

RTL Group S.A.
Société Anonyme

Audited annual accounts
for the year ended
December 31, 2004

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RTL Group S.A.

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Directors' report

I. OVERVIEW

2004 was a successful year for RTL Group. RTL Group (consolidated) generated a total revenue of EUR 4 878 million (2003: EUR 4 452 million), an EBITA of EUR 711 million (2003: EUR 487 million) and a net profit of EUR 367 million (2003: EUR 14 million).

The main strategic developments were as follows:

- The almost full exit of Suez from the shareholding of M6 and, as a consequence, the gain of control by RTL Group;
- The restructuring of the technical services division completed with the sale of the London Playout Centre;
- The partial sale of Sportfive, our sport rights trading business;
- The launch of RTL Televizja, a new television operation in Croatia;
- The acquisition of a strategic stake in Grupo Media Capital in Portugal;
- The further enhancement of the family of channels through the launch of Plug TV in Belgium, the acquisition by M6 of Paris Première in France and the launch of the digital channel "Traumpartner" in Germany by RTL Television.

The profit of RTL Group S.A. for the year 2004 was EUR 76 million (2003: profit of EUR 549 million), reflecting mainly:

- Dividends received from subsidiaries (EUR 98 million);
- Operating charges (EUR 32 million);
- Net interest income on amounts owed by / to affiliated undertakings (EUR 71 million);
- Net exchange loss (EUR 14 million);
- Value adjustments on financial assets (EUR 172 million);
- Reversal of value adjustments on financial assets (EUR 150 million);
- Capital loss realised on a sale of Sportfive's interests (EUR 20 million).

Change in presentation of the income statement

Where necessary, comparative figures have been reclassified to conform with changes in the current year presentation. In particular, as from January 1, 2004, the realised and unrealised exchange results are recorded for their net amount under the income statement line item "Exchange gain/(loss), net". The related amounts for the year ended December 31, 2003 have been reclassified accordingly from "Other financial income" and "Other financial charges" to "Exchange gain/(loss), net" (see Note 19 to the accounts).

II. SUMMARY INCOME STATEMENT

In EUR million	2004	2003
Income		
Operating income	4	5
Financial income	192	562
Extraordinary income	<u>151</u>	<u>90</u>
Total income	347	657
Charges		
Operating charges	32	32
Financial charges	47	72
Extraordinary charges	<u>192</u>	<u>4</u>
Total charges	271	108
Profit for the financial year	<u>76</u>	<u>549</u>

Financial income includes mainly:

- Interest on amounts owed by affiliated undertakings and on cash pooling arrangements for a total amount of EUR 80 million;
- Dividends received from subsidiaries (mainly CLT-UFA Holding S.A., Grundy Holdings (Netherlands) B.V., Grundy Holdings B.V.) and other financial assets for a total amount of EUR 98 million.

Extraordinary income includes the reversal of a value adjustment on the carrying value of CLT-UFA Holding S.A. of EUR 150 million.

Operating charges include staff costs for EUR 10 million, general and administrative expenses for EUR 18 million and a net wealth tax charge for EUR 4 million.

Financial charges include mainly:

- Interest on amounts owed to affiliated undertakings and on cash pooling arrangements for a total amount of EUR 9 million;
- Interest on shareholder's loans for EUR 19 million;
- A net exchange loss for EUR 14 million.

Extraordinary charges include mainly:

- A value adjustment on the carrying value of two subsidiaries, Grundy Holdings (Netherlands) B.V. and Grundy Holdings B.V., for a total amount of EUR 21 million;
- A value adjustment on the carrying value of FremantleMedia S.A. for an amount of EUR 150 million;
- A loss on disposal on shares in Sportfive S.A. of EUR 20 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, 2004, the Company does not held directly any own share (December 31, 2003: nil) and 1 168 701 own shares (December 31, 2003: 1 168 701) are held indirectly through 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 2005. RTL Group believes that whatever the outcome of that litigation it should not have any direct impact on the Group, because it has not been a party to that transaction and its involvement is limited to solely entering any transfer of shares into the shareholders register.

