

Auditors' report

To the Shareholders of RTL Group S.A.

We have audited the consolidated balance sheet of RTL Group S.A. and its subsidiaries (the "Group") as of 31 December 2005 and the related consolidated statements of income, cash flows and changes in equity for the year then ended as set out on pages 84 to 131 and have read the Directors' report. These consolidated financial statements and the Directors' report are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements, based on our audit, and to check the consistency of the Directors' report with them.

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

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

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

Luxembourg, 14 March 2006



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

Pascal Rakovsky



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

Philippe Meyer

PRICEWATERHOUSECOOPERS 



Consolidated income statement

for the year ended 31 December 2005

	Notes	2005 €m	2004* €m
Revenue	4.1	5,115	4,878
Other operating income		103	118
Consumption of current programme rights		(1,788)	(1,607)
Depreciation, amortisation and impairment		(219)	(233)
Other operating expense	4.2	(2,518)	(2,495)
Amortisation of fair value adjustments on acquisitions of subsidiaries and joint ventures		(16)	(13)
Gain/(loss) from sale of subsidiaries, joint ventures and other investments	4.3	1	(18)
Profit from operating activities		678	630
Share of results of associates	5.4	63	42
Earnings before interest and taxes ("EBIT")		741	672
Net interest expense	4.4	(11)	(25)
Financial results other than interest	4.5	2	(19)
Profit before taxes		732	628
Income tax expense	4.6	(116)	(196)
Profit for the year		616	432
Attributable to:			
RTL Group shareholders		537	366
Minority interest		79	66
Profit for the year		616	432
EBITA**		758	709
Amortisation of fair value adjustments on acquisitions of subsidiaries and joint ventures		(16)	(13)
Impairment of goodwill and amortisation of fair value adjustments on acquisitions of associates	5.4	(2)	(6)
Gain/(loss) from sale of subsidiaries, joint ventures and other investments		1	(18)
Earnings before interest and taxes ("EBIT")		741	672
Earnings per share (in €)			
– Basic	4.7	3.50	2.38
– Diluted	4.7	3.50	2.38

* Restated (see note 1.2.1)

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

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

Consolidated balance sheet

as at 31 December 2005

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

* Restated (see note 1.2.1)

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

Consolidated cash flow statement

for the year ended 31 December 2005

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

*Restated (see note 1.2.1)

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

Consolidated statement of changes in equity

for the year ended 31 December 2005

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

*Restated (see note 1.2.1)

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

Notes to the consolidated financial statements

1 Significant accounting policies

RTL Group S.A. (the "Company") is a company domiciled in Luxembourg. The consolidated financial statements of the Company for the year ended 31 December 2005 comprise the Company and its subsidiaries (together referred to as "the Group") and the Group's interest in associates and jointly controlled entities. RTL Group is the parent company of a multinational television, radio and production Group holding, directly or indirectly, investments in 702 companies. The list of the principal Group undertakings as at 31 December 2005 is set out in note 10.

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

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

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

1.1 Statement of compliance

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

1.2 Basis of preparation

1.2.1 Consolidated financial statements

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

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

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

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

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

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

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

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

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

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

- IFRS 6 “Exploration for and Evaluation of Mineral Resources” (effective from 1 January 2006);
- Amendments to IAS 19 “Employee Benefits, Actuarial Gains and Losses, Group Plans and Disclosures” (effective from 1 January 2006);
- Amendments to IAS 21 “The Effects of Changes in Foreign Exchange Rates, Net Investments in a Foreign Operation” (effective from 1 January 2006);
- Amendments to IAS 39 “Financial Instruments: Recognition and Measurement, Cash Flow Hedge Accounting of Forecast Intragroup Transactions” (effective from 1 January 2006);
- Amendments to IAS 39 “Financial Instruments: Recognition and Measurement, The Fair Value Option” (effective from 1 January 2006);
- Amendments to IAS 39 “Financial Instruments: Recognition and Measurement” and to IFRS 4 “Insurance Contracts, Financial Guarantee Contracts” (effective from 1 January 2006);
- IFRIC 4 “Determining whether an Arrangement contains a Lease” (effective from 1 January 2006);
- IFRIC 5 “Rights to Interests arising from Decommissioning, Restoring and Environmental Rehabilitation Funds” incorporating an amendment to IAS 39 (effective from 1 January 2006);
- IFRIC 7 “Applying the restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies” (effective 1 March 2006);
- IFRIC 8 “Scope of IFRS 2” (effective 1 May 2006);
- IFRS 7 “Financial Instruments: Disclosures” (effective 1 January 2007);
- Amendments to IAS 1 “Presentation of Financial Statements, Capital Disclosures” (effective 1 January 2007).

1.3 Principles of consolidation

1.3.1 Subsidiaries

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

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

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

1.3.2 Joint ventures

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

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

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

1.3.3 Associates

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

Notes to the consolidated financial statements continued

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

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

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

1.3.4 Transactions eliminated on consolidation

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

1.4 Foreign currency translation

1.4.1 Foreign currency transactions and balances

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

1.4.2 Financial statements of foreign operations

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

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

1.5 Derivative financial instruments and hedging activities

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

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

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

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

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

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

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

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

1.6 Current/non-current distinction

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

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

1.7 Intangible assets

1.7.1 Owned non-current programme and sport rights

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

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

1.7.2 Leases

Leases of programme and sport rights where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases. Assets held under finance leases, and the related obligations, are recognised on the balance sheet at the lower of their fair value and the present value of minimum lease payments at the inception of the lease, less accumulated amortisation and impairment losses. Such assets are amortised like similar assets acquired in straightforward purchases (see note 1.7.1). Each lease payment is allocated between the liability and finance charge so as to achieve a constant rate on the outstanding finance balance. The corresponding lease obligations, net of finance charges, are included in loans payable. The interest element of the finance charge is charged to the income statement over the lease period.

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

1.7.3 Goodwill

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

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

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

1.7.4 Other intangible assets

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

Licences:	8 to 20 years
Software:	maximum 3 years

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

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

1.8 Property, plant and equipment

1.8.1 Owned assets

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

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

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

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

Notes to the consolidated financial statements continued

1.8.2 Leases

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

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

1.8.3 Subsequent expenditure

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

1.9 Loans and investments

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

All non-current and current investments have been categorised as available-for-sale assets. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale and are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

All purchases and sales of non-current and current investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the asset. Cost of purchase includes transaction costs. Available-for-sale investments are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of available-for-sale investments are included, net of deferred income tax, in "Revaluation reserve" in equity in the period in which they arise.

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

Fixed term deposits with an original term of more than 90 days are presented under "Marketable securities and other short-term investments" and are stated at cost.

1.10 Current programme rights

Current programme rights are initially recognised at acquisition cost or Group production cost when the Group controls, in substance, the respective assets and the risks and rewards attached to them.

Current programme rights include programmes in progress, (co)productions as well as rights acquired with the primary intention to be broadcast or sold in the normal course of the Group's operating cycle. Current programme rights are stated at the lower of cost and net realisable value. Net realisable value represents management assessment of rights that are likely to be broadcast. They are consumed based on either the expected number of transmissions or expected revenues in order to match the costs of consumption with the benefits received. The rates of consumption applied for broadcasting rights are the following:

- Blockbusters (films resulting in a large amount of cinema tickets), "mini-series" (mainly own productions with a large budget), other films, series, TV movies and (co)productions are consumed over a maximum of 2 transmissions as follows: at least 67 per cent upon the first transmission, with the remainder upon the second transmission;
- Soaps, in-house productions, quiz and game shows, sports and other events, documentaries and music shows are fully consumed upon the first transmission;
- Children's programmes and cartoons are consumed over a maximum of 2 transmissions as follows: at least 50 per cent upon the first transmission, with the remainder upon the second transmission.

1.11 Accounts receivable

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

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

1.12 Cash and cash equivalents

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

Bank overdrafts are included within current liabilities.

1.13 Impairment of non financial assets

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

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

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

1.14 Impairment of financial assets

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

1.15 Accounts payable

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

1.16 Loans payable

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

1.17 Provisions

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

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

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

1.18 Employee benefits

1.18.1 Pension benefits

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

Pension costs and obligations relating to defined benefit plans are recognised based on the projected unit credit method. Actuarial gains and losses arising from the periodical assessments of the actuaries are recognised to the extent that they exceed 10% of the higher of the plan assets and the projected benefit obligation. The amount exceeding this "corridor" is amortised over the estimated average remaining service lives of the employees concerned.

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

Notes to the consolidated financial statements continued

1.18.2 Other benefits

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

1.18.3 Equity compensation benefits

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

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

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

1.19 Share capital

1.19.1 Equity transaction costs

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

1.19.2 Treasury shares

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

1.19.3 Dividends

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

1.20 Revenue presentation and recognition

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

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

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

1.21 Interest income/expense

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

1.22 Income tax

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

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

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

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

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

1.23 Earnings per share

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

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

1.24 Segment reporting

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

1.25 Non-current assets held for sale

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

2 Segment reporting

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

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

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

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

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

Business segments

The Group comprises the following main business segments:

Television:

RTL Group's television segment comprises interests in 34 free-to-air television channels in 11 countries and a range of technical services, covering broadcasting and transmission as well as production and post-production.

Content:

RTL Group produces programmes for television covering a wide range of genres, from action adventure and science fiction to game shows and drama series, situation comedies and sports. The content segment is divided into three parts: production, distribution and sport rights. Production comprises the production of original programmes for broadcasters; distribution comprises the distribution of programme rights made by RTL Group or acquired/licensed from third-party producers; and sport rights comprises the distribution of television rights and marketing rights (including of advertising space, tickets and merchandise) for sports events with a focus on soccer.

Radio:

RTL Group's commercial radio segment comprises interests in 32 radio stations in 7 countries.

Geographical segments

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

Notes to the consolidated financial statements continued

2.1 Business segments

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

2.2 Geographical segments

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

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

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

Notes to the consolidated financial statements continued

3 Acquisitions and disposals

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

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

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

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

2005

Five Group

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

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

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

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

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

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

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

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

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

Mistergooddeal

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

2004

M6 Group

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

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

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

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

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

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

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

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

The application of IFRS 3 at the time the Group obtained the control of M6, but without the acquisition of a controlling stake in M6, led to the adjustment of the previously recognised goodwill

arising from prior transactions to exclude the intangible assets that would have been recognised separately if IFRS 3 had been applied at the date of the prior transactions. The related adjustment amounts to €35 million.

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

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

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

Paris Première

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

RTL Hrvatska (formerly RTL Croatia)

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

3.3 Assets and liabilities acquired

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

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

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

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

Notes to the consolidated financial statements continued

3.4 Cash outflow/(inflow) on acquisitions

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

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

3.5 Assets and liabilities disposed of

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

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

3.6 Cash inflow on disposals

The net assets disposed of are as follows:

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

4 Consolidated income statement

4.1 Revenue

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

4.2 Other operating expense

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

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

SPORTFIVE Group contributed in 2004 an amount of €114 million within the caption “External cost of live programmes” (see note 5.4.1).

4.2.1 Personnel costs

	2005 €m	2004 €m
Wages and salaries	601	555
Social security	130	123
Share options granted to employees	4	2
Pension costs	15	8
Other personnel costs	45	55
	795	743

Amounts set out above, exclude personnel costs of €174 million (2004: €156 million), that are capitalised and which represent costs of employees directly allocated to the production of programmes. Pension costs relate to defined contribution and benefit plans (see note 5.13).

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

	2005	2004
Employees of fully consolidated undertakings ¹	8,388	7,574
Employees of joint ventures ²	383	647
	8,771	8,221

¹of which 130 relate to disposal groups

²of which 244 relate to disposal groups

Employees of joint ventures reflect the number of employees based on the Group’s ownership in these joint ventures. The decrease in the number of employees in joint ventures is mainly due to the full acquisition of Five. Five is now reflected in the category “employees of fully consolidated undertakings”. In addition to the Five acquisition, “employees of fully consolidated undertakings” mainly increased due to expanding activities in Croatia and France.

4.3 Gain/(loss) from sale of subsidiaries, joint ventures and other investments

The “Gain/(loss) from sale of subsidiaries, joint ventures and other investments” mainly relates to the following:

2005

- Gain on sale of the investment in the Sud Radio associate €1 million

2004

- Loss on sale of the investment in the London Playout Centre subsidiary (transmission assets of FremantleMedia) €(5) million
- Loss on sale of the investment in the SPORTFIVE joint venture €(13) million

4.4 Net interest expense

	2005 €m	2004 €m
Interest income	22	22
Interest expense	(33)	(47)
	(11)	(25)

“Interest expense” includes an amount of €6 million (2004: €19 million) in respect of loans and facilities from Bertelsmann AG (see note 7.1).

4.5 Financial results other than interest

	2005 €m	2004 €m
Impairment losses and reversal of impairment on financial assets	(3)	–
Fair value changes on derivatives	–	(14)
Commitment fee on unused credit facilities (see note 7.1)	(1)	(2)
Other financial results	6	(3)
	2	(19)

“Fair value changes on derivatives” includes non-operating losses and gains on foreign exchange derivatives of €0 million (2004: €11 million).

