
Notes

to the consolidated financial statements

1. Significant accounting policies

RTL Group SA (the "Company") is a company domiciled in Luxembourg. The consolidated financial statements of the Company for the year ended 31 December 2007 comprise the Company and its subsidiaries (together referred to as "the Group") and the Group's interest in associates and jointly controlled entities. RTL Group is the parent company of a multinational television, radio and production Group, holding, directly or indirectly, investments in 616 companies. The list of the principal Group undertakings as at 31 December 2007 is set out in note 11.

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

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

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

Germany. Consolidated financial statements for Bertelsmann AG can be obtained at their registered office.

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

1.1. Statement of compliance

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

1.2. Basis of preparation

1.2.1. Consolidated financial statements

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

is adjusted to record changes in the fair value attributable to the risks that are being hedged.

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

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

Judgements made by management in the application of IFRS that have significant

effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 10.

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

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

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

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

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

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

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

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

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

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

- IFRS 8 “Operating Segments” sets out requirements for disclosure of information about an entity’s operating segments and also about the entity’s products and services, the geographical areas in which they operate, and its major customers. IFRS 8 will require additional disclosures on these items;
- IAS 23 (Amendment), “Borrowing costs”. The amendment to the standard is still subject to endorsement by the European Union. It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group will apply IAS 23 (Amended) from 1 January 2009 but the standard is currently not applicable to the Group as there are no qualifying assets;
- IAS 1 (Revised) “Presentation of financial statements” is aimed at improving users’ ability to analyse and compare the information given in financial statements. IAS 1 (Revised) will affect the presentation of owner changes in equity and of comprehensive income;
- IFRS 3 (Revised) “Business combinations”. IFRS 3 (Revised) continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with some contingent payments subsequent-

ly remeasured at fair value through income. Goodwill may be calculated based on the parent’s share of net assets or it may include goodwill related to the minority interest. All transaction costs will be expensed. IFRS 3 (Revised) will have an impact on how the Group will report on acquisitions;

- IAS 27 (Revised) “Consolidated and separate financial statements”. IAS 27 (Revised) provides mainly guidance on changes in the ownership interests. In particular, changes in a parent’s ownership interest in a subsidiary that do not result in the loss of control will be accounted for within equity, as is the current practice of the Group;
- IAS 32 (Amendment) “Financial Instruments: Presentation” and IAS 1 (Amendment) “Presentation of Financial Statements”. These amendments to the standards require that some puttable financial instruments and some financial instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation to be classified as equity;
- IFRIC 11 “Group and Treasury Share Transactions” provides guidance in applying IFRS 2 “Share-based Payment” in three circumstances:
 - Share-based payment involving an entity’s own equity instruments in which the entity chooses or is required to buy its own equity instruments (treasury shares) to settle the share-based payment obligation;
 - A parent grants rights to its equity instruments to employees of its subsidiary;
 - A subsidiary grants rights to equity instruments of its parent to its employees.
- IFRIC 12, “Service concession arrangements”. IFRIC 12 applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. IFRIC 12 is not relevant to the Group’s operations because none of the Group’s companies provide public sector services;
- IFRIC 13, “Customer loyalty programmes”. IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement in us-

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

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

1.3. Principles of consolidation

1.3.1. Subsidiaries

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

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

When an acquisition is completed by a series of successive transactions, each significant transaction is considered individually for the purpose of the determination

of the fair value of the identifiable assets, liabilities and contingent liabilities acquired and hence for the goodwill associated with the acquisition.

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

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

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

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

1.3.2. Joint ventures

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

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

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

1.3.3. Associates

Associates are defined as those investments, not classified as either subsidiar-

ies or joint ventures, where the Group is able to exercise a significant influence. Such investments are recorded in the consolidated balance sheet using the equity method of accounting. Under this method the Group's share of the post-acquisition profits or losses of associates is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against "Investments in associates".

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

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

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

1.3.4. Transactions eliminated on consolidation

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

1.4. Foreign currency translation

1.4.1. Foreign currency transactions and balances

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities de-

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

1.4.2. Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill, except for goodwill arising from acquisitions before 1 January 2004, and fair value adjustments arising on consolidation, are translated to Euro using the foreign exchange rate prevailing at the balance sheet date. Income and expenses are translated at the average exchange rate for the year under review. The foreign currency translation differences resulting from this treatment and those resulting from the translation of the foreign operations' opening net asset values at year-end rates are recognised directly in a separate component of equity.

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

1.5. Derivative financial instruments and hedging activities

Fair value

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

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

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

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

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

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

Cash flow hedges

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

For qualifying hedge relationships, the Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking the hedge. This pro-

cess includes linking all derivatives designated as hedges to specific assets and liabilities or to specific firm commitments or forecast transactions. The Group also documents, both at the hedge inception and on an ongoing basis, its assessment of whether the hedging derivatives are effective in offsetting changes in fair values or cash flows of the hedged items.

1.6. Current/non-current distinction

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

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

1.7. Intangible assets

1.7.1. Owned non-current programme rights

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

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

1.7.2. Goodwill

Acquisitions are accounted for by application of the purchase method of accounting. Goodwill arising from applying this method represents the difference between the cost of the acquisition of subsidiaries, associates and joint ventures and the Group's share of the fair value of net identifiable assets acquired. Goodwill on acquisitions of subsidiaries and joint ventures is recognised as an intangible asset. Goodwill is tested annually for impairment and carried at cost less accumulated impair-

ment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of the cash generating units represents the Group's investment in a geographical area of operation by business segment except for the content business, which is considered as a sole cash-generating unit for worldwide operations.

No goodwill is recognised on an acquisition of minority interest.

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

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

1.7.3. Other intangible assets

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

Licences: 7 to 20 years
Software: maximum 3 years

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

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

1.8. Property, plant and equipment

1.8.1. Owned assets

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

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

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant

and equipment. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in operating profit.

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

1.8.2. Leases

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

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

1.8.3. Subsequent expenditure

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

1.9. Loans and other financial assets

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

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

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

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

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

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

1.10. Current programme rights

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

Current programme rights include programmes in progress, (co)productions as well as rights acquired with the primary intention to broadcast or sell them in the normal course of the Group's operating cycle. Current programme rights include an appropriate portion of overheads and are stated at the lower of cost and net realisable value. Net realisable value represents man-

agement assessment of rights that are not likely to be broadcast. They are consumed based on either the expected number of transmissions or expected revenues in order to match the costs of consumption with the benefits received. The rates of consumption applied for broadcasting rights are the following:

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

1. 11. Accounts receivable

Trade accounts receivable arise from the sale of goods and services related to the Group’s operating activities. Other accounts receivable include VAT recoverable, prepaid expenses and the fair value of derivative assets. Trade and other accounts receivable are measured at amortised cost. Impairment losses on trade and other accounts receivable, except derivative assets, are recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original term of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within depreciation, amortisation and impairment. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credit-

ed against depreciation, amortisation and impairment in the income statement.

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

1. 12. Cash and cash equivalents

Cash and cash equivalents are carried in balance sheet at cost and include cash in hand, postal and bank accounts, money market funds when they meet the criteria set out in IAS 7, paragraph 7, as well as balance receivable on demand and deposits with an original maturity of less than 90 days.

Bank overdrafts are included within current liabilities.

1. 13. Impairment of non-financial assets

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

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

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

1. 14. Impairment of financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of finan-

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

1. 15. Accounts payable

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

1. 16. Loans payable

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

1. 17. Provisions

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

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan and the re-

structuring has either commenced or has been announced publicly. Costs relating to the ongoing activities of the Group are not provided for.

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

1. 18. Employee benefits

1. 18. 1. Pension benefits

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

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

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

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

1. 18. 2. Other benefits

Many Group companies provide death in service benefits, and spouses and children's benefits. The costs associated with

these benefits are recognised when an employee has rendered service in exchange for the contributions due by the employer.

1. 18. 3. Share-based transactions

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

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

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

1. 19. Share capital

1. 19. 1. Equity transaction costs

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

1. 19. 2. Treasury shares

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

1. 19. 3. Dividends

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

1. 20. Revenue presentation and recognition

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

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

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

1. 21. Interest income/expense

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

1. 22. Income tax

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

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

Deferred taxes are recognised according to the balance sheet liability method on any temporary difference between the carrying amount for consolidation purposes and the tax base of the Group's assets and liabilities. Temporary differences are not provided for when the initial recognition of assets or liabilities affects neither accounting nor taxable profit and when differences relate to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. No tempo-

rary differences are recognised on the initial recognition of goodwill. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

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

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

1.23. Earnings per share

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

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

1.24. Segment reporting

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

1.25. Non-current assets held for sale

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

2. Segment reporting

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

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

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

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

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

Business segments

The Group comprises the following main business segments:

Television:

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

Content:

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

Radio:

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

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

Geographical segments

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

2.1. Business segments

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

* Restated (see note 1.2.1.)

2.2. Geographical segments

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

Radio		Other operations		Eliminations		Total	
2007 €m	2006* €m	2007 €m	2006* €m	2007 €m	2006* €m	2007 €m	2006* €m
277	254	36	33	-	-	5,707	5,640
2	(4)	29	30	(231)	(195)	-	-
279	250	65	63	(231)	(195)	5,707	5,640
77	53	(66)	(33)	-	-	762	970
3	3	-	-	-	-	60	72
80	56	(66)	(33)	-	-	822	1,042
79	56	(38)	(34)	-	-	898	851
-	-	-	-	-	-	(133)	-
-	-	-	-	-	-	(19)	(14)
-	-	-	-	-	-	-	(2)
1	-	(28)	1	-	-	76	207
80	56	(66)	(33)	-	-	822	1,042
						(4)	2
						26	33
						(170)	34
						674	1,111
						563	890
						111	221
498	297	365	409	(228)	(467)	6,811	6,981
56	56	-	-	-	-	466	573
-	-	7	7	-	-	18	9
						2,016	1,468
						9,311	9,031
254	183	232	248	(218)	(459)	2,442	2,474
-	1	-	-	-	-	12	1
						426	405
						2,880	2,880
						6,431	6,151
170	19	3	5	-	-	351	312
(8)	(6)	(5)	(5)	-	-	(170)	(178)
-	-	3	-	-	-	(5)	(8)
-	-	-	-	-	-	(123)	-
-	-	-	-	-	-	(10)	-
Netherlands		Other regions		Eliminations		Total	
2007 €m	2006 €m	2007 €m	2006 €m	2007 €m	2006 €m	2007 €m	2006 €m
719	619	1,059	980	(507)	(437)	5,707	5,640
535	350	978	1,040	(231)	(261)	6,811	6,981
-	-	-	-	-	-	18	9
156	4	20	71	-	-	351	312

3. Acquisitions and disposals

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

Details of significant acquisitions in the year ended 31 December 2007 are set out in note 3.2. Acquisitions have been consolidated using the purchase method of accounting with goodwill being recognised as an asset. All acquisitions have been included in the consolidated accounts from the date that control has been transferred to the Group.

