

2004

RTL Group, Europe's
leading TV, radio and
production company,
presents its

annual report

and record earnings.



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Mission.

RTL Group's aim is to offer popular high quality entertainment and information to all our audiences by encouraging and supporting the imagination, talent and professionalism of the people who work for us.

Key values

These are the principles and qualities that guide RTL Group:

*** Quality:**

We seek excellence in everything we do

*** Creativity:**

We provide stimulating work places where creative talent can flourish

*** Focused management:**

We manage our business actively on behalf of our shareholders, while respecting the cultural needs of the communities we serve

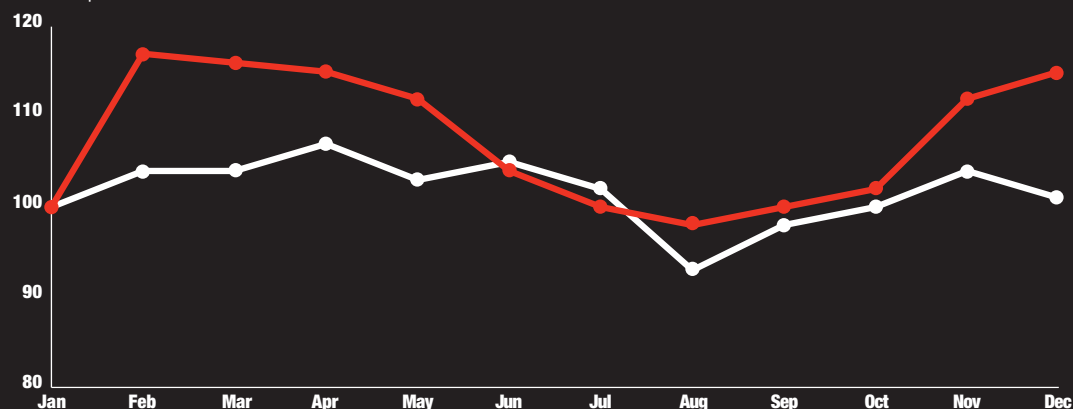
*** Productivity:**

We seek out ways to work more efficiently as a Group

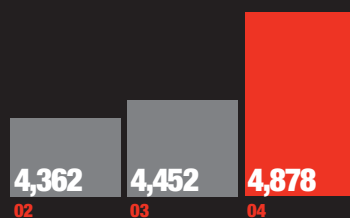


2004 Share price performance

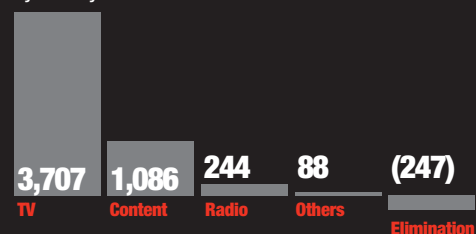
RTL Group — DJ Stoxx



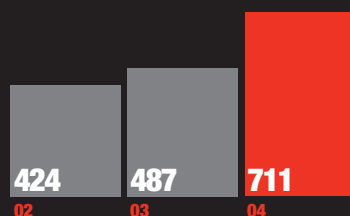
Revenue € million



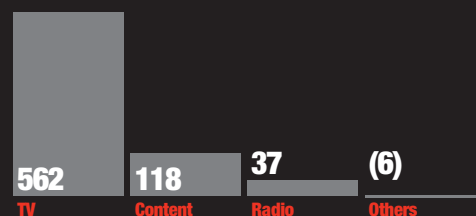
2004 Revenue breakdown by activity – € million



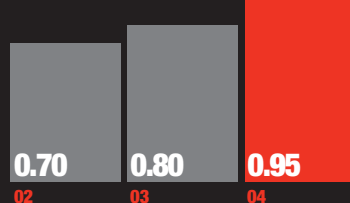
EBITA € million



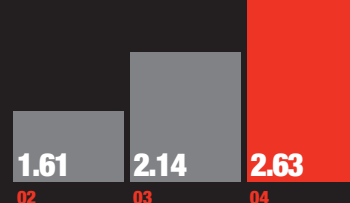
2004 Consolidated EBITA per segment € million



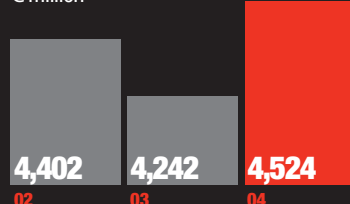
Dividend per share €



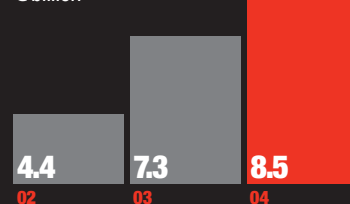
Adjusted earnings per share €



Shareholder equity € million



Market capitalisation € billion



chairman's statement

This was a tremendous year for RTL Group and the best since its formation in 2000. The excellent results are an emphatic endorsement of our strategy and are the fruit of much effort.





There was much to celebrate in 2004 – launches of new TV and radio stations, expansion into new markets, turnarounds successfully achieved and further development of our ‘families’ of channels. Perhaps most gratifying of all was the consistency of our performance. Not only were all our major profit centres EBITA-positive, but many achieved excellent results.

Such progress could never have been achieved without the extraordinary focus and dedication of our employees. We are fortunate to have so many talented and hard-working people and I want to express my gratitude to everyone in our Group for the contribution they have made.

Sometimes we forget just how great the personal sacrifice is that our people make. The reporter Georges Malbrunot of RTL Radio in France suffered 124 days of confinement as a hostage in Iraq. We acknowledge his great courage, and we thank all our journalists and crews who travel to the world’s most dangerous places and put their lives at risk.

