

RTL Group S.A.
Société Anonyme

Audited annual accounts
for the year ended
December 31, 2005

45, boulevard Pierre Frieden
L-1543 Luxembourg
R.C.S. Luxembourg: B 10 807

RTL Group S.A.

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Directors' report

I. OVERVIEW

2005 was a successful year for RTL Group. RTL Group (consolidated) generated a total revenue of EUR 5 115 million (2004: EUR 4 878 million), an EBITA of EUR 758 million (2004 restated: EUR 709 million) and a net profit of EUR 537 million (2004: EUR 366 million).

The main strategic developments were as follows:

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

Consistently with past years, RTL Group S.A. has continued to centralise financing and treasury functions of the Group through a central foreign currency risk management and cash pooling arrangements with Group subsidiaries and joint ventures. Furthermore, RTL Group S.A. has two major investments in CLT-UFA S.A. (99.70% of the share capital) and in FremantleMedia S.A. (100% of the share capital).

The profit of RTL Group S.A. for the year 2005 was EUR 76 million (2004: EUR 76 million), reflecting mainly:

- Dividends received from subsidiaries (EUR 66 million);
- Operating charges (EUR 34 million);
- Net interest income on amounts owed by / due to affiliated undertakings (EUR 40 million);
- Net exchange gain (EUR 7 million);
- Value adjustments on financial assets (EUR 6 million).

Change in presentation of the annual accounts

Following the enforcement of the law dated on December 19, 2002 on the Register of Commerce and the annual accounts of commercial companies, which come into effect in January 2005, 2004 financial statements have been restated in order to allow comparatives.

II. SUMMARY INCOME STATEMENT

In EUR million	2005	2004
Income		
Operating income	4	4
Financial income ⁽¹⁾	131	192
Extraordinary income	<u>3</u>	<u>151</u>
Total income	138	347
Charges		
Operating charges ⁽²⁾	34	32
Financial charges ⁽³⁾	24	219
Extraordinary charges	<u>4</u>	<u>20</u>
Total charges	62	271
Profit for the financial year	<u>76</u>	<u>76</u>

⁽¹⁾ Financial income includes mainly:

- Interest on amounts owed by affiliated undertakings and on cash pooling arrangements for a total amount of EUR 53 million;
- Dividends received from subsidiaries (mainly CLT-UFA Holding S.A., Grundy International Operations Ltd) for a total amount of EUR 66 million;
- A net exchange gain of EUR 7 million.

⁽²⁾ Operating charges include staff costs of EUR 14 million, general and administrative expenses of EUR 17 million and a net wealth tax charge of EUR 3 million.

⁽³⁾ Financial charges include mainly:

- Interest on amounts owed to affiliated undertakings and on cash pooling arrangements for a total amount of EUR 17 million;
- Value adjustments on shares in affiliated undertakings of EUR 6 million.

III. TREASURY SHARES

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

By resolution of the Annual General Meeting of the shareholders of RTL Group held on April 18, 2001, the Board of Directors of the Company was authorized for a period of fifteen months from the date of such shareholders' meeting, to acquire an aggregate number of shares of RTL Group not exceeding the maximum 10% allowed under the Luxembourg law of August 10, 1915 applicable to commercial companies. The acquisition price was set between EUR 40 as a minimum and 105% of the average of the market price on the shares of RTL Group on the London Stock Exchange during the five last days preceding the acquisition as a maximum. At a Board meeting held on January 8, 2002, the Board of Directors resolved that the Company would not purchase any RTL Group shares at a price exceeding EUR 44.

As at December 31, 2005, the Company does not directly hold any own shares (December 31, 2004: nil) and 1 168 701 own shares (December 31, 2004: 1 168 701) are held indirectly through the Company's subsidiaries.

IV. SIGNIFICANT LITIGATION

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 July 8, 2003, the Luxembourg Civil Court rejected the claim of the minority shareholders. The judgement was appealed. This litigation is still pending in the Luxembourg Court of Appeal, a judgement being expected in the first half of 2006. RTL Group believes that whatever the outcome of that litigation it should not have any direct impact on the Group, because it has not been a party to that transaction and its involvement is limited to solely entering any transfer of shares into the shareholders register.

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

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

IV. SIGNIFICANT LITIGATION (Cont.)

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

Group companies are parties to other litigations, which are disclosed in the consolidated financial statements of the Company.

V. PROFIT APPROPRIATION

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

If the General Meeting of Shareholders accepts this proposal, RTL Group will distribute for the financial year 2005 a total dividend of EUR 162 526 932.

March 14, 2006

The Board of Directors

Board of Directors

Non-Executive Directors

Dr. Siegfried Luther, Chairman

Martin Taylor¹, Vice Chairman and Chairman of Nomination and Compensation Committee

Gérald Frère

Lutz Glandt (resigned on September 28, 2005)

Jocelyn Lefebvre

Dr. Thomas Rabe, appointed on December 6, 2005 (effective on January 1st, 2006)

Dr. Onno Ruding¹, Chairman of Audit Committee

Gilles Samyn

Jacques Santer¹

Rolf Schmidt-Holtz (resigned on February 10, 2006)

Erich Schumann (resigned on September 28, 2005)

Dr. Gunter Thielen

Dr. Ewald Walgenbach

Executive Director

Gerhard Zeiler (Chief Executive Officer)

Auditors

PricewaterhouseCoopers, Luxembourg

¹Independent Director

Report of the Statutory Auditor

To the Shareholders
RTL Group S.A.