In aggregate, the acquired businesses contributed revenue of €20 million and profit attributable to RTL Group shareholders of €4 million for the post acquisition period to 31 December 2007. Had the business combinations been at the beginning of the year, the revenue and the profit attributable to RTL Group shareholders would have amounted to €5,754 million and €571 million respectively.

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

2007

Radio 538 and RTL Nederland

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

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

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

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

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

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

SEDI TV – Téva

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

Neue Spreeradio

Following the approvals by the competition and media authorities respectively in June and October 2007, RTL Group completed the acquisition of 66 per cent of the Berlin-based radio station 105.5 Spreeradio for a consideration of €0.4 million, resulting in a goodwill of €11 million. Prior to the acquisition, Neue Spreeradio was accounted for using the equity method.

This transaction qualifies as a business combination since RTL Group has gained the control of Neue Spreeradio. The purchase accounting has been determined on a provisional basis and will be completed in 2008.

2006

Contact

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

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

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

Mandarin Films

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

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

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

N-TV

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

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

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

TPS Group

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

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

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

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

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

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

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

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

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

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

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

3.3. Assets and liabilities acquired

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

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

3.4. Cash (inflow)/outflow on acquisitions

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

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

3. 5. Assets and liabilities disposed of

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

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

3. 6. Cash inflow on disposals

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

4. Consolidated income statement

4.1. Revenue

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

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

* Reclassified

4.2. Other operating expense

	Notes	2007 €m	2006* €m
Employee benefits expense	4.2.1	847	844
External cost of live programmes (1)		281	382
Expenses for subcontract production		208	199
Intellectual property expenses		185	224
External cost of transmitting		206	201
Consumption of other inventories		228	200
Other marketing, promotion and public relations costs (2)		144	170
Marketing and promotion costs – barter		45	36
Commissions on sales		30	36
Other distribution expenses		34	40
Rental costs		83	91
Operating taxes		65	68
Audit, consulting and legal fees		59	62
Repairs and maintenance		50	57
Administration and sundry expenses (3)		224	154
		2,689	2,764

(1) € 21 million relates to TPS Group disposed of in 2006

(2) € 24 million relates to TPS Group disposed of in 2006

(3) In 2007, € 96 million relates to the IP Deutschland GmbH fine from the German Cartel Office

* Reclassified

4.2.1. Employee benefits expense

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

The amounts set out above exclude personnel costs of €202 million (2006: €209 million), that are capitalised and which represent costs of employees directly allocated to the production of

programmes. Pension costs relate to defined contribution for €8 million (2006: €6 million) and defined benefit plans (see note 5.14.).

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

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

Employees of joint ventures reflect the number of employees based on the Group's ownership in these joint ventures.

The decrease in the number of employees in joint ventures is mainly due to the full disposal of TPS (2006: 147).

4. 3. Gain/(loss) from sale of subsidiaries, joint ventures and other investments

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

	2007 €m
Gain on sale of the investment in the Sportfive Group associate (see note 5.4.)	66
Gain on sale of the investment in the Media Capital associate (see note 5.4.)	33
Gain on sale of the investment in the Telescope Inc subsidiary	3
Gain on sale of the investment in the BB Radio associate	1
Gain on sale of other investments	1
Loss on the partial disposal of Fremantle North America subsidiary. The loans initially provided to this entity were considered in 2002 as part of the net investment. Following the reimbursement in 2007 a loss on disposal was recognised (see note 1.4.2.)	(28)
	2006 €m
Gain on sale of the investment in the TPS Group joint venture (see note 3.2.)	201
Gain on sale of the investment in the Yorin FM subsidiary	3
Gain on sale of the investment in the S4M subsidiary	1
Gain on sale of the investment in the Telescope Inc subsidiary	1
Gain on sale of another investment (Athletline)	1

4. 4. Net interest income/(expense)

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

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

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

4. 5. Financial results other than interest

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

4. 6. Income tax income/(expense)

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

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

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

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

2007

- The effect of change in income tax rates in Germany resulted in a decrease of the deferred tax asset amounting to €68 million;
- Deferred tax assets have been recognised on tax losses carry forward in Luxembourg (€89 million), Germany (€62 million) and in the Netherlands (€21 million);

- Non deductible expenses primarily relate in 2007 to a fine (€38 million, see note 4.2.) and to an impairment loss on goodwill (€37 million, see note 5.2.).

2006

Income tax adjustments on prior years comprise:

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

4.7. Earnings per share

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

	2007	2006
Profit attributable to RTL Group shareholders (in € million)	563.1	890.0
Weighted average number of ordinary shares:		
Issued ordinary shares at 1 January	154,787,554	154,787,554
Effect of own shares held	(1,168,701)	(1,168,701)
Weighted average number of ordinary shares	153,618,853	153,618,853
Basic earnings per share (in €)	3.67	5.79
Diluted earnings per share (in €)	3.67	5.79

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

5. Consolidated balance sheet

5.1. Programme rights, goodwill and other intangible assets

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

(1) Programme rights include internally generated capitalised rights

(2) See note 3.2.

(3) See note 5.2.

(4) After completion of purchase accounting, € 5 million deferred tax assets previously not recognised and related to tax losses carry forwards were subsequently recognised and realised. As a consequence, goodwill was impaired for the same amount

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

The increase in “Other intangible assets” relates mainly to the acquisition of Girondins players for €33 million and Radio 538, including the following components: brand for €10 million and radio licenses for €28

million. The debt related to the radio licenses is presented in “Non-current payable” (see note 5.12.).

The M6 brand is considered to have an indefinite useful life and has been recognised for an amount of €120 million. As at 31 December 2007, an impairment test was performed and did not lead to any impairment.

5.2. Impairment test for goodwill

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

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.

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

The recoverable amounts of cash-generating units are determined based on value-in-use calculations or trading comparables (EBITA multiples). Value-in-use calculations use cash flow projections based on financial budgets prepared by management covering a

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

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

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

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

These assumptions have been used for the analysis of each cash-generating unit within the business segment. Management determined budgeted gross margin based on past performance and its expectations for the market development. The discount rates used reflect specific risks relating to the relevant segments.

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

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

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

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

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

5.3. Property, plant and equipment

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

(1) Including gain of control of N-TV

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

5.4. Investments in associates

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

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

Share of results of associates:

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

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

settlement resulted in an €11 million non-recurring income in "Share of result of associates" in 2006.

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

5.4.1. Main changes in ownership interest

2007

Antena 3 De Television Group

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

Media Capital Group

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

Pages Jaunes Petites Annonces

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

Sportfive Group

The shareholders of Sportfive launched, in the second half of 2006, a competitive tender process as part of an agreed strategic exit. On 20 November 2006, the Group an-

nounced that it had sold its 25 per cent stake, as part of the full acquisition of Sportfive, to Lagardère SCA. Sportfive Group was classified as held for sale at 31 December 2006. The transaction was completed in January 2007 following the approval from the European Commission on 18 January 2007. In 2007, the disposal generated a cash inflow of €68 million and a capital gain of €66 million was recognised.

Neue Spreeradio

See note 3.2.

2006

Antena 3 De Television Group

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

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

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

All these operations have contributed to increase the Group interest as at 31 December 2006 from 17.3 to 19 per cent after deduction of the treasury shares.

Following these operations RTL Group recognised a change in ownership interest for €46 million (i.e. a decrease of the equity attributable to the shareholders) and an additional goodwill related to the distribution in kind (€5 million).

Contact

See note 3.2.

Sportfive Group

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

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

The restructuring steps consisted of:

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

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

The impacts of acquisitions of associates are presented as follows:

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

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

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

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

5.4.2. Summarised financial information

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

2007	Country of incorporation	Assets €m	Liabilities €m	Equity €m	Revenues €m	Profit/ (loss) for the year €m	% interest held
Antena 3 De Television Group	Spain	924	598	326	938	200	19.9
M-RTL rt	Hungary	121	71	50	132	15	48.8
Ren TV Group	Russia	130	90	40	117	6	30.0
RTL 2 GmbH & CoKG	Germany	115	95	20	237	9	35.8

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

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

5.5. Loans and other financial assets

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

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

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

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

5.6. Deferred tax assets and liabilities

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

* Restated (see note 1.2.1.)

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

* Restated (see note 1.2.1.)

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

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

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

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

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

	Balance at 1 January 2007* €m	(Charged)/ credited to income statement €m	(Charged)/ credited to equity €m	Change in consolidation scope €m	Transfers and other changes €m	Balance at 31 December 2007 €m
Deferred tax assets						
Intangible assets	294	(61)	-	63	-	296
Programme rights	37	1	-	-	-	38
Property, plant and equipment	3	(1)	-	-	-	2
Provisions	70	(22)	(2)	-	-	46
Tax losses (see note 4.6.)	36	143	-	(1)	-	178
Others	26	(4)	11	-	-	33
Set off of tax	(74)	-	-	-	40	(34)
	392	56	9	62	40	559

* Restated (see note 1.2.1.)

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

	Balance at 1 January 2007* €m	(Charged) / credited to income statement €m	(Charged) / credited to equity €m	Change in consolidation scope €m	Transfers and other changes €m	Balance at 31 December 2007 €m
Deferred tax liabilities						
Intangible assets	(108)	29	-	(3)	-	(82)
Property, plant and equipment	(20)	-	-	1	-	(19)
Provisions	(5)	2	-	-	-	(3)
Others	(23)	10	-	-	-	(13)
Set off of tax	74	-	-	-	(40)	34
	(82)	41	-	(2)	(40)	(83)

* Restated (see note 1.2.1.)

5.7. Current programme rights

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

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

5.8. Accounts receivable

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

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

5.9. Cash and cash equivalents

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

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

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

Non-current assets classified as held for sale	2007 €m	2006 €m
Disposal groups held for sale		
Other inventories	12	–
Accounts receivable	9	–
Impairment on disposal group	(10)	–
	11	–

Non-current assets held for sale	2007 €m	2006 €m
Property, plant and equipment	7	7
Investments in associates	–	2
	7	9

Liabilities directly associated with non-current assets classified as held for sale	2007 €m	2006 €m
Accounts payable	11	1
Provisions	1	–
	12	1

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

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

5. 11. Loans and bank overdrafts

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

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

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

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

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

5.12. Accounts payable

Current accounts payable

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

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

Non-current accounts payable

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

5.13. Provisions

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

* Restated (see note 1.2.1.)

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

* Restated (see note 1.2.1.)