Juan Abelló stepped down from the Chairmanship in December 2004 and I would like to thank him for the wise counsel and practical assistance he has given us since his appointment in 2000.

It is a great privilege to be taking over from Juan at such an exciting time in our development. RTL Group is in fine shape – our profit centres are focused and are led by strong management teams. I have no doubt that the successes of 2004 will be the platform for further growth and development as 2005 unfolds.

2004 was our best year yet, and we take great pride in our achievements. Our staff worked harder than ever before to deliver such impressive performance. Creativity is at the heart of our business, and the greatest asset we have is the programme-making and broadcasting talent that drives our businesses forward.





2004 was our best year yet, and we take great pride in our achievements.

All our profit centres performed strongly, with record results coming from RTL Television in Germany, M6 in France, Five in the UK, our content business FremantleMedia, RTL Nederland and Antena 3 in Spain. FremantleMedia followed up its *Idols* success with exciting new formats. Management actions resulted in impressive turnarounds at our Dutch operations and at Antena 3 – the latter spectacularly so. We launched new television and radio operations – RTL Televizija in Croatia got off to a flying start, as did Plug TV in Belgium. We strengthened and developed our portfolio, disposing of non-core assets and acquiring new strategic holdings.

Conditions in Europe's advertising markets were mixed and in some cases challenging, which is what makes the achievements of our profit centres so remarkable. Our most important advertising market, Germany, was the weakest performer in Europe, yet our profit centre delivered a robust result. Netherlands was another weak market, while Belgium delivered modest growth. The UK and France were stronger, whilst the best-performing markets were Spain and Hungary.

Group revenue increased by 9.6% to €4,878 million. EBITA for the year was €711 million, up 46% on 2003. Stripping out restructuring costs and start-up losses, EBITA was up by 36.2% to €764 million. We propose a dividend of €0.95 per share for 2004, up 18.8%.

Thanks to our strong operational performance and the proceeds from disposals, our Group became debt-free in June 2004. At the end of 2003 debt stood at €298 million; by the end of 2004 we were in a net cash position of €246 million.

A powerful strategy

Our solid financial situation gives us an excellent base from which to pursue our strategy for growth. There are three drivers to the strategy, and we delivered on all of them in 2004.

The first driver is to further develop our family of channels in the markets where we already have operations. In 2004 we strengthened our families in Germany, France and Belgium by acquiring established channels or launching new ones.

The second driver is to develop diversified, non-airtime sources of revenue, for example by building businesses in such areas as telephony, content for mobile platforms, and subscription-funded web sites. Our German profit centre now has an extensive portfolio of such businesses in place, based on the highly successful model developed by M6 in France. In 2004, digital TV and diversification revenue accounted for 49.8% of M6's total revenue. We are making encouraging progress with our diversification businesses in several other markets, notably Belgium and the Netherlands.

The third driver is geographical expansion. We want to enter new markets in Europe where the regulatory environment and foreign ownership rules allow us, and where we believe we can build strong market positions. In 2004 we focused on Central, Eastern and Southern Europe, launching RTL Televizija in Croatia and buying into an existing media group in Portugal.

Strong progress in all our businesses

Our broadcasting businesses maintained strong audience and advertising market positions, in spite of the impact of the European Football Championships and the Olympic Games which benefited our competitors.

Our German TV group improved its profitability in a weak advertising market. Although it lost some audience share, RTL Television more than held its own and was well supported by RTL II, VOX and Super RTL, all of which had excellent years.

M6 in France enjoyed another excellent year, retaining its position as the number two station in the target market of housewives under 50. Its portfolio of digital TV businesses continued to grow with the acquisition of the well-regarded thematic channel Paris Première and the launch of two new music channels. We were recognised by the French media regulator as the principal shareholder in M6 following the sale of the Suez stake.

Our content business, FremantleMedia, had its best-ever year. *Idols*, the contest to find a national pop idol, broke more records in 2004 and launched in a further 11 territories. It was by no means the only format to perform well – demand was also strong for *The Apprentice*, *The X Factor*, *How Clean Is Your House?* and other recently-developed programmes. Established game shows, and drama properties such as *Neighbours* in Australia, *Good Times Bad Times* in Germany and *The Bill* in the UK, continued to thrive.

Our profit centre in the Netherlands made outstanding progress in 2004 under its new management team, delivering a strong turnaround in spite of start-up losses in radio. The process of integration is now complete – our Dutch businesses are now under one roof and have been rebranded RTL Nederland.

Other major successes were achieved in Belgium, where we launched a third TV channel, Plug TV, and a new radio station serving the Brussels region. Five in the UK continued its steady progression with increases in audience and advertising market share and profitability. Our radio interests in France also maintained their recent strong performance.

However, the star performance came from Antena 3 in Spain, which delivered a spectacular turnaround. An EBITA loss in our accounts of €35 million in 2003 was transformed into a profit of €17 million in 2004. The turnaround followed a restructuring of Antena 3's ownership and corporate governance during 2003, after which new management was put in place. Antena 3's CEO Maurizio Carlotti and his team deserve great credit for this remarkable achievement.

Expanding into new markets

RTL Televizija in Croatia launched in April 2004, just nine months after a consortium led by RTL Group was awarded the licence. It was an immediate success with viewers and advertisers, and was soon contesting for market leadership of the target group, 18 to 49 year olds, with the public broadcaster HTV1.

In Portugal we bought a strategic stake in Grupo Media Capital. As well as being the leading television broadcaster in Portugal, Grupo Media Capital also has interests in radio, outdoor and internet and magazine publishing.

