

## 1. Significant accounting policies

RTL Group S.A. (the “Company”) is a company domiciled in Luxembourg. The consolidated financial statements of the Company for the year ended 31 December 2006 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 734 companies. The list of the principal Group undertakings as at 31 December 2006 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 S.A. preparing consolidated financial statements, Bertelsmann AG, includes in its consolidated financial statements those of RTL Group S.A.. Bertelsmann AG is a company incorporated under German law whose registered office is established at Carl-Bertelsmann-Strasse 270, D-33311 Gütersloh in 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 7 March 2007.

### 1.1. Statement of compliance

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

### 1.2. Basis of preparation

#### 1.2.1. Consolidated financial statements

The consolidated financial statements are presented in millions of €, which is the Company functional and presentation currency, and have been prepared under the historical cost convention except in respect of available-for-sale investments, 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 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

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

The accounting policies have been consistently applied by Group enterprises and are consistent with those used in the previous year except for the change in accounting policy relating to the control over subsidiaries (“de facto control”) and for the application of the revised and new standards and interpretations effective as from 1 January 2006 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 2006. Moreover no additional information is disclosed concerning multi-employer plans as already provided previously. The Group intends to change in 2007 the accounting policy adopted for recognition, outside of the income statement, of actuarial gains or losses. The adoption of this option in 2007 will have a positive impact of €2 million on the profit before taxes 2006 which will be presented in the consolidated financial statements 2007.

The following amendments and interpretations, which are mandatory for accounting periods beginning on or after 1 January 2006, did not have any effect on the financial statements of the Group and did not give rise to additional disclosures:

- Amendments to IAS 21 “The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation”;
- Amendments to IAS 39 “Financial Instruments: Recognition and Measurement – Cash Flow Hedge Accounting of Forecast Intra-group Transactions”;
- Amendments to IAS 39 “Financial Instruments: Recognition and Measurement – The Fair Value Option”;
- Amendments to IAS 39 and IFRS 4 “Financial Guarantee Contracts”;
- IFRS 6 “Exploration for and Evaluation of Mineral Resources”;
- IFRIC 4 “Determining whether an Arrangement contains a Lease” provides guidance in determining whether arrangements contain a lease to which lease accounting must be applied. This change in accounting policy has no significant impact on the financial statements;
- IFRIC 5 “Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds” incorporating to amendment to IAS 39;
- IFRIC 6 “Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment”.

The IASB has issued the following standards and amendments to standards that will be effective for the Group as from 1 January 2007 or after. The Group has not elected to early adopt those standards or amendments to existing standards.

- IFRS 7 “Financial Instruments: Disclosures” and the Amendment to IAS 1 “Presentation of Financial Statements: Capital Disclosures” require extensive disclosures about the significance of financial instruments for an entity’s financial position and performance, and qualitative and quantitative disclosures on the nature and extent of risks. IFRS 7 and amended IAS 1, which become mandatory for the Group’s 2007 financial statements, will require additional disclosures with respect to Group’s risk management and share capital;
- 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;
- IFRIC 7 “Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies” addresses the application of IAS 29 when an economy first becomes hyperinflationary and in particular the accounting for deferred tax;
- IFRIC 8 “Scope of IFRS 2 Share-based Payment” addresses the accounting for share-based payment transactions in which some or all of goods or services received cannot be specifically identified;
- IFRIC 9 “Reassessment of Embedded Derivatives” requires that a reassessment of whether embedded derivative should be separated from the underlying host contract; it concludes that this should be made only when there are changes to the contract;
- IFRIC 10 “Interim Financial Reporting and Impairment” prohibits the reversal of an impairment loss recognised in a previous interim period in respect of goodwill, an investment in an equity instrument or a financial asset carried at cost. IFRIC 10 will become mandatory for the Group’s 2007 financial statements, and will apply to goodwill, investments in equity instruments, and financial assets carried at cost prospectively from the date that the Group first applied the measurement criteria of IAS 36 and IAS 39 respectively (i.e., 1 January 2004);

- IFRIC 11 “Group and Treasury Share Transactions” provides guidance in applying IFRS 2 “Sharebased Payment” in three circumstances:
  - (1) 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 – is this an equity-settled or cash-settled transaction?
  - (2) A parent grants rights to its equity instruments to employees of its subsidiary – how to account in the individual entities’ financial statements?
  - (3) A subsidiary grants rights to equity instruments of its parent to its employees – how to account in the individual entities’ financial statements?

The purchase accounting for the business combination of Mistergooddeal had been determined on a provisional basis in 2005. The fair value exercise has been completed in 2006 and the 2005 comparative information has been restated as follows to reflect this adjustment. €9 million has been recognised for the brand applying the royalty relief method with a useful life of 10 years. A related deferred tax liability has been recognised for an amount of €3 million. There was a corresponding reduction in goodwill of €6 million to give total goodwill arising on the acquisition of €32 million.

## **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.

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

### **1.3.2. Joint ventures**

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

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

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

### **1. 3. 3. Associates**

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

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

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

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

### **1. 3. 4. Transactions eliminated on consolidation**

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

## **1. 4. Foreign currency translation**

### **1. 4. 1. Foreign currency transactions and balances**

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

### **1. 4. 2. Financial statements of foreign operations**

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

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

## **1.5. Derivative financial instruments and hedging activities**

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

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

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

- For qualifying hedges, the effective component of fair value changes on the hedging instrument (mostly foreign currency forward contracts or cash balances in foreign currencies) is deferred in “Hedging reserve”;
- Amounts deferred in “Hedging reserve” are subsequently released to the income statement in the periods in which the hedged item impacts the income statement or are used to adjust the carrying value of assets purchased (basis adjustment). When hedging forecast purchases of programme rights in foreign currency, releases from equity via a basis adjustment 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.

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

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

## **1.6. Current/non-current distinction**

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

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

## **1.7. Intangible assets**

### **1.7.1. Owned non-current programme rights**

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

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

### **1.7.2. Leases**

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

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

### **1.7.3. Goodwill**

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

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

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

### **1.7.4. Other intangible assets**

Other intangible assets 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 reassessed 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 1.8.1.). Each lease payment is allocated between the liability and finance charge so as to achieve a constant rate on the outstanding finance balance. The corresponding lease obligations, net of finance charges, are included in loans payable. The interest element of the finance charge is charged to the income statement over the lease period.

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

### 1.8.3. Subsequent expenditure

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

## 1.9. Loans and investments

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

Non-current and current investments comprise available-for-sale assets and investments designated 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 designated 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.

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

#### **1. 10. Current programme rights**

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

Current programme rights include programmes in progress, (co)productions as well as rights acquired with the primary intention to be broadcast or sold in the normal course of the Group’s operating cycle. Current programme rights are stated at the lower of cost and net realisable value. Net realisable value represents management assessment of rights that are 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” (mainly own productions with a large budget), other films, series, TV movies and (co)productions are consumed over a maximum of 2 transmissions as follows: at least 67 per cent upon the first transmission, with the remainder upon the second transmission;
- Soaps, in-house productions, quiz and game shows, sports and other events, documentaries and music shows are fully consumed upon the first transmission;
- Children’s programmes and cartoons are consumed over a maximum of 2 transmissions as follows: at least 50 per cent upon the first transmission, with the remainder upon the second transmission.

#### **1. 11. Accounts receivable**

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

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

#### **1. 12. Cash and cash equivalents**

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

Bank overdrafts are included within current liabilities.

#### **1. 13. Impairment of non financial assets**

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

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

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

#### **1. 14. Impairment of financial assets**

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

#### **1. 15. Accounts payable**

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

#### **1. 16. Loans payable**

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

#### **1. 17. Provisions**

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

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

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

## **1. 18. Employee benefits**

### **1. 18. 1. Pension benefits**

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

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

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

### **1. 18. 2. Other benefits**

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

### **1. 18. 3. Equity compensation benefits**

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

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

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

## **1. 19. Share capital**

### **1. 19. 1. Equity transaction costs**

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

### **1. 19. 2. Treasury shares**

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

### **1. 19. 3. Dividends**

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

## **1. 20. Revenue presentation and recognition**

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

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

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

## **1. 21. Interest income/expense**

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

## **1. 22. Income tax**

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

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

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

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

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

## **1. 23. Earnings per share**

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

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

### **1.24. Segment reporting**

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

### **1.25. Non-current assets held for sale**

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

## **2. Segment reporting**

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure. Inter-segment pricing is determined on an arm's length basis.

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

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

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

### **Business segments**

The Group comprises the following main business segments:

#### **Television**

RTL Group's television segment comprises interests in 39 free-to-air television channels in 11 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 33 radio stations in 6 countries.

### **Geographical segments**

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

## 2.1. Business segments

	Television		Content	
	2006 €m	2005* €m	2006 €m	2005 €m
Revenue from external customers	4,325	3,973	1,028	849
Inter-segment revenue	21	28	148	173
<b>Total revenue</b>	<b>4,346</b>	<b>4,001</b>	<b>1,176</b>	<b>1,022</b>
Profit/(loss) from operating activities	819	544	131	122
Share of results of associates	69	58	-	-
<b>EBIT</b>	<b>888</b>	<b>602</b>	<b>131</b>	<b>122</b>
<b>EBITA</b>	<b>698</b>	<b>617</b>	<b>131</b>	<b>125</b>
Amortisation of fair value adjustments on acquisitions of subsidiaries and joint ventures	(14)	(16)	-	-
Amortisation of fair value adjustments on acquisitions of associates	(1)	-	(1)	(2)
Gain/(loss) from sale of subsidiaries, joint ventures and other investments	205	1	1	(1)
<b>EBIT</b>	<b>888</b>	<b>602</b>	<b>131</b>	<b>122</b>
Net interest income/(expense)				
Financial results other than interest				
Income tax income/(expense)				
<b>Profit for the year</b>				
Attributable to:				
RTL Group shareholders				
Minority interest				
Segment assets	5,353	4,747	1,389	1,383
Investment in associates	516	535	1	22
Assets classified as held for sale	-	258	2	-
Other assets				
<b>Total assets</b>				
Segment liabilities	2,054	1,764	436	378
Liabilities directly associated with non-current assets classified as held for sale	-	233	-	-
Other liabilities				
<b>Total liabilities</b>				
<b>Net assets</b>				
Capital expenditure	262	490	26	35
Depreciation and amortisation	(127)	(121)	(40)	(48)
Impairment losses excluding goodwill	(3)	(1)	(5)	6

\* restated (see note 1.2.1.)

## 2.2. Geographical segments

	Germany		France		UK	
	2006 €m	2005 €m	2006 €m	2005* €m	2006 €m	2005 €m
Revenue	2,106	1,991	1,611	1,545	761	619
Segment assets	2,079	2,164	1,980	1,596	1,793	1,576
Assets classified as held for sale	-	7	9	254	-	-
Capital expenditure	48	35	82	120	107	333

\* restated (see note 1.2.1.)

2006 €m	Radio	Other operations		Eliminations		2006 €m	Total 2005* €m
	2005 €m	2006 €m	2005 €m	2006 €m	2005 €m		
244	245	43	48	-	-	5,640	5,115
(4)	(3)	30	37	(195)	(235)	-	-
240	242	73	85	(195)	(235)	5,640	5,115
48	31	(28)	(19)	-	-	970	678
3	5	-	-	-	-	72	63
51	36	(28)	(19)	-	-	1,042	741
51	35	(29)	(19)	-	-	851	758
-	-	-	-	-	-	(14)	(16)
-	-	-	-	-	-	(2)	(2)
-	1	1	-	-	-	207	1
51	36	(28)	(19)	-	-	1,042	741
						2	(11)
						33	2
						34	(116)
						1,111	616
						890	537
						221	79
297	241	409	434	(467)	(432)	6,981	6,373
56	60	-	-	-	-	573	617
-	27	7	9	-	-	9	294
						1,461	828
						9,024	8,112
185	179	244	240	(459)	(417)	2,460	2,144
1	15	-	-	-	-	1	248
						402	372
						2,863	2,764
						6,161	5,348
19	7	5	6	-	-	312	538
(6)	(11)	(5)	(6)	-	-	(178)	(186)
-	(3)	-	-	-	-	(8)	2

2006 €m	Netherlands	Other regions		Eliminations		2006 €m	Total 2005* €m
	2005 €m	2006 €m	2005 €m	2006 €m	2005 €m		
619	590	980	754	(437)	(384)	5,640	5,115
350	395	1,040	926	(261)	(284)	6,981	6,373
-	23	-	10	-	-	9	294
4	6	71	44	-	-	312	538

## 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 2006 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 €46 million and profit attributable to RTL Group shareholders of €13 million for the post acquisition period to 31 December 2006. 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 €5,645 million and €902 million respectively.