We have audited the annual accounts of RTL Group S.A. for the year ended December 31, 2005 and have read the related Directors' report. These annual accounts and the Directors' report are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these annual accounts based on our audit and to check the consistency of the Directors' report with them.

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

In our opinion, the attached annual accounts give, in conformity with the Luxembourg legal and regulatory requirements, a true and fair view of the financial position of RTL Group S.A. as of December 31, 2005 and of the results of its operations for the year then ended.

The Directors' report is in accordance with the annual accounts.

PricewaterhouseCoopers S.à r.l.
Réviseur d'entreprises
Represented by

Luxembourg, March 14, 2006



Pascal Rakovsky

RTL Group S.A.

Balance sheet as at December 31, 2005

(expressed in euro)

	Note	2005 EUR	2004 EUR
ASSETS			
Fixed assets			
- intangible assets		796 494	122 766
- tangible assets		251 566	256 659
- financial assets .			
. shares in affiliated undertakings	3	6 184 133 947	6 181 626 173
. amounts owed by affiliated undertakings	5	1 493 882 992	1 182 754 893
. other financial assets	4	<u>43 546 542</u>	<u>61 650 293</u>
		7 722 611 541	7 426 410 784
Current assets			
- debtors (becoming due and payable within one year)			
. amounts owed by affiliated undertakings	5, 6	909 316 137	839 898 517
. other debtors	7	4 255 487	218 305 604
- cash at bank, cheques and cash in hand		<u>153 309 390</u>	<u>26 905 691</u>
		1 066 881 014	1 085 109 812
Prepayments and accrued income		<u>106 562 143</u>	<u>166 650 248</u>
Total assets		<u>8 896 054 698</u>	<u>8 678 170 844</u>

The accompanying notes form an integral part of these annual accounts.

RTL Group S.A.

Balance sheet as at December 31, 2005

(expressed in euro)

	Note	2005 EUR	2004 EUR
LIABILITIES			
Capital and reserves	8		
- subscribed capital		191 900 551	191 900 551
- share premium account		5 782 185 577	5 782 185 577
- legal reserve	9	19 190 054	19 190 054
- other reserves		7 071 800	7 071 800
- gains which are temporarily not taxable	2.3.6	10 143 435	10 143 435
- profit brought forward		1 750 511 835	1 821 392 713
- profit for the financial year		<u>76 051 681</u>	<u>76 167 298</u>
		7 837 054 933	7 908 051 428
Provisions for liabilities and charges			
- provisions for pensions and similar obligations	12	2 093 111	1 731 005
- other provisions		-	<u>750 000</u>
		2 093 111	2 481 005
Creditors (becoming due and payable within one year)			
- amounts owed to affiliated undertakings	11	771 855 103	305 801 388
- shareholder's loans	10	12 397 148	311 155 615
- other creditors		19 829 108	17 914 796
- bank overdraft		<u>156 149 868</u>	<u>18 082 430</u>
		960 231 227	652 954 229
Accruals and deferred income		<u>96 675 427</u>	<u>114 684 182</u>
Total liabilities		<u>8 896 054 698</u>	<u>8 678 170 844</u>

The accompanying notes form an integral part of these annual accounts.

RTL Group S.A.

Profit and loss account for the year ended December 31, 2005 (expressed in euro)

	Note	2005 EUR	2004 EUR
CHARGES			
Staff costs	12		
- wages and salaries		13 112 019	9 235 604
- social security costs		<u>608 888</u>	<u>572 100</u>
		13 720 907	9 807 704
Other operating charges	13	16 662 550	17 815 046
Value adjustments in respect of financial assets			
- on shares in affiliated undertakings	3	5 596 000	171 240 000
- on other financial assets	4	<u>-</u>	<u>659 904</u>
		5 596 000	171 899 904
Interest payable and similar charges			
- concerning affiliated undertakings	14	17 182 448	28 176 231
- other interest payable and similar charges		111 846	128 935
- other financial charges	15	2 081 731	5 076 405
- exchange loss, net	19	<u>-</u>	<u>13 811 173</u>
		19 376 025	47 192 744
Extraordinary charges	20	3 609 901	19 693 088
Taxes other than income taxes	22	3 273 795	3 877 789
Profit for the financial year		<u>76 051 681</u>	<u>76 167 298</u>
Total charges		<u>138 290 859</u>	<u>346 453 573</u>

The accompanying notes form an integral part of these annual accounts.

RTL Group S.A.

Profit and loss account for the year ended December 31, 2005 (expressed in euro)

	Note	2005 EUR	2004 EUR
INCOME			
Other operating income			
- income from the recharge of services <i>including amounts receivable from affiliated undertakings</i>	16	4 277 823	3 743 298
		<u>4 277 823</u>	<u>3 743 298</u>
		4 277 823	3 743 298
Income from affiliated undertakings			
- dividend income	18	<u>66 194 829</u>	<u>97 979 285</u>
		66 194 829	97 979 285
Interest receivable and similar income			
- derived from affiliated undertakings	17	53 486 907	93 324 718
- other interest receivable and similar income		3 156 172	140 125
- other financial income		1 396 233	618 152
- exchange gain, net	19	<u>6 797 527</u>	<u>-</u>
		64 836 839	94 082 995
Extraordinary income	21	<u>2 981 368</u>	<u>150 647 995</u>
Total income		<u>138 290 859</u>	<u>346 453 573</u>

The accompanying notes form an integral part of these annual accounts.