Portfolio development

We continued to improve our Group's portfolio of shareholdings. In addition to the acquisition of the 11.6% stake in Grupo Media Capital, we bought two further stakes in RTL Televizija in Croatia to take our holding to 65.5%.

As part of a major restructuring of Sportfive's ownership, we reduced our holding from 46.4% to 25%. We are happy to remain a shareholder in Sportfive, which we believe has an exciting future. Already the new management team has scored an impressive success in winning the contract to distribute the international television rights to the European Football Championships in 2008.

In 2004 we sold 100% of our television facilities company London Playout Centre (LPC) to Ascent Media Group Inc and restructured our technical services division. The Cologne Broadcasting Center (CBC) has been integrated into profit centre Germany and BCE continues to play an important role in Luxembourg.

New chairman

In December 2004, we welcomed Siegfried Luther to the position, of Chairman of the Board of RTL Group, replacing Juan Abelló. Siegfried was previously Vice Chairman and is a long-serving member of the Board with extensive knowledge of our Group. He is also the Deputy Chairman of the Bertelsmann AG Executive Board.

Looking ahead

We do not expect the advertising markets in Europe to improve significantly during 2005, and competition is likely to intensify as audiences become further fragmented.

We know that we must be on our very best form if we are to maintain the strong performance of 2004 – but we also know that we have the right strategy and the people to make it happen. All our profit centres have highly focused management teams in place, intent on delivering to clearly-defined objectives.

We know that we would have never achieved the position we are in today without a passion for the product we make and the programmes we broadcast. RTL Group, with its unique mix of TV, Radio and Content and strong balance sheet is better placed than ever before to exploit the growth opportunities that are ahead of us. I am confident that the Group will continue to perform strongly in 2005.



The chart below illustrates the structure of RTL Group's principal businesses and undertakings as at 31 December 2004. The name of each company is followed by indication of the percentage held directly or indirectly by RTL Group.

Television				
	Free TV		TV Services	
Germany	RTL Television	100%	CBC	100%
	RTL II	35.9%		
	VOX	99.7%		
	Super RTL	50%		
	RTL Shop	100%		
	n-tv	50%		
	Traumpartner TV	100%		
France	M6 (1)	48.8%		
	RTL9 (5)	35%		
Netherlands	RTL 4 (5)	100%		
	Yorin	100%		
	RTL 5 (5)	100%		
UK	Five	64.6%		
Belgium	RTL TVi (5)	66%		
	Club RTL (5)	66%		
	Plug TV (5)	66%		
Luxembourg	RTL Télé Lëtzebuerg	100%	BCE	100%
	Den 2.RTL	100%	ENEX	76.5%
Croatia	RTL Televizija	65.5%		
Spain	Antena 3	17.2%		
Hungary	RTL Klub	49%		
USA				
Australia				
Italy				



- (1) Including theme channels.
(2) A FremantleMedia company.
(3) FremantleMedia has operations in over 25 countries, including Portugal, Finland, Poland, Greece, Netherlands, South Africa, Indonesia, Mexico, Argentina.
(4) Global.
(5) Programmes broadcast by CLT-UFA under a Luxembourg licence.
* Principal businesses – extended list on page 115.

Radio

Content

Production (3)

Rights (3)

104.6 RTL	100%	UFA Film &		Universum Film	100%
RTL Radio-Die besten Hits mit Gefühl (5)	100%	TV Produktion (2)	100%		
Antenne Bayern	16%	Grundy LE (2)	100%		
Radio Hamburg	29.2%	Grundy UFA (2)	100%		
Hit-Radio Antenne Niedersachsen	36%	Phoenix Group (2)	51%		
		Teamworx (2)	100%		
RTL (5)	100%	Fremantle France (2)	100%	Sportfive	25%
RTL 2	100%	Be Happy (2)	100%		
Fun Radio	100%				
Sud Radio	20%				
Wit FM	20%				
Yorin FM	100%	Blue Circle (2)	100%		
RTL FM	100%				
		TalkbackTHAMES (2)	100%		
Bel RTL	43%	Fremantle Productions			
Radio Contact	49.9%	Belgium (2)	100%		
BXL	43%				
RTL Radio Lëtzebuerg	100%			CLT-UFA International (4)	100%
		Fremantle Produkcija (2)	100%		
		Grundy Producciones (2)	100%		
		Magyar Grundy UFA (2)	100%		
		FremantleMedia North America (2)	100%		
		Fremantle Productions Latin America (2)	100%		
		Grundy Television (2)	100%		
		Crackerjack (2)	100%		
		Grundy Productions Italia (2)	100%		



Highlights 2004

January 2004 20 years old – RTL Television celebrates its 20th anniversary with two tribute shows looking back at its past successes.



February 2004

RTL Group is recognised by France's regulatory authority as the principal shareholder in M6 with 48.5%, after Suez sells down its stake.

February 2004
Our third channel in Belgium, Plug TV, is successfully launched with programming targeted at young adults.



April 2004 RTL Group enters the Croatian TV market with the launch of RTL Televizija. The new channel rapidly establishes itself and is soon challenging for leadership of the target group, 18 to 49 year olds.



June 2004

RTL Group reduces its holding to 25% in Sportfive.





June 2004

The 3,000th episode of *Gute Zeiten, Schlechte Zeiten* (Good Times, Bad Times) is screened on RTL Television in Germany. The daily soap produced by Grundy UFA also celebrated its 12th anniversary.

September 2004

FremantleMedia and its production partner Vogue Planet set up new joint venture in Japan.