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

#### 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 S.A.:

- INADI S.A. 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, M6 Group completed the acquisition of the 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 net related adjustments amount to €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+ and TPS into Canal+ France, a new group controlled by Vivendi in the following way:

- TF1 and M6 contribute 100 per cent of TPS to Canal+ 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 after 3 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+ 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+ 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 S.A., 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+ France of TPS Gestion S.A. 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+ France held by M6 becomes exercisable has been fixed at February 2010.

Following the completion of this transaction M6 has become a 5.1 per cent shareholder in Canal+ 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 CanalSat and TF1 (9.9 per cent). M6 does not participate in the Board of Directors of Canal+ France.

The main assets of Canal+ France are CanalSat, TPS, Multithématiques, Média Overseas, Canal Distribution (all 100 per cent shareholdings) and Canal+ 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 8 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+ France has been recognised in 2006;
- The 5.1 per cent shareholding in Canal+ France, which was received in exchange for its participation in TPS by M6 has been treated 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+ 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+ France. The fair value of the hybrid financial instrument amounts to €324.0 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;
- The impact of the TPS disposal corresponds therefore to the fair value of the shares in Canal+ 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 will be 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).

## 2005

### Five Group

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

#### Assets acquired upon which the fair value exercise has been undertaken

	Nature	Carrying amount value	Incremental value €m	Fair value €m	Amortisation period
Other intangible assets	Brand Five	–	37	37	10 years
Other intangible assets	Customer relationships	–	25	25	10 years
Deferred tax asset	Tax losses carry forward	–	24	24	Not applicable
<b>Total</b>			<b>86</b>	<b>86</b>	

Five's brand has been recognised for an amount of €37 million. The brand value is the ability to produce revenue. The fair value for this intangible asset is an estimate of an annual royalty rate under a Brand Licensing Agreement. A useful life of 10 years has been determined for the brand taking into account a variety of factors including the length of the licence, the audience and the advertising share of Five and the fragmentation of the market.

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

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

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

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

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

### Mistergooddeal

On 15 November 2005, M6 acquired 95 per cent of Mistergooddeal, one of the leading French e-commerce businesses dealing in discount branded products. The consideration was €43 million and this resulted in goodwill of €38 million. The purchase accounting for the business combination was determined on a provisional basis (see note 1.2.1.).

### 3.3. Assets and liabilities acquired

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

	2006 €m	2005* €m
<b>Purchase consideration:</b>		
– Cash paid	43	419
– Prior years payments on acquisitions	2	9
– Deferred payments on acquisition	2	–
Total purchase consideration	47	428
Less fair value of net assets acquired	(3)	(133)
Acquisition of minority interest	(3)	–
<b>Goodwill</b>	<b>41</b>	<b>295</b>

\* restated (see note 1.2.1.)

### 3.4. Cash (inflow)/outflow on acquisitions

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

	2006 Fair value €m	2005* Fair value €m
Cash and cash equivalents	7	16
Property, plant and equipment	2	9
Other intangible assets	–	72
Financial assets	–	7
Current and non-current programme rights	12	72
Accounts receivable (trade and other)	29	22
Accounts payable (trade and other)	(26)	(68)
Other provisions	–	(2)
Interest bearing loans and borrowings	(12)	–
Net deferred tax assets/(liabilities)	(4)	4
Minority interest	–	1
<b>Net assets acquired</b>	<b>8</b>	<b>133</b>
Elimination of the contribution of companies previously accounted for using the equity method	(5)	–
Goodwill from acquisition of subsidiaries and joint ventures	41	295
Acquisition of minority interest	3	–
<b>Total purchase consideration</b>	<b>47</b>	<b>428</b>
Less :		
Deferred payments on acquisitions	(2)	–
Prior year payments on acquisitions	(2)	(9)
Cash and cash equivalents in operations acquired	(7)	(16)
<b>Cash outflow on acquisitions</b>	<b>36</b>	<b>403</b>
Out of which:		
Five (see note 3.2.)	–	357
Others	36	46

\* restated (see note 1.2.1.)

### 3.5. Assets and liabilities disposed of

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

	2006 €m	2005 €m
Disposal proceeds	312	–
Net assets disposed of	(106)	–
<b>Net gain on disposal of subsidiaries and joint ventures (see note 4.3.)</b>	<b>206</b>	<b>–</b>

## 3.6. Cash inflow on disposals

	2006 €m	2005 €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	235	–
<b>Net assets disposed of</b>	<b>(106)</b>	<b>–</b>
<b>Total disposal proceeds</b>	<b>312</b>	<b>–</b>
Less:		
Consideration received in the form of financial assets (Canal+ France)	(306)	–
Deferred consideration on disposal	5	–
Cash and cash equivalents in operations disposed of	(69)	–
<b>Cash outflow on disposals</b>	<b>(58)</b>	<b>–</b>
Out of which:		
TPS (see note 3.2.)	(70)	–
Others	12	–

## 4. Consolidated income statement

### 4.1. Revenue

	2006 €m	%	2005 €m	%
Net spot advertising sales	3,252	58%	3,002	59%
Net bartering advertising sales	36	1%	38	1%
Net other advertising sales	130	2%	109	2%
<b>Net advertising sales</b>	<b>3,418</b>	<b>61%</b>	<b>3,149</b>	<b>62%</b>
Net film, programme and other rights sales	1,196	21%	935	18%
Diversification and other revenue	1,026	18%	1,031	20%
	<b>5,640</b>	<b>100%</b>	<b>5,115</b>	<b>100%</b>

### 4.2. Other operating expense

	Notes	2006 €m	2005* €m
Personnel costs	4.2.1.	844	795
External cost of live programmes		412	374
Intellectual property expenses		224	175
External cost of transmitting		201	165
Consumption of other inventories		200	121
Other marketing, promotion and public relations costs		170	151
Rental costs		91	93
Operating taxes		68	63
Audit, consulting and legal fees		62	58
Repairs and maintenance		57	54
Marketing and promotion costs – barter		36	45
Others		399	424
		<b>2,764</b>	<b>2,518</b>

\* reclassified

Operating foreign exchange and derivative losses amount to €3 million (2005: €1 million).

#### 4.2.1. Personnel costs

	2006 €m	2005 €m
Wages and salaries	660	601
Social security	135	130
Share options granted to employees	9	4
Pension costs	8	15
Other personnel costs	32	45
	<b>844</b>	<b>795</b>

Amounts set out above, exclude personnel costs of €209 million (2005: €174 million), that are capitalised and which represent costs of employees directly allocated to the production of programmes. Pension benefits relate to defined contribution and benefit plans (see note 5.14.).

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

	2006 €m	2005 €m
Employees of fully consolidated undertakings (1)	8,551	8,388
Employees of joint ventures (2)	237	383
	<b>8,788</b>	<b>8,771</b>

(1) of which 9 relate to disposal group (RTL FM B.V.) (2005: 130)

(2) of which 147 relate to disposal group (TPS Group) (2005: 244)

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. Five Group and Mistergooddeal S.A. are reflected in the category "Employees of fully consolidated undertakings" on the whole year (2005: 4 months and 1.5 month respectively). In addition, "Employees of fully consolidated undertakings" mainly increased due to expanding activities of M6 Group and RTL Hrvatska d.o.o..

#### 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" relates to the following:

##### 2006

■ Gain on sale of the investment in the TPS Group joint venture (see note 3.2.)	€201 million
■ Gain on sale of the investment in the Yorin FM subsidiary	€3 million
■ Gain on sale of the investment in the S4M subsidiary (see note 7.1.)	€1 million
■ Gain on sale of the investment in the Telescope Inc. subsidiary	€1 million
■ Gain on sale of an other investment (Athletline)	€1 million

##### 2005

■ Gain on sale of the investment in the Sud Radio associate	€1 million
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#### 4.4. Net interest income/(expense)

	2006 €m	2005 €m
Interest income	25	22
Interest expense	(23)	(33)
	<b>2</b>	<b>(11)</b>

"Interest income" includes an amount of €4 million (2005: €2 million) in respect of deposits to Bertelsmann AG (see note 7.1.).

"Interest expense" includes an amount of €0.4 million (2005: €6 million) in respect of loans and facilities from Bertelsmann AG (see note 7.1.).

## 4.5. Financial results other than interest

	2006 €m	2005 €m
Impairment losses on financial assets	(4)	(3)
Fair value changes on derivatives	7	–
Commitment fee on unused credit facilities (see note 7.1.)	–	(1)
Fair value change on financial instrument designated at fair value through profit or loss (see note 3.2.)	18	–
Other financial results	12	6
	<b>33</b>	<b>2</b>

“Fair value changes on derivatives” includes non-operating losses and gains on foreign exchange derivatives of €7 million (2005: €0 million).

## 4.6. Income tax (income)/expense

	2006 €m	2005 €m
Current tax expense	188	134
Deferred tax (income)/expense	(222)	(18)
	<b>(34)</b>	<b>116</b>

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

	2006 €m		2005 €m	
Profit before taxes	1,077		732	
Income tax rate applicable in Luxembourg	29.63%		30.38%	
Tax calculated at domestic tax rate applicable to profits in Luxembourg	319		222	
Effects of tax rate in foreign jurisdictions and German trade tax	64		41	
Tax calculated at domestic tax rate applicable to profits in the respective countries	383	35.6%	263	35.9%
Change in tax regulation and status	2		–	
Non deductible expenses	26		8	
Tax exempt revenue	(109)		(27)	
Recognition of deferred tax assets	(8)		–	
Effect of intercompany transactions	–		(84)	
Tax incentives not recognised in the income statement	(13)		–	
Effect of tax losses utilised	(43)		(33)	
Tax expense before adjustment on prior years	238	22.1%	127	17.3%
Current tax adjustment on prior years	(5)		(28)	
Deferred tax adjustment on prior years	(267)		17	
<b>Income tax (income)/expense</b>	<b>(34)</b>	<b>(3.2%)</b>	<b>116</b>	<b>15.8%</b>

Tax exempt revenue mainly relate to capital gains (€84 million) and to the share of results of associates (€21 million).

Effect of intercompany transactions in 2005 resulted from non compensating tax effect arising on a transaction between Group companies.

Income tax adjustments on prior years comprise:

#### 2006

- €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 with this transaction;
- €11 million of deferred tax mainly attributable to the amortisation of goodwill non-deductible for tax purposes and previously not considered.

#### 2005

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

#### 4.7. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to RTL Group shareholders of €890 million (2005: €537 million) and a weighted average number of ordinary shares outstanding during the year of 153,618,853 (2005: 153,618,853), calculated as follows:

	2006	2005
Profit attributable to RTL Group shareholders (in €million)	<b>890</b>	537
Weighted average number of ordinary shares:		
Issued ordinary shares at 1 January	<b>154,787,554</b>	154,787,554
Effect of own shares held	<b>(1,168,701)</b>	(1,168,701)
Weighted average number of ordinary shares	<b>153,618,853</b>	153,618,853
Basic earnings per share (in €)	<b>5.79</b>	3.50
Diluted earnings per share (in €)	<b>5.79</b>	3.50

For 2006 and 2005, 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 productions in progress €m	Total programme rights (1) €m	Goodwill* €m	Other intangible assets* €m
<b>Cost</b>						
<b>Balance at 1 January 2005</b>	<b>565</b>	<b>890</b>	<b>31</b>	<b>1,486</b>	<b>5,163</b>	<b>422</b>
Effect of movements in foreign exchange	45	14	–	59	5	1
Additions	18	22	28	68	–	29
Disposals	(6)	(39)	(1)	(46)	–	(19)
Subsidiaries and joint ventures acquired (2)*	–	–	–	–	295	75
Transfer to assets classified as held for sale	–	–	(1)	(1)	(99)	(94)
Transfers and other changes	(10)	51	(28)	13	–	(16)
<b>Balance at 31 December 2005</b>	<b>612</b>	<b>938</b>	<b>29</b>	<b>1,579</b>	<b>5,364</b>	<b>398</b>
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)
<b>Balance at 31 December 2006</b>	<b>566</b>	<b>861</b>	<b>13</b>	<b>1,440</b>	<b>5,430</b>	<b>490</b>
<b>Amortisation and impairment losses</b>						
<b>Balance at 1 January 2005</b>	<b>(557)</b>	<b>(804)</b>	<b>–</b>	<b>(1,361)</b>	<b>(2,286)</b>	<b>(161)</b>
Effect of movements in foreign exchange	(45)	(13)	–	(58)	–	(1)
Amortisation charge for the year	(21)	(51)	–	(72)	–	(39)
Impairment losses recognised for the year	(1)	(2)	–	(3)	–	(6)
Reversal of impairment	1	9	–	10	–	–
Disposals	6	39	–	45	–	14
Subsidiaries and joint ventures acquired (2)	–	–	–	–	–	(3)
Transfer to assets classified as held for sale	–	–	–	–	–	34
Transfers and other changes	12	(34)	–	(22)	–	21
<b>Balance at 31 December 2005</b>	<b>(605)</b>	<b>(856)</b>	<b>–</b>	<b>(1,461)</b>	<b>(2,286)</b>	<b>(141)</b>
Effect 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
<b>Balance at 31 December 2006</b>	<b>(555)</b>	<b>(792)</b>	<b>–</b>	<b>(1,347)</b>	<b>(2,286)</b>	<b>(154)</b>
<b>Carrying amount:</b>						
<b>At 31 December 2005</b>	<b>7</b>	<b>82</b>	<b>29</b>	<b>118</b>	<b>3,078</b>	<b>257</b>
<b>At 31 December 2006</b>	<b>11</b>	<b>69</b>	<b>13</b>	<b>93</b>	<b>3,144</b>	<b>336</b>

\* restated (see note 1.2.1.)