The provisions mainly relate to the following:

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

5.14. Employee benefits

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

Belgium

Employees of RTL-TV1 participate in a defined benefit plan insured with the insurance company AXA, which provides pension benefits to members and their dependants on retirement and death.

France

Ediradio, ID and IP France operate retirement indemnity plans which, by law, provide lump sums to employees on retirement. The lump sums are based on service and salary at date of termination of employment in accordance with the applicable collective agreement. The Ediradio, ID retirement indemnity plan is partly funded by an insurance contract with AXA. Groupe M6 par-

ticipates in a defined benefit plan which provides pension benefits to members on retirement.

Germany

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

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

RTL Television sponsors individual plans for two employees and a former employee providing defined pension benefits to each employee at retirement. In addition, a num-

ber of employees participate in a support fund providing pension benefits to members and their dependants on retirement and death.

Luxembourg

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

United Kingdom

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

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

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

* Restated (see note 1.2.1.)

As RTL Group had in 2006 no legal right to realise the surplus in the UK plan and settle the obligations under the other plans of the Group, the surplus in the

above mentioned plan is presented in assets, and the obligations under the plans in France, Germany, Luxembourg and Belgium are shown under provisions.

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

* Restated (see note 1.2.1.)

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

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

* Restated (see note 1.2.1.)

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

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

* Restated (see note 1.2.1.)

Plan assets are comprised as follows:

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

* Restated (see note 1.2.1.)

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

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

The amounts recognised in the income statement are as follows:

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

* Restated (see note 1.2.1.)

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

* Restated (see note 1.2.1.)

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

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

* Restated (see note 1.2.1.)

The principal actuarial assumptions used were as follows:

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

5.15. Equity

5.15.1. Consolidated statement of changes in equity

	Notes	Share capital €m	Share premium €m	Treasury shares €m
Balance at 31 December 2005		192	6,454	(44)
Change in accounting policy		–	–	–
Balance at 31 December 2005*		192	6,454	(44)
Gains and losses:				
Foreign currency translation differences	5.15.4.	–	–	–
Change in fair value of cash flow hedges, net of tax	5.15.5.	–	–	–
Change in fair value of available-for-sale financial assets, net of tax	5.15.6.	–	–	–
Defined benefit plan actuarial gains, net of tax		–	–	–
Net profit for the year		–	–	–
Capital transactions with owners and distribution to owners:				
Dividends	5.15.7.	–	–	–
Equity-settled transactions net of tax	5.15.8.	–	–	–
Business combinations and other transactions:				
Transactions on minority interest		–	–	–
Transactions on treasury shares of associates	5.4.1.	–	–	–
Balance at 31 December 2006*		192	6,454	(44)
Gains and losses:				
Foreign currency translation differences	5.15.4.	–	–	–
Change in fair value of cash flow hedges, net of tax	5.15.5.	–	–	–
Change in fair value of available-for-sale financial assets, net of tax	5.15.6.	–	–	–
Defined benefit plan actuarial gains, net of tax		–	–	–
Net profit for the year		–	–	–
Capital transactions with owners and distribution to owners:				
Dividends	5.15.7.	–	–	–
Equity-settled transactions net of tax	5.15.8.	–	–	–
Business combinations and other transactions:				
Transactions on minority interest	5.15.9.	–	–	–
Derivatives on equity instruments	5.15.10.	–	–	–
Transactions on treasury shares of associates	5.4.1.	–	–	–
Balance at 31 December 2007		192	6,454	(44)

* Restated (see note 1.2.1.)

5.15.2. Share capital

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

5.15.3. Treasury shares

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group. At 31 December 2007, the Group holds 1,168,701 own shares (2006: 1,168,701) at a cost of €44 million (2006: €44 million).

5.15.4. Currency translation reserve

The currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations that are not integral to the operations of the Company, as well as loans designated to form part of the Group's net investment in specific undertakings as repayment of those loans is not anticipated within the foreseeable future (see note 4.3.).

5.15.5. Hedging reserve

The hedging reserve (equity attributable to minority interest included) comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

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

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

Currency translation reserve €m	Hedging reserve €m	Revaluation reserve €m	Retained earnings €m	Equity attributable to RTL Group shareholders €m	Equity attributable to minority interest €m	Total equity €m
(119)	6	81	(1,597)	4,973	375	5,348
-	-	-	(16)	(16)	(1)	(17)
(119)	6	81	(1,613)	4,957	374	5,331
2	-	-	-	2	(1)	1
-	(28)	-	-	(28)	(2)	(30)
-	-	2	-	2	-	2
-	-	-	7	7	-	7
-	-	-	890	890	221	1,111
2	(28)	2	897	873	218	1,091
-	-	-	(161)	(161)	(74)	(235)
-	-	-	4	4	5	9
-	-	-	2	2	(1)	1
-	-	-	(46)	(46)	-	(46)
(117)	(22)	83	(917)	5,629	522	6,151
(5)	-	-	-	(5)	(1)	(6)
-	(28)	-	-	(28)	(1)	(29)
-	-	2	-	2	-	2
-	-	-	5	5	1	6
-	-	-	563	563	111	674
(5)	(28)	2	568	537	110	647
-	-	-	(461)	(461)	(76)	(537)
-	-	-	6	6	7	13
-	-	-	161	161	(3)	158
-	-	-	(5)	(5)	(5)	(10)
-	-	-	9	9	-	9
(122)	(50)	85	(639)	5,876	555	6,431

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

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

5. 15. 6. Revaluation reserve

The revaluation reserve includes:

- The cumulative net change in the fair value of available-for-sale investments until the investment is derecognised for €34 million (2006: €32 million);
- The cumulative increase in the fair value of the intangible assets and property, plant and equipment following the gain of control of M6 and the acquisition of associates achieved in stages amounting to €51 million (2006: €51 million).

5. 15. 7. Dividends

At the Annual General Meeting of RTL Group on 16 April 2008, a dividend in respect of 2007 of €5.0 per share (of which an extraordinary dividend of €3.70 per

share) is to be proposed. These financial statements do not reflect the final proposed dividend payable, which will be accounted for as an appropriation of retained earnings in 2008. The dividends in respect of 2006 amounted to €3.0 per share (of which an extraordinary dividend of €1.80 per share or €464 million).

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

5.15.8. Share options

RTL Group Stock Option Plan

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

Eligibility

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

Grant

The number of options granted to a participant under the SOP is at the discretion of the compensation committee, being the Board of Directors of the Company or a

duly constituted committee thereof, established amongst other things, for the purpose of operating the SOP. Participants may renounce options granted to them. Participants will not be required to pay any sum in respect of the grant of any options to them under the SOP.

Scheme limits

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

Exercise price

The exercise price to be paid by a participant in order to exercise options which are granted under the SOP will be the average

closing middle market price of shares in the Company on the Brussels Stock Exchange over 20 dealing days preceding the date of grant or such other, higher or lower, amount as determined by the compensation committee.

Exercise

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

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

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

Movements in the number of share options are as follows:

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

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

M6 Share Option Plan

M6 has established employee share option plans open to directors and certain employees within the Group. The number of options granted to participants is deter-

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

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

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

(1) Contractual life of options corresponds to the vesting period (i.e. four years) plus three years (which represents the time frame during which the options can be exercised)

(*) The maximum number of free shares granted if the performance conditions are significantly exceeded would amount to 272,479. Such number could be reduced to nil if objectives are not met

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

Movements in the number of share options are as follows:

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

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

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

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

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

The fair value of services received in return for share options granted is measured by reference to the fair value of the share options granted. The estimate of fair value of the services received is measured based on a binomial model. Free shares are valued at the share price at the date they are granted

less the discounted dividends that employees can not receive during the vesting period.

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

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

**5. 15. 9. Transactions
on minority interest**

In 2007, these transactions mainly relate to:

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

**5. 15. 10. Derivatives
on equity instruments**

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

6. Financial risk management

Group Treasury carries out risk management activities in accordance with Treasury policies issued and approved by the Board of Directors. The Board has issued written principles for overall risk management as well as written policies covering specific areas, such as credit risk, liquidity risk and market risk.

The Group is exposed in particular to risks from movements in exchange rates as it engages in long-term purchase contracts for film rights (output deals) denominated in foreign currency. The Group seeks to minimise the potential adverse effects of changing financial markets on its performance through the use of derivative financial instruments such as foreign exchange forward contracts. Derivatives are not used for speculative purposes.

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

Market risk

Foreign exchange risk

Foreign exchange exposure

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

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

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

Management of the foreign exchange exposure

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

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

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

main exposure) is provided to top management on a monthly basis.

Accounting

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

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

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

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

Hedges

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

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

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

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

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

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

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

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

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

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

Sensitivity analysis to foreign exchange rates

The Group estimates that:

- if the USD had been 10 per cent stronger (respectively weaker) this would have resulted in a pre-tax €1 million loss (respectively gain) for the Group, and in an additional pre-tax €60 million income (respectively expense) recognized in equity;
- if the GBP had been 10 per cent stronger (respectively weaker) this would have resulted in a pre-tax €1 million gain (re-

spectively loss) for the Group compared to the actual situation and would have had a non-significant impact on equity;

- if other currencies had been 10 per cent stronger (respectively weaker), this would have had no material impact on equity.

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

Interest rate risk

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

In order to achieve this objective a cross border Euro cash pooling has been set up. The Group also believes that using floating rate rather than fixed rate debt in a positive yield curve environment supports that goal. This policy will be maintained as long as the Treasury and Risk Management Committee judge the level of the mix be-

tween fixed and floating rates is appropriate. As at 31 December 2007, the fixed/floating mix was: 12 per cent/88 per cent (14 per cent/86 per cent in 2006). Frequent benchmarks about interest rates are carried out in order to have this mix evolving along with market conditions.

The Group Treasury Department uses various indicators to monitor interest rate risk such as a targeted net fixed/floating rate debt ratio, duration, basis point value (increase in interest rate costs resulting from a basis point increase in interest rate) and interest cover ratio (i.e. adjusted EBITA over net interest expense as defined by rating agencies).