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

The minority shareholders dispute also the RTL Group resolution to apply for the de-listing of its shares from the London Stock Exchange. On 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 to re-list its 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 2005.

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 2004 of EUR 76 167 298 (2003: profit of EUR 549 264 009). Taking into account the profit carried forward as at December 31, 2004 of EUR 1 821 392 713, the share premium (EUR 5 782 185 577) and the profit for the year (EUR 76 167 298), the amount available for distribution is EUR 7 679 745 588. The Board of Directors recommends to the General Meeting of Shareholders on April 20, 2005 the distribution of a gross final dividend of EUR 0.95 per share (2003: EUR 0.80 per share).

If the General Meeting of Shareholders accepts this proposal, RTL Group will distribute for the financial year 2004 a total dividend of EUR 147 million.

March 9, 2005

The Board of Directors

Board of Directors

Executive Director

Gerhard Zeiler (Chief Executive Officer)

Non-Executive Directors

Dr. Siegfried Luther, appointed Chairman on December 9, 2004

Juan Abéllo Galló¹ (Chairman), resigned on December 9, 2004

Gérald Frère

Lutz Glandt

Jocelyn Lefebvre

Dr. Onno Ruding¹

Gilles Samyn

Jacques Santer¹, appointed on December 9, 2004

Rolf Schmidt-Holtz

Erich Schumann

Martin Taylor¹, appointed Vice Chairman on December 9, 2004

Dr. Gunter Thielen

Dr. Ewald Walgenbach

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, 2004 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, 2004 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 9, 2005



Pascal Rakovsky

RTL Group S.A.

Balance sheet as at December 31, 2004 (expressed in euro)

	Note	2004 EUR	2003 EUR
ASSETS			
Fixed assets			
- intangible assets		122 766	1 162 215
- tangible assets		256 659	187 967
- financial assets			
. shares in affiliated undertakings	3	6 181 626 173	7 292 866 173
. amounts owed by affiliated undertakings	5	1 090 000 000	168 000 000
. other financial assets	4	<u>61 650 293</u>	<u>-</u>
		7 333 655 891	7 462 216 355
Current assets			
- debtors			
. amounts owed by affiliated undertakings	6	932 653 410	1 200 675 543
. other debtors	7	218 305 604	10 957 484
- cash at bank, cheques and cash in hand		<u>26 905 691</u>	<u>6 936 097</u>
		1 177 864 705	1 218 569 124
Prepayments and accrued income		<u>166 650 248</u>	<u>145 836 329</u>
Total assets		<u>8 678 170 844</u>	<u>8 826 621 808</u>

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

RTL Group S.A.

Balance sheet as at December 31, 2004 (expressed in euro)

	Note	2004 EUR	2003 EUR
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	8		
- subscribed capital		191 900 551	191 900 551
- share premium		5 782 185 577	5 782 185 577
- reserves			
. legal reserve	9	19 190 054	19 190 054
. other reserves		7 071 800	7 071 800
- non-distributable reserve	2.8	10 143 435	10 143 435
- profit brought forward		<u>1 821 392 713</u>	<u>1 395 958 747</u>
		7 831 884 130	7 406 450 164
Provisions for liabilities and charges			
- provisions for pensions and similar obligations	12	1 731 005	1 358 976
- other provisions		<u>750 000</u>	<u>750 000</u>
		2 481 005	2 108 976
Creditors			
- amounts due after more than one year			
. shareholder's loans	10	-	300 000 000
- amounts due within one year			
. amounts owed to affiliated undertakings	11	305 801 388	241 231 443
. shareholder's loans	10	311 155 615	219 211 344
. other creditors, including tax and social security		17 914 796	14 444 348
. bank overdraft		<u>18 082 430</u>	<u>20 793 958</u>
		652 954 229	795 681 093
Accruals and deferred income		<u>114 684 182</u>	<u>73 117 566</u>
Profit for the year		<u>76 167 298</u>	<u>549 264 009</u>
Total shareholders' equity and liabilities		<u>8 678 170 844</u>	<u>8 826 621 808</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, 2004 (expressed in euro)

