatia. It is one of the world's leading producers of television content such as talent and game shows, drama, daily soaps and telenovelas, including *Pop Idol, Got Talent, The X Factor, Good Times – Bad Times, Family Feud* and *The Bill.*

The company history dates back to 1931 when the Compagnie Luxembourgeoise de Radiodiffusion (CLR) was founded. As a European pioneer, the company broadcast a unique programme in several languages using the same frequency. RTL Group itself was created in spring 2000 following the merger of Luxembourg-based CLT-UFA and the British content production company Pearson TV, owned by UK media group Pearson plc. CLT-UFA itself was created in 1997 when Bertelsmann AG – shareholder of UFA, and Audiofina – shareholder of the historic Compagnie Luxembourgeoise de Télédiffusion (CLT) – merged their TV, radio and TV production businesses.

In July 2001, Bertelsmann became majority shareholder of RTL Group following a stock swap with the Belgian-Canadian holding company Groupe Bruxelles Lambert (GBL). In December 2001, Bertelsmann entered into an agreement with Pearson plc to acquire its 22 per cent stake in RTL Group. Bertelsmann's interest in RTL Group is now 90.3 per cent. The remaining 9.7 per cent of RTL Group is publicly traded on the Brussels and Luxembourg stock exchanges.

The business units

Television: RTL Group is Europe's largest broadcaster. Each day, over 200 million viewers all over Europe watch RTL Group's television channels, including RTL Television, RTL II, Super RTL, N-TV and Vox in Germany; M6 in France; RTL-TVI and Club RTL in Belgium; RTL 4, RTL 5 and RTL 7 in the Netherlands; Five in the UK; RTL Klub in Hungary; Ren TV in Russia; and RTL Televizija in Croatia.

Content: RTL Group's content production arm, FremantleMedia, is one of the largest international producers outside the US. Each year it produces over 10,000 hours of award-winning primetime programming across 55 countries. RTL Group is also one of the world's leading independent distributors outside the US, with rights to 19,000 hours of programming in 150 countries worldwide.

Radio: RTL Group's flagship radio station is RTL in France. The company also owns, or has interests in, other stations in France, Germany, Belgium, the Netherlands, Spain and Luxembourg, reaching millions of listeners each day.

Group strategy

RTL Group's strategy can be categorised into three main areas. The first is development and strengthening of the 'family of channels' concept. We firmly believe this is the solution to the accelerated fragmentation of audiences, being driven by the increasing digital multi-channel presence. As part of this strategy we have launched a number of digital channels with clearly defined profiles, including W9 in France, Five US and Five Life in the UK, and three digital pay channels – Passion, RTL Crime and RTL Living – in Germany. Most recently, in autumn 2007, RTL Radio France launched two new digital radio stations, RTL L'Equipe and RTL Autrement.

Our second goal is to grow our non-advertising revenue streams through diversification activities and our production business. Our long-term aim is to generate 50 per cent of our total revenue from sources other than advertising.

FremantleMedia plays a key role for RTL Group and we want to grow the business significantly across all markets. Content is vital for today's broadcasting industry, and growth prospects are excellent as 'can't afford to miss' content becomes ever more valuable in the digital age. New ways of distribution – online, mobile, linear or on demand – need exciting content to justify their existence.

As both a content company and a brand company, the digital world offers many opportunities for new business models. Several RTL Group companies have content or channel distribution agreements with mobile operators, and we are involved in DVB-H trials across Europe. Online, we have, or are developing, video on demand platforms in all countries with significant broadband penetration. Our group companies are also increasingly present in digital entertainment. We already provide a broad range of services, including online games, community, and dating, plus user-generated content exchange platforms.

Our final goal is to explore geographical expansion, especially in fast-growing, emerging markets. We currently operate in ten countries and would like to further develop in central, eastern and southern Europe. At the same time we will assess opportunities in our existing portfolio as they arise.

RTL Group's three-pillar strategy

Our strategy	Rationale
Build families of channels	To counter increasing fragmentation of TV markets
Diversify revenue	To decrease dependence on advertising markets
Expand geographically	To achieve a balanced portfolio

Credits

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6-10: Paul Schirnhofer
14: Simon Fowler / Sony BMG
15: RTL Television, CBS / Action Press / Everett Collection Inc.
16: RTL Group
17: Jan Riephoff / Agentur Focus, Intro
18: RTL Televizija
19: John Wright / Five
20-21: Gabrielle Revere / Sony BMG, NBC Universal Inc., RTL Group, Ken McKay / Rex Features, Abox
22: RTL Radio France
23: Gregoire Elodie / Gamma, Super RTL, Antena 3
24-25: Henrik Spohler
26: M6
27: Twentieth Century Fox, Eric Robert / M6
28: Ralf U. Heinrich / Action Press, mdr / UFA / Stefan Falke
29: ARD / Degeto / Conny Klein, Europe Press Photos / Action Press, UFA
30-31: hana / Datacraft / Getty Images, Emmanuel Scorcelletti / Gamma
32: Five
33: Channel 4, RTL II / NBC / Dean Hendler, RTL Televizija
34: RTL Group
35: Lee Mills / Pixathlon, Paul Schirnhofer
36: Vox / Granada / Michael Festag, Vox / Granada / Sabrina Petzgen, Vox / Frank W. Hempel
37: Timothy White, Vox / VP / JM, Vox / Bernd-Michael Maurer, Vox / Stephan Pick
38: M6, Ren TV
39: RTL Group
40-41: Dave Hogan / Getty Images
42: Franziska Krug / Action Press, André C. Hercher / UFA, picture-alliance / Eva Schroewig
43: Kevin Winter / Getty Images, Steve Granitz / WireImage, Carlos Alvarez / Getty Images
44: Franziska Krug / Action Press, RTL Television
45: Franziska Krug / Action Press
46: Domine Jerome / Gamma / Hachette Photos Presse, Jeffrey Mayer / WireImage
47: Reynaers Philip / Photonews / Gamma / Eyedea Presse, Jean-Yves Limet / RTL-TVI
62-63: Ray Mickshaw / American Idol / Getty Images for Fox
64: Stefan Gregorowius / Action Press, Philippe Carly / RTL-TVI, Gary Moyes/Comic Relief Ltd, obs / Picture-Alliance
65: Télévie
66: RTL Group
67: Andres Peiro Palmer / iStockphoto, Paul Schirnhofer
70-73: Paul Schirnhofer
78-81: RTL Group, Paul Schirnhofer
82: Kevork Djansezian / AP Photo