4.6 Income tax expense

	2005 €m	2004 €m
Current tax expense	134	182
Deferred tax (income)/expense	(18)	14
	116	196

Notes to the consolidated financial statements continued

4.6 Income tax expense (continued)

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

	2005 €m	%	2004 €m	%
Profit before taxes	732		628	
Less:				
Impairment of goodwill	-		6	
Profit before impairment of goodwill	732		634	
Income tax rate applicable in Luxembourg		30.38		30.38
Tax calculated at domestic tax rate applicable to profits in Luxembourg	222		193	
Effects of tax rate in foreign jurisdictions and German trade tax	41		46	
Tax calculated at domestic tax rate applicable to profits in the respective countries	263	35.9	239	37.9
Change in tax regulation and status	-		2	
Non deductible expenses:				
- Capital losses	-		4	
- Other non deductible expenses	8		17	
Tax exempt revenue	(27)		(5)	
Recognition of deferred tax assets	-		(12)	
Effect of intercompany transactions	(84)		-	
Tax incentives not recognised in the income statement	-		(1)	
Non recognised tax assets	-		(6)	
Effect of tax losses utilised	(33)		(27)	
Tax expense before adjustment on prior years	127	17.3	211	33.2
Current tax adjustment on prior years	(28)		(7)	
Deferred tax adjustment on prior years	17		(8)	
Income tax expense	116	15.8	196	30.8

Tax exempt revenue mainly relates to the share of results of associates.

Effect of intercompany transactions results from the non compensating tax effect arising on transactions between Group companies.

Income tax adjustments on prior years comprise:

- 2005**
- €16 million of income tax received on tax relief in United Kingdom;
 - €12 million of income tax received mainly attributable to the tax audit conducted in the Netherlands and in Germany;
 - €17 million of deferred tax mainly attributable to the amortisation of tax deductible goodwill previously not considered.

- 2004**
- €7 million of income tax mainly attributable to the tax audit conducted in the Netherlands and in Germany;
 - €8 million of deferred tax mainly attributable to the reassessment of loss carry-forwards previously not recognised.

4.7 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to RTL Group shareholders of €537 million (2004: profit of €366 million) and a weighted average number of ordinary shares outstanding during the year of 153,618,853 (2004: 153,618,853), calculated as follows:

	2005	2004
Profit attributable to RTL Group shareholders (in € million)	537	366
Weighted average number of ordinary shares:		
Issued ordinary shares at 1 January	154,787,554	154,787,554
Effect of own shares held	(1,168,701)	(1,168,701)
Weighted average number of ordinary shares	153,618,853	153,618,853
Basic earnings per share (in €)	3.50	2.38
Diluted earnings per share (in €)	3.50	2.38

For 2005 and 2004, there is no dilutive impact of the share option plan as all options are out of the money.

5 Consolidated balance sheet

5.1 Programme and sport rights, goodwill and other intangible assets

	Sport rights €m	(Co)- productions €m	Distribution and broad- casting rights €m	Advance payments and (co)productions in progress €m	Total Programme and sport rights' €m	Goodwill €m	Other intangible assets €m
Cost							
Balance at 1 January 2004	114	505	1,019	14	1,652	6,904	194
Early application of IFRS 3	-	-	-	-	-	(943)	-
Effect of IAS 28 revised	-	-	-	-	-	(518)	-
Restated balance at 1 January 2004	114	505	1,019	14	1,652	5,443	194
Effects of movements in foreign exchange	-	(33)	(7)	-	(40)	-	1
Additions	6	20	12	23	61	-	47
Disposals	-	-	(305)	-	(305)	-	(10)
Subsidiaries and joint ventures disposed of	(127)	-	(1)	(4)	(132)	(344)	(4)
Subsidiaries and joint ventures acquired	-	-	-	-	-	64	-
Gain of control of M6	6	68	101	9	184	-	260
Transfers and other changes	1	5	71	(11)	66	-	(66)
Balance at 31 December 2004	-	565	890	31	1,486	5,163	422
Effects of movements in foreign exchange	-	45	14	-	59	5	1
Additions	-	18	22	28	68	-	29
Disposals	-	(6)	(39)	(1)	(46)	-	(19)
Subsidiaries and joint ventures acquired ²	-	-	-	-	-	301	66
Transfer to assets classified as held for sale	-	-	-	(1)	(1)	(99)	(94)
Transfers and other changes	-	(10)	51	(28)	13	-	(16)
Balance at 31 December 2005	-	612	938	29	1,579	5,370	389
Amortisation and impairment							
Balance at 1 January 2004	(53)	(497)	(933)	-	(1,483)	(3,701)	(120)
Early application of IFRS 3	-	-	-	-	-	943	-
Effect of IAS 28 revised	-	-	-	-	-	286	-
Restated balance at 1 January 2004	(53)	(497)	(933)	-	(1,483)	(2,472)	(120)
Effects of movements in foreign exchange	-	33	6	-	39	-	(1)
Amortisation charge for the year	(5)	(26)	(47)	-	(78)	-	(53)
Impairment losses recognised for the year	-	(1)	(4)	-	(5)	-	(4)
Disposals	-	-	305	-	305	-	10
Subsidiaries and joint ventures disposed of	61	-	1	-	62	186	1
Gain of control of M6	(3)	(66)	(84)	-	(153)	-	(42)
Transfers and other changes	-	-	(48)	-	(48)	-	48
Balance at 31 December 2004	-	(557)	(804)	-	(1,361)	(2,286)	(161)
Effects of movements in foreign exchange	-	(45)	(13)	-	(58)	-	(1)
Amortisation charge for the year	-	(21)	(51)	-	(72)	-	(39)
Impairment losses recognised for the year	-	(1)	(2)	-	(3)	-	(6)
Reversal of impairment	-	1	9	-	10	-	-
Disposals	-	6	39	-	45	-	14
Subsidiaries and joint ventures acquired ²	-	-	-	-	-	-	(3)
Transfer to assets classified as held for sale	-	-	-	-	-	-	34
Transfers and other changes	-	12	(34)	-	(22)	-	21
Balance as at 31 December 2005	-	(605)	(856)	-	(1,461)	(2,286)	(141)
Carrying amount:							
At 31 December 2004	-	8	86	31	125	2,877	261
At 31 December 2005	-	7	82	29	118	3,084	248

¹Programme and sport rights include internally generated capitalised rights

²Including gain of control of Five

Notes to the consolidated financial statements continued

5.1 Programme and sport rights, goodwill and other intangible assets (continued)

Other intangible assets mainly include M6 and Five brands for €156 million (2004: €120 million) and M6 and Five customer relationships of €47 million (2004: €26 million).

As explained in note 3.2, the M6 brand is considered to have an indefinite useful life and has been recognised for an amount of €120 million. As at 31 December 2005, an impairment test was performed and did not lead to any impairment.

5.2 Impairment test for goodwill

Goodwill is allocated to the Group's cash-generating units identified according to geographical area of operation and business segment except for the content business which is considered as a sole cash-generating unit for worldwide operations.

A segment-level summary of the goodwill allocation is as follows:

	2005 €m	2004 €m
Germany		
– Television	836	833
– Radio	14	14
France		
– Television	388	449
– Radio	65	65
Netherlands		
– Television	124	124
UK		
– Television	746	485
Content	894	890
Other regions		
– Television	17	17
Total goodwill on cash-generating units	3,084	2,877
Germany		
– Television	24	24
– Radio	45	42
France		
– Radio	–	2
Content	8	8
Other regions		
– Television	346	152
– Radio	6	6
Total goodwill on associates	429	234
Goodwill	3,513	3,111

The recoverable amounts of cash generating units are determined based on value-in-use calculations or trading comparables (EBITA multiples). Value-in-use calculations use cash flow projections based on financial budgets prepared by management covering a 3 year period. Cash flows beyond the 3 years period are extrapolated using the estimated growth rates stated below. The growth rates do not exceed the long-term average growth rate for the business in which the cash-generating unit operates.

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

% a year	Television	Content	Radio
Growth rate	3.0-4.0	3.0	3.0
Discount rate	8.5-10.0	9.5	9.0

These assumptions have been used for the analysis of each cash-generating unit within the business segment. Management determined budgeted gross margin based on past performance and its expectations for the market development. The discount rates used reflect specific risks relating to the relevant segments. No impairment loss has been recorded in 2005 (2004: €6 million on goodwill on associates).

5.3 Property, plant and equipment

	Land, buildings and improvements €m	Technical equipment €m	Other €m	Total €m
Cost				
Balance at 1 January 2004	308	327	214	849
Effect of movements in foreign exchange	1	–	–	1
Additions	14	30	36	80
Disposals	(7)	(30)	(20)	(57)
Subsidiaries and joint ventures disposed of	(14)	(59)	(3)	(76)
Subsidiaries and joint ventures acquired	–	1	–	1
Gain of control of M6	96	18	67	181
Transfers and other changes	14	7	(22)	(1)
Balance at 31 December 2004	412	294	272	978
Effect of movements in foreign exchange	1	–	1	2
Additions	6	19	43	68
Disposals	(12)	(17)	(26)	(55)
Subsidiaries and joint ventures acquired ¹	9	1	4	14
Transfer to assets classified as held for sale	(24)	–	(120)	(144)
Transfers and other changes	3	(14)	9	(2)
Balance at 31 December 2005	395	283	183	861
Depreciation and impairment losses				
Balance at 1 January 2004	(133)	(269)	(150)	(552)
Effect of movements in foreign exchange	–	–	–	–
Depreciation charge for the year	(24)	(24)	(33)	(81)
Impairment losses recognised for the year	(4)	–	–	(4)
Disposals	4	28	17	49
Subsidiaries and joint ventures disposed of	8	46	3	57
Gain of control of M6	(9)	(16)	(47)	(72)
Transfers and other changes	(7)	–	9	2
Balance at 31 December 2004	(165)	(235)	(201)	(601)
Effect of movements in foreign exchange	–	–	(1)	(1)
Depreciation charge for the year	(23)	(22)	(30)	(75)
Impairment losses reversed for the year	1	–	–	1
Disposals	10	17	24	51
Subsidiaries and joint ventures acquired ¹	(1)	(1)	(3)	(5)
Transfer to assets classified as held for sale	8	–	97	105
Transfers and other changes	(2)	9	(9)	(2)
Balance at 31 December 2005	(172)	(232)	(123)	(527)
Carrying amount:				
At 31 December 2004	247	59	71	377
At 31 December 2005	223	51	60	334

¹Including gain of control of Five

Net tangible assets held under finance leases at 31 December 2005 amount to €13 million (2004: €21 million).

Notes to the consolidated financial statements continued

5.4 Investments in associates

	2005 €m	2004 €m
Balance at 1 January	376	114
Effect of IAS 28 revised	–	232
Restated balance at 1 January	376	346
Effect of movements in foreign exchange	–	2
Share of results of associates	63	42
Dividend distribution	(61)	(36)
Change in ownership interest	246	23
Transfer to assets classified as held for sale	(4)	–
Transfers and other changes	(3)	(1)
Balance at 31 December	617	376
Share of results of associates:		
	2005 €m	2004 €m
Share of result after tax	65	48
Amortisation of fair value adjustments on acquisitions of associates	(2)	–
Impairment of goodwill	–	(6)
	63	42

Investments in associates at 31 December 2005 include goodwill of €429 million (2004: €234 million).

5.4.1 Change in ownership interest

2005

REN TV Group

On 1 October 2005, the Group acquired a 30% interest in the Russian television and production group REN TV. The investment in REN TV has been equity accounted for from 1 October 2005 to 31 December 2005, resulting in the recognition of a goodwill amounting to €67 million included in “Investments in associates”. The purchase accounting has been determined on a provisional basis and will be completed in 2006.

Media Capital Group

On 15 December 2005, RTL Group obtained a significant influence in the Portuguese group Media Capital, following its increased shareholding to 33%. The investment in Media Capital has been equity accounted for from mid December 2005 to 31 December 2005, resulting in the recognition of a goodwill amounting to €128 million and included in “Investments in associates”. Prior to the step acquisition, Media Capital Group was presented as an available-for-sale financial asset. The purchase accounting has been determined on a provisional basis and will be completed in 2006.

2004

SPORTFIVE Group

In June 2004, RTL Group sold its interests in SPORTFIVE to Advent International/Goldman Sachs for an amount of €219 million. RTL Group subsequently re-invested in the ultimate holding company of the new SPORTFIVE Group obtaining a 25% stake for an amount of €23 million. Goodwill arising on this acquisition amounted to €8 million.

The impacts of acquisitions of associates are presented below:

	2005 €m	2004 €m
Purchase consideration:		
– Cash paid	181	8
– Prior years payments on acquisitions	63	–
Total purchase consideration	244	8
Less fair value of net assets acquired	(45)	–
Goodwill on acquisitions of associates	199	8
	2005 €m	2004 €m
Investments in associates	48	–
Acquisition of associates achieved in stages	(3)	–
Net assets acquired	45	–
Goodwill on acquisitions of associates	199	8
Total purchase consideration	244	8
Less:		
Prior years payments on acquisitions	(63)	–
Cash outflow in acquiring associates*	181	8

*included in “Acquisitions of other investments and financial assets” presented in the cash flow statement.