	Note	2004 EUR	2003 EUR
EXPENSES			
Operating charges			
- staff costs	12		
. wages, salaries and other employee benefit costs		9 235 604	16 888 284
. social security costs		572 100	492 052
- other operating charges	13	17 815 046	10 633 482
- taxes other than income taxes	22	<u>3 877 789</u>	<u>3 970 545</u>
		31 500 539	31 984 363
Financial charges			
- interest payable and similar charges including amounts payable to affiliated undertakings	14	28 305 166	68 117 794
		9 055 740	39 517 376
- other financial charges	15	5 076 405	4 079 654
- exchange loss, net	19	<u>13 811 173</u>	<u>-</u>
		47 192 744	72 197 448
Extraordinary charges			
- value adjustments on shares in affiliated undertakings	3	171 240 000	-
- value adjustments on other financial assets	4	659 904	3 505 800
- other extraordinary charges	20	<u>19 693 088</u>	<u>987 091</u>
		191 592 992	4 492 891
Profit for the year		<u>76 167 298</u>	<u>549 264 009</u>
Total expenses		<u>346 453 573</u>	<u>657 938 711</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, 2004 (expressed in euro)

	Note	2004 EUR	2003 EUR
INCOME			
Operating income			
- income from the recharge of services <i>including amounts receivable from affiliated undertakings</i>	16	3 743 298 <u>3 743 298</u> 3 743 298	5 345 888 <u>5 345 888</u> 5 345 888
Financial income			
- interest receivable and similar income <i>including amounts receivable from affiliated undertakings</i>	17	93 464 843 <u>80 413 894</u>	126 385 818 <u>121 261 099</u>
- other financial income	18	98 597 437	348 879 318
- exchange gain, net	19	<u>-</u>	<u>87 184 845</u>
		192 062 280	562 449 981
Extraordinary income			
- other extraordinary income	21	<u>150 647 995</u>	<u>90 142 842</u>
Total income		<u>346 453 573</u>	<u>657 938 711</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, 2004

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.

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

The purpose of the Company is national and international development in the audiovisual, communication and information sectors and all relating 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 is formed for an unlimited duration. It is registered with the Luxembourg Registration Office under the number B 10 807.

In conformity with the law of July 11, 1988 applicable to Commercial Companies, the Company prepares consolidated financial statements. These consolidated financial statements are available at the Company's registered office.

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 - Principal accounting policies

The principal accounting policies of the Company can be summarised as follows:

2.1 General principles

The annual accounts of RTL Group are prepared in accordance with current Luxembourg legal and regulatory requirements, in particular the law of August 10, 1915. 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, 2004

2.2 Comparative figures

Where necessary, comparative figures have been reclassified to conform with changes in the current year presentation. In particular, as from January 1, 2004, the realised and unrealised exchange results are recorded for their net amount under the income statement line item "Exchange gain/(loss), net". The related amounts for the year ended December 31, 2003 have been reclassified accordingly from "Other financial income" and "Other financial charges" to "Exchange gain/(loss), net" (Note 19).

2.3 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.

2.4 Current debtors

Current debtors are valued at their nominal value. When the estimated value at year-end is lower than the nominal value, a value adjustment is recorded.

2.5 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, 2004

2.6 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, "Accrued and deferred income" and "Prepayments and accrued income".

2.7 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 EURIBOR - 1 month adjusted for a margin (-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), UFA Film und Fernseh GmbH (Germany), 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 a market rate 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, 2004

2.8 Non-distributable reserve

The account "Non-distributable reserve" (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, 2003	13 090 594 372
Acquisitions	-
Disposals	<u>(1 090 000 000)</u>
Acquisition cost as at December 31, 2004	12 000 594 372
Value adjustments as at December 31, 2003	(5 797 728 199)
Reversal of value adjustments (note 21)	150 000 000
Value adjustments for the year	<u>(171 240 000)</u>
Value adjustments as at December 31, 2004	(5 818 968 199)
Carrying value as at December 31, 2003	7 292 866 173
Carrying value as at December 31, 2004	6 181 626 173