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

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

	Notes	Effective interest rate %	Total amount €m	6 months or less €m	6-12 months €m	1-2 years €m	2-5 years €m	Over 5 years €m
Loans to associates – floating rate	5.5.	8.2	1	–	1	–	–	–
Loans to associates – fixed rate	5.5.	4.3	6	1	–	–	1	4
Other loans – floating rate	5.5.	5.1	69	1	68	–	–	–
Current deposit – floating rate	5.8.	4.9	620	620	–	–	–	–
Cash and cash equivalents (not earning assets)	5.9.	–	9	9	–	–	–	–
Cash and cash equivalents (earning assets)	5.9.	4.2	526	526	–	–	–	–
Bank loans – floating rate	5.11.	5.8	(79)	(16)	(63)	–	–	–
Bank overdrafts	5.11.	2.3	(6)	(6)	–	–	–	–
Leasing liabilities – floating rate	5.11.	3.9	(1)	(1)	–	–	–	–
Leasing liabilities – fixed rate	5.11.	6.3	(13)	(1)	(1)	(3)	(4)	(4)
Loans payable – floating rate	5.11.	3.6	(6)	(6)	–	–	–	–
At 31 December 2007			1,126	1,127	5	(3)	(3)	–

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

Credit risk

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

The Group's television and radio activities incur exposure to credit risk when making transactions with advertising agencies or direct customers. In 2007 the combined television and radio advertising revenue contributed 64 per cent of the Group's turnover. Due to the business model, RTL Group's exposure to financial risk is direct-

ly linked to the final client, however the risks are considered as weak due to the size of the individual companies or agency groups.

RTL Group produces programmes which are sold or licensed to state-owned and commercial television channels. In 2007 these activities contributed 21 per cent of the Group's turnover. Given the limited number of television broadcasters in different countries, there is a high degree of concentration of credit risk. However, giv-

en the long-standing relationships between content provider and broadcaster and the fact that the customers are large businesses with stable financials, the level of credit risk is significantly mitigated.

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

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

The aging of financial assets at the reporting date is:

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

(1) As at 31 December 2007, the valuation allowance is €61 million and the amount of available-for-sale amounted to €87 million

The top ten trade receivable accounts represent €110 million whilst the top 50 receivables represent €265 million.

	Gross carrying amount (1) €m	Neither impaired nor past due on the reporting date €m	Not impaired as of the reporting date and past due by					Gross amount impaired €m
			<= 1 month €m	2-3 months €m	3-6 months €m	6-12 months €m	Over 1 year €m	
Loans and Canal Plus France	435	416	-	-	-	-	-	19
Trade accounts receivable	952	773	80	16	12	7	6	58
Accounts receivable from associates	22	13	-	-	-	-	9	-
Current deposit with shareholder	487	487	-	-	-	-	-	-
Other receivables	335	313	9	-	3	1	1	8
Cash and cash equivalent	348	348	-	-	-	-	-	-
At 31 December 2006	2,579	2,350	89	16	15	8	16	85

(1) As at 31 December 2006, the valuation allowance is €65 million and the amount of available-for-sale amounted to €58 million

The Group has a significant concentration of credit risk due to its relationship with Bertelsmann AG. Nevertheless, credit risk arising from transactions with shareholders is carefully mitigated (see note 8.1.).

According to the bank policy of the Group, derivative instruments and cash transactions (including bank deposits and investment in money market funds) are operated only with high credit quality financial institutions so as to mitigate counterparty risk. The Group's bank relationship policy sets forth stringent criteria for the selection of banking partners

and money market funds (such as maximum volatility, track record, rating, cash and cash equivalent status under IAS 7). In order to mitigate settlement risk, the Group has policies that limit the amount of credit exposure to any one financial institution on any single day. Statistics (such as the percentage of the business allocated to each bank over the year compared to a target defined by management, or such as the summary of the highest intraday exposures by bank and by maturity date) are computed and used on a daily basis so as to ensure credit risk is mitigated in practice at any time.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, Group Treasury aims at maintaining

flexibility in funding by keeping committed credit lines available. Group Treasury monitors on a monthly basis the level of the "Liquidity Head Room" (total committed facilities minus current utilisation). The "Liquidity Head Room" amounts to € 103 million at year end.

	2007 €m	Under 1 year €m	1-5 years €m	Over 5 years €m
Credit facilities – shareholders				
Committed facility (yearly renewal)	-	-	-	-
Headroom	-	-	-	-
Credit facilities – banks				
Committed facilities	273	273	-	-
Headroom	103	103	-	-

	2006 €m	Under 1 year €m	1-5 years €m	Over 5 years €m
Credit facilities – shareholders				
Committed facility (yearly renewal)	300	300	-	-
Headroom	300	300	-	-
Credit facilities – banks				
Committed facilities	182	173	9	-
Headroom	101	101	-	-

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the

table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Under 1 year €m	1-5 years €m	Over 5 years €m	Total €m
Liabilities as per balance sheet				
Loans and bank overdrafts	19	109	-	128
Accounts payable (deferred income excluded)	1,838	186	150	2,174
At 31 December 2007	1,857	295	150	2,302

	Under 1 year €m	1-5 years €m	Over 5 years €m	Total €m
Liabilities as per balance sheet				
Loans and bank overdrafts	67	37	7	111
Accounts payable (deferred income excluded)	1,829	161	117	2,107
At 31 December 2006	1,896	198	124	2,218

Financial instruments by category

The fair values of each class of financial assets and liabilities are equivalent to their carrying amount.

(1) Include Canal Plus France instrument designated at fair value through profit or loss

	Notes	Assets at fair value through profit or loss (1) €m	Loans and receivables €m	Available-for-sale €m	Total €m
Assets as per balance sheet					
Loans and other financial assets	5. 5.	378	77	87	542
Accounts receivable (prepaid expenses excluded)	5. 8.	38	1,719	–	1,757
Cash and cash equivalents	5. 9.	–	535	–	535
At 31 December 2007		416	2,331	87	2,834

	Notes	Liabilities at fair value through profit or loss €m	Other financial liabilities €m	Total €m
Liabilities as per balance sheet				
Loans and bank overdrafts	5. 11.	–	105	105
Accounts payable (deferred income excluded)	5. 12.	39	2,093	2,132
At 31 December 2007		39	2,198	2,237

(1) Include Canal Plus France instrument designated at fair value through profit or loss

	Notes	Assets at fair value through profit or loss (1) €m	Loans and receivables €m	Available-for-sale €m	Total €m
Assets as per balance sheet					
Loans and other financial assets	5. 5.	404	20	58	482
Accounts receivable (prepaid expenses excluded)	5. 8.	–	1,687	–	1,687
Cash and cash equivalents	5. 9.	–	348	–	348
At 31 December 2006		404	2,055	58	2,517

	Notes	Liabilities at fair value through profit or loss €m	Other financial liabilities €m	Total €m
Liabilities as per balance sheet				
Loans and bank overdrafts	5. 11.	–	106	106
Accounts payable (deferred income excluded)	5. 12.	34	2,043	2,077
At 31 December 2006		34	2,149	2,183

7. Commitments and contingencies

	2007 €m	2006 €m
Guarantees and endorsements given (1)	102	110
Contracts for purchasing rights, (co)productions and programmes	2,195	2,216
Operating leases	528	538
Transmission and distribution	369	378
Other long-term contracts and commitments	349	398

(1) Including a rent guarantee for €56 million for which the Group benefit from rights pursuant to an indemnification agreement concluded in January 2007 with a third party

7.1. Contracts for purchasing rights, co-productions and programmes

The Group has signed commitments to purchase audiovisual rights and programmes and to conclude agreements for (co)production rights amounting to €2,195 million (2006: €2,216 million).

7.2. Operating leases

Non-cancellable operating lease rentals are as follows:

	2007				2006			
	Under 1 year €m	1-5 years €m	Over 5 years €m	Total €m	Under 1 year €m	1-5 years €m	Over 5 years €m	Total €m
Leasing of satellite transponders	39	48	18	105	42	74	30	146
Other operating leases	68	182	173	423	49	167	176	392
	107	230	191	528	91	241	206	538

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

One of the leased properties has been sublet by the Group. The head lease and sublease expire in September 2011. Sublease payments of €3 million are expected to be received during the following financial year.

7.3. Purchase obligations in respect of transmission and distribution

These obligations result from agreements with providers of services related to the terrestrial and cable transmission and distribution of the analogical and digital signals of the RTL Group TV channels and radio stations.

tion services sale and lease back transactions in respect of FremantleMedia and commitments to purchase assets other than programmes and rights.

received by FremantleMedia were recognised in the income statement when entering into these arrangements.

7.4. Other long-term contracts and commitments

The Group has “Other long-term contracts and commitments” amounting to €349 million as at 31 December 2007 (2006: €398 million). These relate to a number of items including broadcasting licences, produc-

FremantleMedia has arrangements for a remaining period of ten years in relation to sale and leaseback transactions for an amount of €106 million (2006: €121 million). Under these arrangements, FremantleMedia has sold programme rights to a special purpose vehicle and simultaneously leased back the assets under a finance lease arrangement. The cash received is placed in a “restricted bank account” at an AA-rated bank in order to satisfy the lease payments. Fees

In the context of the deal, Radio 538 and RTL Nederland, RTL Group and Talpa Media Holding agreed on an earnout mechanism (see note 3.2.).

7.5. Licence agreement

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

8. Related parties

Identity of related parties

As at 31 December 2007, the principal shareholder of the Group is Bertelsmann TV Beteiligungs GmbH (90 per cent). The remainder of the Group's shares are publicly listed on the Brussels and Luxembourg stock exchanges. The Group also has a related party relationship with its associates, joint ventures and with its directors and executive officers.

8.1. Transactions with shareholders

During the year the Group made sales of goods and services, purchases of goods and services to Bertelsmann Group amounting to €28 million (2006: €36 million) and €51 million (2006: €68 million) respectively. At the year-end, the Group had receivables and payables due from/to Bertelsmann Group amounting to €17 million (2006: €26 million) and €5 million (2006: €15 million) respectively.

On 5 November 2002, RTL Group entered into a €300 million 364 days (renewable) Revolving Credit Facility with Bertelsmann

AG. The Facility has been granted to RTL Group initially for the period from 8 November 2002 to 31 August 2004. The term of the Facility was extended to 31 August 2006. The Facility bore interest at a rate per annum equal to the sum of the EONIA rate plus a 25 basis points margin. The Facility was amended on 1 December 2005 resulting in a new margin of 22 basis points over EONIA and was rolled over until 1 December 2006. The Facility is renewable for a further two more periods of 365 days beyond 1 December 2006. On 12 July 2007, this Facility was cancelled.

During the year RTL Group has invested its short term cash surplus from working capital with its parent company Bertelsmann AG. Interest rates are based on an overnight basis on EONIA plus 10 basis points; or on a one-month or three-month basis on Euribor plus 10 basis points.

Bertelsmann AG grants to RTL Group a pledge on all shares of its wholly owned French subsidiary Media Communication

SAS and, since July 2007, all shares of its wholly owned Spanish subsidiary Media Finance Holding SL as security for all payments due by Bertelsmann AG. The total amount of the deposits does not exceed 60 per cent of the fair value of the pledged asset, which is revalued on a regular basis. As at 31 December 2007 the amount deposited amounts to €20 million (2006: €387 million) on an overnight basis, €220 million (2006: 0 million) on a one-month basis and €380 million (2006: €100 million) on a three-month basis. The interest income for the year amounts to €24 million (2006: €4 million).