(1) Programme rights include internally generated capitalised rights

(2) Including gain of control of Five

Other intangible assets mainly include Five, Mistergooddeal and M6 brands for €161 million (2005: €156 million) and M6 and Five customer relationships of €42 million (2005: €47 million).

The increase in "Other intangible assets" mainly relates to the acquisition of digital capacity in the UK. The related discounted debt (expiring in 2014) is presented in "Non-current accounts 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 2006 an impairment test was performed and did not lead to any impairment.

## 5.2. Impairment test for goodwill

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

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

	2006 €m	2005* €m
Germany		
Television	865	836
Radio	14	14
France		
Television	389	382
Radio	65	65
Netherlands		
Television	124	124
UK		
Television	757	746
Content	899	894
Other regions		
Television	17	17
Radio	14	-
<b>Total goodwill on cash-generating units</b>	<b>3,144</b>	<b>3,078</b>
Germany		
Television	24	24
Radio	49	45
Content	-	8
Other regions		
Television	339	337
Radio	-	6
<b>Total goodwill on associates</b>	<b>412</b>	<b>420</b>
<b>Goodwill</b>	<b>3,556</b>	<b>3,498</b>

\*restated (see note 5.4.)

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

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

	Television % a year	Content % a year	Radio % a year
Growth rate	0.0–3.5	3.0	2.0–3.0
Discount rate (1)	8.5–10.0	9.5	9.0

(1) except Ren TV Group (17%)

These assumptions have been used for the analysis of each cash-generating unit within the business segment. Management determined budgeted gross margin based on past performance and its expectations for the market development. The discount rates used reflect specific risks relating to the relevant segments. No impairment loss has been recorded in 2006 and 2005.

## 5.3. Property, plant and equipment

	Land, buildings and improvements €m	Technical equipment €m	Other €m	Total €m
<b>Cost</b>				
<b>Balance at 1 January 2005</b>	<b>412</b>	<b>294</b>	<b>272</b>	<b>978</b>
Effect of movements in foreign exchange	1	–	1	2
Additions	6	19	43	68
Disposals	(12)	(17)	(26)	(55)
Subsidiaries and joint ventures acquired (1)	9	1	4	14
Transfer to assets classified as held for sale	(24)	–	(120)	(144)
Transfers and other changes	3	(14)	9	(2)
<b>Balance at 31 December 2005</b>	<b>395</b>	<b>283</b>	<b>183</b>	<b>861</b>
Effect of movements in foreign exchange	1	–	(1)	–
Additions	3	24	59	86
Disposals	(4)	(5)	(13)	(22)
Subsidiaries and joint ventures acquired (2)	–	3	1	4
Transfers and other changes	9	2	(6)	5
<b>Balance at 31 December 2006</b>	<b>404</b>	<b>307</b>	<b>223</b>	<b>934</b>
<b>Depreciation and impairment losses</b>				
<b>Balance at 1 January 2005</b>	<b>(165)</b>	<b>(235)</b>	<b>(201)</b>	<b>(601)</b>
Effect of movements in foreign exchange	–	–	(1)	(1)
Depreciation charge for the year	(23)	(22)	(30)	(75)
Impairment losses reversed for the year	1	–	–	1
Disposals	10	17	24	51
Subsidiaries and joint ventures acquired (1)	(1)	(1)	(3)	(5)
Transfer to assets classified as held for sale	8	–	97	105
Transfers and other changes	(2)	9	(9)	(2)
<b>Balance at 31 December 2005</b>	<b>(172)</b>	<b>(232)</b>	<b>(123)</b>	<b>(527)</b>
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 (2)	–	(2)	–	(2)
Transfers and other changes	(6)	–	1	(5)
<b>Balance at 31 December 2006</b>	<b>(197)</b>	<b>(251)</b>	<b>(132)</b>	<b>(580)</b>
<b>Carrying amount:</b>				
<b>At 31 December 2005</b>	<b>223</b>	<b>51</b>	<b>60</b>	<b>334</b>
<b>At 31 December 2006</b>	<b>207</b>	<b>56</b>	<b>91</b>	<b>354</b>

(1) Including gain of control of Five  
(2) Including gain of control of N-TV

Net tangible assets held under finance leases at 31 December 2006 amount to €12 million (2005: €13 million).

#### 5.4. Investments in associates

	2006 €m	2005 €m
<b>Balance at 1 January</b>	<b>617</b>	376
Effect of movements in foreign exchange	(1)	–
Share of results of associates	72	63
Dividend distribution	(38)	(61)
Change in ownership interest	(79)	246
Transfer to assets classified as held for sale	(2)	(4)
Transfers and other changes	4	(3)
<b>Balance at 31 December</b>	<b>573</b>	617

Share of results of associates:

	2006 €m	2005 €m
Share of result after tax	74	65
Amortisation of fair value adjustments on acquisitions of associates	(2)	(2)
	<b>72</b>	63

Antena 3 De Television Group contributed to the “Share of results of associates” for €49 million (2005: €39 million). On 3 August 2006, an agreement for the settlement of the litigation between Uniprex, a wholly owned subsidiary of Antena 3 and Grupo Radio Blanca was reached. The settlement resulted in a €11 million non-recurring income in “Share of result of associates” in 2006.

“Investments in associates” at 31 December 2006 include goodwill of €412 million (2005: €420 million).

#### 5.4.1. Change in ownership interest

The impacts of acquisitions of associates are presented below:

	2006 €m	2005* €m
Purchase consideration:		
– Cash paid	8	181
– Dividends in kind	15	–
– Prior years payments on acquisitions	1	63
– Deferred consideration	1	–
<b>Total purchase consideration</b>	<b>25</b>	244
Less fair value of net assets acquired	(17)	(54)
<b>Goodwill on acquisitions of associates</b>	<b>8</b>	190
	2006 €m	2005* €m
Investments in associates	17	57
Acquisition of associates achieved in stages	–	(3)
<b>Net assets acquired</b>	<b>17</b>	54
Goodwill on acquisitions of associates	8	190
<b>Total purchase consideration</b>	<b>25</b>	244
Less:		
Prior years payments on acquisitions	(1)	(63)
– Dividends in kind	(15)	–
– Deferred consideration	(1)	–
<b>Cash outflow in acquiring associates</b>	<b>8</b>	181

\* restated following the completion of the purchase accounting for Media Capital and Ren TV Group

The impacts of disposals of associates are presented below:

	2006 €m	2005 €m
Disposal proceeds	4	–
Net assets disposed of	(4)	–
<b>Net profit on disposal of associates</b>	<b>–</b>	<b>–</b>
	2006 €m	2005 €m
Investments in associates	(4)	–
<b>Net assets disposed</b>	<b>(4)</b>	<b>–</b>
Total disposal proceeds	4	–
<b>Cash inflow on disposal associates</b>	<b>4</b>	<b>–</b>

## 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 portion 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.

## 2005

### Media Capital Group

On 15 December 2005, RTL Group obtained a significant influence in the Portuguese group Media Capital, following its increased shareholding to 33 per cent. The investment in Media Capital has been equity accounted for from mid-December 2005 to 31 December 2005, resulting in the recognition of a goodwill

amounting to €128 million and included in "Investments in associates". Prior to the step acquisition, Media Capital Group was presented as an available-for-sale financial asset. The purchase accounting has been determined on a provisional basis and was completed in 2006.

#### Ren TV Group

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

The purchase accounting related to Media Capital Group and Ren TV Group, which had been determined on a provisional basis in 2005, has been completed in 2006 and has generated the following reclassifications on the 2005 comparative information ("Investments in associates"):

Assets acquired upon which the fair value exercise has been undertaken and related deferred tax liability	Incremental value €m	Reclassification in goodwill on associates €m	Amortisation period
<b>Media Capital Group</b>			
- Brand TVI	19	(6)	10 years
- Related deferred tax liability	-	1	-
		<b>(5)</b>	
<b>Ren TV Group</b>			
- Brand Ren TV	12	(4)	10 years
- Buildings	8	(2)	25 years
- Related deferred tax liability	-	2	-
		<b>(4)</b>	

#### 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:

2006	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	906	650	256	934	290	19.0
Media Capital Group	Portugal	351	204	147	230	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

2005	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	1,003	610	393	932	226	17.3
Media Capital Group	Portugal	350	219	131	221	13	32.9
M-RTL rt	Hungary	120	77	44	124	12	48.8
Ren TV Group	Russia	43	19	23	76	9	30.0
RTL 2 GmbH & CoKG	Germany	145	105	40	272	25	35.8
Sportfive Group	France	749	697	52	526	(4)	24.9

Based on their published price quotations as at 31 December 2006, the fair values of 100 per cent of Antena 3 and Media Capital amount to €3,766 million and €706 million respectively (2005: €4,476 million and €606 million).

## 5.5. Loans and other financial assets

	2006 €m	2005 €m
Loans to associates	12	38
Other loans and financial assets	87	78
Financial instrument at fair value through profit or loss (see note 3.2.)	324	–
Available-for-sale investments	58	58
Surplus in the defined benefit plans (see note 5.14.)	1	2
	<b>482</b>	<b>176</b>

No reversal of impairment losses has been recorded in 2006 and 2005.

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

	2006 €m	2005 €m
<b>Balance at 1 January</b>	<b>58</b>	<b>115</b>
Net acquisitions and disposals	1	110
Change in fair value	2	35
Impairment losses	(5)	(4)
Other changes	2	(198)
<b>Balance at 31 December</b>	<b>58</b>	<b>58</b>

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

No reversal of impairment losses have been recorded in 2006 and 2005.

## 5.6. Deferred tax assets and liabilities

	2006 €m	2005* €m
Deferred tax assets	385	199
Deferred tax liabilities	(79)	(119)
	<b>306</b>	<b>80</b>

	2006 €m	2005* €m
<b>Balance at 1 January</b>	<b>80</b>	<b>76</b>
Income statement change	222	18
Tax charged to equity	9	(29)
Change in consolidation scope	(5)	5
Transfer to assets classified as held for sale	–	(2)
Transfer to liabilities directly associated with non-current assets classified as held for sale	–	12
<b>Balance at 31 December</b>	<b>306</b>	<b>80</b>

\* restated (see note 1.2.1.)

In addition, the Group has deductible temporary differences originated by an intra-group transaction which will reverse during the next 13 years (see note 4.6.).