3.1 Disposals

On January 15, 2004, RTL UK unlimited has proposed to reduce its issued share capital from EUR 1 090 001 000 to EUR 1 000 by cancelling and extinguishing of 1 090 000 000 "A" ordinary shares. As consideration, RTL Group has received a repayment of the amount paid up, which has been satisfied by the assignment of a loan facility for EUR 1 090 000 000 granted to CLT-UFA S.A.. Furthermore, in December 2004, this loan has been reassigned to CLT-UFA Holding S.A. in exchange of a loan with similar terms (Note 5). As a result of this transaction, RTL Group owns 999 shares of RTL UK unlimited, representing 99.9% of the share capital.

3.2 Value adjustments

Grundy Holdings B.V. / Grundy Holdings (Netherlands) B.V.

As part of the restructuring of two Company's subsidiaries registered in the Netherlands, the following transactions have been completed in 2004:

a) Grundy Holdings B.V.:

On September 8, 2004, RTL Group received from Grundy Holdings B.V. a first dividend amounting to EUR 9 000 000 (Note 18). On November 18, 2004, RTL Group received from Grundy Holdings B.V. a second dividend amounting to EUR 8 800 000 (Note 18).

RTL Group S.A.

Notes to the annual accounts as at December 31, 2004

3.2 Value adjustments (cont.)

As a result of these dividend payments and the sale of most of its assets, Grundy Holdings B.V. has become a dormant company with no significant residual assets. As a consequence, RTL Group has recorded in 2004 a value adjustment on its investment in Grundy Holdings B.V. for an amount of EUR 8 880 000.

As at December 31, 2004, the participation in Grundy Holdings B.V. is fully written off.

b) Grundy Holdings (Netherlands) B.V.:

On June 14, 2004, RTL Group received from Grundy Holdings (Netherlands) B.V. a first dividend amounting to EUR 12 000 000 (Note 18). On October 13, 2004, RTL Group received from Grundy Holdings (Netherlands) B.V. a second dividend amounting to EUR 9 600 000 (Note 18).

As a result of these dividend payments and the sale of a significant portion of its assets, Grundy Holdings (Netherlands) B.V. has become a dormant company having only, as a remaining asset, a loan of EUR 15 157 500 granted to RTL Group (Note 11). As a consequence, RTL Group has recorded in 2004 a value adjustment on its investment in Grundy Holdings (Netherlands) B.V. for an amount of EUR 12 360 000.

As at December 31, 2004, the carrying value of the participation in Grundy Holdings (Netherlands) B.V. amounts to EUR 15 000 000.

CLT-UFA Holding S.A. / FremantleMedia S.A.

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

- the carrying value of FremantleMedia S.A. as at December 31, 2004 has been decreased for an amount of EUR 150 000 000 through an additional value adjustment;
- the carrying value of CLT-UFA Holding S.A. as at December 31, 2004 has been increased for the same amount through the partial reversal of previously recorded value adjustments.

RTL Group S.A.

Notes to the annual accounts as at December 31, 2004

3.3 Carrying value

The carrying value of the shares held in affiliated undertakings as at December 31, 2004 is as follows:

	Country	Number of shares	% interest	Acquisition cost EUR	Value adjustment EUR	2004 Carrying value EUR	2003 Carrying Value EUR
CLT-UFA Holding S.A.	Luxembourg	19 790 713	100	8 057 161 318	(2 562 161 588)	5 494 999 730	5 344 999 730
RTL UK unlimited Audiomedia	United Kingdom	999	99.99	999	-	999	1 090 000 999
Investments S.A.	Belgium	402 499	100	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	803 000 000
Grundy Holdings (Netherlands) B.V.	The Netherlands	40	100	1 136 017 474	(1 121 017 474)	15 000 000	27 360 000
Grundy Holdings B.V. FremantleMedia	The Netherlands	600	100	958 639 788	(958 639 788)	-	8 880 000
(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	-	1 180 000	1 180 000
				<u>12 000 594 372</u>	<u>(5 818 968 199)</u>	<u>6 181 626 173</u>	<u>7 292 866 173</u>

Note 4 - Other financial assets

As at December 31, 2003, RTL Group owned:

- 5 000 units A and 5 000 units B in the investment fund Viventures for a nil carrying value. These units are 100% paid-up;
- 20 000 units A (21% paid-up) and 20 000 units B (100% paid-up) in the investment fund Viventures 2 for a nil carrying value.