RTL Group S.A.

Notes to the annual accounts as at December 31, 2005

Note 1 - General

RTL Group S.A. (the "Company" or "RTL Group") was incorporated as a "société anonyme" on December 30, 1972 under the name of Compagnie Luxembourgeoise pour l'Audio-Visuel et la Finance, abbreviated to "Audiofina". The Articles of Association were published in the "Recueil Spécial C des Sociétés et Associations" on March 27, 1973, under the number 52. They were modified on several occasions, the last one being on April 17, 2002. The Company is formed for an unlimited period.

On July 25, 2000, the name of the Company was changed to RTL Group.

The registered office of the Company is established at 45, boulevard Pierre Frieden, L-1543 Luxembourg.

The Company's financial year starts on January 1st and ends on December 31st of each year.

The purpose of the Company is national and international development in the audiovisual, communication and information sectors and all related technologies. The Company can also take holdings through granting of loans, merging, subscription or other form of investment in any company, undertaking, association or other legal entity, existing or to be constituted, whatever its form or nationality, having a purpose which is similar or complementary to that of the Company. The Company can undertake any commercial, industrial or financial operation linked directly or indirectly to its purpose or of such a nature that it facilitates or favours its realisation. The Company may also undertake any action useful or necessary, for the accomplishment of its purpose.

The Company also prepares consolidated financial statements, which are published according to the provisions of the law.

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

Note 2 - Summary of significant accounting policies

2.1 Basis of preparation

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements. The books and records are maintained in euro ("EUR") and the annual accounts have been prepared in accordance with the valuation rules and accounting policies described below.

RTL Group S.A.

Notes to the annual accounts as at December 31, 2005

2.2 Comparative figures

Following the enforcement of the law dated on December 19, 2002 on the Register of Commerce and the annual accounts of commercial companies, which come into effect in January 2005, 2004 financial statements have been restated in order to allow comparatives.

2.3 Significant accounting policies

The main valuation rules applied by the Company are the following:

2.3.1 Fixed assets

Intangible assets are stated at cost less accumulated depreciation. They comprise EDP software amortised on a straight-line basis over their estimated useful life of 3 years.

Tangible assets are stated at cost less accumulated depreciation. Depreciation is recognised on a straight-line basis over the estimated useful lives of the tangible assets.

Shares in affiliated undertakings are recorded at acquisition cost in the balance sheet. A value adjustment is made when there is a permanent diminution in their value.

Amounts owed by affiliated undertakings are recorded at their nominal value in the balance sheet. When the recoverable value is lower than the nominal value, a value adjustment is recorded.

Other financial assets are recorded at acquisition cost or nominal value in the balance sheet. When the market value or the recoverable value is lower than the acquisition cost or nominal value, a value adjustment is recorded.

2.3.2 Current debtors

Current debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made ceased to apply.

2.3.3 Foreign currency translation

The Company maintains its accounts in euro and both the balance sheet and profit and loss account are expressed in this currency.

Transactions in foreign currencies are recorded at the rate of exchange ruling on the transaction date. With the exception of fixed assets, all assets and liabilities denominated in foreign currencies are converted at the rate of exchange ruling at the balance sheet date. Related realised and unrealised gains as well as realised and unrealised losses are recognised in the profit and loss account.

RTL Group S.A.

Notes to the annual accounts as at December 31, 2005

2.3.4 Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, including most notably exposures to USD and GBP. For the Group as a whole, cash flow, net income and net worth are optimised by reference to EUR. Foreign exchange risk faced by individual Group companies, however, are managed or hedged against the functional currency of the relevant entity.

Group Treasury periodically collects from the Group companies forecasts of foreign currency exposures arising from signed output deals and programme rights in order to monitor the Group's overall foreign currency exposure. Entities exposed to foreign currency risk are responsible for hedging their exposures in accordance with the Treasury policies approved by the Board. Companies in the Group use forward contracts, transacted with Group Treasury, to hedge their exposure to foreign currency risk. Group Treasury is responsible for hedging the net position in each currency by using external foreign currency derivative contracts.

The foreign currency management policy of the Group is to hedge 100 per cent of the recognised monetary foreign currency exposures arising from cash, receivables, payables, loans and borrowings denominated in currencies other than EUR.

Within this framework, RTL Group enters into foreign currency derivative contracts with banking institutions (external) and with Group subsidiaries (internal).

Unrealised losses and gains resulting from the revaluation of the foreign currency derivative contracts (internal and external) are recognised in the profit and loss account with a counterpart in the balance sheet in, respectively, "Accruals and deferred income" and "Prepayments and accrued income".