During the year commitment fees on unused credit facilities granted by Bertelsmann AG amounted to €nil million (2006: €nil million).

The UK Group relief of Five Group and FremantleMedia Group to Bertelsmann Group resulted in a tax income of €8 million (2006: €15 million).

8.2. Transactions with associates and joint ventures

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

	2007 €m	2006 €m
Sales of goods and services to:		
Associates	71	53
Joint ventures	20	29
	91	82
Purchase of goods and services from:		
Associates	9	6
Joint ventures	10	11
	19	17

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

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

	2007 €m	2006 €m
Accounts receivable from:		
Associates	19	13
Joint ventures	4	3
	23	16
Accounts payable to:		
Associates	2	3
Joint ventures	3	4
	5	7

8.3. Transactions with key management personnel

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

The key management personnel compensation is as follows:

	2007 €m	2006 €m
Short-term benefits and termination benefits	4.4	4.4
Post-employment benefits	–	0.8
Other long-term benefits	1.8	2.4
	6.2	7.6

The aggregate number of share options granted to key management personnel of the Company during 2007 and 2006 was nil. The outstanding number of share options granted to directors and executive officers of the Company at the end of the year was 11,500 (2006: 11,500).

8.4. Directors' fees

In 2007, a total of €0.6 million (2006: €0.7 million) was allocated in the form of attendance fees to the members of the Board of Directors of RTL Group SA and the committees which emanate from it with respect to their functions within RTL Group SA as well as other Group companies.

9. Interests in joint ventures

The main joint ventures state as follows:

	Country of incorporation	Consolidation rate 2007	2006
N-TV GmbH (1)	Germany	–	–
RTL Disney Fernsehen GmbH & Co KG	Germany	50.00	50.00
TCM Droits Audiovisuels SNC	France	50.00	50.00
TPS Group (2)	France	–	–

(1) N-TV has been proportionately consolidated in the income statement from 1 January to 31 March 2006
 (2) TPS Group was considered as a disposal group as at 31 December 2005 and has been proportionately consolidated in the income statement from 1 January to 31 August 2006

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

	2007 €m	2006 €m
Non-current assets	17	25
Current assets	43	51
Non-current liabilities	(12)	(9)
Current liabilities	(36)	(50)
Net assets	12	17

	2007 €m	2006 €m
Income	95	238
Expenses	(74)	(198)

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

	2007 €m	2006 €m
Contracts for purchasing rights, (co)productions and programmes	4	6
Operating leases	6	8
Other long-term contracts and commitments	9	11

10. Accounting estimates and judgements

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

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

10.1. Programme rights

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

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

10.2. Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1.7.2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations or trading comparable (EBITA multiples). These calculations require the use of estimates (see note 5.2.).

10.3. Fair value of available-for-sale investments and financial assets at fair value through profit or loss

The Group has used discounted cash flow analysis for various available-for-sale investments and financial assets at fair value through profit or loss that were not traded in active markets.

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

10.4. Income and deferred taxes

The Group is subject to income taxes in numerous jurisdictions. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences and losses carried forward can be utilised. Management judgement is required to assess probable future taxable profits. In particular in 2007, deferred tax assets on losses carry forward and on temporary differences have been recognised on the basis of tax strategies supporting the total or partial use of tax losses mainly to the level of Luxembourg (€89 million) and Germany (€62 million).

10.5. Pension benefits

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

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

11. Group undertakings

	Note	Group's ownership 2007	Consolidated method (1)	Note	Group's ownership 2006	Consolidated method (1)
Luxembourg*						
RTL Group SA			M			M

Broadcasting TV

	Note	Group's ownership 2007	Consolidated method (1)	Note	Group's ownership 2006	Consolidated method (1)
Austria*						
IPA Plus (Österreich) Verm. für Fernsehwerbung GmbH		49.8	F		49.8	F
Belgium*						
Home Shopping Service Belgique SA	(2)	48.5	F	(2)	48.8	F
Media Corner SA	(21)	–	NC		65.8	F
Société Européenne de Télévente Belgique GIE	(2)	48.5	F	(2)	48.8	F
TVI SA		65.8	F		65.8	F
Unité 15 Belgique SA	(2)	48.5	F	(2)	48.8	F
Croatia*						
RTL Hrvatska d.o.o. (formerly RTL Croatia d.o.o.)		73.8	F		73.8	F
Cyprus*						
Bluescreen Ltd		99.7	F		99.7	F
France*						
A ton service (ex M6 operation) SAS	(2)	16.5	E	(2)	48.8	F
Capital Productions SA	(2)	48.5	F	(2)	48.8	F
Citato Sàrl	(2)	48.5	F	(2)	39.1	F
Clicanddeal SAS (formerly M6 Affaires SAS)	(2)	48.5	F	(2)	48.8	F
Club Téléachat SNC	(2)	48.5	F	(2)	48.8	F
Culture Mag Editions SNC	(22)	–	NC	(2)	44.0	F
DIEM 2 SA	(2)	48.5	F		–	
Echo6 SAS	(2)	24.2	P	(2)	24.4	P
Edit TV/ W9 SNC	(2)	48.5	F	(2)	48.8	F
Femmes en ville SAS	(2)	24.2	P	(2)	24.4	P
Football Club des Girondins de Bordeaux SASP	(2)	48.4	F	(2)	48.7	F
FUN TV SNC	(2)	48.5	F	(2)	48.8	F
Home Shopping Service SA	(2)	48.5	F	(2)	48.8	F
Immobilière 46D SAS	(2)	48.5	F		–	
Immobilière M6 SA	(2)	48.5	F	(2)	48.8	F
IP Network SA		99.7	F		99.7	F
Labo Productions Sàrl	(22)	–	NC	(2)	48.8	F
Live Stage SAS	(2)	48.0	F	(2)	48.4	F
M6 Bordeaux SAS	(2)	48.5	F	(2)	48.8	F
M6 Boutique La Chaîne SNC (formerly Boutiques du monde SNC)	(2)	48.5	F	(2)	48.8	F
M6 Communication SAS	(2)	48.5	F	(2)	48.8	F
M6 Creations SAS	(2)	48.5	F		–	
M6 Development SAS	(2)	48.5	F	(2)	48.8	F
M6 Diffusions SA	(2)	48.5	F	(2)	48.8	F
M6 Divertissement SAS	(2)	48.5	F		–	
M6 Editions SA	(2)	48.5	F	(2)	48.8	F
M6 Evenements SA	(2)	48.5	F	(2)	48.8	F
M6 Films SA	(2)	48.5	F	(2)	48.8	F
M6 Foot SAS	(2)	48.5	F	(2)	48.8	F
M6 Interactions SAS	(2)	48.5	F	(2)	48.8	F
M6 Numérique SAS	(2)	48.5	F	(2)	48.8	F
M6 Publicité SAS	(2)	48.5	F	(2)	48.8	F
M6 Recreative SAS	(2)	48.5	F		–	

Broadcasting TV	Note	Group's owner- ship 2007	Consoli- dated method (1)	Note	Group's owner- ship 2006	Consoli- dated method (1)
M6 Studio SAS	(2)	48.5	F	(2)	48.8	F
M6 Thématique SA	(2)	48.5	F	(2)	48.8	F
M6 Toulouse SAS	(2)	48.5	F	(2)	48.8	F
M6 Web SAS	(2)	48.5	F	(2)	48.8	F
Mandarin Films SAS	(2)	48.5	F	(2)	48.8	F
Mandarin SAS	(2)	48.5	F	(2)	48.8	F
Métropole Production SA	(2)	48.5	F	(2)	48.8	F
Métropole Télévision SA	(2)	48.5	F	(2)	48.8	F
Mistergooddeal SA	(2)	48.5	F	(2)	45.9	F
Multiplex R4 SAS	(2)	28.3	F	(2)	28.5	F
PagesJaunes Petites Annonces SA	(2)	16.5	E		-	
Paris Première SA	(2)	48.5	F	(2)	48.8	F
Retail concept (ex M6 création) SAS	(2)	48.5	F	(2)	48.8	F
RTL Net SAS		99.7	F		99.7	F
SCI du 107 SCI	(2)	48.5	F	(2)	48.8	F
SEDI TV SAS	(2)	48.5	F	(2)	24.9	F
Série Club SA	(2)	24.2	F	(2)	24.4	F
SNC SAS	(2)	48.5	F	(2)	48.8	F
SND SA	(2)	48.5	F	(2)	48.8	F
Studio 89 Productions SAS	(2)	48.5	F	(2)	48.8	F
TCM Droits Audiovisuels SNC	(2)	24.2	P	(2)	24.4	P
Tecipress SA	(22)	-	NC	(2)	48.8	F
Télévente Promotion SA	(2)	48.5	F	(2)	48.8	F
TF6 Gestion SA	(2)	24.2	P	(2)	24.4	P
TF6 SCS	(2)	24.2	P	(2)	24.4	P
Unité 15 France SA	(2)	48.5	F	(2)	48.8	F
W9 Productions SAS	(20)	-	NC	(2)	48.8	F

Broadcasting TV	Note	Group's owner- ship 2007	Consoli- dated method (1)	Note	Group's owner- ship 2006	Consoli- dated method (1)
Germany*						
CBC Cologne Broadcasting Center GmbH		99.7	F		99.7	F
Clipfish GmbH Co. KG		99.7	F		-	
CLT-Vermögensverwaltungs GmbH		99.7	F		99.7	F
Creation GmbH (formerly House Of Promotion Produktions GmbH)		99.7	F		99.7	F
El Cartel GmbH		35.8	E		35.8	E
GZSZ Vermarktungsgesellschaft mbH		99.7	F		99.7	F
IP Deutschland GmbH		99.7	F		99.7	F
IP Medien KG	(20)	-	NC		99.7	F
Mediascore GmbH		75.0	F		75.0	F
Norddeich TV Produktions GmbH		74.8	F		74.8	F
N-TV Nachrichtenfernsehen GmbH & Co. KG		99.7	F		99.7	F
N-TV Services GmbH		99.7	F		99.7	F
RTL Disney Fernsehen GmbH & Co. KG		49.8	P		49.8	P
RTL Enterprises GmbH		99.7	F		99.7	F
RTL Games GmbH (formerly Alpha Online GmbH)		99.7	F		-	
RTL Group GmbH		99.7	F		99.7	F
RTL Hessen GmbH		99.7	F		99.7	F
RTL Hessen Programmfenster GmbH (formerly RTL Hessen GmbH)		59.8	F		59.8	F
RTL Interactive GmbH		99.7	F		99.7	F
RTL Media Services GmbH		99.7	F		99.7	F
RTL Net GmbH		99.7	F		99.7	F
RTL Nord GmbH		99.7	F		99.7	F
RTL Shop GmbH		99.7	F		99.7	F
RTL Television GmbH		99.7	F		99.7	F
RTL2 Fernsehen Geschäftsführung GmbH		35.8	E		35.8	E
RTL2 Fernsehen GmbH & Co. KG		35.8	E		35.8	E
S4M Solutions For Media GmbH		19.8	E		19.8	E
Tele West KG		99.7	F		99.7	F
Traumpartner TV GmbH		99.7	F		99.7	F
VG Media Gesellschaft zur Verwertung der Urheber- und Leistungsschutzrechte mbH		49.8	E		-	
Vox Film & Fernseh GmbH & Co. KG		99.4	F		99.4	F
Vox Holding GmbH		99.7	F		-	