On November 26, 2004, pursuant to a settlement with the investment fund manager, RTL Group has sold its investments in Viventures and Viventures 2. As a result of the settlement, RTL Group is no longer exposed to future commitment towards the funds.

As at December 31, 2004, other financial assets include long-term deposits with financial institutions (EUR 47 824 057) and shares (EUR 13 826 236). A net loss of EUR 659 904 has been recorded to reflect the negative change in fair value of the other financial assets.

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

The amounts owed by affiliated undertakings recorded in fixed assets include a loan facility of EUR 1 090 000 000 granted to CLT-UFA Holding S.A., bearing no interest and with maturity date December 28, 2035.

RTL Group S.A.

Notes to the annual accounts as at December 31, 2004

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:

- advances of USD 27 000 000 (EUR 20 158 280) and USD 97 235 305 (EUR 72 596 613) granted to FremantleMedia North America Inc., bearing interest respectively at 2.33% and 6.045% and with maturity date March 31, 2005 and May 31, 2009. The interest accrued on the two advances at December 31, 2004 amounts to EUR 736 685;
- an advance of GBP 128 797 280 (EUR 186 770 998) granted to FremantleMedia Ltd, bearing interest at 4.37% and with maturity date August 28, 2005. The interest accrued on the advance at December 31, 2004 amounts to EUR 3 897 107;
- a call account of EUR 28 647 granted to Soparad Holding S.A. bearing no interest and without maturity date;
- an advance of ZAR 5 686 000 (EUR 741 011) granted to Fremantle Productions Pty, bearing interest at 11.30% and with maturity date January 21, 2005. The interest accrued on the advance at December 31, 2004 amounts to EUR 37 913;
- a current account of GBP 193 857 (EUR 281 115) granted to CLT-UFA UK Television Ltd, bearing no interest and without maturity date;
- a loan of USD 1 (EUR 1) granted to FremantleMedia North America Inc. was acquired from RTL Group Verwaltungs und Holding GmbH on July 1, 2003, representing claims on interest. In 2004, RTL Group has received interest for a total amount of USD 15 000 000 (EUR 12 108 492) which has been recorded in "Interest receivable and similar income" (Note 17).

Total interest income on the advances and loans granted to Group companies during the year amounts to EUR 54 488 054 (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, 2004, receivable balances with Group companies for a total amount of EUR 647 405 040. The interest accrued at December 31, 2004 amounts to EUR nil.

Total interest income on cash pooling arrangements during the year amounts to EUR 25 925 840 (Note 17).

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Notes to the annual accounts as at December 31, 2004

Note 7 – Other debtors

As at December 31, 2004, other debtors include:

	2004 EUR	2003 EUR
- Current deposit with Bertelsmann AG	208 593 101	-
- Others	<u>9 712 503</u>	<u>10 957 484</u>
	<u>218 305 604</u>	<u>10 957 484</u>

In June 2004, RTL Group entered into a loan agreement with no maturity with its parent company, Bertelsmann AG. The interest rate is the daily Euro overnight rate. As at December 31, 2004, the principal amounts to EUR 208 200 000 and interest accrued amounts to EUR 393 101.

Total interest income on the current deposit during the year amounts to EUR 802 332 (Note 17).

Note 8 - Shareholders' equity

8.1 Subscribed capital

As at December 31, 2004, the subscribed capital amounts to EUR 191 900 551 and is represented by 154 787 554 fully paid-up shares, with no nominal value.

The authorised share capital is EUR 195 738 563.