September 2004

Bel RTL in Belgium launches BXL, a new radio station for the Brussels region.

October 2004

RTL Group enters the Portuguese TV market with an 11.6% stake in the share capital of Grupo Media Capital.



November 2004

RTL Radio France's show *Les Grosses Têtes* with Philippe Bouvard celebrates its 10,000th broadcast.

January 2005

RTL Télé Lëtzebuerg celebrates the 50th anniversary of television broadcasts from Luxembourg.

January 2005

American Idol 4 launches on Fox on 18 January 2005 to a phenomenal audience of 33.5 million.

February 2005

Sportfive wins the contract to market international TV rights for the European Football Championships in 2008.



how we work

RTL Group is Europe's largest broadcasting group. Formed from the merger of CLT-UFA and Pearson TV in 2000, our Group comprises 29 television and 30 radio stations operating in 10 European countries. We also own one of the world's leading content companies, FremantleMedia, which has programme production and rights interests in more than 40 countries.

Our objective is to create high quality programming that appeals to large and diverse audiences. Our success is built on the recognition that each European country has its own cultural, linguistic and regulatory identity. Our businesses are therefore run on a decentralised basis – each profit centre makes decisions independently according to the needs of the market it serves and the requirements of local media regulations, and each is encouraged to develop its own distinctive business model.

As members of a large and supportive family, RTL Group companies have extensive access to advice, support, resources and capital. CEOs and other key managers from across our Group meet regularly to share knowledge and ideas. This ensures that successes and innovations in one market are transferred and adapted for use elsewhere.

The role of the Group management team in Luxembourg is to provide a framework of strategic direction and financial controls, while actively managing the portfolio of holdings. The team strives to maximise value for shareholders, employees and other stakeholders. Capital is invested for the longer term, with the aim of encouraging organic growth and building market-leading positions wherever possible.

In this way, our broadcasters have established close relationships with audiences across Europe as trusted providers of entertainment and impartial news and information. With the recent enlargement of the European Union and the emergence of new opportunities for private broadcasters, RTL Group is excellently placed to continue its expansion.





We achieved a record EBITA performance in 2004 despite tough advertising market conditions. Our family of channels recorded their second highest audience share in the 14-49 target market with a combined share of 32.9%.

€million	2004	2003
Revenue	1,826	1,877
EBITA	262	261
%	2004	2003
Advertising market share	37.7	39.2
Audience share*	32.9	33.2

*Target: 14-49 (including RTL II)





Our German channels delivered an improvement in profitability, although this was another sluggish year for the German advertising market. Their combined share of advertising revenue fell slightly, but a renewed focus on costs helped to secure the strong result.

Our family of channels had a combined audience share of 32.9% of the target group of 14 to 49 year olds, marginally lower than in 2003 when our share was the highest ever (33.2%). We remained the market leader, ahead of the ProSiebenSat1 group which had a share of 29.4%.

RTL Television's results were achieved in spite of a tougher TV environment. Its competitors had the benefit of the European soccer championships and the Olympic Games and ratings fell back slightly, although it remains comfortably ahead of the competition. RTL Television was well supported by VOX, RTL II and Super RTL, all of which achieved audience share improvements.

RTL Television launched a new subscription channel in December 2004. Traumpartner TV is an interactive theme channel targeting Germany's 13 million single people. It is one of a growing family of channels and diversification businesses that include RTL Shop, RTL Enterprises, Universum Film, RTL Media Services, RTL Online and RTL Mobile. In February 2005 all these businesses were brought together under a single brand name – RTL Interactive.

Our news channel n-tv successfully completed the first stage of its turnaround with the move from Berlin to Cologne and a major investment in digital newsrooms. The strength of its news coverage was further demonstrated at the end of the year when the station covered the Asian tsunami disaster.

RTL Television

Once again RTL Television led the market with a 16.8% share of the target audience of 14 to 49 year olds. This was well ahead of its nearest competitor, ProSieben, which had 12.1%.

RTL Television's successes with fiction, major movies and reality shows ensured that it won the largest share of the total audience in eight of the twelve months of 2004. It dominated the top 100 list of the most widely viewed broadcasts with 49 entries.

Ich bin ein Star, holt mich hier raus (I'm A Celebrity Get Me Out Of Here) was the show of the year, with up to 8.3 million viewers watching the antics of Dirk Bach and Sonja Zietlow in the Australian jungle. *Wer Wird Millionär?* (Who Wants To Be A Millionaire?) retained its top position with up to 11 million viewers, while the two shows celebrating RTL Television's twentieth anniversary in January 2004 commanded audiences of up to 6.7 million.



Ich bin ein Star, holt mich hier raus!, the show of the year – RTL Television

TV national audience breakdown 2004 (%)

Source: GfK
3+

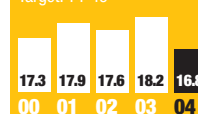


RTL Television	13.8
RTL II	4.9
VOX	3.7
Super RTL	2.7
n-tv	0.5
ARD	13.9
ZDF	13.6
SAT 1	10.3
Pro 7	7.0
Kabel1	4.0
Others	25.6

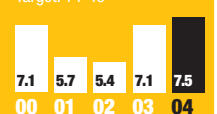
TV audience share 2000/2004 (%)

Source: GfK

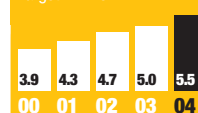
RTL Television
Target: 14-49



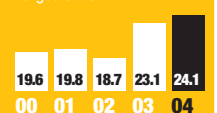
RTL II
Target: 14-49



VOX
Target: 14-49



Super RTL
Target: 3-13



Television holdings

RTL Television: 100%

RTL II: 35.9%

Super RTL: 50%

VOX: 99.7%

RTL Shop: 100%

n-tv: 50%

Traumpartner TV : 100%

Universum Film: 100%

Cologne Broadcasting Center: 100%

RTL Television also scored with its in-house fiction productions – *Crazy Race 2* and the made-for-TV film *Hailarm auf Mallorca* both drew audiences of more than 6.6 million viewers. *Alarm for Cobra 11-Die Autobahnpolizei* remained the most successful series on German television, and two new sitcoms, *Schulmädchen* and *Der Heiland auf dem Eiland*, launched successfully.