Unrecognised deferred tax assets amount to €1,740 million as at December 31, 2006 (2005: €2,129 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 €5,783 million (2005: €5,894 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 2006 €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 2006 €m
<b>Deferred tax assets</b>						
Intangible assets	55	239	-	-	-	294
Programme rights	37	-	-	-	-	37
Property, plant and equipment	3	-	-	-	-	3
Provisions	61	2	-	-	-	63
Tax losses	53	(19)	-	2	-	36
Others	26	(7)	8	(1)	-	26
Set off of tax	(36)	-	-	-	(38)	(74)
	<b>199</b>	<b>215</b>	<b>8</b>	<b>1</b>	<b>(38)</b>	<b>385</b>

	Balance at 1 January 2006* €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 2006 €m
<b>Deferred tax liabilities</b>						
Intangible assets	(109)	6	-	(5)	-	(108)
Property, plant and equipment	(21)	1	-	-	-	(20)
Provisions	(6)	4	-	-	-	(2)
Others	(19)	(4)	1	(1)	-	(23)
Set off of tax	36	-	-	-	38	74
	<b>(119)</b>	<b>7</b>	<b>1</b>	<b>(6)</b>	<b>38</b>	<b>(79)</b>

\* restated (see note 1.2.1.)

## 5.7 Current programme rights

	Gross value €m	2006 Valuation allowance €m	Net value €m	Gross value €m	2005 Valuation allowance €m	Net value €m
(Co)productions	456	(235)	221	477	(217)	260
TV programmes	43	(10)	33	75	(6)	69
Other distribution and broadcasting rights	1,133	(264)	869	990	(206)	784
<b>Sub-total programme rights</b>	<b>1,632</b>	<b>(509)</b>	<b>1,123</b>	<b>1,542</b>	<b>(429)</b>	<b>1,113</b>
(Co)productions and programmes in progress	125	(16)	109	121	(15)	106
Advance, payments on (co)productions, programmes and rights	159	(1)	158	133	-	133
<b>Sub-total programme rights in progress</b>	<b>284</b>	<b>(17)</b>	<b>267</b>	<b>254</b>	<b>(15)</b>	<b>239</b>
	<b>1,916</b>	<b>(526)</b>	<b>1,390</b>	<b>1,796</b>	<b>(444)</b>	<b>1,352</b>

Additions and reversals of valuation allowance have been recorded for €(65) million and €27 million respectively in 2006 (2005: €(71) million and €31 million).

## 5.8. Accounts receivable

	Under 1 year €m	2006 Over 1 year €m	Total €m	Under 1 year €m	2005 Over 1 year €m	Total €m
Trade accounts receivable	895	7	902	764	2	766
Accounts receivable from associates	21	1	22	20	–	20
VAT receivable	102	–	102	95	–	95
Prepaid expenses	55	–	55	66	–	66
Accrued interest on loans and other financial assets	1	–	1	1	–	1
Fair value of derivative assets	–	–	–	7	–	7
Current deposit with shareholder (see note 7.1.)	487	–	487	–	–	–
Other accounts receivable	170	3	173	184	10	194
	<b>1,731</b>	<b>11</b>	<b>1,742</b>	<b>1,137</b>	<b>12</b>	<b>1,149</b>

Additions and reversals of valuation allowance have been recorded for €(21) million and €18 million respectively in 2006 (2005: €(20) million and €14 million).

## 5.9. Cash and cash equivalents

	2006 €m	2005 €m
Cash in hand and at bank	108	126
Fixed term deposits (<3 months)	220	201
Other cash equivalents	20	5
	<b>348</b>	<b>332</b>

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

### Non-current assets classified as held for sale:

Disposal groups held for sale:

	2006 €m	2005 €m
Programme rights	–	1
Goodwill	–	99
Other intangible assets	–	60
Property, plant and equipment	–	22
Deferred tax assets	–	2
Other inventories	–	32
Accounts receivable	–	55
Cash and cash equivalents	–	2
	<b>–</b>	<b>273</b>

Non-current assets held for sale:

	2006 €m	2005 €m
Property, plant and equipment	7	17
Investments in associates	2	4
	<b>9</b>	<b>21</b>

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

	2006 €m	2005 €m
Loans and bank overdrafts	-	56
Accounts payable	1	165
Provisions	-	15
Deferred tax liabilities	-	12
	<b>1</b>	<b>248</b>

The carrying amount of the disposal groups is €(1) million at 31 December 2006 (2005: €25 million).

At 31 December 2006, the non-current assets held for sale consist of a building located in Paris and Sportfive Group (see note 5.4.1.).

**5.11. Loans and bank overdrafts**

**Current liabilities**

	2006 €m	2005 €m
Bank overdrafts	7	7
Bank loans payable	5	2
Current portion of other non-current loans payable	-	1
Leasing liabilities	2	2
Other current loans payable	53	13
	<b>67</b>	<b>25</b>

“Other current loans payable” includes an amount owed to Vivendi by M6 Group, of €51 million (principal amount) as part of the TPS transaction (see note 3.2.).

**Non-current liabilities**

	2006 €m	2005 €m
Bank loans payable	20	25
Leasing liabilities	13	13
Other non-current loans payable	6	12
	<b>39</b>	<b>50</b>

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
	<b>67</b>	<b>32</b>	<b>7</b>	<b>106</b>

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

## 5.12. Accounts payable

### Current accounts payable

	2006 €m	2005 €m
Amounts due to associates	12	12
Trade accounts payable	1,131	1,066
Fair value of derivative liabilities	34	7
Other accounts payable	756	703
	<b>1,933</b>	<b>1,788</b>

“Fair value of derivative liabilities” represents the fair value of forward foreign exchange contracts for an amount of €34 million (2005: €7 million).

“Other accounts payable” includes deferred income for an amount of €115 million (2005: €104 million).

### Non-current accounts payable

	1-5 years €m	2006 Over 5 years €m	Total €m	1-5 years €m	2005 Over 5 years €m	Total €m
Other accounts payable	146	113	259	60	58	118

The increase of non-current accounts payable mainly relates to the acquisition of digital capacity (see note 5.1.).

## 5.13. Provisions

	Employee benefits (1) €m	Litigations (2) €m	Restructuring €m	Onerous contracts (3) €m	Other provisions (4) €m	Total €m
<b>Balance at 1 January 2006</b>	87	29	12	47	63	238
Provisions made during the year	20	20	13	30	31	114
Provisions used during the year	(16)	(2)	(5)	(18)	(10)	(51)
Provisions reversed during the year	(6)	(7)	–	(4)	(17)	(34)
Other changes	1	2	–	–	(3)	–
<b>Balance at 31 December 2006</b>	<b>86</b>	<b>42</b>	<b>20</b>	<b>55</b>	<b>64</b>	<b>267</b>

(1) “Employee benefits” comprise provisions for defined benefit obligations for €75 million (2005: €77 million) (see note 5.14.) and provision for other employee benefits for €11 million (2005: €10 million).

(2) “Litigations” include provisions made by M6 Group for €23 million (2005: €20 million of which €7 million transferred to liabilities directly associated with non-current assets classified as held for sale), RTL TVI for €7 million (2005: €5 million), FremantleMedia Group Ltd for €5 million (2005: €0 million) and various other minor litigations for €7 million (2005: €4 million).

(3) “Onerous contracts” mainly comprise provisions made by RTL Television GmbH for €37 million (2005: €26 million) and FremantleMedia Services Ltd for €12 million (2005: €13 million).

(4) “Other provisions” primarily include provisions made by M6 Group for €39 million (2005: €36 million) and FremantleMedia Group Ltd for €5 million (2005: €0 million).

	2006 €m	2005 €m
Non-current	107	120
Current	160	118
	<b>267</b>	<b>238</b>

## 5.14. Employee benefits

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

### Belgium

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

### France

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

### Germany

Employees of UFA Berlin Group (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 three employees providing defined pension benefits to each employee at retirement. In addition, a number of employees participate in a support fund providing pension benefits to members and their dependants on retirement and death.

### Luxembourg

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

### United Kingdom

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

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

	2006 €m	2005 €m
Present value of funded obligations	78	80
Fair value of plan assets	(58)	(55)
Present value of unfunded obligations	68	74
Deficit/(surplus)	88	99
Unrecognised actuarial gains/(losses)	(14)	(24)
Net liability/(asset)	74	75
Provisions in the balance sheet (see note 5.13.)	75	77
Assets in the balance sheet (see note 5.5.)	(1)	(2)

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

	2006 €m	2005 €m
Experience adjustments on provisions (gains)/losses	(4)	-
Experience adjustments on assets gains/(losses)	-	-

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

	2006 €m	2005 €m
<b>Beginning of year</b>	<b>154</b>	<b>123</b>
Current service cost	9	8
Interest cost	6	9
Past service (gains)/losses	–	3
Actuarial (gains)/losses	(10)	15
Employee contributions	1	1
Benefits paid by employer	(5)	(4)
Benefits paid out of the plan assets	(2)	(1)
Settlements and curtailments	(10)	(1)
Foreign exchange differences	1	–
Others	2	1
<b>End of year</b>	<b>146</b>	<b>154</b>

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

	2006 €m	2005 €m
<b>Beginning of year</b>	<b>55</b>	<b>39</b>
Expected return on plan assets	3	5
Actuarial gains/(losses)	(1)	1
Employer contributions	4	9
Employee contributions	1	1
Benefits paid out of the plan assets	(2)	(1)
Settlements	(3)	–
Foreign exchange differences	1	1
<b>End of year</b>	<b>58</b>	<b>55</b>

Plan assets are comprised as follows:

	2006 €m	2005 €m
Equity instruments	36	35
Debt instruments	21	16
Property	1	–
Other	–	4
<b>Fair value of any plan assets</b>	<b>58</b>	<b>55</b>

The actual return on plan assets was €2 million (2005: €7 million).

Expected contributions to post-employment benefit plans for the year ending 31 December 2007 are €3 million.

The amounts recognised in the income statement are as follows:

	2006 €m	2005 €m
Current service cost	9	8
Past service cost	–	3
Settlements and curtailments	(7)	(1)
<b>Total included in employee benefit expense (see note 4.2.1.)</b>	<b>2</b>	<b>10</b>

	2006 €m	2005 €m
Interest cost	6	9
Expected return on plan assets	(3)	(5)
Actuarial (gains)/losses	2	2
Total included in net interest expense (see note 4.4.)	5	6

The principal actuarial assumptions used were as follows:

	2006 % a year	2005 % a year
Discount rate	4.25–4.90	4.00–5.00
Expected return on plan assets	4.00–6.80	3.75–6.40
Long term inflation rate	1.80–2.00	1.70–2.90
Future salary increases	1.00–5.00	0.00–4.90
Future pension increases	1.90–2.90	1.70–2.90

## 5.15. Equity

### 5.15.1. Share capital

As at 31 December 2006, the subscribed capital amounts to €192 million (2005: €192 million) and is represented by 154,787,554 (2005: 154,787,554) fully paid-up ordinary shares, without nominal value. All shares have the same rights and entitlements.

### 5.15.2. Treasury shares

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group. At 31 December 2006, the Group holds 1,168,701 own shares (2005: 1,168,701) at a cost of €44 million (2005: €44 million).

### 5.15.3. Currency translation reserve

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

### 5.15.4. Hedging reserve

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

### 5.15.5. Revaluation reserve

The revaluation reserve includes:

- The cumulative net change in the fair value of available-for-sale investments until the investment is derecognised for €32 million (2005: €30 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 (2005: €51 million).

### 5.15.6. Dividends

At the Annual General Meeting of RTL Group on 18 April 2007, a dividend in respect of 2006 of €3.0 per share (of which an extraordinary dividend of €1.80 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 2007. The dividends in respect of 2005 amounted to €1.05 per share (€163 million).

## 5.15.7. Share options

### RTL Group Stock Option Plan

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

#### Eligibility

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

#### Grant

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

#### Scheme limits

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

#### Exercise price

The exercise price to be paid by a participant in order to exercise options which are granted under the SOP will be the average closing middle market price of shares in the Company on the Brussels Stock Exchange over 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 €m	Number of options 2006	Number of options 2005
August 2010	120.00	6	6
December 2010	85.24	141	166
May 2011	85.24	1	1
		<b>148</b>	<b>173</b>

Movements in the number of share options are as follows:

In thousands of options	Average exercise price in € per share	2006	Average exercise price in € per share	2005
Options outstanding at the beginning of the year	86	<b>173</b>	86	217
Options expired/cancelled during the year	85	<b>(25)</b>	85	(44)
<b>Options outstanding at the end of the year</b>	87	<b>148</b>	86	173

The market price of RTL Group shares on the Brussels Stock Exchange was €84.7 as at 29 December 2006.