5.4.2 Summarised financial information

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

	Country of incorporation	2005					Profit/(loss) for the year €m	% interest held
		Assets €m	Liabilities €m	Equity €m	Revenues €m			
Antena 3 De Television Group	Spain	1,003	610	393	932	226	17.3	
Media Capital Group	Portugal	350	219	131	221	13	32.9	
M-RTL rt	Hungary	120	77	44	124	12	48.8	
REN TV Group	Russia	43	19	23	76	9	30.0	
RTL 2 GmbH & CoKG	Germany	145	105	40	272	25	35.8	
SPORTFIVE Group	France	749	697	52	526	(4)	24.9	

	Country of incorporation	2004					Profit/(loss) for the year €m	% interest held
		Assets €m	Liabilities €m	Equity €m	Revenues €m			
Antena 3 De Television Group	Spain	996	645	351	771	113	17.3	
M-RTL rt	Hungary	80	39	41	104	10	48.8	
RTL 2 GmbH & CoKG	Germany	189	121	68	289	53	35.8	
SPORTFIVE Group ¹	France	773	715	58	269	1	24.9	

¹Income statement for the period from July to December 2004

Based on their published price quotations as at 31 December 2005, the fair values of 100% of Antena 3 and Media Capital amount to €4,476 million and €606 million respectively.

5.5 Loans and other financial assets

	2005 €m	2004 €m
Loans to associates	38	39
Other loans and financial assets	78	244
Available-for-sale investments	58	115
Surplus in the defined benefit plans (see note 5.14)	2	3
	176	401

Other loans and financial assets include an amount of €0 million (2004: €139 million) in respect of a loan to Five.

No reversal of impairment losses has been recorded in 2005 (2004: €2 million).

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

	2005 €m	2004 €m
Balance at 1 January		
Non-current	115	60
Current	–	36
	115	96
Change in accounting policy on treasury shares	–	(31)
Balance at 1 January restated	115	65
Net acquisitions and disposals	110	47
Change in fair value	35	6
Impairment loss	(4)	(4)
Other changes	(198)	1
Balance at 31 December	58	115

Other changes include the effect of the acquisition, achieved in stages during 2004 and 2005, of Media Capital Group, equity accounted for as from 15 December 2005.

No reversal of impairment losses have been recorded in 2005 and 2004.

Notes to the consolidated financial statements continued

5.6 Deferred tax assets and liabilities

	2005 €m	2004 €m
Deferred tax assets	199	175
Deferred tax liabilities	(116)	(99)
	83	76

Unrecognised deferred tax assets amount to €2,129 million as at 31 December 2005 (2004: €2,181 million).

Deferred tax assets are recognised on tax losses-carry forwards to the extent that realisation of the related tax benefit through future taxable profits is probable. The Group has unrecognised tax losses of €5,894 million (2004: €7,113 million) to carry forward against future taxable income. The most significant portion of these tax losses are generated in Luxembourg and have no expiry date.

In addition, the Group has deductible temporary differences originated by an intercompany transaction which will reverse during the next 14 years (see note 9).

	2005 €m	2004 €m
Balance at 1 January	76	169
Income statement change	18	(14)
Tax charged to equity	(29)	(4)
Change in consolidation scope	8	6
Transfer to assets classified as held for sale	(2)	–
Transfer to liabilities directly associated with non-current assets classified as held for sale	12	–
Gain of control of M6	–	(81)
Balance at 31 December	83	76

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

	Balance at 1 January 2005 €m	(Charged)/ credited to income statement €m	(Charged)/ credited to equity €m	Change in consolidation scope €m	Transfers and other changes €m	Balance at 31 December 2005 €m
Deferred tax assets						
Intangible assets	–	55	–	–	–	55
Programme rights	61	(18)	–	–	(6)	37
Property, plant and equipment	2	1	–	–	–	3
Provisions	46	17	–	2	(4)	61
Tax losses	34	(5)	–	24	–	53
Others	32	26	(28)	–	(4)	26
Set off of tax	–	–	–	–	(36)	(36)
	175	76	(28)	26	(50)	199

	Balance at 1 January 2005 €m	(Charged)/ credited to income statement €m	(Charged)/ credited to equity €m	Change in consolidation scope €m	Transfers and other changes €m	Balance at 31 December 2005 €m
Deferred tax liabilities						
Intangible assets	(65)	(31)	–	(18)	8	(106)
Programme rights	(6)	–	–	–	6	–
Property, plant and equipment	(21)	–	–	–	–	(21)
Provisions	–	(6)	–	–	–	(6)
Others	(7)	(21)	(1)	–	10	(19)
Set off of tax	–	–	–	–	36	36
	(99)	(58)	(1)	(18)	60	(116)

5.7 Current programme rights

	Gross value €m	2005 Valuation allowance €m	Net value €m	Gross value €m	2004 Valuation allowance €m	Net value €m
(Co)productions	477	(217)	260	487	(207)	280
TV programmes	75	(6)	69	84	(8)	76
Other distribution and broadcasting rights	990	(206)	784	920	(172)	748
Sub-total programme rights	1,542	(429)	1,113	1,491	(387)	1,104
(Co)productions and programmes in progress	121	(15)	106	91	(15)	76
Advance, payments on (co)productions, programmes and rights	133	-	133	114	-	114
Sub-total programme rights in progress	254	(15)	239	205	(15)	190
	1,796	(444)	1,352	1,696	(402)	1,294

Additions and reversals of valuation allowance have been recorded for €(71) million and €31 million respectively in 2005 (2004: €(47) million and €24 million).

5.8 Accounts receivable

	Under 1 year €m	2005 Over 1 year €m	Total €m	Under 1 year €m	2004 Over 1 year €m	Total €m
Trade accounts receivable	764	2	766	735	14	749
Accounts receivable from associates	20	-	20	34	-	34
VAT receivable	95	-	95	120	-	120
Prepaid expenses	66	-	66	51	-	51
Accrued interest on loans and other financial assets	1	-	1	48	-	48
Fair value of derivative assets	7	-	7	-	-	-
Current deposit with shareholder (see note 7.1)	-	-	-	208	-	208
Other accounts receivable	184	10	194	119	7	126
	1,137	12	1,149	1,315	21	1,336

Impairments and reversals of impairment have been recorded for €(20) million and €14 million respectively in 2005 (2004: €(21) million and €32 million).

5.9 Cash and cash equivalents

	2005 €m	2004 €m
Cash in hand and at bank	126	116
Fixed term deposits (<3 months)	201	230
Other cash equivalents	5	-
	332	346

5.10 Assets classified as held for sale and liabilities directly associated with non-current assets classified as held for sale

Non-current assets classified as held for sale:

	2005 €m
Programme rights	1
Goodwill	99
Other intangible assets	60
Property, plant and equipment	22
Deferred tax assets	2
Other inventories	32
Accounts receivable	55
Cash and cash equivalents	2
	273

Notes to the consolidated financial statements continued

5.10 Assets classified as held for sale and liabilities directly associated with non-current assets classified as held for sale (continued)

Non-current assets held for sale:

	2005 €m
Property, plant and equipment	17
Investments in associates	4
	21

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

	2005 €m
Loans and bank overdrafts	56
Accounts payable	165
Provisions	15
Deferred tax liabilities	12
	248

The disposal groups mainly relate to TPS.

Further to the 16 December 2005 public announcement issued by TF1, M6 and Vivendi Universal, TPS Group (included in the television segment) will be sold, subject to regulatory approval, to Vivendi Universal in order to merge the activities of TPS Group and Group Canal Plus. As at 31 December 2005, RTL Group's share in the assets and liabilities of TPS Group has therefore been presented as "held for sale". The completion date is expected to be in 2006.

The carrying amount of the disposal groups is €25 million at 31 December 2005.

The non-current assets held for sale consist of 3 buildings located in Brussels, Luxembourg and Paris and an investment in a German radio station.

5.11 Loans and bank overdrafts

	2005 €m	2004 €m
Current liabilities		
Bank overdrafts	7	1
Bank loans payable	2	–
Current portion of other non-current loans payable	1	58
Leasing liabilities	2	2
Other current loans payable	13	300
	25	361

The decrease of "Other current loans payable" is mainly due to the repayment of the €300 million loan from Bertelsmann AG in April 2005 (see note 7.1).

	2005 €m	2004 €m
Non-current liabilities		
Bank loans payable	25	27
Leasing liabilities	13	24
Other non-current loans payable	12	185
	50	236

Other non-current loans payable include an amount of €0 million (2004: €139 million) in respect of a loan to Five.

5.11 Loans and bank overdrafts (continued)

	2005			Total carrying amount €m
	Under 1 year €m	1 – 5 years €m	Over 5 years €m	
Term and debt repayment schedule				
Bank overdraft	7	–	–	7
Bank loans payable	2	24	1	27
Current portion of other non-current loans payable	1	–	–	1
Leasing liabilities	2	7	6	15
Other loans payable	13	6	6	25
	25	37	13	75

	2004			Total carrying amount €m
	Under 1 year €m	1 – 5 years €m	Over 5 years €m	
Term and debt repayment schedule				
Bank overdraft	1	–	–	1
Bank loans payable	–	25	2	27
Current portion of other non-current loans payable	58	–	–	58
Leasing liabilities	2	17	7	26
Other loans payable	300	185	–	485
	361	227	9	597

5.12 Accounts payable

	2005 €m	2004 €m
Current accounts payable		
Amounts due to associates	12	17
Trade accounts payable	1,066	988
Fair value of derivative liabilities	7	73
Other accounts payable	703	602
	1,788	1,680

"Fair value of derivative liabilities" represents the fair value of forward foreign exchange contracts for an amount of €7 million (2004: €73 million).

"Other accounts payable" include deferred income for an amount of €104 million (2004: €105 million).

5.12 Accounts payable (continued)

	1-5 years €m	2005 Over 5 years €m	Total €m	1-5 years €m	2004 Over 5 years €m	Total €m
Non-current accounts payable						
Other accounts payable	60	58	118	183	7	190

5.13 Provisions

	Employee benefits ¹ €m	Litigations ² €m	Restruc- turing €m	Onerous contracts €m	Other provisions €m	Total €m
Balance at 1 January 2005	120	38	6	31	57	252
Change in accounting policy	(39)	–	–	–	–	(39)
Balance at 1 January 2005 restated	81	38	6	31	57	213
Provisions made during the year	15	10	10	28	22	85
Provisions used during the year	(7)	(4)	(3)	(6)	(3)	(23)
Provisions reversed during the year	(1)	(10)	–	(6)	(12)	(29)
Change in consolidation scope	2	–	–	–	1	3
Transfer to liabilities classified as held for sale	–	(7)	–	–	(8)	(15)
Other changes	(3)	2	(1)	–	6	4
Balance at 31 December 2005	87	29	12	47	63	238
					2005 €m	2004 €m
Non-current					120	125
Current					118	88
					238	213

¹“Employee benefits” comprise provisions for defined benefit obligations for €77 million (2004: €75 million) (see note 5.14.) and provision for other employee benefits for €10 million (2004: €45 million, €5 million after changes in accounting policy).

²“Litigations” include provisions with M6 for €20 million (2004: €27 million) of which €7 million transferred to liabilities directly associated with non current assets classified as held for sale, RTL TVi for €5 million (2004: €6 million), and various other minor litigations for €4 million (2004: €5 million).

5.14 Employee benefits

RTL Group operates or participates in a number of defined benefit and defined contribution plans throughout Europe. These plans have been set up and are operated in accordance with national laws and regulations. A description of the principal defined benefit plans of the Group is given below:

Belgium

Employees of RTL TVi participate in a defined benefit plan insured with the insurance company AXA, which provides pension benefits to members and their dependants on retirement and death.

France

Ediradio, ID and IP France operate retirement indemnity plans, which, by law, provide lump sums to employees on retirement. The lump sums are based on service and salary at date of termination of employment in accordance with the applicable collective agreement. The Ediradio, ID retirement indemnity plan is partly funded by an insurance contract with AXA. M6 Group participates in a defined benefit plan which provides pension benefits to members on retirement.

Germany

Employees of UFA Berlin Group, UFA Film & Fernsehen and RTL Group Deutschland participate in the multi-employer Bertelsmann plan. The plan is unfunded and defined benefit in nature. Each employer which participates in this plan has separately identifiable liabilities.

IP Deutschland sponsors individual plans for five employees and former employees providing defined pension benefits to each employee at retirement.

RTL Television sponsors individual plans for three employees providing defined pension benefits to each employee at retirement. In addition, a number of employees participate in a support fund providing pension benefits to members and their dependants on retirement and death.

Luxembourg

Employees of CLT-UFA, RTL Group and Broadcasting Center Europe participate in a defined benefit plan which provides pension benefits to members and their dependants on retirement, death and disability. CLT-UFA, RTL Group and BCE set up provision for the unfunded retirement benefit plan. Death and disability are insured with Fortis Luxembourg-Vie.

Notes to the consolidated financial statements continued

5.14 Employee benefits (continued)

The Netherlands

Until 1 January 2005 the employees of IP Netherlands participated in a defined benefit plan insured with the insurance company Aegon, which provides pension benefits to members and their dependants on retirement and death.