The reality soap *Die Super Nanny* (*The Super Nanny*) was a major success with a market share up to 25.5% of the target group, and the home makeover docu-soap *Einsatz in 4 Wänden* also achieved excellent ratings.

RTL Television excelled with news and magazine shows. *RTL Aktuell* was the top-rated evening news broadcast among 14 to 49 year olds, and *Punkt 12* and *RTL Nachtjournal* retained their leading positions. The channel also had the two most successful magazine shows on German television, *Extra* and *Explosiv*.

Ratings for Formula One motor racing were strong, in spite of Michael Schumacher winning the world championship after just 14 of the 18 races. The average audience was 8.5 million, peaking at 11.6 million for the Bahrain race on 4 April.

VOX

The Cologne-based broadcaster had another successful year with its distinctive mix of in-house formats, top movies and hit US series. Its share of the key target audience (14 to 49 year olds) increased from 5.0% to 5.5% – a new record for the channel.

The three US series *CSI: Miami*, *Law & Order: Criminal Intent* and *CSI* were the driving force of VOX's primetime programming. The mother-and-daughter show *Gilmore Girls* immediately enchanted viewers, while the launch of the cult series *Six Feet Under* triggered a huge media response.

VOX was also successful with in-house productions such as *Schmeckt Nicht, Gibt's Nicht – Cool Kochen Mit Tim Mälzer*, which immediately became the most successful cookery show on German private television. This show was the basis for a successful cooperation with the Bertelsmann-owned publishers Gruner & Jahr and Mosaik-Verlag, for which VOX received the Bertelsmann Synergy Award in 2004. Another success was the makeover soap *Wohnen Nach Wunsch – Ein Duo Für Vier Wände*, launched in early 2004, which rounds off the channel's early evening programming.

VOX won several awards during the year, including two at the International Eyes & Ears Awards in Munich for its promotions of *Telemesse 2003* and *Six Feet Under*.

TV national advertising breakdown 2004 (%)

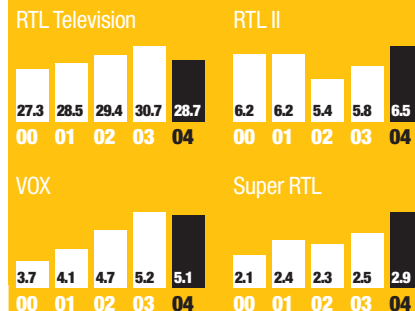
Source: Nielsen S+P



RTL Television	28.7
RTL II	6.5
VOX	5.1
Super RTL	2.9
n-tv	0.9
SAT1	18.7
PRO7	18.2
Kabel1	5.0
DSF	3.4
Others	10.6

TV advertising share 2000/2004 (%)

Source: Nielsen S+P



The reality soap *The Super Nanny* achieved a market share of up to 25.5% on RTL Television

RTL II

RTL II is an innovative and youthful channel which aims to surprise its audience with programming that is unexpected and exciting. Its consistently strong performance in recent years has helped it become the leading channel for young adults. In 2004 it further improved its position with 7.5% of 14 to 49 year old viewers, its largest share yet.

Once again, millions of viewers tuned into *Big Brother*. RTL II also led the way with new docu-soaps such as *Frauentausch* (Wife Swap), *Die Supermamas – Einsatz Im Kinderzimmer* and *Hilfe! Schwiegermutter Kommt*, which all achieved top ratings. The channel was successful with the cult US series *24* and *Stargate*, which is Germany's most popular sci-fi series, and it was the first German channel to show an Indian feature film in primetime – the Bollywood hit *In Guten Wie In Schweren Tagen* (Sometimes Happy, Sometimes Sad). The two-part *Hitler – Aufstieg Des Bösen* was another success, attracting high ratings and positive press response. Infotainment and news magazines such as *Exklusiv – Die Reportage* and *100 Tage* continued to demonstrate the channel's ability to tackle social and current affairs issues.

In February 2004 RTL II moved into a new, futuristically designed building in Munich, bringing all staff together in one of Germany's best-equipped and most up-to-date broadcasting centres.

Super RTL

Owned jointly with Disney, Super RTL is the key medium for children's advertising in Germany and the leading channel of its kind in Europe. 2004 was its best ever year. It delivered a record financial result and maintained its position as the most popular children's television channel – its share of 24.1% of 3 to 13 year olds was more than double its nearest competitor's. Parents as well as children watch Super RTL – with 7.2% of daytime viewers, it was top of the country's second tier of terrestrial channels, ahead of both VOX and RTL II.

Disney formats such as *Disneys Grosse Pause*, cartoons including *SpongeBob – Squarepants*, and educational series such as *Finger Tips* and *Art Attack* were notable successes. The channel's own TOGGO shows also contributed to the positive result. Once again, Super RTL's TOGGO Tour road show delighted audiences across Germany.