### M6 Share Option Plan

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

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

Grant date	Number of options initially granted (in thousands)	Remaining options (in thousands)	Vesting conditions	Contractual life of options (1)
<b>Stock options plans</b>				
01-2000	175.00	17.50	4 years of service	7 years
06-2000	338.10	189.50	4 years of service	7 years
06-2001	551.80	345.30	4 years of service	7 years
06-2002	710.50	516.50	4 years of service	7 years
07-2003	713.50	588.50	4 years of service	7 years
11-2003	20.00	20.00	4 years of service	7 years
04-2004	861.50	721.50	4 years of service	7 years
06-2005	635.50	587.00	4 years of service	7 years
06-2006	736.70	728.70	4 years of service	7 years
<b>Free shares plans</b>				
06-2005	106.70	93.80	2 years of service + performance conditions	
06-2006	480.40	452.80	2 years of service	
<b>Total</b>	<b>5,329.70</b>	<b>4,261.10</b>		

(1) Contractual life of options corresponds to the vesting period (i.e. 4 years) plus 3 years (which represents the time frame during which the options can be exercised)

The price to be paid to exercise each of the remaining options is 95 per cent of the average value of shares in Metropole Television on the Paris Stock Exchange over the 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	2006	Average exercise price in € per share	2005
Options outstanding at the beginning of the year	27	3,421	26	3,513
Options issued during the year	25	737	20	636
Options exercised during the year	19	(194)	16	(572)
Options expired during the year	35	(249)	29	(156)
<b>Options outstanding at the end of the year</b>	<b>26</b>	<b>3,715</b>	<b>27</b>	<b>3,421</b>

Approximately 544 thousand free shares are still exercisable at the end of the year against 104 thousand at the beginning of the year. 480 thousand free shares were granted during the year with 40 thousand forfeited.

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

	Expiry date	Exercise price in €	Number of options 2006	Number of options 2005
<b>Stock options plans</b>				
	2006	18.76	–	194
	2007	57.40	206	239
	2008	30.80	345	377
	2009	28.06	517	558
	2010	22.32	609	645
	2011	24.97	722	773
	2012	19.94	587	635
	2013	24.60	729	–
			<b>3,715</b>	<b>3,421</b>
<b>Free shares plans</b>				
	2005		93	104
	2006		453	–
			<b>546</b>	<b>104</b>
<b>Total</b>			<b>4,261</b>	<b>3,525</b>
<b>Out of which exercisable</b>			<b>1,069</b>	<b>810</b>

The market price of M6 on the Paris Stock Exchange was €27.06 as at 31 December 2006.

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 vesting period.

Grant date	Share Price	Strike Price	Volatility %	Risk-free interest rate %	Expected return %	Liquidity discount %	Option Life	Employee Expense 2006 €m	Employee Expense 2005 €m
<b>Stock options plans</b>									
25/07/2003	23.66	22.48	52.3	3.05	4.58	15	6 years	1.7	1.3
14/11/2003	25.07	23.82	52.3	3.54	4.32	15	6 years	0.0	0.0
28/04/2004	24.97	24.97	52.3	3.32	4.34	15	6 years	1.9	1.6
02/06/2005	20.17	19.94	41.8	3.24	5.24	15	6 years	0.9	0.4
06/06/2006	24.63	24.60	43.1	4.02	3.81	15	6 years	0.8	0.0
								<b>5.3</b>	<b>3.3</b>
<b>Free shares plans</b>									
02/06/2005	20.17	N/A	N/A	3.24	5.24	0	2 years	0.8	0.7
06/06/2006	24.63	N/A	N/A	4.02	3.81	0	2 years	3.1	0.0
								<b>3.9</b>	<b>0.7</b>
<b>Total</b>								<b>9.2</b>	<b>4.0</b>

## 6. Commitments and contingencies

\* The obligations in respect of transmission and distribution of signals which do not provide the Group with the exclusive use of assets and the portion of these obligations relating to services are disclosed separately. 2005 comparatives have been reclassified accordingly.

	2006 €m	2005* €m
Guarantees and endorsements given	110	157
Contracts for purchasing rights, (co)productions and programmes	2,216	2,435
Operating leases	581	560
Purchase obligations in respect of transmission and distribution	335	258
Other long-term contracts and commitments	398	498

### 6.1. Contracts for purchasing rights, co-productions and programmes

The Group has signed commitments to purchase audiovisual rights and programmes and to conclude agreements for (co)production rights amounting to €2,216 million (2005: €2,435 million).

### 6.2. Operating leases

Non-cancellable operating lease rentals are as follows:

Lease payments	2006				2005			
	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	48	111	30	189	40	90	3	133
Other operating leases	49	167	176	392	42	188	197	427
	<b>97</b>	<b>278</b>	<b>206</b>	<b>581</b>	<b>82</b>	<b>278</b>	<b>200</b>	<b>560</b>

“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 €4 million are expected to be received during the following financial year.

### 6.3. 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.

### 6.4. Other long-term contracts and commitments

The Group has “Other long-term contracts and commitments” amounting to €398 million as at 31 December 2006 (2005: €498 million). These relate to a number of items including broadcasting licences, production services sale and lease back transactions in respect of FremantleMedia and commitments to purchase assets other than programmes and rights.

FremantleMedia has arrangements for a remaining period of 11 years in relation to sale and lease back transactions for an amount of €121 million (2005: €129 million). Under these arrangements, FremantleMedia has sold programme rights to a special purpose vehicle and simultaneously leased back the assets under a finance lease arrangement. The cash received is placed in a “restricted bank account” at an AA rated bank in order to satisfy the lease payments. Fees received by FremantleMedia were recognised in the income statement when entering into these arrangements.

## 6.5. 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.

## 6.6. Financial risk management

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

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

### Foreign exchange risk

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

Group Treasury periodically collects from the companies' forecasts of foreign currency exposures arising from signed output deals and programme rights in order to monitor the Group's overall foreign currency exposure. Entities exposed to foreign currency risk are responsible for hedging their exposures in accordance with the Treasury policies approved by the Board. Companies in the Group use forward contracts, transacted with Group Treasury, to hedge their exposure to foreign currency risk. Group Treasury is responsible for hedging on a one-to-one basis the exposure above the materiality level of USD 100,000 in each currency by using external foreign currency derivative contracts. Below this threshold, hedging is done on a bulk basis.

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

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

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

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

The number of foreign currency cash flow hedge relationships amounts to 324 at year-end 2006. The fair value of forward foreign exchange contracts is detailed as follows:

	2006 €m	2005 €m
Fair value of forward foreign exchange contracts (cash flow hedge)	(34)	(7)
Fair value of other forward foreign exchange contracts	–	7
	<b>(34)</b>	<b>–</b>

The notional amounts of forward exchange contracts as at 31 December 2006 are as follows:

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

	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)
<b>Total</b>	<b>504</b>	<b>184</b>	<b>133</b>	<b>33</b>	<b>15</b>	<b>869</b>

#### Interest rate risk

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

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

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

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

There is no interest rate derivative position (I.R.S.) outstanding as of the 31 December 2006 (the notional amount was €27 million in 2005).

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

	Notes	Effective interest rate %	Total amount €m	6 months or less €m	6–12 months €m	1–2 years €m	2–5 years €m	Over 5 years €m
Loans to associates – fixed rate	5.5.	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)	–	–	–
<b>At 31 December 2006</b>			<b>747</b>	<b>753</b>	<b>(5)</b>	<b>(3)</b>	<b>9</b>	<b>(7)</b>

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

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

### Credit risk

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

### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, Group Treasury aims at maintaining flexibility in funding by keeping committed credit lines available. Group Treasury monitors on a monthly basis the level of the “Liquidity Head Room” (total committed facilities minus current utilisation). The outstanding “Liquidity Head Room” amounts to €410 million at year-end with Bertelsmann Group (see note 7.1.) and banks.

### Market risks

The Group takes an exposure to market risks on some equity-index debt instruments, which are exposed to specific equity market movements and are not designated as hedges. These instruments are recorded at amortised cost whereas the equity-index elements are recorded at fair value in the consolidated balance sheet with the related gains and losses immediately recognised in income. The net gain incurred in 2006 in respect of these instruments amounts to €6 million (2005: gain of €7 million).

## **7. Related parties**

### **Identity of related parties**

As at 31 December 2006 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.

### **7.1. Transactions with shareholders**

During the year the Group made sales of goods and services, purchases of goods and services to Bertelsmann Group amounting to €36 million (2005: €17 million) and €68 million (2005: €56 million) respectively. At the year-end, the Group had receivables and payables due from / to Bertelsmann Group amounting to €26 million (2005: €12 million) and €15 million (2005: €14 million) respectively.

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

On 5 November 2002, RTL Group entered into a €300 million 364 days (renewable) Revolving Credit Facility with Bertelsmann AG. The Facility has been granted to RTL Group initially for the period from 8 November 2002 to 31 August 2004. The term of the Facility was extended to 31 August 2006. The Facility bore interest at a rate per annum equal to the sum of the EONIA rate plus a 25 basis 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. As at 31 December 2006, the balance of the Facility used by RTL Group amounts to €nil million (2005: €12 million). The interest expense for the year amounts to €0.4 million (2005: €1 million).

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 until 27 December 2006, and EONIA plus 10 basis points from then on, or on a 1 month basis on Euribor until 27 December 2006, and Euribor plus 10 basis points from then on; or on a 3 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 S.A.S. 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 2006 the amount deposited amounts to €387 million (2005: €nil million) on an overnight basis and €100 million on a 3 month basis. The interest income for the year amounts to €4 million (2005: €2 million).

During the year commitment fees on unused credit facilities granted by Bertelsmann AG amounted to €nil million (2005: €1 million).

In January 2006, the disposal by RTL Group of 80 per cent of S4M Solutions for Media GmbH to Bertelsmann Group resulted for RTL Group in a gain amounting to €1 million.

The UK Group relief of Five Group and FremantleMedia Group to Bertelsmann Group resulted in a tax income of €15 million.

## 7.2. Transactions with associates and joint ventures

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

	2006 €m	2005 €m
Sales of goods and services to related parties:		
Associates	53	51
Joint ventures	29	38
	<b>82</b>	<b>89</b>
Purchase of goods and services from related parties:		
Associates	6	8
Joint ventures	11	7
	<b>17</b>	<b>15</b>

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:

	2006 €m	2005 €m
Accounts receivable from related parties:		
Associates	13	9
Joint ventures	3	9
	<b>16</b>	<b>18</b>
Accounts payable to related parties:		
Associates	3	9
Joint ventures	4	3
	<b>7</b>	<b>12</b>

## 7.3. Transactions with key management personnel

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

The key management personnel compensation is as follows:

	2006 €m	2005 €m
Short-term benefits and termination benefits	4.4	4.5
Post-employment benefits	0.8	0.2
Other long-term benefits	2.4	0.9
	<b>7.6</b>	<b>5.6</b>

The aggregate number of share options granted to key management personnel of the Company during 2006 and 2005 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 (2005: 11,500).

## 7.4. Directors' fees

In 2006, a total of €0.7 million (2005: €0.8 million) was allocated in the form of attendance fees to the non-executive members of the Board of Directors of RTL Group S.A. and the committees that emanate from it with respect to their functions within RTL Group S.A. as well as other Group companies.

## 8. Interests in joint ventures

The main joint ventures state as follows:

	Country of incorporation	Consolidation rate	
		2006 %	2005 %
Five Group (1)	UK	-	-
n-tv GmbH (2)	Germany	-	50.00
RTL Disney Fernsehen GmbH & Co KG	Germany	50.00	50.00
TCM Droits Audiovisuels SNC	France	50.00	50.00
TPS Group (3)	France	-	34.00

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

(2) N-TV has been proportionately consolidated in the income statement from 1 January to 31 March 2006

(3) TPS Group has been 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:

	2006 €m	2005 €m
Non-current assets	25	31
Current assets	51	279
Non-current liabilities	(9)	(31)
Current liabilities	(50)	(266)
<b>Net assets</b>	<b>17</b>	<b>13</b>

	2006 €m	2005 €m
Income	238	510
Expenses	(198)	(466)

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

	2006 €m	2005 €m
Contracts for purchasing rights, (co)productions and programmes	6	197
Operating leases	8	57
Other long term contracts and commitments	11	33

## 9. Accounting estimates and judgements

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

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

### 9.1. Programme rights

The Group's accounting for non-current programme rights requires management 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.