Hungary*

Home Shopping Service Hongrie SA	(2)	48.5	F	(2)	48.8	F
M-RTL Rt		48.8	E		48.8	E

Luxembourg*

Broadcasting Center Europe SA		99.7	F		99.7	F
Filmlux SA		99.7	F		99.7	F
IP Network International SA		99.7	F		99.7	F
RTL9 SA		34.9	E		34.9	E
RTL9 SA & Cie SECS		34.8	E		34.8	E

Broadcasting TV	Note	Group's owner- ship 2007	Consoli- dated method (1)	Note	Group's owner- ship 2006	Consoli- dated method (1)
Netherlands*						
IP iMedia BV	(20)	-	NC		99.7	F
RTL Group Beheer BV		100.0	F		100.0	F
RTL Nederland Broadcast Operation BV (formerly Broadcasting Center Nederland BV)		73.4	F		99.7	F
RTL Nederland BV		73.4	F		99.7	F
RTL Nederland Holding BV		73.4	F		-	
RTL Nederland Interactief BV (formerly RTL iMedia Holding BV)		73.4	F		99.7	F
RTL Nederland Producties BV		73.4	F		99.7	F
RTL Nederland Sales BV		73.4	F		99.7	F

Portugal*

Agefinan SA	(21)	-	NC	(24)	32.9	E
Auto Basic Motor SA	(21)	-	NC	(24)	32.9	E
BTP SA	(21)	-	NC	(24)	32.9	E
Camarins Lda	(21)	-	NC	(24)	32.9	E
Casa Da Criacao	(21)	-	NC	(24)	32.9	E
Cena Editorial SA	(21)	-	NC	(24)	32.9	E
Central Discos SA	(21)	-	NC	(24)	32.9	E
CLMC – Multimedia SA	(21)	-	NC	(24)	32.9	E
Edicoes Expansao Economica Lda	(21)	-	NC	(24)	32.9	E
EMAV Lda	(21)	-	NC	(24)	32.9	E
EPC Lda	(21)	-	NC	(24)	32.9	E
Expansao Economica Sa (Eventos)	(21)	-	NC	(24)	32.9	E
Expolider SA	(21)	-	NC	(24)	32.9	E
Farol Muica Lda	(21)	-	NC	(24)	32.9	E
Fealmar SA	(21)	-	NC	(24)	32.9	E
Grupo Media Capital Sgps SA	(21)	-	NC	(24)	32.9	E
Kimberley Trading SA	(21)	-	NC	(24)	32.9	E
Mce – Media Capital Edicoes Lda	(21)	-	NC	(24)	32.9	E
MCR – Radiofonia e Publicidade Sociedade Unipessoal SA	(21)	-	NC	(24)	32.9	E
Med Cap Technologies SA	(21)	-	NC	(24)	32.9	E
Media Capital – Editora Multimedia SA	(21)	-	NC	(24)	32.9	E
Media Capital SA	(21)	-	NC	(24)	32.9	E
Media Capital Entertainment Lda	(21)	-	NC	(24)	32.9	E
Media Capital Outdoor SA	(21)	-	NC	(24)	32.9	E
Media Capital Telecomunicacoes SA	(21)	-	NC	(24)	32.9	E

Broadcasting TV	Note	Group's owner- ship 2007	Consoli- dated method (1)	Note	Group's owner- ship 2006	Consoli- dated method (1)
Meglo – Media Global Sgps SA	(21)	-	NC	(24)	32.9	E
Moveis de Novela Lda	(21)	-	NC	(24)	32.9	E
Multicena SA	(21)	-	NC	(24)	32.9	E
Nanook – Empresa Europeia De Producao De Documentarios Lda	(21)	-	NC	(24)	32.9	E
Nbp – Iberica – Producciones Audiovisuales SA	(21)	-	NC	(24)	32.9	E
Nbp – Oficina De Actores Lda	(21)	-	NC	(24)	32.9	E
Nbp – Producao Em Video SA	(21)	-	NC	(24)	32.9	E
Pressetep SA	(21)	-	NC	(24)	32.9	E
Publicarris SA	(21)	-	NC	(24)	32.9	E
Publimetro SA	(21)	-	NC	(24)	32.9	E
Publipartner Lda	(21)	-	NC	(24)	32.9	E
R. Cidade SA	(21)	-	NC	(24)	32.9	E
Radio Comercial SA	(21)	-	NC	(24)	32.9	E
Radio Regional De Lisboa SA	(21)	-	NC	(24)	32.9	E
Radio XXI Lda	(21)	-	NC	(24)	32.9	E
RETI SA	(21)	-	NC	(24)	32.9	E
STM SA	(21)	-	NC	(24)	32.9	E
TCS SA	(21)	-	NC	(24)	32.9	E
Teatro Mais Lda	(21)	-	NC	(24)	32.9	E
Transjornal – Edicoes De Publicoes SA	(21)	-	NC	(24)	32.9	E
Transpublicidade – Publicidade Em Transportes SA	(21)	-	NC	(24)	32.9	E
TVI – Televisao Independente SA	(21)	-	NC	(24)	32.9	E
Uniao De Leiria SAD	(21)	-	NC	(24)	32.9	E
Unidivisa SA	(21)	-	NC	(24)	32.9	E

Broadcasting TV	Note	Group's owner- ship 2007	Consoli- dated method (1)	Note	Group's owner- ship 2006	Consoli- dated method (1)
Russia*						
OOO Aksept	(23)	29.9	E	(23)	29.9	E
OOO Media Holding Ren TV	(23)	29.9	E	(23)	29.9	E
OOO NPP Spectre	(23)	15.3	E	(23)	15.3	E
OOO Ren TV Bryansk	(23)	17.6	E	(23)	17.6	E
OOO RTL Russland		99.7	F		99.7	F
OOO Sety-52	(23)	30.0	E		-	
OOO Teleradiokompanya Sintez TV	(23)	30.0	E		-	
Teleradioveschatel'haya Kompanya Alternativnaya	(23)	22.2	E		-	
TVV Telekom	(23)	30.0	E		-	
ZAO ACB Prestige Television Kompanya	(23)	29.9	E	(23)	29.9	E
ZAO Nezavisimoe Saratovskoe Televidinie	(23)	30.0	E		-	
ZAO Ren TV Television Kompanya	(23)	29.9	E	(23)	29.9	E
ZAO Telecom-Azov	(23)	22.5	E	(23)	22.5	E
ZAO Telekompanya August	(23)	30.0	E		-	
ZAO Telestantsiy Seti NN	(23)	14.7	E		-	
Spain*						
Antena 3 de Television SA	(7)	19.9	E	(7)	19.0	E
Antena 3 Directo SAU	(7)	19.9	E	(7)	19.0	E
Antena 3 Editorial SA	(7)	19.9	E	(7)	19.0	E
Antena 3 Multimedia SLU	(7)	19.9	E	(7)	19.0	E
Antena 3 TDT De Canarias SA	(7)	19.9	E			
Antena 3 Tematica SAU	(7)	19.9	E	(7)	19.0	E
Antena de Radiodifusion SAU (formerly Cadena de Voz de Radio Difusion SA)	(7)	19.9	E	(7)	19.0	E
Atres Advertising SLU	(7)	19.9	E	(7)	19.0	E
Canal Factoria de Ficcion SA	(7)	8.0	E	(7)	7.6	E
Canal Media Radio Galicia SLU	(7)	19.9	E	(7)	19.0	E
Canal Media Radio SAU	(7)	19.9	E	(7)	19.0	E
Canal Radio Castilla y Leon SLU	(7)	19.9	E	(7)	19.0	E
Canal Radio Valencia SLU	(7)	19.9	E	(7)	19.0	E
Compania Tres Mil Ochocientas SLU	(7)	19.9	E	(7)	19.0	E
Corporacion Radiofonica Castilla Leon SAU	(7)	19.9	E	(7)	19.0	E
Corporacion Radiofonica Region de Murcia SA	(7)	10.0	E	(7)	9.5	E
Ensueno Films SLU	(7)	19.9	E	(7)	19.0	E
Estaciones Radiofonicas de Aragon SAU	(7)	19.9	E	(7)	19.0	E
Grupo Universal Emisoras de Radio Amanecer SAU	(7)	19.9	E	(7)	19.0	E
Guadiana Producciones SAU	(7)	19.9	E	(7)	19.0	E
I3 Television SL	(7)	10.0	E	(7)	9.5	E
Ipar Ondas SAU	(7)	19.9	E	(7)	19.0	E
La Veu de Lleida SLU	(7)	19.9	E	(7)	19.0	E
Medipress Valencia SAU	(7)	19.9	E	(7)	19.0	E
Movierecord Cine SAU	(7)	19.9	E	(7)	19.0	E
Onda Cero SAU	(7)	19.9	E	(7)	19.0	E
Ondadit SLU	(7)	19.9	E	(7)	19.0	E
Organizaciones Deportivas Y Culturales De Unipublic SAU	(7)	19.9	E	(7)	19.0	E
Publicidad 3 SAU	(7)	19.9	E	(7)	19.0	E
Broadcasting TV						
Note		Group's owner- ship 2007	Consoli- dated method (1)	Note	Group's owner- ship 2006	Consoli- dated method (1)
Russia*						
Radio Alamedilla SAU	(7)	19.9	E	(7)	19.0	E
Radio Noticias 90 SAU	(7)	19.9	E	(7)	19.0	E
Radio Sistemas Radiofonicos Cinco SLU	(7)	19.9	E	(7)	19.0	E
Radio Tormes SAU	(7)	19.9	E	(7)	19.0	E
RKOR Radio SLU	(7)	19.9	E	(7)	19.0	E
RTL Group Communications SLU		99.7	F		100.0	F
Teledifusion Madrid SA	(7)	2.0	E	(7)	1.9	E
Unimedia Central de Medios SA	(7)	9.8	E	(7)	9.3	E
Union Iberica de Radio SAU	(7)	19.9	E		-	
Uniprex SAU	(7)	19.9	E	(7)	19.0	E
Uniprex Television Digital Catalana SLU	(7)	19.9	E	(7)	19.0	E
Uniprex Television Digital Terrestre Andalusia SLU	(7)	19.9	E	(7)	19.0	E
Uniprex Television Digital Terrestre Canarias SLU	(7)	19.9	E	(7)	19.0	E
Uniprex Television SLU	(7)	19.9	E	(7)	19.0	E
Uniprex Valencia TV SLU	(7)	19.9	E	(7)	19.0	E
Unipublic SAU	(7)	19.9	E	(7)	19.0	E
VNews Agencia de Noticias SL	(7)	10.0	E	(7)	9.5	E
VSAT Compania de Producciones SL	(7)	9.0	E		-	
Switzerland*						
IP Multimedia (Schweiz) AG		22.9	E		22.9	E
UK*						
5 Direct Ltd	(3)	99.7	F	(3)	99.7	F
Channel 5 Broadcasting Ltd	(3)	99.7	F	(3)	99.7	F
Channel 5 Engineering Services Ltd	(3)	99.7	F	(3)	99.7	F
Channel 5 Interactive Ltd	(3)	99.7	F	(3)	99.7	F
Channel 5 Music Ltd	(3)	99.7	F	(3)	99.7	F
Channel 5 Television Group Ltd	(3)	99.7	F	(3)	99.7	F
Channel 5 Text Ltd	(3)	99.7	F	(3)	99.7	F
Lemonline Media Ltd		48.8	E		-	
Top Up TV 1 Ltd	(3)	99.7	F	(3)	99.7	F
USA*						
SND USA Inc	(2)	48.5	F			