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Five-year summary

	2007 €m	2006 €m	2005 €m	2004 €m	2003 €m
Revenue	5,707	5,640	5,115	4,878	4,452
– of which net advertising sales	3,615	3,418	3,149	3,016	2,706
Other operating income	71	86	103	118	76
Consumption of current programme rights	(2,048)	(1,968)	(1,788)	(1,607)	(1,501)
Depreciation, amortisation and impairment	(213)	(217)	(219)	(233)	(335)
Other operating expense	(2,689)	(2,764)	(2,518)	(2,495)	(2,201)
Amortisation and impairment of goodwill and fair value adjustments on acquisitions of subsidiaries and joint ventures	(142)	(14)	(16)	(13)	(317)
Gain/(loss) from sale of subsidiaries, joint ventures and other investments	76	207	1	(18)	3
Profit from operating activities	**762**	**970**	**678**	**630**	**177**
Share of results of associates	60	72	63	42	(4)
Earnings before interest and taxes (“EBIT”)	**822**	**1,042**	**741**	**672**	**173**
Net interest income/(expense)	(4)	2	(11)	(25)	(35)
Financial results other than interest	26	33	2	(19)	(20)
Profit before taxes	**844**	**1,077**	**732**	**628**	**118**
Income tax income/(expense)	(170)	34	(116)	(196)	(95)
Profit for the year	**674**	**1,111**	**616**	**432**	**23**
Attributable to:					
RTL Group shareholders	563	890	537	366	14
Minority interest	111	221	79	66	9
Profit for the year	**674**	**1,111**	**616**	**432**	**23**
EBITA	**898**	**851**	**758**	**709**	**487**
Amortisation and impairment of goodwill (incl. disposal group) and fair value adjustments on acquisitions of subsidiaries and joint ventures	(152)	(14)	(16)	(13)	(317)
Amortisation of fair value adjustments on acquisitions of associates	–	(2)	(2)	(6)	–
Gain/(loss) from sale of subsidiaries, joint ventures and other investments	76	207	1	(18)	3
Earnings before interest and taxes (“EBIT”)	**822**	**1,042**	**741**	**672**	**173**
Earnings per share (in €)					
– Basic	3.67	5.79	3.50	2.38	0.09
– Diluted	3.67	5.79	3.50	2.38	0.09
Ordinary dividend per share	1.30	1.20	1.05	0.95	0.80
Extraordinary dividend per share	3.70	1.80	–	–	–
Dividends paid (€million)	774	464	163	146	123
Average number of full-time equivalent employees	8,894	8,788	8,771	8,221	7,465
Net assets (€million)	6,431	6,151	5,348	4,862	4,268
Net cash/(debt) (€million)	1,059	734	267	246	(298)

Fully consolidated profit centres at a glance

Germany: television and radio	**2007 €m**	2006 €m	2005 €m	2004 €m	2003 €m
Revenue	**1,983**	1,965	1,858	1,826	1,877
EBITA	**336**	301	244	262	261

France: television	**2007 €m**	2006 €m	2005 €m	2004* €m	2003 €m
Revenue	**1,357**	1,410	1,270	1,145	570
EBITA	**237**	249	229	207	100

** M6 has been fully consolidated from February 2004*

FremantleMedia: content	**2007 €m**	2006 €m	2005 €m	2004 €m	2003 €m
Revenue	**1,132**	1,128	947	866	819
EBITA	**131**	125*	104	101	68

** Restated*

UK: television	**2007 €m**	2006 €m	2005* €m	2004 €m	2003 €m
Revenue	**499**	466	370	276	250
EBITA	**10**	(1)	36	18	9

** Five has been fully consolidated from September 2005*

Netherlands: television and radio	**2007 €m**	2006 €m	2005 €m	2004 €m	2003 €m
Revenue	**408**	350	358	338	327
EBITA	**85**	70	46	39	25

Belgium: television and radio	**2007 €m**	2006 €m	2005 €m	2004 €m	2003 €m
Revenue	**210**	186	174	167	148
EBITA	**49**	34	28	26	28

France: radio	**2007 €m**	2006 €m	2005 €m	2004 €m	2003 €m
Revenue	**190**	198	198	207	208
EBITA	**33**	33	37	43	41

Luxembourg: television, radio and technical services	**2007 €m**	2006 €m	2005 €m	2004 €m	2003 €m
Revenue	**86**	79	110	125	–
EBITA	**1**	1*	16	5	–

** Restated*

Croatia: television	**2007 €m**	2006 €m	2005 €m	2004 €m	2003 €m
Revenue	**48**	44	38	14	–
EBITA	**2**	0	(8)	(19)	–

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In late 2006 **Leona Lewis** won the TV talent show *The X Factor* (produced by FremantleMedia). Within one year she has become an international pop star.