### 9.2. Estimated impairment of goodwill

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

### 9.3. 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.

### 9.4. Income and deferred taxes

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

### 9.5. Pension benefits

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

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

## **10. Subsequent events**

In the second half of 2006, the shareholders of Sportfive launched a competitive tender process as part of an agreed strategic exit. On 20 November 2006, the Group announced that it had sold its 25 per cent stake, as part of the full acquisition of Sportfive, to Lagardère S.C.A.. The transaction was completed in January 2007 following approval from the European Commission on 18 January 2007. The Group received total cash proceeds of €126 million following this disposal, of which €61 million was received in 2006, following the Sportfive Group restructuring (see note 5.10.).

On 22 January 2007, the Portuguese market regulators approved the launch of a voluntary offer for the shares of Media Capital by Grupo Prisa. The offer period ran from 23 January to 5 February 2007 and was priced at €7.4 per share. The Group decided to sell its shareholding, resulting in cash proceeds of €209 million for the Group.

The Luxembourg Government, RTL Group S.A., CLT-UFA and Bertelsmann AG signed on 15 February 2007 the renewal of the concession contract that will run until the end of 2020. The contract is the framework for the historical partnership that developed over time between the Grand Duchy of Luxembourg and CLT-UFA. Under the terms of the contract the Luxembourg Government will continue to make internationally awarded television and radio frequencies available to CLT-UFA. In return CLT-UFA will continue to produce and finance a public TV programme for the Grand Duchy.

## 11. Group undertakings

	Group's owner- ship 2006	Consoli- dated method (1)	Note	Group's owner- ship 2005	Consoli- dated method (1)
<b>Luxembourg*</b>					
RTL Group SA		M			M

## Broadcasting TV

	Group's owner- ship 2006	Consoli- dated method (1)	Note	Group's owner- ship 2005	Consoli- dated method (1)
<b>Austria*</b>					
IPA Plus (Oesterreich) Verm. für Fernsehwerbung GmbH	49.8	F		49.8	F
<b>Belgium*</b>					
Home Shopping Service Belgique SA	(2) 48.8	F	(2)	48.8	F
IP Belgium SA	(24) -	NC		65.8	F
Media Corner SA	65.8	F		65.4	F
Société Européenne de Télévente Belgique GIE	(2) 48.4	F	(2)	48.4	F
TVI SA	65.8	F		65.8	F
Unité 15 Belgique SA	(2) 48.8	F	(2)	48.8	F
<b>Croatia*</b>					
RTL Hrvatska d.o.o. (formerly RTL Croatia d.o.o.)	73.8	F		65.3	F
<b>Cyprus*</b>					
Bluescreen Ltd	99.7	F		99.7	F
<b>France*</b>					
A ton service SAS (formerly M6 Operation SAS)	(2) 48.8	F	(2)	48.8	F
Boutiques du monde SNC	(2) 48.8	F	(2)	48.8	F
Capital Productions SA	(2) 48.8	F	(2)	48.8	F
Citato Sarl	(2) 39.1	F	(2)	38.7	F
Club Téléachat SNC	(2) 48.8	F	(2)	48.8	F
Culture Mag Editions SNC	(2) 44.0	F	(2)	44.0	F
Echo6 SAS	(2) 24.4	P		-	NC
Edit TV/W9 SNC	(2) 48.8	F	(2)	48.8	F
Extension TV Série Club SA	(2) 24.4	P	(2)	24.4	P
Femmes en ville SAS	(2) 24.4	P		-	NC
Football Club des Girondins de Bordeaux SA SP	(2) 48.7	F	(2)	48.7	F
FUN TV SNC	(2) 48.8	F	(2)	48.8	F
Home Shopping Service SA	(2) 48.8	F	(2)	48.8	F
Immobilière M6 SA	(2) 48.8	F	(2)	48.8	F
IP Network SA	99.7	F		-	NC
LABO Productions Sarl	(2) 48.8	F	(2)	48.4	F
Live Stage SAS	(2) 48.4	F	(2)	34.0	F
M6 Affaires SAS	(2) 48.8	F	(2)	48.8	F
M6 Bordeaux SAS	(2) 48.8	F	(2)	48.8	F
M6 Communication SAS	(2) 48.8	F	(2)	48.8	F
M6 Development SAS	(2) 48.8	F	(2)	48.8	F
M6 Diffusions SA	(2) 48.8	F	(2)	48.8	F
M6 Editions SA	(2) 48.8	F	(2)	48.8	F
M6 Evenements SA	(2) 48.8	F	(2)	48.8	F
M6 Films SA	(2) 48.8	F	(2)	48.8	F
M6 Foot SAS	(2) 48.8	F	(2)	48.8	F
M6 Interactions SAS	(2) 48.8	F	(2)	48.8	F
M6 Numérique SNC	(2) 48.8	F	(2)	48.8	F
M6 Publicité SAS	(2) 48.8	F	(2)	48.8	F
M6 Studio SAS	(2) 48.8	F	(2)	48.8	F
M6 Thématique SA	(2) 48.8	F	(2)	48.8	F

Broadcasting TV	Note	Group's owner- ship 2006	Consoli- dated method (1)	Note	Group's owner- ship 2005	Consoli- dated method (1)
M6 Toulouse SAS	(2)	48.8	F	(2)	48.8	F
M6 Web SAS	(2)	48.8	F	(2)	48.8	F
Mandarin Films SAS	(2)	48.8	F		-	NC
Mandarin SAS	(2)	48.8	F	(2)	48.8	F
Métropole Production SA	(2)	48.8	F	(2)	48.8	F
Métropole Télévision SA	(2)	48.8	F	(2)	48.8	F
Mistergooddeal SA	(2)	45.9	F	(2)	45.9	F
Multiplex R4 SAS	(2)	28.5	F	(2)	28.2	F
Multivision SNC	(29)	-	NC	(2)	16.5	P
Panoramic Press (formerly TPS Enterprise SNC)	(29)	-	NC	(2)	16.6	P
Paris Première SA	(2)	48.8	F	(2)	48.8	F
Retail concept SAS (formerly M6 Creation SAS)	(2)	48.8	F	(2)	48.8	F
RTL Net SAS		99.7	F		99.7	F
SCI du 107 SCI	(2)	48.8	F	(2)	48.8	F
SEDI TV SNC	(2)	24.9	F	(2)	24.9	F
Série Club SA	(2)	24.4	P	(2)	24.4	P
SNC SA		48.8	F		48.8	F
SND SA	(2)	48.8	F	(2)	48.8	F
Studio 89 Productions SAS	(2)	48.8	F	(2)	48.8	F
TCM Droits Audiovisuels SNC	(2)	24.4	P	(2)	24.4	P
Tecipress SA	(2)	48.8	F	(2)	48.8	F
Télévente Promotion SA	(2)	48.8	F	(2)	48.8	F
TF6 Gestion SA	(2)	24.4	P	(2)	24.4	P
TF6 SCS	(2)	24.4	P	(2)	24.4	P
TPS Cinéfaz SNC	(29)	-	NC	(2)	16.6	P
TPS Cinéma SNC	(29)	-	NC	(2)	16.6	P
TPS Cinéstar SNC	(29)	-	NC	(2)	16.6	P
TPS Cinétoile SNC	(29)	-	NC	(2)	16.6	P
TPS Foot SNC	(29)	-	NC	(2)	16.6	P
TPS Interactif SNC (formerly TPS Services SNC)	(29)	-	NC	(2)	16.6	P
TPS Jeunesse SNC	(29)	-	NC	(2)	16.6	P
TPS Motivation SA	(29)	-	NC	(2)	16.6	P
TPS SNC	(29)	-	NC	(2)	16.6	P
TPS Sport SNC	(29)	-	NC	(2)	16.6	P
TPS Terminaux SNC	(29)	-	NC	(2)	16.6	P
TV Store SA	(23)	-	NC	(2)	48.8	F
Unité 15 France SA (formerly Unité 15 France SA)	(2)	48.8	F	(2)	48.8	F
W9 Productions SAS	(2)	48.8	F	(2)	48.8	F

Broadcasting TV	Note	Group's owner- ship 2006	Consoli- dated method (1)	Note	Group's owner- ship 2005	Consoli- dated method (1)
<b>Germany*</b>						
CBC Cologne Broadcasting Center GmbH		99.7	F		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		99.7	F		84.7	F
IP New Media GmbH	(23)	-	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 & CoKG		99.7	F		49.8	P
n-tv Services GmbH		99.7	F		49.8	P
RTL Disney Fernsehen GmbH & Co.KG		49.8	P		49.8	P
RTL Enterprises GmbH		99.7	F		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		99.7	F
Tele West KG		99.7	F		99.7	F
Traumpartner TV GmbH		99.7	F		99.7	F
Vox Film & Fernseh GmbH & Co.KG		99.4	F		99.4	F
<b>Hungary*</b>						
Home Shopping Service Hongrie SA	(2)	48.8	F	(2)	48.8	F
M-RTL Rt		48.8	E		48.8	E
<b>Luxembourg*</b>						
Broadcasting Center Europe SA		99.7	F		99.7	F
Filmflux SA		99.7	F		99.7	F
IP Network International SA		99.7	F		-	NC
RTL9 SA		34.9	E		34.9	E
RTL9 SA & Cie SECS		34.8	E		34.8	E

# Notes to the consolidated financial statements

Broadcasting TV	Note	Group's ownership 2006	Consolidated method (1)	Note	Group's ownership 2005	Consolidated method (1)
<b>Netherlands*</b>						
IP iMedia BV		99.7	F		99.7	F
IPN SA	(23)	-	NC		99.7	F
RTL Group Beheer BV		100.0	F		100.0	F
RTL Nederland Broadcast Operation BV (formerly Broadcasting Center Nederland BV)		99.7	F		99.7	F
RTL Nederland BV		99.7	F		99.7	F
RTL Nederland Interactief BV (formerly RTL iMedia Holding BV)		99.7	F		99.7	F
RTL Nederland Producties BV		99.7	F		-	NC
RTL Nederland Sales BV		99.7	F		-	NC
<b>Portugal*</b>						
Agefinan SA	(28)	32.9	E	(28)	32.9	E
Auto Basic Motor SA	(28)	32.9	E	(28)	32.9	E
BTP SA	(28)	32.9	E	(28)	32.9	E
Camarins Lda	(28)	32.9	E	(28)	32.9	E
Casa Da Criacao	(28)	32.9	E	(28)	32.9	E
Cena Editorial SA	(28)	32.9	E	(28)	32.9	E
Central Discos SA	(28)	32.9	E	(28)	32.9	E
CLMC - Multimedia S.A	(28)	32.9	E	(28)	32.9	E
Edicoes Expansao Economica Lda	(28)	32.9	E	(28)	32.9	E
EMAV Lda	(28)	32.9	E	(28)	32.9	E
EPC Lda	(28)	32.9	E	(28)	32.9	E
Expansao Economica Sa (Eventos)	(28)	32.9	E	(28)	32.9	E
Expolider SA	(28)	32.9	E	(28)	32.9	E
Farol Muica Lda	(28)	32.9	E	(28)	32.9	E
Fealmar SA	(28)	32.9	E	(28)	32.9	E
Grupo Media Capital Sgps Sa	(28)	32.9	E	(28)	32.9	E
Kimberley Trading SA	(28)	32.9	E	(28)	32.9	E
Mce - Media Capital Edicoes Lda	(28)	32.9	E	(28)	32.9	E
MCR - Radiofonia e Publicidade SA	(28)	32.9	E	(28)	32.9	E
Med Cap Technologies SA	(28)	32.9	E	(28)	32.9	E
Media Capital - Editora Multimedia SA	(28)	32.9	E	(28)	32.9	E
Media Capital SA	(28)	32.9	E	(28)	32.9	E
Media Capital Entertainment Lda	(28)	32.9	E	(28)	32.9	E
Media Capital Outdoor SA	(28)	32.9	E	(28)	32.9	E
Media Capital Telecomunicacoes SA	(28)	32.9	E	(28)	32.9	E