8.2 Changes in shareholders' equity

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

	Subscribed capital EUR	Share premium EUR	Legal reserve EUR	Other reserves EUR	Non- distributa- ble reserve EUR	Profit brought forward EUR	Dividend EUR	Result for the year EUR
As at 31.12.2003	<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>1 395 958 747</u>	-	<u>549 264 009</u>
Allocation of 2003 results	-	-	-	-	-	425 433 966	123 830 043	(549 264 009)
Result for the year	-	-	-	-	-	-	-	<u>76 167 298</u>
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>123 830 043</u>	<u>76 167 298</u>

Changes in shareholders' equity are explained by the allocation for the year ended December 31, 2003 by the Annual General Meeting of Shareholders held on April 21, 2004, which decided the allocation of the profit of the year for EUR 425 433 966 to the profit brought forward and the payment of a dividend of EUR 123 830 043.

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Notes to the annual accounts as at December 31, 2004

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.

Note 10 - Long term and short term borrowings

The long term and short-term borrowings include:

	2004	2003
	EUR	EUR
- shareholder's loans - long term (Note 10.4)	-	300 000 000
- shareholder's loans - short term and interests (Notes 10.4 and 10.6)	<u>311 155 615</u>	<u>219 211 344</u>
	<u>311 155 615</u>	<u>519 211 344</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, 2004, the balance of the Programme amounts to EUR nil (2003: EUR nil) and the interest expense for the year amounts to EUR nil (2003: 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, 2004, the balance of the Programme amounts to EUR nil (2003: EUR nil) and the interest expense for the year amounts to EUR nil (2003: EUR 3 569 243).

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Notes to the annual accounts as at December 31, 2004

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, 2004, the balance of the Programme and the interest expense for the year amount to EUR nil (2003: 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 is repayable in full by April 2005. The interest accrued at December 31, 2004 amounts to EUR 11 155 615.

The interest expense for the year amounts to EUR 16 128 600 (2003: 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 has been reduced to EUR 300 million. As at December 31, 2004, the balance of the Facility used by RTL Group amounts to EUR nil (2003: EUR nil) and the interest accrued at December 31, 2004 amounts to EUR nil.

The interest expense for the year amounts to EUR 356 635 (2003: EUR 7 024 614).

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, 2005. As at December 31, 2004, the balance of the Facility used by RTL Group amounts to EUR nil (2003: EUR 207 720 000) and the interest accrued at December 31, 2004 amounts to EUR nil.

The interest expense for the year amounts to EUR 2 635 256 (2003: EUR 1 700 017).

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Notes to the annual accounts as at December 31, 2004

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 GBP 128 681 (EUR 186 603) granted by IP Intermediation UK Ltd, bearing interest at 4.42% as at December 31, 2004. The interest accrued on the advance at December 31, 2004 amounts to EUR nil;
- a short term advance of EUR 1 046 911 granted by CLT-UFA UK Radio Ltd, bearing interest at 2.35% as at December 31, 2004. The interest accrued on the advance at December 31, 2004 amounts to EUR 3 967;
- a short term advance of EUR 587 558 granted by RTL UK unlimited, bearing interest at 2.35% as at December 31, 2004. The interest accrued on the advance at December 31, 2004 amounts to EUR 12 284;
- a loan of EUR 15 157 500 granted by Grundy Holdings (Netherlands) B.V., bearing interest at 1.96% as at December 31, 2004. The interest accrued on the loan at December 31, 2004 amounts to EUR 70 862.

Total interest expense on the short term advances and loans from Group companies during the year amounts to EUR 748 700 (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, 2004, payable balances with Group companies for a total amount of EUR 288 735 703. The interest accrued at December 31, 2004 amounts to EUR nil.

Total interest expense on cash pooling arrangements during the year amounts to EUR 8 307 040 (Note 14).

Note 12 - Personnel employed during the year

In 2004, the average number of employees of RTL Group is 66 employees (2003: 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.

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Notes to the annual accounts as at December 31, 2004

Note 12 - Personnel employed during the year (cont.)

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 1 731 005 as at December 31, 2004.