Super RTL continued to develop its internet presence. More than a million children visited www.TOGGO.de every month of 2004, making this the leading website for young surfers. By the end of 2004, the paid-for website TOGGOLINO CLUB had attracted 53,000 subscribers two years after its launch.



Formula One racing was also very strong for RTL Television, with high ratings for all 18 races



Cartoon *SpongeBob*, a notable success for Super RTL

Radio holdings

104.6 RTL: 100%

Radio NRW: 17%

Antenne Bayern: 16%

Radio Hamburg: 29.2%

RTL Radio – Die besten Hits mit Gefühl: 100%

Hit-Radio Antenne Niedersachsen: 36%

Hitradio RTL Sachsen: 50.9%

Radio Brocken: 48.5%

89.0 RTL: 48.5%

Antenne Thüringen: 15%

Antenne Mecklenburg-Vorpommern: 24.5%

Radio 21: 17%

BB Radio: 40%

Radio Ton: 2%

2004 brought no growth to the radio advertising market in Germany. The new CEO Gert Zimmer, appointed in January 2004, set up a new management team and focused on completing the integration of the former AVE holdings acquired in 2002.

Our German radio portfolio comprises 14 holdings, most of which are minority participations because of constraints on media ownership. Further stakes in Hit-Radio Antenne Sachsen were acquired, and the station was successfully re-branded as Hitradio RTL Sachsen. Both 89.0 RTL and Radio Brocken have almost doubled their listening since relaunching in 2003. The German radio group now has a combined audience of over four million listeners per average hour.

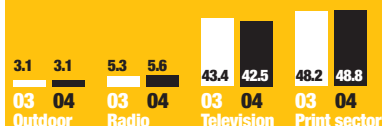
Several cross marketing, purchasing and best practice initiatives were developed during the year, including a voluntary offer to the stations consisting of news, events and comedy platforms. The event platform aims to convert 104.6 RTL's uniquely successful Stars For Free concert into a nationwide brand. In 2004 89.0 RTL hosted its own Stars For Free for the first time with over 30,000 people attending. The comedy platform markets the radio group's comedy productions and commissions external productions.



104.6 RTL's unique concert *Stars For Free*, converted into a nationwide brand

German advertising market (%)

Source: Nielsen Media Research



Audience share 2000/2004 (%)

Source: MA 2004

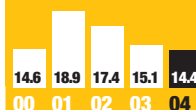
104.6 RTL
Target: 14+



Advertising share 2000/2004 (%)

Source: Nielsen S.T.P

104.6 RTL



Innovative locally-produced programming and growth in advertising revenue led M6 to record levels of profitability.

€million	2004*	2003
Revenue	1,145	570
EBITA	209	100

*M6 has been fully consolidated from February 2004

%	2004	2003
Advertising market share	22.1	22.4
Audience share*	18.6	18.5

*Target: Housewives under 50



M6

Groupe M6 continues to prosper, and 2004 was another year of record profitability.

Once again, M6 Television delivered high quality programmes, many of them locally produced – 10 of the 20 highest rated programmes on the station were M6 own productions. Audiences were stable in 2004, and the channel retained its number two position as the second most popular channel for under 50 housewives with a slightly improved share of 18.6%. It has maintained this position for four years in succession. It also improved its share of under 35 year-old viewers to 19.9%.

Advertising revenue increased by 4.1% in a year of good growth in the advertising market. The opening up of the press sector to advertising helped to boost revenue in the first half of the year, but the market fell back in a weak final quarter.

M6's digital TV businesses continued to grow and now account for 20% of group sales. During 2004, the portfolio of thematic channels was strengthened with the acquisition of Paris Première from Suez. This well-regarded theme channel offers movies and series together with coverage of politics and the arts. M6 Music launched two new complementary channels in January 2005 – M6 Music Rock and M6 Music Black. M6 also has a 34% stake in the TPS digital platform, which enjoyed strong growth in subscriber numbers during 2004. The Home Shopping Service launched a new 24-hour teleshopping channel, M6 Boutique La Chaîne, and with the acquisition of Canal Club became the leading infomercials channel in France.

During the year Suez disposed of most of its stake in M6, as a result of which RTL Group has been recognised by the Conseil Supérieur de l'Audiovisuel (CSA) as the principal shareholder with a 48.5% shareholding. In July, M6 joined the Euronext index of the top 100 European companies listed in Paris, Amsterdam, Brussels and Lisbon.



Sunday evening's news landmark magazine: *Zone Interdite*

National audience breakdown 2004 (%)

Source: Mediamétrie
4+



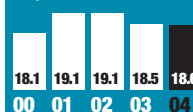
M6	12.5
TF1	31.8
France 2	20.5
France 3	15.2
Others	20.0

Audience share 2000/2004 (%)

Source: Mediamétrie

M6

Target: Housewives -50



Programme successes

This was another year of adventurous programming. A total of 20 new programmes and 15 new series were launched, including documentaries, lifestyle magazines and a reality show. M6 upped its investment in French fiction, delivering such winners as *Si j'Étais Elle* with 4.9 million viewers, *Trois Pères à la Maison* with 4.3 million viewers and *Bien Agités* with 3.6 million viewers.

M6's in-house production units were behind many of the successes. W9 developed *Bachelor*, *Les Grands Classements* and *Le grand Zap* while Studio 89 delivered *C'est Pas Trop Tôt* and *Classé Confidential*. C Productions also had some of the year's best ratings with the flagship Sunday evening news magazine shows *Capital* and *Zone Interdite*.