Broadcasting TV	Note	Group's ownership 2006	Consolidated method (1)	Note	Group's ownership 2005	Consolidated method (1)
Meglo - Media Global Sgps SA	(28)	32.9	E	(28)	32.9	E
Moveis de Novela Lda	(28)	32.9	E	(28)	32.9	E
Multicena SA	(28)	32.9	E	(28)	32.9	E
Nanook - Empresa Europeia De Producao De Documentarios Lda	(28)	32.9	E	(28)	32.9	E
Nbp - Iberica - Producciones Audiovisuales SA	(28)	32.9	E	(28)	32.9	E
Nbp - Oficina De Actores Lda	(28)	32.9	E	(28)	32.9	E
Nbp - Producao Em Video SA	(28)	32.9	E	(28)	32.9	E
Pressetep SA	(28)	32.9	E	(28)	32.9	E
Publicarris SA	(28)	32.9	E	(28)	32.9	E
Publimetro SA	(28)	32.9	E	(28)	32.9	E
Publipartner Lda	(28)	32.9	E	(28)	32.9	E
R. Cidade SA	(28)	32.9	E	(28)	32.9	E
Radio Comercial SA	(28)	32.9	E	(28)	32.9	E
Radio Regional De Lisboa SA	(28)	32.9	E	(28)	32.9	E
Radio XXI Lda	(28)	32.9	E	(28)	32.9	E
RETI SA	(28)	32.9	E	(28)	32.9	E
Setepcom - Equipamentos E Espacos Comerciais SA	(24)	-	NC	(28)	32.9	E
Sinersom Lda	(23)	-	NC	(28)	32.9	E
STM SA	(28)	32.9	E	(28)	32.9	E
TCS SA	(28)	32.9	E	(28)	32.9	E
Teatro Mais Lda	(28)	32.9	E	(28)	32.9	E
Transjornal - Edicoes De Publicoens S.A	(28)	32.9	E	(28)	32.9	E
Transpublicidade - Publicidade Em Transportes S.A	(28)	32.9	E	(28)	32.9	E
TVI - Televisao Independente SA	(28)	32.9	E	(28)	32.9	E
Uniao De Leiria SAD	(28)	32.9	E	(28)	32.9	E
Unidivisa SA	(28)	32.9	E	(28)	32.9	E

Broadcasting TV	Note	Group's owner- ship 2006	Consoli- dated method (1)	Note	Group's owner- ship 2005	Consoli- dated method (1)
<b>Russia*</b>						
Aksept OOO	(27)	29.9	E	(27)	29.9	E
OOO Media Holding REN TV	(27)	29.9	E	(27)	29.9	E
OOO NPP Spectre	(27)	15.3	E	(27)	15.3	E
OOO REN TV Bryansk	(27)	17.6	E	(27)	17.6	E
OOO RTL Russland		99.7	F		99.7	F
REN TV Television Company ZAO	(27)	29.9	E	(27)	29.9	E
ZAO ACB Prestige Television Company	(27)	29.9	E	(27)	29.9	E
ZAO Telecom-Azov	(27)	22.5	E	(27)	22.5	E
<b>Spain*</b>						
Antena 3 de Television SA	(7)	19.0	E	(7)	17.3	E
Antena 3 Directo SAU	(7)	19.0	E		-	NC
Antena 3 Editorial SA	(7)	19.0	E	(7)	17.3	E
Antena 3 Multimedia SLU	(7)	19.0	E	(7)	17.3	E
Antena 3 Tematica SAU	(7)	19.0	E		-	NC
Antena de Radiodifusion SAU (formerly Cadena de Voz de Radio Difusion SA)	(7)	19.0	E	(7)	17.3	E
Atres Advertising SLU	(7)	19.0	E	(7)	17.3	E
Canal Factoria de Ficción SA	(7)	7.6	E	(7)	6.9	E
Canal Media Radio Galicia SLU	(7)	19.0	E	(7)	17.3	E
Canal Media Radio SAU	(7)	19.0	E	(7)	17.3	E
Canal Radio Castilla y Leon SLU	(7)	19.0	E		-	NC
Canal Radio Valencia SLU	(7)	19.0	E		-	NC
Compania Tres Mil Ochocientas SLU	(7)	19.0	E	(7)	17.3	E
Corporacion Radiofonica Region de Murcia SA	(7)	9.5	E		-	NC
Corporacion Radiofonica Castilla Leon SAU	(7)	19.0	E		-	NC
Ensueno Films SLU	(7)	19.0	E	(7)	17.3	E
Estaciones Radiofonicas de Aragon SAU	(7)	19.0	E	(7)	17.3	E
Grupo Universal Emisoras de Radio Amanecer SAU	(7)	19.0	E	(7)	17.3	E
Guadiana Producciones SAU	(7)	19.0	E		-	NC
I3 Television SL	(7)	9.5	E		-	NC
Ipar Ondas SAU	(7)	19.0	E	(7)	17.3	E
La Veu de Lleida SLU	(7)	19.0	E	(7)	17.3	E
Medipress Valencia SAU	(7)	19.0	E	(7)	17.3	E
Movierecord Cine SAU	(7)	19.0	E	(7)	17.3	E
Onda Cero SAU	(7)	19.0	E	(7)	17.3	E
Ondadit SLU	(7)	19.0	E	(7)	17.3	E

Broadcasting TV	Note	Group's owner- ship 2006	Consoli- dated method (1)	Note	Group's owner- ship 2005	Consoli- dated method (1)
Organizaciones Deportivas Y Culturales De Unipublic SAU	(7)	19.0	E	(7)	17.3	E
Publicidad 3 SAU	(7)	19.0	E	(7)	17.3	E
Radio Alamedilla SAU	(7)	19.0	E	(7)	17.3	E
Radio Noticias 90 SAU	(7)	19.0	E	(7)	17.3	E
Radio Sistemas Radiofonicos Cinco SLU	(7)	19.0	E	(7)	17.3	E
Radio Tormes SAU	(7)	19.0	E	(7)	17.3	E
RKOR RADIO SLU	(7)	19.0	E		-	NC
RTL Group Communications SLU		100.0	F		100.0	F
Teledifusion Madrid SA	(7)	1.9	E		-	NC
Unimedia Central de Medios SA	(7)	9.3	E		-	NC
Uniprex SAU	(7)	19.0	E	(7)	17.3	E
Uniprex Television Digital Catalana SLU	(7)	19.0	E	(7)	17.3	E
Uniprex Television Digital Terrestre Andalusia SLU	(7)	19.0	E		-	NC
Uniprex Television Digital Terrestre Canarias SLU	(7)	19.0	E		-	NC
Uniprex Television SLU	(7)	19.0	E	(7)	17.3	E
Uniprex Valencia TV SLU	(7)	19.0	E	(7)	17.3	E
Unipublic SAU	(7)	19.0	E	(7)	17.3	E
VNews Agencia de Noticias SL	(7)	9.5	E		-	NC
<b>Switzerland*</b>						
IP Multimedia (Schweiz) AG		22.9	E		-	NC
<b>UK*</b>						
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)	91.7	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
Top Up TV 1 Ltd	(3)	99.7	F	(3)	99.7	F

# Notes to the consolidated financial statements

Content	Note	Group's ownership 2006	Consolidated method (1)	Note	Group's ownership 2005	Consolidated method (1)
<b>Antigua*</b>						
Grundy International Operations Ltd		100.0	F		100.0	F
<b>Argentina*</b>						
Sportfive SA Argentina	(6)	24.9	E	(6)	24.9	E
<b>Australia*</b>						
Bernesse Pty Ltd	(17)	100.0	F	(17)	100.0	F
Christie Films Pty Ltd	(12)	49.0	F	(12)	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
FremantleMedia Australia Pty Ltd	(12)	100.0	F	(12)	100.0	F
FremantleMedia Australia Holdings Pty Ltd	(17)	100.0	F	(17)	100.0	F
Grundy Entertainment Pty Ltd	(17)	100.0	F	(17)	100.0	F
Grundy Film Financing Ltd	(17)	100.0	F	(17)	100.0	F
Grundy Films Pty Ltd	(17)	100.0	F	(17)	100.0	F
Grundy Organization Pty Ltd	(17)	100.0	F	(17)	100.0	F
Grundy Television Pty Ltd	(17)	100.0	F	(17)	100.0	F
Grundy Travel Pty Ltd	(17)	100.0	F	(17)	100.0	F
International Sports Media Pty Ltd	(6)	24.9	E		-	NC
UK TV Ltd	(12)	20.0	F	(12)	20.0	F
<b>Belgium*</b>						
Belga Films SA		65.8	F		65.8	F
Fremantle Productions Belgium NV		100.0	F		100.0	F
Media - Foot Belgique srl	(6)	24.9	E	(6)	24.9	E
<b>Brazil*</b>						
Sportfive Sulamerica Ltda	(6)	24.9	E	(6)	24.9	E
<b>Croatia*</b>						
Fremantle Produkcija d.o.o.		100.0	F		100.0	F
<b>Denmark*</b>						
Blu A/S		75.0	F		75.0	F
Sponsomatic APS	(6)	24.9	E		-	NC

Content	Note	Group's ownership 2006	Consolidated method (1)	Note	Group's ownership 2005	Consolidated method (1)
<b>Finland*</b>						
Fremantle Entertainment OY		100.0	F		100.0	F
Fremantle Productions Oy		100.0	F		100.0	F
<b>France*</b>						
Be Happy Productions SAS		100.0	F		100.0	F
Dedicated To Sport Sarl	(25)	-	NC	(6)	24.9	E
Football France Promotion SA	(6)	24.9	E	(6)	24.9	E
Fremantle France SAS		100.0	F		100.0	F
FremantleMedia Drama Productions SAS		100.0	F		-	NC
Gdl Gie	(6)	24.9	E	(6)	24.9	E
S5 Group SAS	(6)	24.9	E	(6)	24.9	E
SEDS SA	(6)	24.9	E	(6)	24.9	E
Sportfive SA (formerly Groupe JC Darmon SA)	(6)	24.9	E	(6)	24.9	E
Sportfive Tennis SA (formerly Palais des Sports de Toulouse SA)	(6)	24.9	E	(6)	24.9	E
TV Presse Productions SAS		70.0	F		-	NC
UFA Sports Iberia SL	(6)	24.9	E	(6)	24.9	E
<b>Germany*</b>						
CLT-UFA Multi Media GmbH		99.7	F		99.7	F
Cologne Sitcom Produktions GmbH	(20)	50.2	F	(20)	50.2	F
Cologne Sitcom Verwaltung GmbH	(20)	50.2	F	(20)	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 Verwaltungen GmbH	(6)	6.2	E	(6)	6.2	E
HSV Vermögensverwaltungs GmbH	(6)	0.2	E	(6)	0.2	E
I2I Musikproduktions & Musikverlags GmbH		99.7	F		99.7	F
ISPR GmbH	(6)	24.9	E	(6)	24.9	E
Juniper Group GmbH	(6)	6.4	E		-	NC
MOVE Sportspromotion GmbH	(6)	24.9	E	(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	(6)	24.9	E	(6)	24.9	E
Sportfive GmbH & CoKG	(6)	24.9	E	(6)	24.9	E
Sportfive Intermediate GmbH	(6)	24.9	E	(6)	24.9	E
Sportfive Tixx GmbH	(24)	-	NC	(6)	24.9	E
Sportfive Verwaltungs GmbH	(6)	24.9	E	(6)	24.9	E

Content	Note	Group's owner- ship 2006	Consoli- dated method (1)	Note	Group's owner- ship 2005	Consoli- dated method (1)
Stadion Frankfurt Management GmbH	(6)	12.5	E	(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 <i>START Television Produktions GmbH</i> )	(20)	100.0	F	(20)	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 AllRights GmbH	(23)	-	NC		99.7	F
Universum Film GmbH		99.7	F		99.7	F
<b>Greece*</b>						
Fremantle Productions SA		100.0	F		100.0	F
<b>Hong-Kong*</b>						
Fremantle Productions Asia Ltd		100.0	F		100.0	F
<b>Hungary*</b>						
Grundy Magyarorszag TV Musorg Kft		100.0	F		100.0	F
Magyar Grundy UFA KFT		99.7	F		99.7	F
<b>India*</b>						
Fremantle India TV Productions Pvt Ltd		100.0	F		100.0	F
<b>Indonesia*</b>						
PT Dunia Visitama		100.0	F		100.0	F
<b>Italy*</b>						
Grundy Productions Italy Spa		100.0	F		100.0	F
Sportfive Italy SA (formerly <i>Bastino Multimedia</i> )	(6)	24.9	E	(6)	24.9	E