2.3.5 Cash pooling arrangements

In order to optimize cash management, RTL Group has implemented a cash pooling policy to centralise the Group liquid funds:

- the local cash pooling includes the majority of the Luxembourg subsidiaries. This is an automated cash pooling with a local banking institution. The conditions of the loans/borrowings are determined on an arm's length basis and based on specific risks linked to each Group company. The basis rate is EONIA adjusted for a margin (from -0.25% to -0.40% on credit margin and from +0.50% to +0.75% on debit margin);
- the European cash pooling comprises the following Group companies: Bayard d'Antin (France), CLT-UFA S.A. (Luxembourg), TVI S.A. (Belgium), RTL Group Beheer B.V. (the Netherlands) and Audiomedia Investments S.A. (Belgium). The interest rate of loans/borrowings is based on EONIA adjusted for a margin reflecting the specific risks attached to the Group companies.

RTL Group S.A.

Notes to the annual accounts as at December 31, 2005

2.3.6 Gains which are temporarily not taxable

The account "Gains which are temporarily not taxable" (art. 54 LIR) includes the realised gains to be reinvested in the two years following the sale of fixed assets as well as the realised gains already reinvested for which tax relief has been received.

Note 3 - Shares in affiliated undertakings

Movements of the year are as follows:

	EUR
Acquisition cost as at December 31, 2004	12 000 594 372
Acquisitions	58 800
Write offs	<u>(3 512 756 402)</u>
Acquisition cost as at December 31, 2005	8 487 896 770
Value adjustments as at December 31, 2004	(5 818 968 199)
Write offs	3 520 801 376
Value adjustments for the year	<u>(5 596 000)</u>
Value adjustments as at December 31, 2005	(2 303 762 823)
Carrying value as at December 31, 2004	6 181 626 173
Carrying value as at December 31, 2005	6 184 133 947

3.1 Acquisitions

During the year 2005, the Company has acquired 294 shares in CLT-UFA S.A. for an amount of EUR 58 800 to individual shareholders.

3.2 Write offs

- Grundy Holdings B.V.:

Grundy Holdings B.V., a Group company, has been liquidated during the year 2005. As a consequence, the acquisition cost previously recorded in the accounts of the Company for an amount of EUR 958 639 788 has been written off. Simultaneously, the value adjustment recorded previously for EUR 958 639 788 has been also written off. Consequently, the liquidation of Grundy Holdings B.V. has no impact on the profit and loss account for the year, except for the liquidation proceeds amounting to EUR 300 637 (Note 21).

- CLT-UFA Holding S.A.:

CLT-UFA Holding S.A., a Group company, has been merged within the Company during the year 2005. Based on the merger agreement dated April 21, 2005, all operations of CLT-UFA Holding S.A. are considered to be accomplished as from January 31, 2005 by the Company. All assets and liabilities in the accounts of CLT-UFA Holding S.A. as at January 31, 2005 have been transferred in the accounts of the Company by cancellation of the participation in CLT-UFA Holding S.A. and by recognition of a merger adjustment amounting to EUR 1 694 653 172.

RTL Group S.A.

Notes to the annual accounts as at December 31, 2005

3.2 Write offs (cont.)

Since the main asset of CLT-UFA Holding S.A. consisted in 19 690 106 shares in CLT-UFA S.A. representing 99.70% of the share capital, the merger adjustment has been assigned to the carrying value of the investment in CLT-UFA S.A.. Consequently, the acquisition cost of the investment in CLT-UFA S.A. as at December 31, 2005 amounts to EUR 5 503 103 504 corresponding to:

- the initial carrying value in the books of CLT-UFA Holding S.A. (EUR 3 808 391 532);
- the merger adjustment (EUR 1 694 653 172);
- the acquisition cost of additional shares acquired in 2005 (EUR 58 800).

Simultaneously, the value adjustment recorded previously for EUR 2 562 161 588 has been written off.

3.3 Value adjustments for the year

As part of the review of the carrying value of the shares in affiliated undertakings,

- the carrying value of the investment in Grundy International Operations Ltd as at December 31, 2005 has been impaired for an amount of EUR 5 116 000 through a full value adjustment of the investment;
- the carrying value of the investment in Fremantle Productions Asia Ltd as at December 31, 2005 has been impaired for an amount of EUR 480 000 through a partial value adjustment.

3.4 Carrying value

The carrying value of the shares held in affiliated undertakings as at December 31, 2005 is as follows:

	Country	Number of shares	% interest	2005 Acquisition cost EUR	2005 Value adjustments for the year EUR	2005 Value adjustments for previous years EUR	2005 Carrying value EUR	2004 Carrying value EUR
CLT-UFA Holding S.A.	Luxembourg	-	-	-	-	-	-	5 494 999 730
CLT-UFA S.A.	Luxembourg	19 690 400	99.70	5 503 103 504	-	-	5 503 103 504	-
RTL UK unlimited	United Kingdom	999	99.99	999	-	-	999	999
Audiomedia Investments S.A.	Belgium	402 499	43.62	9 962 444	-	-	9 962 444	9 962 444
FremantleMedia S.A.	Luxembourg	15 507	100	1 830 149 349	-	(1 177 149 349)	653 000 000	653 000 000
Grundy Holdings (Netherlands) B.V.	The Netherlands	40	100	1 136 017 474	-	(1 121 017 474)	15 000 000	15 000 000
Grundy Holdings B.V.	The Netherlands	-	-	-	-	-	-	-
FremantleMedia (Australia) Pty Ltd	Australia	2 042 805	100	2 367 000	-	-	2 367 000	2 367 000
Grundy International Operations Ltd	Netherlands Antilles	10 000	100	5 116 000	(5 116 000)	-	-	5 116 000
Fremantle Productions Asia Ltd	Hong Kong	14 999 999	100	1 180 000	(480 000)	-	700 000	1 180 000
				<u>8 487 896 770</u>	<u>(5 596 000)</u>	<u>(2 298 166 823)</u>	<u>6 184 133 947</u>	<u>6 181 626 173</u>

RTL Group S.A.