As from 1 January 2005 the employees of IP Netherlands participate in an industry-wide pension fund. The industry-wide pension fund is not able to provide sufficient information needed to produce an IAS 19 valuation. For this reason the pension plan of IP Netherlands is treated as a defined contribution plan as of 1 January 2005.

United Kingdom

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

Defined benefit plans

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

	2005 % a year	2004 % a year
Discount rate	4.00–5.00	4.50–5.30
Expected return on plan assets	3.75–6.40	4.50–6.50
Long term inflation rate	1.70–2.90	1.70–2.90
Salary growth rate	0.00–4.90	2.50–4.90
Pension growth rate	1.70–2.90	1.70–4.00

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

	2005 €m	2004 €m
Present value of funded obligations	80	55
Fair value of plan assets	(55)	(39)
Present value of unfunded obligations	74	68
Deficit	99	84
Unrecognised actuarial losses	(24)	(12)
Liability in the balance sheet (see note 5.13)	77	75
Asset in the balance sheet (see note 5.5)	2	3

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

The amounts recognised in the income statement are as follows:

	2005 €m	2004 €m
Current service cost	8	7
Interest cost	9	6
Expected return on asset plan (gains)/losses	(5)	(2)
Actuarial (gains)/losses	2	1
Past service (gains)/cost	3	1
Settlements and curtailments	(1)	(1)
Total included in personnel costs and interest expense	16	12

The actual return on plan assets was €7 million (2004: €2 million).

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

	2005 €m	2004 €m
At beginning of year	72	67
Total included in the income statement	16	12
Contributions and benefits paid	(13)	(10)
Gain of control of M6	–	3
At end of year	75	72

5.15 Equity

5.15.1 Share capital

As at 31 December 2005, the subscribed capital amounts to €192 million (2004: €192 million) and is represented by 154,787,554 (2004: 154,787,554) fully paid-up ordinary shares, without nominal value. All shares have the same rights and entitlements.

5.15.2 Treasury shares

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group. At 31 December 2005, the Group holds 1,168,701 own shares (2004: 1,168,701) at a cost of €44 million (2004: €44 million).

5.15.3 Currency translation reserve

The currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations that are not integral to the operations of the Company, as well as loans designated to form part of the Group's net investment in specific undertakings as repayment of those loans is not anticipated within the foreseeable future.

5.15.4 Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

5.15.5 Revaluation reserve

The revaluation reserve includes:

- The cumulative net change in the fair value of available-for-sale investments until the investment is derecognised for €30 million (2004: €31 million);
- The cumulative increase in the fair value of the intangible assets and property, plant and equipment following the gain of control of M6 and the acquisition of associates achieved in stages amounting to €51 million (2004: €48 million).

5.15.6 Dividends

At the Annual General Meeting of RTL Group on 19 April 2006, a dividend in respect of 2005 of €1.05 per share is to be proposed. These financial statements do not reflect the final proposed dividend payable, which will be accounted for as an appropriation of retained earnings in 2006. The dividends in respect of 2004 amounted to €0.95 per share (€146 million).

5.15.7 Share options

RTL Group Stock Option Plan

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

Eligibility

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

Grant

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

Scheme Limits

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

Exercise Price

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

Exercise

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

Notes to the consolidated financial statements continued

5.15.7 Share options (continued)

Movements in the number of share options are as follows:

In thousands of options	Average exercise price in € per share	2005	Average exercise price in € per share	2004
Options outstanding at the beginning of the year	86	217	86	241
Options expired/cancelled during the year	85	(44)	85	(24)
Options outstanding at the end of the year	86	173	86	217

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

Expiry date	Exercise price (in €)	Number of options 2005	Number of options 2004
August 2010	120.00	6	6
December 2010	85.24	166	209
May 2011	85.24	1	2
		173	217

The market price of RTL Group shares on the Brussels Stock Exchange was €68 as at 31 December 2005.

M6 Share Option Plan

M6 has established employee share option plans open to directors and certain employees within the Group. The number of options granted to participants is determined by the Board of Directors of Metropole Television in accordance with the authorisation given by the General Meeting of Shareholders.

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

Grant date	Number of options (in thousands)	Vesting conditions	Contractual life of options
09-1998	645.00	4 years of service	7 years
12-1998	685.00	4 years of service	7 years
06-1999	500.00	4 years of service	7 years
01-2000	20.00	4 years of service	7 years
06-2000	218.80	4 years of service	7 years
06-2001	377.30	4 years of service	7 years
06-2002	557.50	4 years of service	7 years
07-2003	625.50	4 years of service	7 years
11-2003	20.00	4 years of service	7 years
04-2004	772.50	4 years of service	7 years
06-2005	531.00	4 years of service	7 years
06-2005	104.50	2 years of service + performance conditions	7 years
Total share options	5,057.10		

The price to be paid to exercise each of the remaining options is 95 per cent of the average value of shares in Metropole Television on the Paris Stock Exchange over the twenty trading days preceding the date of grant with the exception of the management free share allocation plan for 104 thousands options issued in June 2005.

Movements in the number of share options are as follows:

In thousands of options and in euros	Weighted average exercise price	2005	Weighted average exercise price	2004
Options outstanding at the beginning of the year	26	3,513	26	3,082
Options granted during the year	20	636	25	861
Options exercised during the year	16	(572)	16	(175)
Options expired/forfeited during the year	29	(156)	29	(255)
Options outstanding at the end of the year	27	3,421	26	3,513

5.15.7 Share options (continued)

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

Expiry date	Exercise price (in €)	Number of options 2005	Number of options 2004
2005	14.00	–	391
2006	19.00	194	375
2007	57.00	239	253
2008	30.80	377	398
2009	28.60	558	580
2010	23.00	645	693
2011	25.00	773	823
2012	20.00	635	–
Options outstanding at the end of the year		3,421	3,513
<i>Out of which exercisable</i>		<i>810</i>	<i>1,019</i>

The market Price of M6 on the Paris Stock Exchange was €23.40 as at 31 December 2005.

The fair value of services received in return for share options granted is measured by reference to the fair value of the share options granted. The estimate of fair value of the services received is measured based on a trinomial model.

Grant date	25/7/03	14/11/03	28/4/04	2/6/05	2/6/05	Total
Share price (€)	23.66	25.07	24.97	20.17	20.17	
Strike price (€)	22.48	23.82	24.97	19.94	0.00	
Volatility	52.3%	52.3%	52.3%	41.8%	41.8%	
Risk-free interest rate	3.05%	3.54%	3.32%	3.24%	3.24%	
Expected return	0.86€ + 15% annual growth	0.86€ + 15% annual growth	0.86€ + 15% annual growth	0.84€ + 15% annual growth	0.84€ + 15% annual growth	
Liquidity discount	15%	15%	15%	15%	15%	
Option life	4 years	4 years	4 years	4 years	2 years	
Employee expense (in € million)						
2005	1.3	0.0	1.6	0.4	0.7	4.0
2004	1.3	0.0	1.1	0.0	0.0	2.4

6 Commitments and contingencies

	2005 €m	2004 €m
Guarantees and endorsements given	214	142
Contracts for purchasing rights, (co)productions and programmes	2,435	2,023
Operating leases	791	540
Other long-term contracts and commitments	525	520

6.1 Contracts for purchasing rights, co-productions and programmes

The Group has signed commitments to purchase audiovisual rights and programmes and to conclude agreements for (co)production rights amounting to €2,435 million (2004: €2,023 million).

6.2 Operating leases

Non-cancellable operating lease rentals are as follows:

	2005			Total €m	2004			Total €m
	Under 1 year €m	1 – 5 years €m	Over 5 years €m		Under 1 year €m	1 – 5 years €m	Over 5 years €m	
Leasing of satellite transponders	62	96	4	162	60	138	4	202
Other operating leases	89	322	218	629	72	203	63	338
	151	418	222	791	132	341	67	540

Other operating leases mainly relate to the rental of offices, buildings and equipments in Germany and the United Kingdom.

One of the leased properties has been sublet by the Group. The head lease and sublease expire in September 2011. Sublease payments of €4 million are expected to be received during the following financial year.

Notes to the consolidated financial statements continued

6.3 Other long-term contracts and commitments

The Group has "Other long-term contracts and commitments" amounting to €525 million as at 31 December 2005 (2004: €520 million). These relate to a number of items including broadcasting licences, distribution and transmission arrangements, production services sale and lease back transactions in respect of FremantleMedia and commitments to purchase other assets than programmes and rights.

FremantleMedia has arrangements for a remaining period of 12 years in relation to sale and lease back transactions for an amount of €129 million (2004: €132 million). Under these arrangements, FremantleMedia has sold programme rights to a special purpose vehicle and simultaneously leased back the assets under a finance lease arrangement. The cash received is placed in a "restricted bank account" at an AAA rated bank in order to satisfy the lease payments. Fees received by FremantleMedia were recognised in the income statement when entering into these arrangements.

6.4 Licence agreement

In the course of their activities, several Group companies benefit from frequency licence agreements, which commit the Group in various ways, depending upon the legal regulation in force in the countries concerned.

6.5 Financial instruments

Financial risks of the Group mainly comprise the Group's exposure to foreign currency risk in respect of purchases and sales of programme rights and to interest rate risk in relation to the Group's debt. The Group seeks to minimise the potential adverse effects of changing financial markets on its performance through the use of derivative financial instruments such as foreign exchange contracts and interest rate swaps.

Group Treasury carries out risk management activities in accordance with Treasury policies approved by the Board of Directors. The Board has issued written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, the use of derivative financial instruments and the investment of excess liquidity.

Foreign exchange risk

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

Group Treasury periodically collects from the companies' forecasts of foreign currency exposures arising from signed output deals and programme rights in order to monitor the Group's overall foreign currency exposure. Entities exposed to foreign currency risk are responsible for hedging their exposures in accordance with the Treasury policies approved by the Board. Companies in the Group use forward contracts, transacted with Group Treasury, to hedge their exposure to foreign currency risk. Group Treasury is responsible for hedging on a one-to-one basis the exposure above the materiality level of USD 100.000 in each currency by using external foreign currency derivative contracts. Below this threshold, hedging is done on a bulk basis.

The foreign currency management policy of the Group is to hedge 100% of the recognised monetary foreign currency exposures arising from cash, receivables, payables, loans and borrowings denominated in currencies other than EUR. Group companies' hedge about 90% of known cash flows linked to programme rights, which constitute firm commitments, and between 25% and 85% of longer term (between 2 and 5 years) forecast cash flows arising from foreign currency denominated output deals.

The Group's policy is not to apply the foreign currency cash flow hedge model defined under IAS 39 to economic hedges of exposures arising from recognised foreign currency monetary assets and liabilities, as there is a natural offset of gains and losses in the income statement between the revaluation of the hedging derivative and of the hedged exposure.

The foreign currency cash flow hedge accounting model defined under IAS 39 is applied by those companies which account for the majority of the Group's foreign currency exposure, when:

- hedged foreign currency exposures relate to programme rights transactions which have not yet been recognised on balance sheet (such as forecast or firm purchases of programme rights, for which the licence period has not yet begun) and;
- amounts are sufficiently material to justify the need for hedge accounting.

The number of foreign currency cash flow hedge relationships amounts to 253 at year-end 2005. The fair value of forward foreign exchange contracts is detailed as follows:

	2005 €m	2004 €m
Fair value of forward foreign exchange contracts (cash flow hedge)	(7)	(84)
Fair value of other forward foreign exchange contracts	7	11
	-	(73)

The notional amounts of forward exchange contracts as at 31 December 2005 are as follows:

In £ million	2006	2007	2008	2009	>2009	Total
Buy	104	2	-	-	-	106
Sell	(378)	(38)	(3)	(2)	-	(421)
Total	(274)	(36)	(3)	(2)	-	(315)

In US\$ million	2006	2007	2008	2009	>2009	Total
Buy	732	207	84	58	6	1,087
Sell	(210)	(1)	(10)	(10)	(5)	(236)
Total	522	206	74	48	1	851

Interest rate risk

The management of interest rate risk is centralised at the level of Group Treasury.

The objective of the interest rate risk management policy is to minimise the interest rate funding cost over the long term and to maximise the cash excess return.

The Group believes this objective is more likely to be achieved with floating rate rather than fixed rate debt in a positive yield curve environment. This policy will be maintained as long as the Treasury and Risk Management Committee judges the level of the interest cover appropriate. Interest rate derivatives are only used if they hedge existing interest rate liabilities and satisfy the stringent criteria of hedge accounting.

Interest rate risk (continued)

Group Treasury uses various indicators to monitor interest rate risk such as a targeted net fixed/floating rate debt ratio, duration, basis point value (increase in interest rate costs resulting from a basis point increase in interest rate) and interest cover.

There is an interest rate derivative position (I.R.S.) outstanding as of the 31 December 2005 for a notional amount of €27 million (2004: €50 million).