The channel targeted family audiences with films such as *Le Masque de Zorro* (*The Mask Of Zorro*), which attracted 7.5 million viewers, and crime series. The first episode of the *NCIS Enquêtes Speciales* (*NCIS: Special Investigations*) achieved a new record for a series with an audience of 4.9 million.

Another series that attracted family audiences was the docu-reality *Le Pensionnat de Chavagnes*, which drew an average audience of 5.2 million. Based on the UK format *That'll Teach'Em*, the series ran for a month and exposed 24 boys and girls to the educational methods and disciplines of the 1950s.

M6 also improved its sports programming with the signing of an exclusive agreement with UEFA to broadcast high profile European soccer matches in 2005 and 2006.

RTL 9

RTL Group also owns a stake in RTL 9, a long-established family entertainment channel now owned by AB Group. In February 2005 it celebrated its 50th anniversary.

RTL 9 is broadcast from Luxembourg and distributed via cable and satellite in France and Switzerland. It is also available terrestrially in eastern France and Luxembourg. According to research by Mediamétrie published in March 2005, it was the leading cable and satellite channel in France, capturing 2.2% of all viewing.



M6 new docu-reality, *Le Pensionnat de Chavagnes*, recorded an audience high of 6.2 million

National advertising breakdown 2004 (%)

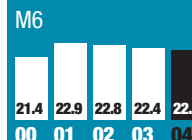
Source: TNS Secodip



M6	22.1
TF1	54.8
France 2	12.0
France 3	7.8
Others	3.3

Advertising share 2000/2004 (%)

Source: TNS Secodip



An outstanding year for FremantleMedia with hit shows launched in major markets and further successes with established formats. Profitability rose to a record result with all three business areas – production, distribution and licensing – reporting improved earnings.

€million	2004	2003
Revenue	866	819
EBITA	101	68





FremantleMedia powered ahead in 2004, launching successful new shows for broadcasters around the world, achieving further successes with established formats, and investing in innovative concepts and talent to deliver tomorrow's television.

With operations in over 25 countries, FremantleMedia has three main business areas focusing on production, licensing and distribution.

FremantleMedia Productions creates award-winning primetime drama, serial drama, entertainment, factual programming and comedy. In 2004 it produced almost 8,000 hours of programming, making it one of the world's largest creators of programme brands. In addition to the FremantleMedia-branded companies, the production network includes many high-profile labels around the world, such as talkbackTHAMES in the UK, UFA in Germany, Blue Circle in the Netherlands, and Grundy in Australia.

FremantleMedia has transformed programmes such as *Idols* and *The Price Is Right* into global brands. Its powerful licensing and distributions businesses, FremantleMedia Licensing Worldwide and Fremantle International Distribution, are leveraging that know-how to transform recent successes such as *The Apprentice*, *The X Factor*, *How Clean Is Your House?* and *The Swan* into household names around the world.

FremantleMedia Production

In spite of tighter programme budgets in many key territories, demand remained strong for top entertainment formats such as *Idols*, *The Apprentice*, *The X Factor* and *The Swan*. There was also renewed interest in scripted programming in many European territories.

The entertainment format *Idols* continued to break records around the world, launching in a further 11 territories in 2004 including New Zealand, the Czech Republic, Singapore, Indonesia and India. Another entertainment format to perform strongly was the Talkback-created *How Clean Is Your House?*, which followed up its success in the UK, Netherlands and Germany with local commissions in the USA and Denmark. Local versions of *The Farmer Wants A Wife* launched successfully in Belgium and Norway.

FremantleMedia secured the international format and tape sale rights to *The Apprentice* following its successful launch on NBC in the USA in January. Since then, the show has been commissioned in 16 territories including the UK, Greece, Brazil and Germany.

2004 was also a good year for drama with new series launching in Finland (*Pelkovaara*), South Africa (*Interrogation Room* and *This Life*), Italy (*Diritto Di Difesa*) and Germany (*Verschollen*, *Sabine* and *Meine Schönsten Jahre*). FremantleMedia also launched its sixth local version of the popular drama format *Forbidden Love* in Croatia (*Zabranjena Ljubav*). Following the success in Colombia of the Invento-created telenovela *Finding Rodrigo*, FremantleMedia launched Germany's first locally-produced telenovela, *Bianca – Wege Zum Glück*, on ZDF. The novela is the channel's highest rated daytime series.



Another FremantleMedia success, *How Clean is your House?*, sold and produced internationally



FremantleMedia secured the international rights to the format *The Apprentice*

Holdings

Be Happy: 100%

Blue Circle: 100%

Crackerjack: 100%

Fremantle France: 100%

FremantleMedia North America: 100%

Fremantle Productions Asia: 100%

Fremantle Produkcija: 100%

Fremantle Productions Belgium: 100%

Fremantle Productions Latin

America: 100%

Grundy Television: 100%

Grundy LE: 100%

Grundy Producciones: 100%

Grundy Productions Italia: 100%

Grundy UFA: 100%

Magyar Grundy UFA: 100%

Phoenix Group: 51%

TalkbackTHAMES: 100%

teamWorx: 100%

UFA Film & TV Produktion: 100%

Long-running dramas continue to thrive, from *Neighbours* in Australia to *Good Times Bad Times* in Germany and *Between Friends* in Hungary. The police drama series *The Bill* celebrated its 20th year on British TV and was commissioned for a further five years – the biggest ever re-commission by a UK broadcaster.

FremantleMedia continued to break new ground. For example, viewers of the long-running UK daily drama *Family Affairs* were given the opportunity to vote on the outcome of a key storyline during a week of interactive episodes. Talkback also made waves in the UK with the critically acclaimed new comedy *The Green Wing*, which has been re-commissioned for a second series.