Notes to the annual accounts as at December 31, 2005

Note 4 - Other financial assets

As at December 31, 2005, other financial assets include long-term deposits with financial institutions for EUR 43 546 542 (2004: EUR 47 824 057) and shares for EUR nil (2004: EUR 13 826 236).

Note 5 - Amounts owed by affiliated undertakings (fixed assets)

The amounts owed by affiliated undertakings recorded in fixed assets are detailed as follows:

- a loan facility of EUR 1 090 000 000 granted to CLT-UFA Holding S.A. in 2004 and assigned to CLT-UFA S.A. in 2005, as a result of the merger of CLT-UFA Holding S.A. into the Company. This loan bears no interest and its maturity date is December 28, 2035;
- advances of USD 27 000 000 (EUR 22 537 563) and USD 97 235 305 (EUR 81 165 196) granted to FremantleMedia North America Inc., bearing interest respectively at 4.85% and 6.045% and with maturity date March 31, 2006 and May 31, 2009. The interest accrued on the two advances at December 31, 2005 amounts to EUR 1 257 484. The advance of USD 27 000 000 has been classified as fixed assets as the maturity date of March 31, 2006 is expected to be extended after December 31, 2006;
- a loan of GBP 203 672 288 (EUR 300 180 233) granted to Channel 5 Television Group Limited bearing interest at Libor 3 months + 2.5% and with maturity date September 2, 2014. The interest accrued on the loan at December 31, 2005 amounts to EUR 7 003 173.

Note 6 - Amounts owed by affiliated undertakings (current assets)

6.1 Advances and loans to Group companies

The advances and loans granted to Group companies are detailed as follows:

- an advance of GBP 131 024 690 (EUR 193 109 344) granted to FremantleMedia Ltd, bearing interest at 5.079% and with maturity date August 28, 2006. The interest accrued on the advance at December 31, 2005 amounts to EUR 3 528 465;
- a call account of EUR 28 647 granted to Soparad Holding S.A. bearing no interest and without maturity date;
- an advance of ZAR 6 014 398 (EUR 779 408) granted to Fremantle Productions Pty, bearing interest at 7.66% and with maturity date January 21, 2006. The interest accrued on the advance at December 31, 2005 amounts to EUR 72 709;

RTL Group S.A.

Notes to the annual accounts as at December 31, 2005

6.1 Advances and loans to Group companies (cont.)

- a loan of JPY 71 480 842 (EUR 513 364) granted to Fremantle Japan KK bearing interest at 1.589% and with maturity date March 22, 2006. The interest accrued on the loan at December 31, 2005 amounts to EUR 227;
- a loan of USD 1 (EUR 1) granted to FremantleMedia North America Inc.. This loan was acquired from RTL Group Verwaltungs und Holding GmbH on July 1, 2003, representing claims on interest. In 2005, RTL Group has received interest for a total amount of USD 10 830 864 (EUR 9 265 826) which has been recorded in "Interest receivable and similar income" (Note 17). As at December 31, 2005, all claims on interest due by FremantleMedia North America Inc. have been received by RTL Group.

Total interest income on the advances and loans granted to Group companies during the year amounts to EUR 23 409 919 (Note 17).

6.2 Cash pooling arrangements

As part of the cash pooling arrangements described in note 2.7, RTL Group has, as at December 31, 2005, receivable balances with Group companies for a total amount of EUR 703 023 316. The interest accrued at December 31, 2005 amounts to EUR nil.

Total interest income on cash pooling arrangements during the year amounts to EUR 18 750 811 (Note 17).

Note 7 - Other debtors

As at December 31, 2005, other debtors include:

	2005	2004
	EUR	EUR
- Current deposit with Bertelsmann AG	-	208 593 101
- Others	<u>4 255 487</u>	<u>9 712 503</u>
	<u>4 255 487</u>	<u>218 305 604</u>

In June 2004, RTL Group entered into a loan agreement with no maturity with its parent company, Bertelsmann AG. The interest rate was the daily Euro overnight rate. As at December 31, 2005, the deposit has been fully reimbursed.

Total interest income on the current deposit during the year amounts to EUR 2 060 351 (Note 17).

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Notes to the annual accounts as at December 31, 2005

Note 8 - Shareholders' equity

8.1 Subscribed capital

As at December 31, 2005, the subscribed capital amounts to EUR 191 900 551 and is represented by 154 787 554 fully paid-up shares, with no nominal value.