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at balance sheet date and the periods in which they reprice:

	Notes	Effective interest rate %	Total amount €m	6 months or less €m	6-12 months €m	1-2 years €m	2-5 years €m	Over 5 years €m
Loans to associates – fixed rate	5.5	9.4	38	–	–	–	6	32
Other loans – floating rate	5.5	3.4	34	4	30	–	–	–
Cash and cash equivalents (not earning assets)	5.9	–	22	22	–	–	–	–
Cash and cash equivalents (earning assets)	5.9	2.2	310	310	–	–	–	–
Bank loans – floating rate	5.11	4.0	(27)	(27)	–	–	–	–
Bank overdrafts	5.11	2.3	(7)	(7)	–	–	–	–
Leasing liabilities – fixed rate	5.11	6.3	(15)	(1)	(1)	(3)	(4)	(6)
Loans payable – floating rate	5.11	2.2	(6)	(6)	–	–	–	–
Loans payable – fixed rate	5.11	2.5	(20)	(14)	–	–	–	(6)
At 31 December 2005			329	281	29	(3)	2	20

	Notes	Effective interest rate %	Total amount €m	6 months or less €m	6-12 months €m	1-2 years €m	2-5 years €m	Over 5 years €m
Loans to associates – fixed rate	5.5	9.4	39	–	–	–	7	32
Other loans – floating rate	5.5	5.7	192	192	–	–	–	–
Current deposit – floating rate	5.8	2.2	208	208	–	–	–	–
Cash and cash equivalents (not earning assets)	5.9	–	32	32	–	–	–	–
Cash and cash equivalents (earning assets)	5.9	2.2	314	314	–	–	–	–
Bank loans – floating rate	5.11	3.2	(27)	(27)	–	–	–	–
Bank overdrafts	5.11	2.3	(1)	(1)	–	–	–	–
Leasing liabilities – floating rate	5.11	3.4	(10)	(10)	–	–	–	–
Leasing liabilities – fixed rate	5.11	6.3	(16)	(1)	(1)	(4)	(4)	(6)
Loans payable – floating rate	5.11	5.8	(243)	(243)	–	–	–	–
Loans payable – fixed rate ¹	5.11	5.4	(300)	(300)	–	–	–	–
At 31 December 2004			188	164	(1)	(4)	3	26

¹Financial liabilities bearing fixed interest rates for a fair value of €303 million

The carrying amounts of financial instruments presented above approximate their fair values.

Credit risk

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Derivative counter parties and cash transactions are limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any one financial institution.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, Group Treasury aims at maintaining flexibility in funding by keeping committed credit lines available. Group Treasury monitors on a monthly basis the level of the “Liquidity Head Room” (total committed facilities minus current utilisation). The “Liquidity Head Room” amounts to €390 million at year-end (see note 7.1. for the “Liquidity Head Room” provided by Bertelsmann).

Market risks

The Group takes an exposure to market risks on some equity-index debt instruments, which are exposed to specific equity market movements and are not designated as hedges. These instruments are recorded at amortised cost whereas the equity-index elements are recorded at fair value in the consolidated balance sheet with the related gains and losses immediately recognised in income. The net gain incurred in 2005 in respect of these instruments amounts to €7 million (2004: loss of €3 million).

Notes to the consolidated financial statements continued

7 Related parties

Identity of related parties

As at 31 December 2005 the principal shareholder of the Group is Bertelsmann TV Beteiligungs GmbH (90%). The remainder of the Group's shares are publicly listed on the Brussels and Luxembourg stock exchanges. The Group also has a related party relationship with its associates, joint ventures and with its directors and executive officers.

7.1 Transactions with shareholders

During the year the Group made sales of goods and services, purchases of goods and services to Bertelsmann Group amounting to €17 million (2004: €17 million) and €56 million (2004: €46 million) respectively. At the year-end, the Group had receivables and payables due from/to Bertelsmann Group amounting to €12 million (2004: €11 million) and €14 million (2004: €14 million) respectively.

In April 2002, RTL Group entered into a €300 million loan agreement with Bertelsmann AG. The loan was granted to RTL Group for a period of 3 years. In accordance with the terms of the loan agreement, this loan was fully re-paid by RTL Group in April 2005. The interest expense for the year amounts to €5 million (2004: €16 million).

On 5 November 2002, RTL Group entered into a €600 million Revolving Credit Facility with Bertelsmann AG. The Facility was granted for the period from 8 November 2002 to 31 August 2006. On 21 December 2004 the facility was reduced by €300 million and on 15 June 2005 the remaining Facility was cancelled. As this credit facility has not been used in 2005, the interest expense for the year amounts to €0 million (2004: €0 million).

On 5 November 2002, RTL Group entered into a €300 million 364 days (renewable) Revolving Credit Facility with Bertelsmann AG. The Facility has been granted to RTL Group initially for the period from 8 November 2002 to 31 August 2004. The term of the Facility was extended to 31 August 2006. The Facility bore interest at a rate per annum equal to the sum of the EONIA rate plus a 25 basis point margin. The Facility was amended on the 1 December 2005 resulting in a new margin of 22 basis points over EONIA and was rolled over until 1 December 2006. The Facility is renewable for a further two more periods of 364 days beyond 1 December 2006. As at 31 December 2005, the balance of the Facility used by RTL Group amounts to €12 million (2004: €nil million). The interest expense for the year amounts to €1 million (2004: €3 million).

During the year RTL Group has invested its short term cash surplus from working capital with its parent company Bertelsmann AG, with an EONIA flat rate return. As at 31 December 2005 the amount deposited amounts to €0 million (2004: €208 million). The interest income for the year amounts to €2 million (2004: €1 million).

During the year commitment fees on unused credit facilities granted by Bertelsmann AG amounted to €1 million.

In 2005, RTL Group committed to sell one of its subsidiaries, S4M Solutions for Media GmbH, to Bertelsmann Group.

7.2 Transactions with associates and joint ventures

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

	2005 €m	2004 €m
Sales of goods and services to related parties :		
Associates	51	65
Joint ventures	38	33
	89	98
Purchase of goods and services from related parties:		
Associates	8	6
Joint ventures	7	5
	15	11

Sales and purchases to and from associates and joint ventures were carried out on commercial terms and conditions and at market prices.

Year-end balances arising from sales and purchases of goods and services are as follows:

	2005 €m	2004 €m
Accounts receivable from related parties:		
Associates	9	32
Joint ventures	9	3
	18	35
Accounts payable to related parties:		
Associates	9	13
Joint ventures	3	1
	12	14

7.3 Transactions with key management personnel

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

The key management personnel compensation is as follows:

	2005 €m	2004 €m
Short-term benefits	4.5	3.9
Post-employment benefits	0.2	0.2
Other long-term benefits	0.4	0.6
	5.1	4.7

The aggregate number of share options granted to key management personnel of the Company during 2005 and 2004 was 0. The outstanding number of share options granted to directors and executive officers of the Company at the end of the year was 11,500 (2004: 11,500).

7.4 Directors' fees

In 2005, a total of €0.8 million (2004: €0.9 million) was allocated in the form of attendance fees to the members of the Board of Directors of RTL Group S.A. and the committees which emanate from it with respect to their functions within RTL Group S.A. as well as other Group companies.

8 Interests in joint ventures

	Country of incorporation	Consolidation rate 2005	2004
TPS Group ¹	France	34.00	34.00
Five Group ²	UK	–	64.63
RTL Disney Fernsehen GmbH & Co KG	Germany	50.00	50.00
SPORTFIVE Group ³	France	–	–
N-TV	Germany	50.00	50.00

¹TPS Group is considered as a disposal group as at 31 December 2005

²Five Group has been proportionately consolidated in the income statement from 1 January to 31 August 2005

³SPORTFIVE Group has been proportionately consolidated in the income statement from 1 January 2004 to 30 June 2004

Included in the consolidated financial statements are the following items that represent the Group's interests in the assets and liabilities, income and expenses of the joint ventures:

	2005 €m	2004 €m
Non-current assets	31	52
Current assets	279	225
Non-current liabilities	(31)	(209)
Current liabilities	(266)	(312)
Net assets	13	(244)

	2005 €m	2004 €m
Income	510	744
Expenses	(466)	(735)

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

	2005 €m	2004 €m
Contracts for purchasing rights, (co)productions and programmes	197	173
Operating leases	57	196
Other long term contracts and commitments	33	105

9 Accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

9.1 Programme rights

The Group's accounting for non-current programme rights requires management judgement as it relates to estimates made of total net revenue used in the determination of the amortisation charge and impairment loss for the year.

In addition, management judgement is required to assess, taking into account factors such as the future programme grid and the realised/expected audience of the programme, the current programme rights that are not likely to be broadcast and the related valuation allowance.

9.2 Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1.7.3. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations or trading comparables (EBITA multiples). These calculations require the use of estimates (see note 5.2.).

9.3 Fair value of available-for-sale investments

The Group has used discounted cash flow analysis for various available-for-sale investments that were not traded in active markets.

The carrying amount of available-for-sale investments would be an estimated €5 million lower or higher were the discount rate used in the discounted cash flow analysis to differ by 10% from management's estimates.

9.4 Income and deferred taxes

The Group is subject to income taxes in numerous jurisdictions. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. During 2005 the Company completed a non-recurring transaction between Group entities. In relation with this transaction an amount of €59 million of deferred tax assets has been recognised while an amount of €352 million has not been recognised.

It is reasonably possible, based on current information available, that outcomes in the next financial year that are different from the assumptions taken could require a material adjustment to the carrying amount of deferred tax assets and income tax liability. It is expected that the ultimate tax determination will be made during 2006.

9.5 Pension benefits

The Group has adopted the following approaches for the pension assumptions:

- The discount rate for defined benefit provision equals the yield on the AA corporate bonds;
- The expected return on assets equals the return expected on the market value of assets at the start of the year; and
- The rate of salary increase is the best estimate of the future.

Notes to the consolidated financial statements continued

10 Group undertakings

	Country of incorporation	Note	2005 Group's Ownership	Consolidation method ¹	Note	2004 Group's Ownership	Consolidation method ¹
RTL Group SA	Luxembourg			M			M
Broadcasting TV							
5 Direct Ltd	UK	(3)	99.7	F	(3)	64.5	P
Agefinan SA	Portugal	(28)	32.9	E		–	NC
Antena 3 de Television SA	Spain	(7)	17.3	E	(7)	17.3	E
Antena 3 Editorial SA	Spain	(7)	17.3	E	(7)	17.3	E
Antena 3 Multimedia SLU	Spain	(7)	17.3	E		–	NC
Antena de Radiodifusion SA (formerly Cadena de Voz de Radio Difusion SA)	Spain	(7)	17.3	E	(7)	17.3	E
Atres Advertising SLU	Spain	(7)	17.3	E		–	NC
Auto Basic Motor SA	Portugal	(28)	32.9	E		–	NC
Bluescreen Ltd	Cyprus		99.7	F		–	NC
Boutiques du monde SAS	France	(2)	48.8	F	(2)	48.8	F
Broadcasting Center Europe SA	Luxembourg		99.7	F		99.7	F
BTP SA	Portugal	(28)	32.9	E		–	NC
Camarins Lda	Portugal	(28)	32.9	E		–	NC
Canal Factoria de Ficción SA	Spain	(7)	6.9	E	(7)	6.9	E
Canal Media Radio SA	Spain	(7)	17.3	E	(7)	17.3	E
Capital Productions SA	France	(2)	48.8	F	(2)	48.8	F
Casa Da Criacao	Portugal	(28)	32.9	E		–	NC
CBC Cologne Broadcasting Center GmbH	Germany		99.7	F		–	NC
Cena Editorial SA	Portugal	(28)	32.9	E		–	NC
Central Discos SA	Portugal	(28)	32.9	E		–	NC
Channel 5 Broadcasting Ltd	UK	(3)	99.7	F	(3)	64.5	P
Channel 5 Engineering Services Ltd	UK	(3)	91.7	F	(3)	59.3	P
Channel 5 Interactive Ltd	UK	(3)	99.7	F	(3)	64.5	P
Channel 5 Music Ltd	UK	(3)	99.7	F	(3)	64.5	P
Channel 5 Television Group Ltd	UK	(3)	99.7	F	(3)	64.5	P
Channel 5 Text Ltd	UK	(3)	99.7	F	(3)	64.5	P
Citato Sarl	France	(2)	38.7	F		–	NC
CLMC Multimedia SA	Portugal	(28)	32.9	E		–	NC
CLT-Vermögensverwaltungs GmbH	Germany		99.7	F		–	NC
Club Téléachat SNC	France	(2)	48.8	F	(2)	48.8	F
Compania Tres Mil Ochocientas SAU	Spain	(7)	17.3	E	(7)	17.3	E
Compunet Servicios Telematicos SA	Spain	(26)	5.9	E	(7)	15.5	E
Creation GmbH (formerly House Of Promotion Produktions GmbH)	Germany		99.7	F		99.7	F
Culture Mag Editions	France	(2)	44.0	F	(2)	44.0	F
Edicoes Expansao Economica Lda	Portugal	(28)	32.9	E		–	NC
Edit TV/M6 Music SNC	France	(2)	48.8	F	(2)	48.8	F
El Cartel GmbH	Germany		35.8	E		35.8	E
EMAV Lda	Portugal	(28)	32.9	E		–	NC
Ensueno Films SL	Spain	(7)	17.3	E	(7)	17.3	E
EPC Lda	Portugal	(28)	32.9	E		–	NC
Estaciones Radiofonicas de Aragon SAU	Spain	(7)	17.3	E	(7)	17.3	E
Expansao Economica Sa (Eventos)	Portugal	(28)	32.9	E		–	NC