Content

	Note	Group's owner- ship 2007	Consoli- dated method (1)	Note	Group's owner- ship 2006	Consoli- dated method (1)
Antigua*						
Grundy International Operations Ltd		100.0	F		100.0	F
Argentina*						
Sportfive SA Argentina	(21)	-	NC	(6)	24.9	E
Australia*						
Bernessee Pty Ltd	(15)	100.0	F	(15)	100.0	F
Christie Films Pty Ltd	(11)	49.0	P	(11)	49.0	F
Crackerjack Productions Pty Ltd		100.0	F		100.0	F
Fremantle (AUS) Productions Pty Ltd	(9)	100.0	F	(9)	100.0	F
Fremantle Media Australia Pty Ltd	(11)	100.0	F	(11)	100.0	F
FremantleMedia Australia Holdings Pty Ltd	(15)	100.0	F	(15)	100.0	F
Grundy Entertainment Pty Ltd	(22)	-	NC	(15)	100.0	F
Grundy Film Financing Ltd	(22)	-	NC	(15)	100.0	F
Grundy Films Pty Ltd	(15)	100.0	F	(15)	100.0	F
Grundy Organization Pty Ltd	(15)	100.0	F	(15)	100.0	F
Grundy Television Pty Ltd	(15)	100.0	F	(15)	100.0	F
Grundy Travel Pty Ltd	(15)	100.0	F	(15)	100.0	F
International Sports Media Pty Ltd	(21)	-	NC	(6)	24.9	E
UK TV Ltd	(11)	20.0	E	(11)	20.0	F
Belgium*						
Belga Films SA		65.8	F		65.8	F
Fremantle Productions Belgium NV		100.0	F		100.0	F
Media – Foot Belgique SRL	(21)	-	NC	(6)	24.9	E
Brazil*						
Sportfive Sulamerica Ltda	(21)	-	NC	(6)	24.9	E
Croatia*						
Fremantle Produkcija d.o.o.		100.0	F		100.0	F
Denmark*						
Blu A/S		75.0	F		75.0	F
Sponsomatic APS	(21)	-	NC	(6)	24.9	E

Content

	Note	Group's owner- ship 2007	Consoli- dated method (1)	Note	Group's owner- ship 2006	Consoli- dated method (1)
Finland*						
Fremantle Entertainment Oy		100.0	F		100.0	F
Fremantle Productions Oy	(20)	-	NC		100.0	F
France*						
Be Happy Productions SAS		100.0	F		100.0	F
Football France Promotion SA	(21)	-	NC	(6)	24.9	E
Fremantle France SAS		100.0	F		100.0	F
FremantleMedia Drama Productions SAS		100.0	F		100.0	F
Gdl Gie	(21)	-	NC	(6)	24.9	E
S5 Group SAS	(21)	-	NC	(6)	24.9	E
SEDS SA	(21)	-	NC	(6)	24.9	E
Sportfive SA (formerly Groupe JC Darmon SA)	(21)	-	NC	(6)	24.9	E
Sportfive Tennis SA (formerly Palais des Sports de Toulouse SA)	(21)	-	NC	(6)	24.9	E
TV Presse Productions SAS		100.0	F		70.0	F
Germany*						
CLT-UFA Multi Media GmbH		99.7	F		99.7	F
Cologne Sitcom Produktions GmbH	(17)	50.2	F	(17)	50.2	F
Cologne Sitcom Verwaltungs GmbH	(17)	50.2	F	(17)	50.2	F
Deutsche Synchron Film GmbH & Co. KG	(8)	50.8	F	(8)	50.8	F
Fremantle Licensing Germany GmbH (formerly Geo Film GmbH)		99.7	F		99.7	F
Grundy Light Entertainment GmbH (formerly HDTV-Entert. Dressler GmbH)		100.0	F		100.0	F
Grundy Light Entertainment/White Balance GmbH GBR		50.8	F		50.8	F
Grundy UFA TV Produktions GmbH	(4)	99.7	F	(4)	99.7	F
HSV UFA Stadionmanagement und Verwaltungs GmbH	(21)	-	NC	(6)	6.2	E
HSV Vermögensverwaltungs GmbH	(21)	-	NC	(6)	0.2	E
I2I Musikproduktions & Musikverlags GmbH		99.7	F		99.7	F
ISPR GmbH	(21)	-	NC	(6)	24.9	E
Juniper Group GmbH	(21)	-	NC	(6)	6.4	E
MOVE Sportspromotion GmbH	(21)	-	NC	(6)	24.9	E
Objektiv Film GmbH	(5)	99.7	F	(5)	99.7	F
Phöbus Film GmbH & Co. Produktions KG	(8)	50.8	F	(8)	50.8	F
Phönix Film Karlheinz Brunnemann GmbH & Co. KG	(8)	50.8	F	(8)	50.8	F
Phönix Geschäftsführungs GmbH	(8)	50.8	F	(8)	50.8	F
RTL Group Deutschland Markenverwaltungs GmbH		99.7	F		99.7	F
Sportfive GmbH	(21)	-	NC	(6)	24.9	E
Sportfive GmbH & Co. KG	(21)	-	NC	(6)	24.9	E
Sportfive Intermediate GmbH	(21)	-	NC	(6)	24.9	E
Sportfive Verwaltungs GmbH	(21)	-	NC	(6)	24.9	E

Content	Note	Group's owner- ship 2007	Consoli- dated method (1)	Note	Group's owner- ship 2006	Consoli- dated method (1)
Stadion Frankfurt Management GmbH	(21)	-	NC	(6)	12.5	E
Teamworx Television & Film GmbH		99.7	F		99.7	F
Treibtsch Produktion Holding GmbH	(5)	99.7	F	(5)	99.7	F
Treibtsch Produktion Holding GmbH & Co. KG	(5)	99.7	F	(5)	99.7	F
UFA – Fernsehproduktion GmbH	(4)	99.7	F	(4)	99.7	F
UFA – Filmproduktion GmbH	(4)	99.7	F	(4)	99.7	F
UFA Entertainment GmbH	(4)	99.7	F	(4)	99.7	F
UFA Film- und Medienproduktion GmbH (ex START Television Produktions GmbH)	(17)	100.0	F	(17)	100.0	F
UFA Film & Fernseh GmbH	(4)	99.7	F	(4)	99.7	F
UFA Film & TV Produktion GmbH	(4)	99.7	F	(4)	99.7	F
UFA Film Finance GmbH	(4)	99.7	F	(4)	99.7	F
UFA International Film & TV Produktions GmbH	(4)	99.7	F	(4)	99.7	F
Universum Film GmbH		99.7	F		99.7	F
Greece*						
Fremantle Productions SA		100.0	F		100.0	F
Hong Kong*						
Fremantle Productions Asia Ltd		100.0	F		100.0	F
Hungary*						
Grundy Magyarorszag TV Musorg Kft		100.0	F		100.0	F
Magyar Grundy UFA Kft		99.7	F		99.7	F
India*						
Fremantle India TV Productions Pvt Ltd		100.0	F		100.0	F
Indonesia*						
PT Dunia Visitama		100.0	F		100.0	F
Italy*						
Grundy Productions Italy Spa		100.0	F		100.0	F
Sportfive Italy SA (formerly Bastino Multimedia)	(21)	-	NC	(6)	24.9	E

Content	Note	Group's owner- ship 2007	Consoli- dated method (1)	Note	Group's owner- ship 2006	Consoli- dated method (1)
Japan*						
FremantleMedia Japan KK		100.0	F		100.0	F
Luxembourg*						
FremantleMedia SA (formerly RTL UK Holdings SA)		100.0	F		100.0	F
Hei Elei Film Productions SA (formerly IFP SA)		99.7	F		99.7	F
Multimedia Global Finance SA	(21)	-	NC	(6)	24.9	E
S5 Finco Sàrl	(21)	-	NC	(6)	27.7	E
S5 Hatrick Sàrl	(21)	-	NC	(6)	24.9	E
S5 Luxembourg SCA	(21)	-	NC	(6)	24.9	E
S5 Sàrl	(21)	-	NC	(6)	24.9	E
Malaysia*						
Sportfive Asia Sdn. Bhd.	(21)	-	NC	(6)	24.9	E
Sportfive Malaysia Sdn. Bhd. (formerly UFA Sports Malaysia Sdn. Bhd.)	(21)	-	NC	(6)	17.4	E
Mexico*						
Grundy Productions SA de CV		100.0	F		100.0	F
Netherlands*						
Blue Circle BV (formerly RTL 4 Productions BV)		99.7	F		99.7	F
FremantleMedia (Netherlands) BV	(14)	100.0	F	(14)	100.0	F
FremantleMedia Operations BV	(14)	100.0	F	(14)	100.0	F
FremantleMedia Overseas Holdings BV		100.0	F		100.0	F
Grundy Endemol Productions VOF	(10)	50.0	P	(10)	50.0	P
Grundy International Holdings (I) BV		100.0	F		100.0	F
JOHO Services BV	(21)	-	NC	(6)	24.9	E
Sports Rights Acquisition BV	(21)	-	NC	(6)	24.9	E
Poland*						
FremantleMedia Polska Sp. zo.o.		100.0	F		100.0	F
Sportfive SP Zoo (formerly UFA Sports SP Zoo)	(21)	-	NC	(6)	24.9	E
Portugal*						
Fremantle Producoes TV SA		100.0	F		100.0	F
Russia*						
Fremantle Productions LLC		100.0	F		100.0	F
Singapore*						
Fremantle Productions Asia Pte Ltd		100.0	F		100.0	F