8.2 Changes in shareholders' equity

The changes in shareholders' equity during the year is summarised in the table below:

	Subscribed capital	Share premium	Legal reserve	Other reserves	Gains which are temporarily not taxable	Profit brought forward	Dividend	Profit for the year
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
As at 31.12.2004	<u>191.900.551</u>	<u>5.782.185.577</u>	<u>19.190.054</u>	<u>7.071.800</u>	<u>10.143.435</u>	<u>1.821.392.713</u>	-	<u>76.167.298</u>
Allocation of 2004 results	-	-	-	-	-	76.167.298	-	(76.167.298)
Dividend distribution	-	-	-	-	-	(147.048.176)	147.048.176	-
Result for the year	-	-	-	-	-	-	-	<u>76.051.681</u>
As at 31.12.2005	<u>191.900.551</u>	<u>5.782.185.577</u>	<u>19.190.054</u>	<u>7.071.800</u>	<u>10.143.435</u>	<u>1.750.511.835</u>	<u>147.048.176</u>	<u>76.051.681</u>

Changes in shareholders' equity are explained by the allocation for the year ended December 31, 2004 by the Annual General Meeting of Shareholders held on April 20, 2005, which decided the allocation of the profit of the year for EUR (70 880 878) to the profit brought forward and the payment of a dividend of EUR 147 048 176.

Note 9 - Legal reserve

In accordance with Luxembourg company law, the Company is required to transfer a minimum of 5% of its net profit for each financial year to a legal reserve. This requirement ceases to be necessary once the balance on the legal reserve reaches 10% of the issued share capital. The legal reserve is not available for distribution to the shareholders.

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Notes to the annual accounts as at December 31, 2005

Note 10 – Shareholder’s loans

The shareholder’s loans include:

	2005	2004
	EUR	EUR
- shareholder’s loans - short term and interests (Notes 10.4 and 10.6)	<u>12 397 148</u>	<u>311 155 615</u>
	<u>12 397 148</u>	<u>311 155 615</u>

10.1 EUR 1 000 million euro-commercial paper programme

On May 30, 2001, RTL Group entered into a EUR 1 000 million euro-commercial paper programme (the “Programme”) under English law. Under the Programme, the Company can issue notes (the “Notes”), in series that can be interest bearing, index linked or sold at a discount to their face value. The Notes have a maturity of a minimum of 3 days and maximum of 364 days. The Notes can be issued in EUR, USD, GBP, CHF or JPY. The Programme is not listed.

As at December 31, 2005, the balance of the Programme amounts to EUR nil (2004: EUR nil) and the interest expense for the year amounts to EUR nil (2004: EUR nil).

10.2 EUR 600 million dematerialised treasury notes programme

On October 10, 2001, RTL Group entered into a EUR 400 million dematerialised treasury notes programme (the “Programme”) under Belgian law. Under the Programme, the Company can issue treasury notes (the “Notes”) up to an aggregate amount of EUR 400 million. The maturities of the Notes may be determined by the Company and the Notes may be denominated in EUR or any other currency of a country member of the Organisation for Economic Cooperation and Development (“O.E.C.D.”), subject to any applicable legal or regulatory restrictions. The Programme is not listed. The Programme has been subsequently increased to EUR 600 million in 2002.

As at December 31, 2005, the balance of the Programme amounts to EUR nil (2004: EUR nil) and the interest expense for the year amounts to EUR nil (2004: EUR nil).

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Notes to the annual accounts as at December 31, 2005

10.3 EUR 2 000 million euro medium term note programme

On November 5, 2001, RTL Group entered into a EUR 2 000 million euro medium term note programme (the "Programme") under English law. Under the Programme, the Company can issue notes (the "Notes"), in series that may be distributed by private or public placement and in each case on a syndicated or non syndicated basis. The maturities and denomination of the Notes may be determined by the Company, subject to any applicable legal or regulatory restrictions. The Programme is listed on the Luxembourg stock exchange.

As at December 31, 2005, the balance of the Programme and the interest expense for the year amounts to EUR nil (2004: EUR nil).

10.4 EUR 300 million loan agreement with Bertelsmann AG

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

The interest expense for the year amounts to EUR 4 972 985 (2004: EUR 16 128 600).

10.5 EUR 300 million Revolving Credit Facility granted by Bertelsmann AG

On November 5, 2002, RTL Group entered into a EUR 600 million Revolving Credit Facility (the "Facility") granted by Bertelsmann AG. The Facility is granted to RTL Group for the period from November 8, 2002 to August 31, 2006. The Facility bears interest at a rate per annum equal to the sum of the EURIBOR rate plus a 45 basis point margin. In December 2004, the Facility was reduced to EUR 300 million. In June 2005, the remaining Facility has been cancelled.

The interest expense for the year amounts to EUR nil (2004: EUR 356 635).

10.6 EUR 300 million Revolving Credit Facility granted by Bertelsmann AG

On November 5, 2002, RTL Group entered into a EUR 300 million Revolving Credit Facility (the "Facility") granted by Bertelsmann AG. The Facility has been granted to RTL Group initially for the period from November 8, 2002 to August 31, 2004. The term of the Facility has been extended to August 31, 2006. The Facility bears interest at a rate per annum equal to the sum of the EONIA rate plus a 25 basis point margin. The interest rate has been amended on December 1st, 2005 with a new 22 basis point margin over EONIA and rolled until December 1st, 2006. The Facility is renewable twice for another 365 days period. As at December 31, 2005, the balance of the Facility used by RTL Group amounts to EUR 12 126 000 (2004: EUR nil) and the interest accrued at December 31, 2005 amounts to EUR 271 148.

The interest expense for the year amounts to EUR 1 351 728 (2004: EUR 2 635 256).