10 Group undertakings (continued)

	Country of incorporation	Note	2005 Group's Ownership	Consolidation method ¹	Note	2004 Group's Ownership	Consolidation method ¹
Expolider SA	Portugal	(28)	32.9	E		–	NC
Extension TV Série Club SA	France	(2)	24.4	P	(2)	24.4	P
Farol Muica Lda	Portugal	(28)	32.9	E		–	NC
Fealmar SA	Portugal	(28)	32.9	E		–	NC
Filmflux SA	Luxembourg		99.7	F		99.7	F
Football Club des Girondins de Bordeaux SAS	France	(2)	48.7	F	(2)	48.7	F
FUN TV SNC	France	(2)	48.8	F	(2)	48.8	F
Grupo Media Capital Sgps Sa	Portugal	(28)	32.9	E		–	NC
Grupo Universum Emisoras Radio Amanecer SAU	Spain	(7)	17.3	E	(7)	17.3	E
GZSZ Vermarktungsgesellschaft mbH	Germany		99.7	F		99.7	F
Holland Media Groep Business Nieuws BV	Netherlands	(25)	–	NC		99.7	F
Home Shopping Service Belgique SA	Belgium	(2)	48.8	F	(2)	48.8	F
Home Shopping Service Hongrie SA	Hungary	(2)	48.8	F	(2)	48.8	F
Home Shopping Service SA	France	(2)	48.8	F	(2)	48.8	F
Home Travel Services Sarl	France	(24)	–	NC	(2)	24.4	P
Immobilière M6 SA	France	(2)	48.8	F	(2)	48.8	F
IP Belgium SA	Belgium		65.8	F		65.8	F
IP Deutschland GmbH	Germany		99.7	F		99.7	F
IP iMedia BV	Netherlands		99.7	F		99.7	F
IP Medien KG	Germany		84.7	F		84.7	F
IP New Media GmbH	Germany		99.7	F		99.7	F
IPA Plus (Osterreich) Verm. für Fernsehwerbung GmbH	Austria		49.8	F		49.8	F
Ipar Ondas SAU	Spain	(7)	17.3	E	(7)	17.3	E
IPN SA	Netherlands		99.7	F		99.7	F
Kimberley Trading SA	Portugal	(28)	32.9	E		–	NC
La Veu de Lleida SLU	Spain	(7)	17.3	E	(7)	17.3	E
LABO Productions Sarl	France	(2)	48.4	F		–	NC
Live Stage SAS	France	(2)	34.0	F	(2)	34.0	F
M6 Affaires SAS	France	(2)	48.8	F		–	NC
M6 Bordeaux SAS	France	(2)	48.8	F	(2)	48.8	F
M6 Communication SAS	France	(2)	48.8	F		–	NC
M6 Creation SAS	France	(2)	48.8	F		–	NC
M6 Development SAS	France	(2)	48.8	F		–	NC
M6 Diffusions SA	France	(2)	48.8	F	(2)	48.8	F
M6 Droits Audiovisuels SA	France	(23); (2)	–	NC	(2)	48.8	F
M6 Editions SA	France	(2)	48.8	F	(2)	48.8	F
M6 Evenements SA	France	(2)	48.8	F	(2)	48.8	F
M6 Films SA	France	(2)	48.8	F	(2)	48.8	F
M6 Foot SAS	France	(2)	48.8	F	(2)	48.8	F
M6 Interactions SAS	France	(2)	48.8	F	(2)	48.8	F
M6 Numérique SNC	France	(2)	48.8	F	(2)	48.8	F
M6 Operation SAS	France	(2)	48.8	F		–	NC
M6 Publicité SAS	France	(2)	48.8	F	(2)	48.8	F
M6 Studio SAS	France	(2)	48.8	F	(2)	48.8	F

Notes to the consolidated financial statements *continued*

10 Group undertakings (continued)

	Country of incorporation	Note	2005 Group's Ownership	Consolidation method ¹	Note	2004 Group's Ownership	Consolidation method ¹
M6 Thématique SAS	France	(2)	48.8	F	(2)	48.8	F
M6 Toulouse SAS	France	(2)	48.8	F	(2)	48.8	F
M6 Web SAS	France	(2)	48.8	F	(2)	48.8	F
Mandarin SAS	France	(2)	48.8	F	(2)	48.8	F
Mce – Media Capital Edicoes Lda	Portugal	(28)	32.9	E		–	NC
MCR – Radiofonia e Publicidade SA	Portugal	(28)	32.9	E		–	NC
Med Cap Technologies SA	Portugal	(28)	32.9	E		–	NC
Media Capital – Editora Multimedia SA	Portugal	(28)	32.9	E		–	NC
Media Capital SA	Portugal	(28)	32.9	E		–	NC
Media Capital Entertainment Lda	Portugal	(28)	32.9	E		–	NC
Media Capital Outdoor SA	Portugal	(28)	32.9	E		–	NC
Media Capital Telecomunicacoes SA	Portugal	(28)	32.9	E		–	NC
Media Corner SA	Belgium		65.4	F		–	NC
Mediascore GmbH	Germany		75.0	F		–	NC
Medipress Valencia SAU	Spain	(7)	17.3	E	(7)	17.3	E
Meglo – Media Global Sgps SA	Portugal	(28)	32.9	E		–	NC
Métropole Production SA	France	(2)	48.8	F	(2)	48.8	F
Métropole Télévision SA	France	(2)	48.8	F	(2)	48.8	F
Mistergooddeal SA	France	(2)	45.9	F		–	NC
Moveis de Novela Lda	Portugal	(28)	32.9	E		–	NC
Movierecord Cine SA	Spain	(7)	17.3	E	(7)	17.3	E
M-RTL Rt	Hungary		48.8	E		48.8	E
Multi 4 SAS	France	(2)	28.2	F		–	NC
Multicena SA	Portugal	(28)	32.9	E		–	NC
Multivision SNC	France	(2)	16.5	P	(2)	16.5	P
Nanook – Empresa Europeia De Produção De Documentarios Lda	Portugal	(28)	32.9	E		–	NC
Nbp – Iberica – Producciones Audiovisuales SA	Portugal	(28)	32.9	E		–	NC
Nbp – Oficina De Actores	Portugal	(28)	32.9	E		–	NC
Nbp – Producao Em Video SA	Portugal	(28)	32.9	E		–	NC
Norddeich TV Produktions GmbH	Germany		74.8	F		–	NC
n-tv Nachrichtenfernsehen GmbH & CoKG	Germany		49.8	P		49.8	P
n-tv Services GmbH	Germany		49.8	P		49.8	P
Onda Cero SAU	Spain	(7)	17.3	E	(7)	17.3	E
Ondadit SLU	Spain	(7)	17.3	E	(7)	17.3	E
OOO Media Holding REN TV	Russia	(27)	29.9	E		–	NC
OOO NPP Spectre	Russia	(27)	15.3	E		–	NC
OOO REN TV Bryansk	Russia	(27)	17.6	E		–	NC
OOO RTL Russland	Russia		99.7	F		–	NC
Organizaciones Deportivas Y Culturales De Unipublic SAU	Spain	(7)	17.3	E		–	NC
Paris Première SA	France	(2)	48.8	F	(2)	48.8	F
Pressetep SA	Portugal	(28)	32.9	E		–	NC
Publicarris SA	Portugal	(28)	32.9	E		–	NC
Publicidad 3 SA	Spain	(7)	17.3	E	(7)	17.3	E
Publimetro SA	Portugal	(28)	32.9	E		–	NC
Publipartner Lda	Portugal	(28)	32.9	E		–	NC
R. Cidade SA	Portugal	(28)	32.9	E		–	NC

10 Group undertakings (continued)

	Country of incorporation	Note	2005 Group's Ownership	Consolidation method ¹	Note	2004 Group's Ownership	Consolidation method ¹
Radio Alamedilla SAU	Spain	(7)	17.3	E	(7)	17.3	E
Radio Comercial SA	Portugal	(28)	32.9	E		–	NC
Radio Media Galicia SA	Spain	(7)	17.3	E	(7)	17.3	E
Radio Noticias Noventa SAU	Spain	(7)	17.3	E	(7)	17.3	E
Radio Regional De Lisboa SA	Portugal	(28)	32.9	E		–	NC
Radio Sistemas Radiofonicos Conco SLU	Spain	(7)	17.3	E	(7)	17.3	E
Radio Tormes SA	Spain	(7)	17.3	E	(7)	17.3	E
Radio XXI Lda	Portugal	(28)	32.9	E		–	NC
REN TV Channel	Russia	(27)	29.9	E		–	NC
REN TV Production	Russia	(27)	29.9	E		–	NC
RETI SA	Portugal	(28)	32.9	E		–	NC
RTL Disney Fernsehen GmbH & Co.KG	Germany		49.8	P		49.8	P
RTL Enterprises GmbH	Germany		99.7	F		99.7	F
RTL Group Beheer BV	Netherlands		100.0	F		100.0	F
RTL Group Communications SLU	Spain		100.0	F		100.0	F
RTL Group GmbH	Germany		99.7	F		99.7	F
RTL Hessen GmbH	Germany		99.7	F		99.7	F
RTL Hessen Programmfenster GmbH (formerly RTL Hessen GmbH)	Germany		59.8	F		59.8	F
RTL Hrvatska d.o.o. (formerly RTL Croatia d.o.o.)	Croatia		65.3	F		65.3	F
RTL iMedia Holding BV	Netherlands	(23)	–	NC		99.7	F
RTL Media Services GmbH	Germany		99.7	F		–	NC
RTL Nederland Broadcast Operation BV (formerly Broadcasting Center Nederland BV)	Netherlands		99.7	F		99.7	F
RTL Nederland BV	Netherlands		99.7	F		–	NC
RTL Nederland Interactief BV (formerly RTL iMedia Holding BV)	Netherlands		99.7	F		99.7	F
RTL Nederland SA (formerly RTL/de Holland Media Groep SA)	Luxembourg	(23)	–	NC		99.7	F
RTL NET GmbH	Germany		99.7	F		99.7	F
RTL Net SAS	France		99.7	F		99.7	F
RTL Interactive GmbH	Germany		99.7	F		99.7	F
RTL Nord GmbH	Germany		99.7	F		99.7	F
RTL Shop GmbH	Germany		99.7	F		89.4	F
RTL Television GmbH	Germany		99.7	F		99.7	F
RTL Z VOF	Netherlands	(23)	–	NC		99.7	F
RTL2 Fernsehen Geschäftsführung GmbH	Germany		35.8	E		35.8	E
RTL2 Fernsehen GmbH & Co.KG	Germany		35.8	E		35.8	E
RTL4 Beheer BV	Netherlands	(25)	–	NC		99.7	F
RTL4 Finance SA	Luxembourg	(23)	–	NC		99.7	F
RTL9 SA	Luxembourg		34.9	E		34.9	E
RTL9 SA & Cie SECS	Luxembourg		34.8	E		34.8	E
S4M Solutions For Media GmbH	Germany		99.7	F		99.7	F
SCI du 107	France	(2)	48.8	F	(2)	48.8	F
SEDI TV SNC	France	(2)	24.9	F	(2)	24.9	F
Setecom – Equipamentos E Espaços Comerciais SA	Portugal	(28)	32.9	E		–	NC
Sinersom Lda	Portugal	(28)	32.9	E		–	NC