Note 13 - Other operating charges

Other operating charges for 2004 include:

	2004	2003
	EUR	EUR
General expenses	14 686 147	8 297 554
Fees	2 228 899	1 573 169
Directors' fees	<u>900 000</u>	<u>762 759</u>
	<u>17 815 046</u>	<u>10 633 482</u>

Note 14 - Interest payable and similar charges

Interest payable and similar charges for 2004 include:

	2004	2003
	EUR	EUR
Interest on advances and loans from Group companies (Note 11.1)	748 700	26 897 699
Interest on cash pooling arrangements (Note 11.2)	8 307 040	12 619 677
Interest on shareholder's loan (short term and long term) (Notes 10.4, 10.5 and 10.6)	19 120 491	24 853 231
Interest on short term borrowings (Note 10.2)	-	3 569 243
Others	<u>128 935</u>	<u>177 944</u>
	<u>28 305 166</u>	<u>68 117 794</u>

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Notes to the annual accounts as at December 31, 2004

Note 15 - Other financial charges

Other financial charges for 2004 include:

	2004	2003
	EUR	EUR
Bank fees	1 078 429	498 049
Commitment fees	1 650 171	1 220 991
Others	<u>2 347 805</u>	<u>2 360 614</u>
	<u>5 076 405</u>	<u>4 079 654</u>

As at December 31, 2004, the commitment fees correspond to unused credit facilities granted by Bertelsmann A.G..

Note 16 - Income from the recharge of services

The amount of EUR 3 743 298 (2003: EUR 5 345 888) includes the recharging of certain operating charges to the Company's subsidiaries for administrative and management services for EUR 808 415 (2003: EUR 3 207 722) and other transfers of charges for EUR 2 934 883 (2003: EUR 2 138 166).

Note 17 - Interest receivable and similar income

Interest receivable and similar income for 2004 includes:

	2004	2003
	EUR	EUR
Interest on advances and loans to Group companies (Note 6.1)	54 488 054	87 123 345
Interest on cash pooling arrangements (Note 6.2)	25 925 840	34 137 754
Interest on current deposit (Note 7)	802 332	-
Others (Note 6.1)	<u>12 248 617</u>	<u>5 124 719</u>
	<u>93 464 843</u>	<u>126 385 818</u>

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Notes to the annual accounts as at December 31, 2004

Note 18 - Other financial income

Other financial income for 2004 includes:

	2004	2003
	EUR	EUR
Dividends received from financial assets	97 979 285	348 878 330
Others	<u>618 152</u>	<u>988</u>
	<u>98 597 437</u>	<u>348 879 318</u>

During the year 2004, RTL Group has received the following dividends:

	2004	2003
	EUR	EUR
CLT-UFA Holding S.A.	50 136 155	220 000 000
RTL Group Beheer B.V.	-	128 840 000
Grundy Holdings (Netherlands) B.V. (Note 3)	21 600 000	-
Grundy Holdings B.V. (Note 3)	17 800 000	-
Audiomedia Investments S.A.	3 944 490	-
Sportfive S.A. (Note 20)	3 004 640	-
RTL UK unlimited	1 250 000	-
Viventures	<u>244 000</u>	<u>38 330</u>
	<u>97 979 285</u>	<u>348 878 330</u>

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Notes to the annual accounts as at December 31, 2004

Note 19 - Exchange gain / (loss), net

Exchange gain / (loss), net for 2004 include:

	2004 EUR	2003 EUR
Realised foreign exchange losses	(563 873 919)	(81 229 110)
Realised foreign exchange gains	573 173 498	44 859 706
Unrealised foreign exchange losses on assets and liabilities and on foreign currency derivatives	(49 579 270)	(21 669 086)
Unrealised foreign exchange gains on assets and liabilities and on foreign currency derivatives	<u>26 468 518</u>	<u>145 223 335</u>
	<u>(13 811 173)</u>	<u>87 184 845</u>

For the year ended December 31, 2003, the net exchange gain amounting to EUR 87 184 845 is mainly explained by the unrealised foreign exchange gains which are recognised in the profit and loss account for the first time in 2003 following a change in accounting policy described in the accounts for the year ended December 31, 2003.