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Notes to the annual accounts as at December 31, 2005

Note 11 - Amounts owed to affiliated undertakings

11.1 Short term advances and loans from Group companies

The short term advances and loans from Group companies are detailed as follows:

- a short term advance of EUR 797 055 granted by CLT-UFA UK Radio Ltd, bearing interest at 2.064% as at December 31, 2005. The interest accrued on the advance at December 31, 2005 amounts to EUR 3 417;
- a loan of EUR 15 157 500 granted by Grundy Holdings (Netherlands) B.V., bearing interest at 1.969% as at December 31, 2005. The interest accrued on the loan at December 31, 2005 amounts to EUR 71 297.

Total interest expense on the short term advances and loans from Group companies during the year amounts to EUR 342 964 (Note 14).

11.2 Cash pooling arrangements

As part of the cash pooling arrangements described in note 2.7, RTL Group has, as at December 31, 2005, payable balances with Group companies for a total amount of EUR 755 825 834. The interest accrued at December 31, 2005 amounts to EUR nil.

Total interest expense on cash pooling arrangements during the year amounts to EUR 10 514 771 (Note 14).

Note 12 - Personnel employed during the year

In 2005, the average number of employees of RTL Group is 66 employees (2004: 66), which are dedicated to corporate functions.

Until 2002, the employees of RTL Group and BCE S.A., a Group company registered in Luxembourg, have benefited from the rights and advantages foreseen by the CLT-UFA S.A. complementary pension plan. The provision for employees' pensions was therefore recorded in the books of CLT-UFA S.A.. Contributions and pension costs borne by CLT-UFA S.A. with regards to RTL Group and BCE S.A. employees were recharged to the related company accordingly.

As from January 1, 2003, each company records a provision for pensions on behalf of their own employees. As a consequence, the provision for pensions relating to RTL Group employees is now recorded in a separate balance sheet item. The total provision for pensions amounts to EUR 2 093 111 as at December 31, 2005 (EUR 1 731 005 as at December 31, 2004).

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Notes to the annual accounts as at December 31, 2005

Note 13 - Other operating charges

Other operating charges for 2005 include:

	2005	2004
	EUR	EUR
General expenses	13 458 240	14 686 147
Fees	2 395 214	2 228 899
Directors' fees	<u>809 096</u>	<u>900 000</u>
	<u>16 662 550</u>	<u>17 815 046</u>

Note 14 - Interest payable and similar charges concerning affiliated undertakings

Interest payable and similar charges concerning affiliated undertakings for 2005 include:

	2005	2004
	EUR	EUR
Interest on advances and loans from Group companies (Note 11.1)	342 964	748 700
Interest on cash pooling arrangements (Note 11.2)	10 514 771	8 307 040
Interest on shareholder's loan (short term) (Notes 10.4 and 10.6)	<u>6 324 713</u>	<u>19 120 491</u>
	<u>17 182 448</u>	<u>28 176 231</u>

Note 15 - Other financial charges

Other financial charges for 2005 include:

	2005	2004
	EUR	EUR
Bank fees	984 808	1 078 429
Commitment fees	682 319	1 650 171
Others	<u>414 604</u>	<u>2 347 805</u>
	<u>2 081 731</u>	<u>5 076 405</u>

As at December 31, 2005, the commitment fees correspond to unused credit facilities granted by Bertelsmann A.G..

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Notes to the annual accounts as at December 31, 2005

Note 16 - Income from the recharge of services

The amount of EUR 4 277 823 (2004: EUR 3 743 298) includes the recharging of certain operating charges to the Company's subsidiaries for administrative and management services for EUR 1 458 915 (2004: EUR 808 415), other transfers of charges for EUR 2 287 689 (2004: EUR 2 934 883) and reversal of other provisions for EUR 531 219.

Note 17 - Interest receivable and similar income derived from affiliated undertakings

Interest receivable and similar income derived from affiliated undertakings for 2005 includes:

	2005 EUR	2004 EUR
Interest on advances and loans to Group companies (Note 6.1)	23 409 919	54 488 054
Interest on cash pooling arrangements (Note 6.2)	18 750 811	25 925 840
Interest on current deposit (Note 7)	2 060 351	802 332
Others (Note 6.1)	<u>9 265 826</u>	<u>12 108 492</u>
	<u>53 486 907</u>	<u>93 324 718</u>

Note 18 – Dividend income

During the year 2005, RTL Group has received the following dividends:

	2005 EUR	2004 EUR
CLT-UFA Holding S.A.	65 371 807	50 136 155
Grundy Holdings (Netherlands) B.V.	-	21 600 000
Grundy Holdings B.V.	-	17 800 000
Grundy International Operations Ltd	794 487	-
Audiomedia Investments S.A.	-	3 944 490
Sportfive S.A.	-	3 004 640
RTL UK unlimited	28 535	1 250 000
Viventures	<u>-</u>	<u>244 000</u>
	<u>66 194 829</u>	<u>97 979 285</u>

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Notes to the annual accounts as at December 31, 2005

Note 19 - Exchange gain / (loss), net

Exchange gain / (loss), net for 2005 include:

	2005 EUR	2004 EUR
Realised foreign exchange losses	(317 236 820)	(563 873 919)
Realised foreign exchange gains	356 964 905	573 173 498
Unrealised foreign exchange losses on assets and liabilities and on foreign currency derivatives	(60 221 820)	(49 579 270)
Unrealised foreign exchange gains on assets and liabilities and on foreign currency derivatives	<u>27 291 262</u>	<u>26 468 518</u>
	<u>6 797 527</u>	<u>(13 811 173)</u>