Notes to the consolidated financial statements *continued*

10 Group undertakings (continued)

	Country of incorporation	Note	2005 Group's Ownership	Consolidation method ¹	Note	2004 Group's Ownership	Consolidation method ¹
SND SA	France	(2)	48.8	F	(2)	48.8	F
Société Européenne de Télévente Belgique SCA	France	(2)	48.4	F	(2)	48.4	F
STM SA	Portugal	(28)	32.9	E		–	NC
Studio 89 Productions SAS	France	(2)	48.8	F	(2)	48.8	F
TCM Droits Audiovisuels SNC	France	(2)	24.4	P	(2)	24.4	P
TCS SA	Portugal	(28)	32.9	E		–	NC
Teatro Mais Lda	Portugal	(28)	32.9	E		–	NC
Tecipress SA	France	(2)	48.8	F	(2)	48.8	F
Tele West KG	Germany		99.7	F		99.7	F
Télévente Promotion SA	France	(2)	48.8	F	(2)	48.8	F
Télévision Par Satellite SNC	France	(2)	16.6	P	(2)	16.6	P
TF6 Gestion SCS	France	(2)	24.4	P	(2)	24.4	P
TF6 SCS	France	(2)	24.4	P	(2)	24.4	P
Thames Cable and Satellite Services Ltd	UK	(26)	–	NC		100.0	F
TPS Cinéfaz SNC	France	(2)	16.6	P	(2)	16.6	P
TPS Cinéma SNC	France	(2)	16.6	P	(2)	16.6	P
TPS Cinéstar SNC	France	(2)	16.6	P	(2)	16.6	P
TPS Cinétoile SNC	France	(2)	16.6	P	(2)	16.6	P
TPS Enterprises SNC	France	(2)	16.6	P	(2)	16.6	P
TPS Foot SNC	France	(2)	16.6	P	(2)	16.6	P
TPS Interactif SNC (formerly TPS Services SNC)	France	(2)	16.6	P	(2)	16.6	P
TPS Jeunesse SNC	France	(2)	16.6	P	(2)	16.6	P
TPS Motivation SA	France	(2)	16.6	P	(2)	16.6	P
TPS Sport SNC	France	(2)	16.6	P	(2)	16.6	P
TPS Terminaux SNC	France	(2)	16.6	P	(2)	16.6	P
Transjornal – Ediçoes De Publicoos S.A	Portugal	(28)	32.9	E		–	NC
Transpublicidade – Publicidade Em Transportes S.A	Portugal	(28)	32.9	E		–	NC
Traumpartner TV GmbH	Germany		99.7	F		99.7	F
TV Store	France	(2)	48.8	F	(2)	48.8	F
TVI – Televisao Independente SA	Portugal	(28)	32.9	E		–	NC
TVI SA	Belgium		65.8	F		65.8	F
Uniao De Leiria SAD	Portugal	(28)	32.9	E		–	NC
Unidivisa SA	Portugal	(28)	32.9	E		–	NC
Uniprex SA – Onda Cero Radio	Spain	(7)	17.3	E	(7)	17.3	E
Uniprex Television Digital Valenciana SLU	Spain	(7)	17.3	E		–	NC
Uniprex Television SLU	Spain	(7)	17.3	E		–	NC
Uniprex Valencia Television SLU	Spain	(7)	17.3	E		–	NC
Unipublic SAU	Spain	(7)	17.3	E		–	NC
Unité 15 Belgique SA	Belgium	(2)	48.8	F	(2)	48.8	F
Unité 15 France SA (formerly Unité 15 Fulfilment SA)	France	(2)	48.8	F	(2)	48.8	F
Vox Film & Fernseh GmbH & Co.KG	Germany		99.4	F		99.4	F
W9 Productions SAS	France	(2)	48.8	F	(2)	48.8	F
Yorin TV BV	Netherlands	(23)	–	NC		99.7	F
ZAO ACB Prestige Television Company	Russia	(27)	29.9	E		–	NC
ZAO Telecom-Azov	Russia	(27)	22.5	E		–	NC

10 Group undertakings (continued)

Content	Country of incorporation	Note	2005 Group's Ownership	Consolidation method ¹	Note	2004 Group's Ownership	Consolidation method ¹
All American Entertainment Inc.	USA	(14)	100.0	F	(14)	100.0	F
All American Music Group	USA	(14)	100.0	F	(14)	100.0	F
Allied Communications Inc.	USA		100.0	F		100.0	F
Alomo Productions Ltd	UK	(19)	100.0	F	(19)	100.0	F
American Idols Productions Inc.	USA	(14)	100.0	F	(14)	100.0	F
Be Happy Productions SAS	France		100.0	F		100.0	F
Belga Films SA	Belgium		65.8	F		65.8	F
Bernesse Pty Ltd	Australia	(17)	100.0	F	(17)	100.0	F
Blu A/S	Denmark		75.0	F		–	NC
Blue Circle BV (formerly RTL 4 Productions BV)	Netherlands		99.7	F		100.0	F
Christie Films Pty Ltd	Australia	(12)	49.0	F		–	NC
Clement/La Fresnais Productions Ltd	UK	(19)	100.0	F	(19)	100.0	F
CLT-UFA Multi Media GmbH	Germany		99.7	F		99.7	F
Cologne Sitcom Produktions GmbH	Germany	(20)	50.2	F	(20)	50.2	F
Cologne Sitcom Verwaltung GmbH	Germany	(20)	50.2	F	(20)	50.2	F
Crackerjack Productions Pty Ltd	Australia		100.0	F		100.0	F
Dedicated To Sport Sarl	France	(6)	24.9	E	(6)	24.9	E
Deutsche Synchron Film GmbH & Co KG	Germany	(8)	50.8	F	(8)	50.8	F
Eurowide Television Ltd (formerly Channel Three Ltd)	UK	(19)	100.0	F	(19)	100.0	F
Feudin' Productions Inc.	USA	(14)	100.0	F	(14)	100.0	F
Football France Promotion SA	France	(6)	24.9	E	(6)	24.9	E
Fremantle Producoes TV SA	Portugal		100.0	F		100.0	F
Fremantle (AUS) Productions Pty Ltd	Australia	(9)	100.0	F	(9)	100.0	F
Fremantle (UK) Productions Ltd	UK		100.0	F		100.0	F
Fremantle de Espana SL	Spain	(9)	95.0	F	(9)	95.0	F
Fremantle Entertainment OY	Finland		100.0	F		100.0	F
Fremantle France Productions Sarl	France		100.0	F		100.0	F
Fremantle Goodson Inc.	USA	(14)	100.0	F	(14)	100.0	F
Fremantle India TV Productions Pvt Ltd	India		100.0	F		100.0	F
Fremantle International Inc.	USA	(14)	100.0	F	(14)	100.0	F
Fremantle Licensing Germany GmbH (formerly Geo Film GmbH)	Germany		99.7	F		99.7	F
Fremantle Licensing Ltd	UK	(26)	–	NC		100.0	F
Fremantle Media Australia Pty Ltd	Australia	(12)	100.0	F	(12)	100.0	F
Fremantle Merchandising Inc.	USA	(14)	100.0	F	(14)	100.0	F
Fremantle Nederland Produkties BV	Netherlands	(26)	–	NC	(15)	100.0	F
Fremantle Polska Sp.Zo.O	Poland		100.0	F		100.0	F
Grundy Endemol Productions VOF	Netherlands	(11)	50.0	P	(11)	50.0	E
Fremantle Productions (South Africa) (PTY) Ltd	South Africa		100.0	F		100.0	F
Fremantle Productions Argentina SA	Argentina	(26)	–	NC	(10)	100.0	F
Fremantle Productions Asia Ltd	Hong-Kong		100.0	F		100.0	F
Fremantle Productions Asia Pte Ltd	Singapore		100.0	F		100.0	F
Fremantle Productions Belgium NV	Belgium		100.0	F		100.0	F
Fremantle Productions BV	Netherlands	(25)	–	NC	(11)	100.0	F
Fremantle Productions Chile Ltda	Chile	(26)	–	NC		100.0	F

Notes to the consolidated financial statements continued

10 Group undertakings (continued)

	Country of incorporation	Note	2005 Group's Ownership	Consolidation method ¹	Note	2004 Group's Ownership	Consolidation method ¹
Fremantle Productions Inc.	USA	(14)	100.0	F	(14)	100.0	F
Fremantle Productions Latin America Inc.	USA		100.0	F		100.0	F
Fremantle Productions North America Inc.	USA	(14)	100.0	F	(14)	100.0	F
Fremantle Productions Oy	Finland		100.0	F		100.0	F
Fremantle Productions SA	Greece		100.0	F		100.0	F
Fremantle Produkcija d.o.o.	Croatia		100.0	F		100.0	F
FremantleMedia Australia Holdings Pty Ltd	Australia	(17)	100.0	F	(17)	100.0	F
FremantleMedia Ltd	UK		100.0	F		100.0	F
FremantleMedia (Netherlands) BV	Netherlands	(15)	100.0	F	(15)	100.0	F
FremantleMedia Animation Ltd (formerly EVA Entertainment Ltd)	UK	(26)	–	NC		100.0	F
FremantleMedia Group Ltd	UK	(13)	100.0	F	(13)	100.0	F
FremantleMedia Holdings Inc.	USA		100.0	F		100.0	F
FremantleMedia Japan KK	Japan		100.0	F		51.0	F
FremantleMedia Licensing Inc.	USA	(9)	100.0	F	(9)	100.0	F
FremantleMedia North America Inc. (formerly Pearson Television Inc.)	USA	(14)	100.0	F	(14)	100.0	F
FremantleMedia Operations BV	Netherlands	(15)	100.0	F	(15)	100.0	F
FremantleMedia Overseas Holdings BV	Netherlands		100.0	F		100.0	F
FremantleMedia Overseas Ltd	UK		100.0	F		100.0	F
FremantleMedia SA (formerly RTL UK Holdings SA)	Luxembourg		100.0	F		100.0	F
FremantleMedia Services Ltd (formerly Little Pond Television Ltd)	UK		100.0	F		100.0	F
FremantleMedia TV Film Yapim	Turkey		100.0	F		100.0	F
FremantleMedia Worldwide Ltd	UK		100.0	F		100.0	F
Gdl Gie	France	(6)	24.9	E	(6)	24.9	E
Good Games Productions Inc.	USA	(14)	100.0	F	(14)	100.0	F
Grundy Consulting Ltd	Antigua	(25)	–	NC	(15)	100.0	F
Grundy Entertainment Pty Ltd	Australia	(17)	100.0	F	(17)	100.0	F
Grundy European Holdings Ltd	Bermuda	(25)	–	NC	(15)	100.0	F
Grundy Film Financing Ltd	Australia	(17)	100.0	F	(17)	100.0	F
Grundy Films Pty Ltd	Australia	(17)	100.0	F	(17)	100.0	F
Grundy Holdings (Australia) Ltd	Antigua	(25)	–	NC	(15)	100.0	F
Grundy International Holdings (I) BV	Netherlands		100.0	F		100.0	F
Grundy International Holdings (II) BV	Netherlands	(26)	–	NC	(15)	100.0	F
Grundy International Operations Ltd	Antigua		100.0	F		100.0	F
Grundy Light Entertainment GmbH (formerly HDTV-Entert. Dressler GmbH)	Germany		100.0	F		100.0	F
Grundy Light Entertainment/White Balance GmbH GBR	Germany		50.8	F		50.0	F
Grundy Magyarorszag TV Musorg Kft	Hungary		100.0	F		100.0	F
Grundy Music Services Inc.	USA	(14)	100.0	F	(14)	100.0	F
Grundy Organization Pty Ltd	Australia	(17)	100.0	F	(17)	100.0	F
Grundy Producciones SA	Spain		100.0	F		100.0	F
Grundy Productions ARG SA	Argentina	(26)	–	NC	(10)	100.0	F
Grundy Productions Italy Spa	Italy		100.0	F		100.0	F

10 Group undertakings (continued)

	Country of incorporation	Note	2005 Group's Ownership	Consolidation method ¹	Note	2004 Group's Ownership	Consolidation method ¹
Grundy Productions Ltd	UK		100.0	F		100.0	F
Grundy Productions SA de CV	Mexico		100.0	F		100.0	F
Grundy Schweiz AG	Switzerland		65.0	F		–	NC
Grundy television Pty Ltd	Australia	(17)	100.0	F	(17)	100.0	F
Grundy Travel Pty Ltd	Australia	(17)	100.0	F	(17)	100.0	F
Grundy UFA TV Produktions GmbH	Germany	(4)	99.7	F	(4)	99.7	F
Hei Elei Film Productions SA (formerly IFP SA)	Luxembourg		99.7	F		99.7	F
HSV UFA Stadionmanagement und Verwaltungs GmbH	Germany	(6)	6.2	E		–	NC
HSV Vermögensverwaltungs GmbH	Germany	(6)	0.2	E		–	NC
I2I Musikproduktions & Musikverlags GmbH	Germany		99.7	F		99.7	F
ISPR GmbH	Germany	(6)	24.9	E	(6)	24.9	E
Itsago Productions Inc.	USA	(23)	–	NC	(14)	100.0	F
Janus Grundy TV GmbH	Germany	(26)	–	NC		50.0	E
JOHO Services BV	Netherlands	(6)	24.9	E	(6)	24.9	E
Kickoff Productions Inc.	USA	(14)	100.0	F	(14)	100.0	F
LBS Communications Inc.	USA	(14)	100.0	F	(14)	100.0	F
Little Pond Television Inc.	USA	(14)	100.0	F	(14)	100.0	F
Magyar Grundy UFA KFT	Hungary		99.7	F		99.7	F
Mark Goodson Productions LLC	USA	(14)	100.0	F	(14)	100.0	F
Media – Foot Belgique srl	Belgium	(6)	24.9	E	(6)	24.9	E
MG Productions Inc.	USA	(14)	100.0	F	(14)	100.0	F
MOVE Sportspromotion GmbH	Germany	(6)	24.9	E	(6)	24.9	E
Multimedia Global Finance SA	Luxembourg	(6)	24.9	E	(6)	24.9	E
Objektiv Film GmbH	Germany	(5)	99.7	F	(5)	99.7	F
OTL Productions Inc.	USA	(14)	100.0	F	(14)	100.0	F
Phöbus Film GmbH & Co Produktions KG	Germany	(8)	50.8	F	(8)	50.8	F
Phönix Film Karlheinz Brunnemann GmbH & Co KG	Germany	(8)	50.8	F	(8)	50.8	F
Phönix Geschäftsführungs GmbH	Germany	(8)	50.8	F	(8)	50.8	F
PT Dunia Visitama	Indonesia		100.0	F		100.0	F
PTV Dormant Ltd	UK	(19)	100.0	F	(19)	100.0	F
Reg Grundy Productions Holdings Inc.	USA	(14)	100.0	F	(14)	100.0	F
Reg Grundy Productions Inc.	USA	(14)	100.0	F	(14)	100.0	F
Regent Productions Ltd	UK	(26)	–	NC		100.0	F
Universum Film AllRights GmbH	Germany		99.7	F		99.7	F
RTL Group Deutschland Markenverwaltungs GmbH	Germany		99.7	F		–	NC
RTL Group Ltd	UK	(26)	–	NC		100.0	F
S5 Finco Sàrl	Luxembourg	(6)	27.7	E	(6)	27.7	E
S5 Group SAS	France	(6)	24.9	E	(6)	24.9	E
S5 Hattrick Sàrl	Luxembourg	(6)	24.9	E	(6)	24.9	E
S5 Luxembourg SCA	Luxembourg	(6)	24.9	E	(6)	24.9	E
S5 Sàrl	Luxembourg	(6)	24.9	E	(6)	24.9	E
SEDS SA	France	(6)	24.9	E	(6)	24.9	E
Select TV Communications Cons Ltd	UK	(19)	100.0	F	(19)	100.0	F