Content	Note	Group's owner- ship 2006	Consoli- dated method (1)	Note	Group's owner- ship 2005	Consoli- dated method (1)
<b>Japan*</b>						
FremantleMedia Japan KK		100.0	F		100.0	F
<b>Luxembourg*</b>						
FremantleMedia SA (formerly <i>RTL UK Holdings SA</i> )		100.0	F		100.0	F
Hei Elei Film Productions SA (formerly <i>IFP SA</i> )		99.7	F		99.7	F
Multimedia Global Finance SA	(6)	24.9	E	(6)	24.9	E
S5 Finco Sàrl	(6)	27.7	E	(6)	27.7	E
S5 Hatrick Sàrl	(6)	24.9	E	(6)	24.9	E
S5 Luxembourg SCA	(6)	24.9	E	(6)	24.9	E
S5 Sàrl	(6)	24.9	E	(6)	24.9	E
<b>Malaysia*</b>						
Sportfive Asia Sdn. Bhd.	(6)	24.9	E	(6)	24.9	E
Sportfive Malaysia Sdn. Bhd. (formerly <i>UFA Sports Malaysia Sdn. Bhd.</i> )	(6)	17.4	E	(6)	17.4	E
<b>Mexico*</b>						
Grundy Productions SA de CV		100.0	F		100.0	F
<b>Netherlands*</b>						
Blue Circle BV (formerly <i>RTL 4 Productions BV</i> )		99.7	F		99.7	F
FremantleMedia (Netherlands) BV	(15)	100.0	F	(15)	100.0	F
FremantleMedia Operations BV	(15)	100.0	F	(15)	100.0	F
FremantleMedia Overseas Holdings BV		100.0	F		100.0	F
Grundy Endemol Productions VOF	(11)	50.0	P	(11)	50.0	P
Grundy International Holdings (I) BV		100.0	F		100.0	F
JOHO Services BV	(6)	24.9	E	(6)	24.9	E
Sports Rights Acquisition BV	(6)	24.9	E	(6)	24.9	E
<b>Poland*</b>						
Fremantle Polska Sp.Zo.O		100.0	F		100.0	F
Sportfive SP Zoo (formerly <i>UFA Sports SP Zoo</i> )	(6)	24.9	E	(6)	24.9	E
<b>Portugal*</b>						
Fremantle Producoes TV SA		100.0	F		100.0	F
<b>Russia*</b>						
Fremantle Productions LLC		100.0	F		-	NC
<b>Singapore*</b>						
Fremantle Productions Asia Pte Ltd		100.0	F		100.0	F
<b>South Africa*</b>						
Fremantle Productions (South Africa) (PTY) Ltd	(24)	-	NC		100.0	F

# Notes to the consolidated financial statements

Content	Note	Group's ownership 2006	Consolidated method (1)	Note	Group's ownership 2005	Consolidated method (1)
<b>Spain*</b>						
Fremantle de Espana SL	(9)	95.0	F	(9)	95.0	F
Grundy Producciones SA		100.0	F		100.0	F
<b>Switzerland*</b>						
Grundy Schweiz AG		65.0	F		65.0	F
Sportfive International Sarl	(6)	24.9	E	(6)	24.9	E
<b>Turkey*</b>						
FremantleMedia TV Film Yapim		100.0	F		100.0	F
Sportfive Turkey Ltd Sirketi	(6)	24.7	E	(6)	24.7	E
<b>UK*</b>						
Active Sports Marketing Ltd.	(6)	24.9	E		-	NC
Alomo Productions Ltd	(19)	100.0	F	(19)	100.0	F
Clement/La Fresnais Productions Ltd	(19)	100.0	F	(19)	100.0	F
Eurowide Television Ltd (formerly Channel Three Ltd)	(19)	100.0	F	(19)	100.0	F
Fox Sport Ltd	(6)	24.9	E		-	NC
Fremantle (UK) Productions Ltd		100.0	F		100.0	F
FremantleMedia Ltd		100.0	F		100.0	F
FremantleMedia Group Ltd	(13)	100.0	F	(13)	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
FremantleMedia Worldwide Ltd	(26)	-	NC		100.0	F
Grundy Productions Ltd	(26)	-	NC		100.0	F
PTV Dormant Ltd	(25)	-	NC	(19)	100.0	F
Select TV Communications Cons Ltd	(25)	-	NC	(19)	100.0	F
Select TV Ltd	(19)	100.0	F	(19)	100.0	F
Somerford Brooke Productions Ltd (formerly Little Pond Television Ltd)	(19)	100.0	F	(19)	100.0	F
Sport Rights Acquisitions Ltd (formerly Sport+ UK Ltd)	(6)	24.9	E	(6)	24.9	E
Sportfive International Ltd	(6)	24.9	E	(6)	24.9	E
Talkback (UK) Productions Ltd		100.0	F		100.0	F
Talkback Productions Ltd	(21)	100.0	F	(21)	100.0	F
Talkback Thames Ltd (formerly Not Any Old Radio Commercials Ltd)	(21)	100.0	F	(21)	100.0	F
Thames Television Holdings Ltd		100.0	F		100.0	F
Thames Television Ltd	(22)	100.0	F	(22)	100.0	F
United World Television Ltd (formerly Select TV International Ltd)	(19)	100.0	F	(19)	100.0	F
Witzend Productions Ltd	(19)	100.0	F	(19)	100.0	F

Content	Note	Group's ownership 2006	Consolidated method (1)	Note	Group's ownership 2005	Consolidated method (1)
<b>USA*</b>						
All American Entertainment Inc.	(14)	100.0	F	(14)	100.0	F
All American Music Group	(14)	100.0	F	(14)	100.0	F
Allied Communications Inc.		100.0	F		100.0	F
American Idols Productions Inc.	(14)	100.0	F	(14)	100.0	F
Feudin' Productions Inc.	(14)	100.0	F	(14)	100.0	F
Fremantle Goodson Inc.	(14)	100.0	F	(14)	100.0	F
Fremantle International Inc.	(14)	100.0	F	(14)	100.0	F
Fremantle Merchandising Inc.	(14)	100.0	F	(14)	100.0	F
Fremantle Productions Inc.	(14)	100.0	F	(14)	100.0	F
Fremantle Productions Latin America Inc.		100.0	F		100.0	F
Fremantle Productions North America Inc.	(14)	100.0	F	(14)	100.0	F
FremantleMedia Holdings Inc.		100.0	F		100.0	F
FremantleMedia Licensing Inc.	(9)	100.0	F	(9)	100.0	F
FremantleMedia North America Inc. (formerly Pearson Television Inc.)	(14)	100.0	F	(14)	100.0	F
Good Games Live Inc.	(14)	100.0	F	(14)	100.0	F
Good Games Productions Inc.	(14)	100.0	F	(14)	100.0	F
Grundy Music Services Inc.	(14)	100.0	F	(14)	100.0	F
Kickoff Productions Inc.	(14)	100.0	F	(14)	100.0	F
LBS Communications Inc.	(14)	100.0	F	(14)	100.0	F
Little Pond Television Inc.	(14)	100.0	F	(14)	100.0	F
Mark Goodson Productions LLC	(14)	100.0	F	(14)	100.0	F
MG Productions Inc.	(14)	100.0	F	(14)	100.0	F
OTL Productions Inc.	(14)	100.0	F	(14)	100.0	F
Reg Grundy Productions Holdings Inc.	(14)	100.0	F	(14)	100.0	F
Reg Grundy Productions Inc.	(14)	100.0	F	(14)	100.0	F
Sportfive USA LLC	(6)	24.9	E	(6)	24.9	E
Telescope Inc.	(24)	-	NC		100.0	F
Terrapin Communications Inc.	(14)	100.0	F	(14)	100.0	F
Terrapin Productions Inc.	(14)	100.0	F	(14)	100.0	F
The Baywatch Productions Company	(14)	100.0	F	(14)	100.0	F
The Price is Right Productions Inc.	(14)	100.0	F	(14)	100.0	F
Thumbdance LLC		50.0	P		-	NC
Tick Tock Productions Inc.	(14)	100.0	F	(14)	100.0	F

## Broadcasting Radio

	Note	Group's owner- ship 2006	Consoli- dated method (1)	Note	Group's owner- ship 2005	Consoli- dated method (1)
<b>Belgium*</b>						
Cobel D SA	(26)	-	NC		21.1	E
Cobelfra SA		44.1	F		34.6	E
Contact Properties SA	(26)	-	NC		24.9	E
Contact SA		49.8	P		49.7	E
Contact SAT SA	(26)	-	NC		42.4	E
Contact Vlaanderen NV		42.1	P		40.4	E
Inadi SA		44.1	F		42.8	F
IP Plurimédia SA		65.8	F		65.8	F
Joker FM SA		44.1	F		39.8	E
Radio Belgium Holding SA		44.1	F		-	NC
<b>France*</b>						
Ediradio SA		99.7	F		99.7	F
ID (Information et Diffusion) Sarl		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 Sarl		99.7	F		99.7	F
SCP Sarl		99.7	F		99.7	F
SERC SA		99.7	F		99.7	F
Sodera SA		99.7	F		99.7	F
<b>Germany*</b>						
AH Antenne Hörfunksender GmbH & CoKG		53.3	E		53.3	E
Antenne Mecklenburg-Vorpommern GmbH & CoKG		25.4	E		25.4	E
Antenne Niedersachsen Gesch. GmbH & CoKG		35.9	E		35.9	E
Antenne Sachsen Hörfunks- und Versorgungs GmbH		68.4	F		55.3	E
AVE Gesellsch. für Hörfunkbe- teiligungen GmbH		99.7	F		99.7	F
AVE I Vermögensverwaltungs- gesellschaft mbH & Co.KG		49.7	E		49.7	E
AVE II Vermögens- verwaltungsgesellschaft		99.7	F		99.7	F
AVE V GmbH		99.7	F		99.7	F
AVE VI KG		49.7	E		49.7	E
BB Radio Landeswelle Brandenburg GmbH & CoKG	(24)	-	NC		39.9	E
BCS Broadcast Sachsen GmbH & Co.KG		37.6	E		30.4	E
Neue Spreeradio Hoerfunkgesellschaft mbH		33.7	E		-	NC
Radio Center Berlin GmbH		99.7	F		99.7	F
Radio Hamburg GmbH & CoKG		29.1	E		29.1	E
Radio Systems GmbH		99.7	F		99.7	F
RB BLAUEN GmbH		42.0	E		39.4	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 & CoKG		99.7	F		99.7	F
UFA Programmgesellschaft in Bayern mbH		99.7	F		99.7	F
<b>Netherlands*</b>						
RTL FM BV (formerly Holland FM BV)		99.7	F		99.7	F
Yorin FM BV (formerly Northsea Media Network BV)	(24)	-	NC		99.7	F

## Others

	Note	Group's owner- ship 2006	Consoli- dated method (1)	Note	Group's owner- ship 2005	Consoli- dated method (1)
<b>Belgium*</b>						
Audiomedia Investments Bruxelles SA		100.0	F		100.0	F
TVI Interactions SA (formerly TVI Editions SA)		65.8	F		65.8	F
<b>France*</b>						
Société Immobilière Bayard d'Antin SA		99.7	F		99.7	F
<b>Germany*</b>						
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
<b>Luxembourg*</b>						
B. & C.E. SA		99.7	F		99.7	F
CLT-UFA SA		99.7	F		99.7	F
IP Luxembourg Sarl		99.7	F		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
<b>UK*</b>						
CLT-UFA UK Radio Ltd		99.7	F		99.7	F
CLT-UFA UK Television Ltd		99.7	F		99.7	F
RTL UK Ltd	(26)	-	NC		100.0	F

\*country of incorporation

(1) M : parent company  
F : full consolidation  
P : proportionate  
E : equity accounting  
NC : not consolidated

(2) M6 Group  
(3) Five Group (formerly Channel 5 Group)  
(4) UFA Berlin Group  
(5) Trebitsch Group  
(6) Sportfive Group  
(7) Antena 3 De Television Group  
(8) Phoenix Group  
(9) Fremantle Licensing Group  
(10) Fremantle Productions Argentina Group  
(11) Fremantle Productions Group  
(12) FremantleMedia Australia Group  
(13) FremantleMedia Central Group  
(14) FremantleMedia North America Group  
(15) FremantleMedia Productions Netherlands Group  
(16) Grundy Light Entertainment Group  
(17) Grundy Organisation (Holdings) Group  
(18) Grundy Productions Italy Group  
(19) Select TV Group  
(20) Start Television Produktions Group  
(21) Talkback Productions Group  
(22) Thames Television Group  
(23) Company absorbed by a company of the Group  
(24) Company sold  
(25) Company liquidated  
(26) Company not trading anymore  
(27) REN TV Group  
(28) Media Capital Group  
(29) TPS Group