Note 20 - Extraordinary charges

Extraordinary charges for 2005 include:

	2005 EUR	2004 EUR
Loss on disposal of the investment in Sportfive S.A.	-	19 251 953
Others	<u>3 609 901</u>	<u>441 135</u>
	<u>3 609 901</u>	<u>19 693 088</u>

Note 21 - Extraordinary income

Extraordinary income in 2005 includes:

	2005 EUR	2004 EUR
Reversal of value adjustment	-	150 000 000
Gain on disposal of other financial assets	766 617	-
Liquidation proceeds (Note 3.2)	300 637	-
Others	<u>1 914 114</u>	<u>647 995</u>
	<u>2 981 368</u>	<u>150 647 995</u>

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Notes to the annual accounts as at December 31, 2005

Note 22 - Taxes other than income taxes

Taxes other than income taxes in 2005 mainly include:

	2005 EUR	2004 EUR
Net wealth tax	3 182 557	3 314 240
Other taxes	<u>91 238</u>	<u>563 549</u>
	<u>3 273 795</u>	<u>3 877 789</u>

Note 23 - Tax status

The Company is subject in Luxembourg to the general tax regulations applicable to all companies.

As from January 1, 2002, the Company is part of a tax unity including other Luxembourg Group companies. Unused tax losses existing as at December 31, 2005, for the tax unity in Luxembourg amount to EUR 4 321 million. In the event that one or several Group companies would have taxable income, these companies will not record income tax charge (towards RTL Group), respectively RTL Group will not record income tax profit (towards the Group companies) as long as the tax unity will benefit from unused tax losses.

Note 24 - Commitments

24.1 Foreign currency derivative contracts

As at December 31, 2005, in accordance with the foreign currency management policy described in note 2.3.4, RTL Group has entered into foreign currency derivative contracts with banking institutions (external) and with Group companies (internal). The net foreign currency exposure resulting from the open contracts at year-end can be detailed as follows:

Currency	With banking institutions	With Group companies
AUD	4 965 000	(4 967 730)
CAD	555 000	(485 625)
GBP	316 720 330	(26 367 724)
HUF	125 860 950	(117 211 926)
JPY	71 481 000	-
PLN	3 000 000	-
USD	(800 847 936)	677 947 609
ZAR	6 356 000	-

In the table, the positive amounts correspond to a sale of the related currency (short position) and the negative amounts correspond to a purchase of the related currency (long position).

The residual exposure is explained by the hedging of receivables, payables, loans and borrowings denominated in currencies other than EUR in the accounts of RTL Group.

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Notes to the annual accounts as at December 31, 2005

Note 25 - Share Option Plan

On July 25, 2000, the Company established a share option programme for certain directors and employees of the Company and its subsidiaries.

All participants in the stock option plan (the "SOP") must be employed by RTL Group or one of its subsidiaries at the time of the grant of options under the SOP. The number of options granted to a participant under the SOP are at the discretion of a compensation committee, established to operate the SOP.

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.

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

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.

Movements in the number of share options are as follows:

In thousands of options	2005	2004
Options outstanding at January 1	217	241
Options issued during the year	-	-
Options exercised during the year	-	-
Options expired / cancelled during the year	(44)	(24)
Options outstanding at December 31	<u>173</u>	<u>217</u>

Share options outstanding at December 31, 2005 have the following terms:

Expiry date	Exercise price EUR	Number of options (in thousands)
2010	85.24	166
2010	120	6
2011	85.24	<u>1</u>
		<u>173</u>

The number of share options granted to the Directors of the Company during 2005 was 0 (2004: 0). The outstanding number of share options granted to the Directors of the Company as at December 31, 2005 was 11 500 (December 31, 2004: 11 500).

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Notes to the annual accounts as at December 31, 2005

Note 26 - Treasury shares

By resolution of the Annual General Meeting of the shareholders of RTL Group held on April 18, 2001, the Board of Directors of the Company was authorized for a period of fifteen months from the date of such shareholders' meeting, to acquire an aggregate number of shares of RTL Group not exceeding the maximum 10% allowed under the Luxembourg law of August 10, 1915 applicable to commercial companies. The acquisition price was set between EUR 40 as a minimum and 105% of the average of the market price on the shares of RTL Group on the London Stock Exchange during the five last days preceding the acquisition as a maximum. At a Board meeting held on January 8, 2002, the Board of Directors resolved that the Company would not purchase any RTL Group shares at a price exceeding EUR 44.

As at December 31, 2005, the Company does not held directly any own share (December 31, 2004: nil) and 1 168 701 own shares (December 31, 2004: 1 168 701) are held indirectly through Company's subsidiaries.

Note 27 - Significant litigation

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 July 8, 2003, the Luxembourg Civil Court rejected the claim of the minority shareholders. The judgement was appealed. This litigation is still pending in the Luxembourg Court of Appeal, a judgement being expected in the first half of 2006. RTL Group believes that whatever the outcome of that litigation it should not have any direct impact on the Group, because it has not been a party to that transaction and its involvement is limited to solely entering any transfer of shares into the shareholders register.

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

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

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

Group companies are parties to other litigations, which are disclosed in the consolidated financial statements of the Company.