Note 20 - Other extraordinary charges

Other extraordinary charges for 2004 include:

	2004 EUR	2003 EUR
Loss on disposal of the investment in Sportfive S.A.	19 251 953	-
Others	<u>441 135</u>	<u>987 091</u>
	<u>19 693 088</u>	<u>987 091</u>

By agreement dated March 31, 2004, RTL Group purchased from several of the previous shareholders 168 800 shares of the company Sportfive S.A. for an acquisition cost of EUR 30 017 508. The price was based on a formula agreed in 2001 as part of the agreement to form Sportfive S.A.. As at June 24, 2004, RTL Group sold the 168 800 shares held in Sportfive S.A. for total proceeds amounting to EUR 10 765 555, resulting in a loss on disposal amounting to EUR 19 251 953.

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Notes to the annual accounts as at December 31, 2004

Note 21 - Other extraordinary income

Other extraordinary income in 2004 includes:

	2004	2003
	EUR	EUR
Gain on disposal of RTL Beheer B.V.	-	81 222 000
Tax pooling income	-	5 443 157
Reversal of value adjustment (Note 3)	150 000 000	-
Others	<u>647 995</u>	<u>3 477 685</u>
	<u>150 647 995</u>	<u>90 142 842</u>

In July 2003, RTL Group sold to UFA Film und Fernseh GmbH, a Group company registered in Germany, its total investment in RTL Group Beheer B.V. (represented by 18 004 shares and with a carrying value of EUR 758 778 000) for a proceeds amounting to EUR 840 000 000. The capital gain amounted to EUR 81 222 000.

Note 22 – Taxes other than income taxes

Taxes other than income taxes in 2004 mainly include:

	2004	2003
	EUR	EUR
Net wealth tax	3 314 240	3 800 000
Other taxes	<u>563 549</u>	<u>170 545</u>
	<u>3 877 789</u>	<u>3 970 545</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, 2004, for the tax unity in Luxembourg amount to EUR 5 404 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.

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Notes to the annual accounts as at December 31, 2004

Note 24 - Commitments

24.1 Other commitments

Other commitments are as follows:

	2004 EUR million	2003 EUR million
Amounts not paid-up on securities (Note 4)	-	24

24.2 Foreign currency derivative contracts

As at December 31, 2004, in accordance with the foreign currency management policy described in note 2.6, 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	2 692 000	(4 847 739)
GBP	144 074 074	(40 795 267)
MXN	5 746 105	(5 746 105)
USD	(841 104 213)	830 256 099
ZAR	5 680 000	-

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.

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.

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Notes to the annual accounts as at December 31, 2004

Note 25 - Share Option Plan (cont.)

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	2004	2003
Options outstanding at January 1	241	391
Options issued during the year	-	-
Options exercised during the year	-	-
Options expired / cancelled during the year	<u>(24)</u>	<u>(150)</u>
Options outstanding at December 31	<u>217</u>	<u>241</u>

Share options outstanding at December 31, 2004 have the following terms:

Expiry date	Exercise price EUR	Number of options (in thousands)
2010	85.24	209
2010	120.00	6
2011	85.24	<u>2</u>
		<u>217</u>

The number of share options granted to the Directors of the Company during 2004 was 0 (2003: 0). The outstanding number of share options granted to the Directors of the Company as at December 31, 2004 was 11 500 (December 31, 2003: 11 500).

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, 2004, the Company does not held directly any own share (December 31, 2003: nil) and 1 168 701 own shares (December 31, 2003: 1 168 701) are held indirectly through Company's subsidiaries.

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Notes to the annual accounts as at December 31, 2004

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 2005. RTL Group believes that whatever the outcome of that litigation it should not have any direct impact on the Group, because it has not been a party to that transaction and its involvement is limited to solely entering any transfer of shares into the shareholders register.

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

The minority shareholders dispute also the RTL Group resolution to apply for the de-listing of its shares from the London Stock Exchange. On 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 to re-list its 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 2005.

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