Notes to the consolidated financial statements continued

10 Group undertakings (continued)

	Country of incorporation	Note	2005 Group's Ownership	Consolidation method ¹	Note	2004 Group's Ownership	Consolidation method ¹
Select TV Ltd	UK	(19)	100.0	F	(19)	100.0	F
SNC SA	France		48.8	F		99.7	F
Somerford Brooke Productions Ltd (formerly Little Pond Television Ltd)	UK	(19)	100.0	F	(19)	100.0	F
Sport Rights Acquisitions Ltd (formerly Sport+ UK Ltd)	UK	(6)	24.9	E	(6)	24.9	E
Sportfive Asia Sdn. Bhd.	Malaysia	(6)	24.9	E	(6)	24.9	E
Sportfive GmbH	Germany	(6)	24.9	E	(6)	24.9	E
Sportfive GmbH & CoKG	Germany	(6)	24.9	E	(6)	24.9	E
Sportfive Intermediate GmbH	Germany	(6)	24.9	E	(6)	24.9	E
Sportfive International Ltd	UK	(6)	24.9	E	(6)	24.9	E
Sportfive International Sarl	Switzerland	(6)	24.9	E	(6)	24.9	E
Sportfive Italy SA (formerly Bastino Multimedia)	Italy	(6)	24.9	E	(6)	24.9	E
Sportfive Malaysia Sdn. Bhd. (formerly UFA Sports Malaysia Sdn. Bhd.)	Malaysia	(6)	17.4	E	(6)	17.4	E
Sportfive SA (formerly Groupe JC Darmon SA)	France	(6)	24.9	E	(6)	24.9	E
Sportfive SA Argentina	Argentina	(6)	24.9	E	(6)	24.9	E
Sportfive SP Zoo (formerly UFA Sports SP Zoo)	Poland	(6)	24.9	E	(6)	24.9	E
Sportfive Sulamerica Ltda	Brazil	(6)	24.9	E	(6)	24.9	E
Sportfive Tennis SA (formerly Palais des Sports de Toulouse SA)	France	(6)	24.9	E	(6)	24.9	E
Sportfive Tixx GmbH	Germany	(6)	24.9	E	(6)	24.9	E
Sportfive Turkey Ltd Sirketi	Turkey	(6)	24.7	E	(6)	24.7	E
Sportfive USA LLC	USA	(6)	24.9	E	(6)	24.9	E
Sportfive Verwaltungs GmbH	Germany	(6)	24.9	E	(6)	24.9	E
Sports Rights Acquisition BV	Netherlands	(6)	24.9	E	(6)	24.9	E
Stadion Frankfurt Management GmbH	Germany	(6)	12.5	E		–	NC
Talkback (UK) Productions Ltd	UK		100.0	F		100.0	F
Talkback Productions Ltd	UK	(21)	100.0	F	(21)	100.0	F
Talkback Thames Ltd (formerly Not Any Old Radio Commercials Ltd)	UK	(21)	100.0	F	(21)	100.0	F
Teamworx Television & Film GmbH	Germany		99.7	F		99.7	F
Telescope Inc.	USA		100.0	F		100.0	F
Terrapin Communications Inc.	USA	(14)	100.0	F	(14)	100.0	F
Terrapin Productions Inc.	USA	(14)	100.0	F	(14)	100.0	F
Thames Television Holdings Ltd	UK		100.0	F		100.0	F
Thames Television Ltd	UK	(22)	100.0	F	(22)	100.0	F
Thames Television Services Ltd London	UK	(26)	–	NC	(22)	100.0	F
The Baywatch Productions Company	USA	(14)	100.0	F	(14)	100.0	F
The Price is Right Productions Inc.	USA	(14)	100.0	F	(14)	100.0	F
Tick Tock Productions Inc.	USA	(14)	100.0	F	(14)	100.0	F
Trebitsch Produktion Holding GmbH	Germany	(5)	99.7	F	(5)	99.7	F
Trebitsch Produktion Holding GmbH & Co.KG	Germany	(5)	99.7	F	(5)	99.7	F

10 Group undertakings (continued)

	Country of incorporation	Note	2005 Group's Ownership	Consolidation method ¹	Note	2004 Group's Ownership	Consolidation method ¹
Truth Productions Inc.	USA	(26)	–	NC	(14)	100.0	F
UFA – Fernsehproduktion GmbH	Germany	(4)	99.7	F	(4)	99.7	F
UFA – Filmproduktion GmbH	Germany	(4)	99.7	F	(4)	99.7	F
UFA Entertainment GmbH	Germany	(4)	99.7	F	(4)	99.7	F
UFA Film & Fernseh GmbH	Germany	(4)	99.7	F	(4)	99.7	F
UFA Film & TV Produktion GmbH	Germany	(4)	99.7	F	(4)	99.7	F
UFA Film Finance GmbH	Germany	(4)	99.7	F	(4)	99.7	F
UFA Film- und Medienproduktion GmbH (ex START Television Produktions GmbH)	Germany	(20)	100.0	F	(20)	100.0	F
UFA International Film & TV Produktions GmbH	Germany	(4)	99.7	F	(4)	99.7	F
UFA Sports Iberia SL	France	(6)	24.9	E	(6)	24.9	E
UK TV Ltd	Australia	(12)	20.0	F	(12)	20.0	E
United World Television Ltd (formerly Select TV International Ltd)	UK	(19)	100.0	F	(19)	100.0	F
Universum Film GmbH & CoKG	Germany		99.7	F		99.7	F
What's My Line? Productions Inc.	USA	(14)	100.0	F	(14)	100.0	F
Witzend Productions Ltd	UK	(19)	100.0	F	(19)	100.0	F
Broadcasting radio							
AH Antenne Hörfunksender GmbH & CoKG	Germany		53.3	E		48.3	E
Antenne Mecklenburg- Vorpommern GmbH & CoKG	Germany		25.4	E		25.4	E
Antenne Niedersachsen Gesch. GmbH & CoKG	Germany		35.9	E		35.9	E
Antenne Sachsen Hörfunks- und Versorgungs GmbH	Germany		55.3	E		50.7	E
AVE Gesellsch. für Hörfunkbeteiligungen GmbH	Germany		99.7	F		99.7	F
AVE I Vermögensverwaltungsgesellschaft mbH & Co.KG	Germany		49.7	E		–	NC
AVE II Vermögensverwaltungsgesellschaft	Germany		99.7	F		99.7	F
AVE V GmbH	Germany		99.7	F		–	NC
AVE VI KG	Germany		49.7	E		–	NC
BB Radio Landeswelle Brandenburg GmbH & CoKG	Germany		39.9	E		39.9	E
BCS Broadcast Sachsen GmbH & Co.KG	Germany		30.4	E		–	NC
Blanc Bleu Communication Sarl	France	(24)	–	NC		19.9	E
Cobel D SA	Belgium		21.1	E		21.1	E
Cobelfra SA	Belgium		34.6	E		34.6	E
Contact Properties SA	Belgium		24.9	E		24.9	E
Contact SA	Belgium		49.7	E		49.7	E
Contact SAT SA	Belgium		42.4	E		42.4	E
Contact Vlaanderen	Belgium		40.4	E		33.9	E
Ediradio SA	France		99.7	F		99.7	F
Holland FM Produkties BV	Netherlands	(23)	–	NC		99.7	F
ID (Information et Diffusion) Sarl	France		99.7	F		99.7	F
Inadi SA	Belgium		42.8	F		42.8	F
IP France SA	France		99.7	F		99.7	F

Notes to the consolidated financial statements continued

10 Group undertakings (continued)

	Country of incorporation	Note	2005 Group's Ownership	Consolidation method ¹	Note	2004 Group's Ownership	Consolidation method ¹
IP Régions SA	France		99.7	F		99.7	F
Joker FM SA	Belgium		39.8	E		10.9	E
NMH Neue Medien Holding Sachsen-Anhalt GmbH	Germany	(23)	–	NC		99.7	F
Radio Advertising Benelux BV	Netherlands	(23)	–	NC		99.7	F
Radio Center Berlin GmbH	Germany		99.7	F		–	NC
Radio Hamburg GmbH & CoKG	Germany		29.1	E		29.1	E
Radio Systems GmbH	Germany		99.7	F		99.7	F
RB BLAUEN GmbH	Germany		39.4	E		–	NC
RB Rundfunk Beteiligungs GmbH	Germany	(23)	–	NC		49.8	E
RTL FM BV (formerly Holland FM BV)	Netherlands		99.7	F		99.7	F
RTL Fun Développement Sarl	France		99.7	F		99.7	F
RTL Radio Berlin GmbH	Germany		99.7	F		99.7	F
RTL Radio Deutschland GmbH	Germany		99.7	F		99.7	F
RTL Radio Vermarktungs GmbH & CoKG	Germany		99.7	F		99.7	F
SCP Sarl	France		99.7	F		99.7	F
SERC SA	France		99.7	F		99.7	F
Sodera SA	France		99.7	F		99.7	F
Sud Radio Services SA	France	(24)	–	NC		19.9	E
UFA Programmgesellschaft in Bayern mbH	Germany		99.7	F		99.7	F
VOFR NV	Belgium	(23)	–	NC		33.9	E
Yorin FM BV (formerly Northsea Media Network BV)	Netherlands		99.7	F		99.7	F
Others							
Audiomedia Investments Bruxelles SA	Belgium		100.0	F		100.0	F
B. & C.E. SA	Luxembourg		99.7	F		99.7	F
CBC Vermögensverwaltungs GmbH	Germany	(23)	–	NC		99.7	F
CLT-UFA Holding SA	Luxembourg	(23)	–	NC		100.0	F
CLT-UFA SA (including German Branch)	Luxembourg		99.7	F		99.7	F
CLT-UFA UK Radio Ltd	UK		99.7	F		99.7	F
CLT-UFA UK Television Ltd	UK		99.7	F		99.7	F

10 Group undertakings (continued)

	Country of incorporation	Note	2005 Group's Ownership	Consolidation method ¹	Note	2004 Group's Ownership	Consolidation method ¹
IP Luxembourg Sarl	Luxembourg		99.7	F		99.7	F
IP Plurimédia SA	Belgium		65.8	F		65.8	F
RTL Group Central & Eastern Europe GmbH	Germany		99.7	F		–	NC
RTL Group Central & Eastern Europe SA	Luxembourg		99.7	F		99.7	F
RTL Group Deutschland GmbH	Germany		99.7	F		99.7	F
RTL Group Germany SA	Luxembourg		99.7	F		–	NC
RTL Group Vermögensverwaltungs GmbH (formerly Darpar 128 GmbH)	Germany		100.0	F		100.0	F
RTL Group Verwaltungs und Holding GmbH	Germany	(23)	–	NC		100.0	F
RTL UK Ltd	UK		100.0	F		100.0	F
Société Immobilière Bayard d'Antin SA	France		99.7	F		99.7	F
TVI Interactions SA (formerly TVI Editions SA)	Belgium		65.8	F		65.8	F

(1) M: Parent Company – F: Full consolidation – P: Proportionate consolidation – E: Equity accounting – NC: Not Consolidated

(2) M6 Group

(3) Five Group (formerly Channel 5 Group)

(4) UFA Berlin Group

(5) Trebitsch Group

(6) SPORTFIVE Group

(7) Antena 3 De Television Group

(8) Phönix Group

(9) Fremantle Licensing Group

(10) Fremantle Productions Argentina Group

(11) Fremantle Productions Group

(12) FremantleMedia Australia Group

(13) FremantleMedia Central Group

(14) FremantleMedia North America Group

(15) FremantleMedia Productions Netherlands Group

(16) Grundy Light Entertainment Group

(17) Grundy Organisation (Holdings) Group

(18) Grundy Productions Italy Group

(19) Select TV Group

(20) Start Television Produktions Group

(21) Talkback Productions Group

(22) Thames Television Group

(23) Company absorbed by a company of the Group

(24) Company sold in 2005

(25) Company liquidated

(26) Company not trading anymore

(27) REN TV Group

(28) Media Capital Group