Content	Note	Group's owner- ship 2007	Consoli- dated method (1)	Note	Group's owner- ship 2006	Consoli- dated method (1)
Spain*						
Fremantle de Espana SL	(9)	95.0	F	(9)	95.0	F
Grundy Producciones SA		100.0	F		100.0	F
UFA Sports Iberia SL	(21)	-	NC	(6)	24.9	E
Sweden*						
FremantleMedia Sverige AB		75.0	F		-	
Switzerland*						
Grundy Schweiz AG		65.0	F		65.0	F
Sportfive International Sàrl	(21)	-	NC	(6)	24.9	E
Turkey*						
FremantleMedia TV Film Yapim		100.0	F		100.0	F
Sportfive Turkey Ltd Sirketi	(21)	-	NC	(6)	24.7	E
UK*						
Active Sports Marketing Ltd	(21)	-	NC	(6)	24.9	E
Alomo Productions Ltd	(16)	100.0	F	(16)	100.0	F
Clement/La Fresnais Productions Ltd	(16)	100.0	F	(16)	100.0	F
Eurowide Television Ltd (formerly Channel Three Ltd)	(16)	100.0	F	(16)	100.0	F
Fox Sport Ltd	(21)	-	NC	(6)	24.9	E
Fremantle (UK) Productions Ltd		100.0	F		100.0	F
FremantleMedia Ltd		100.0	F		100.0	F
FremantleMedia Group Ltd	(12)	100.0	F	(12)	100.0	F
FremantleMedia Overseas Ltd		100.0	F		100.0	F
FremantleMedia Services Ltd (formerly Little Pond Television Ltd)		100.0	F		100.0	F
RTL Group Systems Ltd		100.0	F		-	
Select TV Ltd	(16)	100.0	F	(16)	100.0	F
Somerford Brooke Productions Ltd (formerly Little Pond Television Ltd)	(16)	100.0	F	(16)	100.0	F
Sport Rights Acquisitions Ltd (formerly Sport+ UK Ltd)	(21)	-	NC	(6)	24.9	E
Sportfive International Ltd	(21)	-	NC	(6)	24.9	E
Talkback (UK) Productions Ltd		100.0	F		100.0	F
Talkback Productions Ltd	(18)	100.0	F	(18)	100.0	F
Talkback Thames Ltd (formerly Not Any Old Radio Commercials Ltd)	(18)	100.0	F	(18)	100.0	F
Thames Television Holdings Ltd		100.0	F		100.0	F
Thames Television Ltd	(19)	100.0	F	(19)	100.0	F
United World Television Ltd (formerly Select TV International Ltd)	(20)	-	NC	(16)	100.0	F
Witzend Productions Ltd	(16)	100.0	F	(16)	100.0	F

Content	Note	Group's owner- ship 2007	Consoli- dated method (1)	Note	Group's owner- ship 2006	Consoli- dated method (1)
USA*						
All American Entertainment Inc	(13)	100.0	F	(13)	100.0	F
All American Music Group	(13)	100.0	F	(13)	100.0	F
Allied Communications Inc		100.0	F		100.0	F
American Idols Productions Inc	(13)	100.0	F	(13)	100.0	F
Feudin' Productions Inc	(13)	100.0	F	(13)	100.0	F
Fremantle Goodson Inc	(13)	100.0	F	(13)	100.0	F
Fremantle International Inc	(13)	100.0	F	(13)	100.0	F
Fremantle Merchandising Inc	(13)	100.0	F	(13)	100.0	F
Fremantle Productions Inc	(13)	100.0	F	(13)	100.0	F
Fremantle Productions Latin America Inc		100.0	F		100.0	F
Fremantle Productions North America Inc	(13)	100.0	F	(13)	100.0	F
FremantleMedia Holdings Inc	(20)	-	NC		100.0	F
FremantleMedia Licensing Inc	(9)	100.0	F	(9)	100.0	F
FremantleMedia North America Inc (formerly Pearson Television Inc)	(13)	100.0	F	(13)	100.0	F
Good Games Live Inc	(13)	100.0	F	(13)	100.0	F
Good Games Productions Inc	(20)	-	NC	(13)	100.0	F
Grundy Music Services Inc	(20)	-	NC	(13)	100.0	F
Kickoff Productions Inc	(13)	100.0	F	(13)	100.0	F
LBS Communications Inc	(13)	100.0	F	(13)	100.0	F
Little Pond Television Inc	(13)	100.0	F	(13)	100.0	F
Mark Goodson Productions LLC	(13)	100.0	F	(13)	100.0	F
MG Productions Inc	(13)	100.0	F	(13)	100.0	F
OTL Productions Inc	(13)	100.0	F	(13)	100.0	F
Reg Grundy Productions Holdings Inc	(13)	100.0	F	(13)	100.0	F
Reg Grundy Productions Inc	(20)	-	NC	(13)	100.0	F
Sportfive USA LLC	(21)	-	NC	(6)	24.9	E
Terrapin Communications Inc	(20)	-	NC	(13)	100.0	F
Terrapin Productions Inc	(13)	100.0	F	(13)	100.0	F
The Baywatch Productions Company	(13)	100.0	F	(13)	100.0	F
The Price is Right Productions Inc	(13)	100.0	F	(13)	100.0	F
Thumbdance LLC		50.0	P		50.0	P
Tick Tock Productions Inc	(13)	100.0	F	(13)	100.0	F

Broadcasting Radio	Note	Group's ownership 2007	Consolidated method (1)	Note	Group's ownership 2006	Consolidated method (1)
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Belgium*

Cobelfra SA		44.1	F		44.1	F
Contact SA		49.8	P		49.8	P
Contact Vlaanderen NV		42.1	P		42.1	P
Inadi SA		44.1	F		44.1	F
IP Plurimédia SA		65.8	F		65.8	F
Joker FM SA		44.1	F		44.1	F
Radio Belgium Holding SA		44.1	F		44.1	F

France*

Ediradio SA		99.7	F		99.7	F
ID (Information et Diffusion) Sàrl		99.7	F		99.7	F
IP France SA		99.7	F		99.7	F
IP Régions SA		99.7	F		99.7	F
RTL Fun Développement Sàrl		99.7	F		99.7	F
SCP Sàrl		99.7	F		99.7	F
SERC SA		99.7	F		99.7	F
Sodera SA		99.7	F		99.7	F

Germany*

AH Antenne Hörfunksender GmbH & Co. KG		53.8	E		53.3	E
Antenne Mecklenburg – Vorpommern GmbH & Co. KG		25.4	E		25.4	E
Antenne Niedersachsen Gesch. GmbH & Co. KG		35.9	E		35.9	E
Antenne Sachsen Hörfunk- und Versorgungs GmbH		69.2	F		68.4	F
AVE Gesellsch. für Hörfunkbeteiligungen GmbH		99.7	F		99.7	F
AVE I Vermögensverwaltungs-gesellschaft mbH & Co. KG		49.7	E		49.7	E
AVE II Vermögensverwaltungs-gesellschaft		99.7	F		99.7	F
AVE V GmbH		99.7	F		99.7	F
AVE VI KG		49.7	E		49.7	E
BCS Broadcast Sachsen GmbH & Co. KG		38.1	E		37.6	E
Neue Spreeradio Hoerfunk-gesellschaft mbH		99.7	F		33.7	E
Radio Center Berlin GmbH		99.7	F		99.7	F
Radio Hamburg GmbH & Co. KG		29.1	E		29.1	E
Radio Systems GmbH		99.7	F		99.7	F
RB Blauen GmbH		42.0	E		42.0	E
RTL Radio Berlin GmbH		99.7	F		99.7	F
RTL Radio Deutschland GmbH		99.7	F		99.7	F
RTL Radio Vermarktungs GmbH & Co. KG		99.7	F		99.7	F
UFA Programmgesellschaft in Bayern mbH		99.7	F		99.7	F

Netherlands*

Radio 538 BV		73.4	F			
RTL FM BV (formerly Holland FM BV)	(21)	-	NC		99.7	F

Others

Others	Note	Group's ownership 2007	Consolidated method (1)	Note	Group's ownership 2006	Consolidated method (1)
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Belgium*

Audiomedia Investments Bruxelles SA		100.0	F		100.0	F
TVI Interactions SA (formerly TVI Editions SA)		65.8	F		65.8	F

France*

Société Immobilière Bayard d'Antin SA		99.7	F		99.7	F
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Germany*

RTL Group Central & Eastern Europe GmbH		99.7	F		99.7	F
RTL Group Deutschland GmbH		99.7	F		99.7	F
RTL Group Vermögensverwaltungs GmbH (formerly Darpar 128 GmbH)		100.0	F		100.0	F

Luxembourg*

B. & C.E. SA		99.7	F		99.7	F
CLT-UFA SA		99.7	F		99.7	F
IP Luxembourg Sàrl		99.7	F		99.7	F
Media properties Sàrl		99.7	F		-	
RTL Group Central & Eastern Europe SA		99.7	F		99.7	F
RTL Group Germany SA		99.7	F		99.7	F

UK*

CLT-UFA Holdings Ltd		99.7	F			
CLT-UFA UK Radio Ltd		99.7	F		99.7	F
CLT-UFA UK Television Ltd		99.7	F		99.7	F

***Country of incorporation**

- (1) M: parent company
F: full consolidation
P: proportionate
E: equity accounting
NC: not consolidated
- (2) Groupe M6
(3) Five Group
(4) UFA Berlin Group
(5) Trebitsch Group
(6) Sportive Group
(7) Antena 3 De Television Group
(8) Phoenix Group
(9) Fremantle Licensing Group
(10) Fremantle Productions Group
(11) FremantleMedia Australia Group
(12) FremantleMedia Central Group
(13) FremantleMedia North America Group
(14) FremantleMedia Productions Netherlands Group
(15) Grundy Organisation (Holdings) Group
(16) Select TV Group
(17) Start Television Produktions Group
(18) Talkback Productions Group
(19) Thames Television Group
(20) Company absorbed by a company of the Group
(21) Company sold
(22) Company liquidated
(23) Ren TV Group
(24) Media Capital Group