Expanding the network

FremantleMediaKM was created through a joint venture between FremantleMedia France and the French independent, KM Productions. It will specialise in producing reality and entertainment programming.

FremantleMedia also secured an initial foothold in the important and challenging Japanese market, forging a joint venture with Tokyo-based Vogue Planet to launch FremantleMedia Japan.

International highlights

Germany

The Grundy UFA/teamWorx production *Bianca – Wege Zum Glück* (*Bianca – The Paths To Happiness*) was the first locally produced telenovela to air in Germany.

Setting records in Germany, UFA Fernsehproduktion produced the first ever live TV movie, *Feuer In Der Nacht* (*Fire In The Night*), for ZDF.

The teamWorx 90-minute special *Stauffenberg*, about the attempted assassination of Hitler in 1944, scooped the Deutsche Fernsehpreis 2004 for Best TV Movie.

UK

The Thames-produced talent series *The X Factor* hit British TV screens in October to mass press coverage and huge audiences. It became the most successful interactive show on UK TV in 2004. The broadcaster, ITV1, has already commissioned a second series.

The fifth series in Talkback's *Grand Designs* franchise, *Grand Designs Abroad*, launched in early September, achieving audiences 85% above Channel 4's primetime average.

Talkback's home improvement series, *House Doctor: Inside & Out*, became Five's highest rated domestically produced series of the year.

USA

American Idol 3 continued the *Idols* phenomenon in the USA, becoming the highest rated show on Fox for the season with ratings of over three times the broadcaster's average. It was also the highest rating *American Idol* series to date. *American Idol 4* launched on Fox on 18 January 2005 to a phenomenal audience of 33.5 million, making it the third most watched entertainment programme ever in the network's history.



The police drama series *The Bill* celebrated its 20th year on British TV



Talkback's new comedy *The Green Wing* achieved high ratings in the UK

The local version of *How Clean Is Your House?* was one of the highest rated launches on the Lifetime TV cable channel. The premier episode outperformed Lifetime's primetime average by 55%.

Australia

Australian Idol 2 on Network Ten was the highest rated entertainment show of the last four years in Australia. A third series will launch in late 2005. *Australian Idol* won the LOGIE award for Most Popular Reality Series in 2004.

The Crackerjack-produced quiz show, *Australia's Brainiest Kid*, achieved a remarkable 47% share of the country's commercial networks in November.

Asia

Idols cracked the Asian market having successfully launched in Malaysia, Singapore, Indonesia and India in 2004. In Indonesia, audiences grew by nearly 50% from launch and the Singapore Idol final became the highest rated show in 2004 with a market share in excess of 60%. Malaysian Idol peaked with an audience share 350% higher than the broadcaster's primetime average, and Indian Idol ranked as the broadcaster's highest rating show nearly every week.

FremantleMedia Japan, the joint venture between FremantleMedia and Tokyo-based Vogue Planet, produced its first programme in Japan, *Mirai Model (Model Behaviour)*, for TV Tokyo.

France

The second series of *La Nouvelle Star* in France was a success with average ratings 22% higher than the first series. The final episode beat M6's slot average by 43%.

Southern Europe

Ídolos, Portugal's second local *Idols* series, launched to ratings in excess of 40%. It beat the ratings for the first series, won its timeslot and outperformed the broadcaster's average by over 35%.

Scandinavia

Idols in Sweden was the second highest rated entertainment show of the year for TV4.

Rent Hjem, the Danish version of *How Clean Is Your House?*, achieved a massive 50% market share when it launched in primetime on TV2, more than 40% above the channel's average.

The first series of *Idols* in Finland was a nationwide viewing phenomenon. The final achieved a market share of 73% – over a third of the entire Finnish population. The episode became the country's highest rated show of the year.

Latin America

Finding Rodrigo, the first telenovela format to come out of the Invento joint venture, achieved huge ratings of around 60% when it debuted in Colombia. It is now under license in several countries in Latin America and Europe. *Finding Rodrigo* won the Best Script award at Colombia's *Premios India Catalina* industry awards.



American Idol 3: the Idols phenomenon in the US notched up 65 millions votes for the final



House Doctor: Inside & Out became Five's highest rated domestically-produced series of 2004

FremantleMedia Licensing and Distribution

Licensing

FremantleMedia Licensing Worldwide (FLW) made excellent progress in 2004, in spite of increased broadcaster competition for rights in many territories.

While revenues continued to flow from the *Idols* brand, FLW took the opportunity to open up new business streams based on in-house and third-party programmes. Mobile services were a great success – the SMS/WAP/Java game, *Family Feud*, was played by more than 100,000 people in the first six months after its launch, making it one of the most successful mobile games ever. The *Baywatch* Java game was popular in the USA and UK, while another Java game based on *The Price Is Right* proved successful in the USA. An online slot machine game of *Play Your Cards Right* launched in the UK.

The launch of *The X Factor*, also in the UK, marked a significant advance in mobile services. Available through the '3' mobile network, this was the first time exclusive video clips had been offered by FremantleMedia. The service proved one of the most popular services available on the '3' network.

Online gambling and live events were two major revenue streams for FLW during the year. *The Price Is Right* touring live event, currently available in Harrahs casinos across the USA, and the casino slot machines have been a great success.

FremantleMedia North America licensed the rights of *Baywatch* to DreamWorks, which plans to make a movie based on the popular US series. FLW was also successful in making the move to third-party representation with the hit tween property, *Mysti*, which airs on the BBC.

Fremantle Home Entertainment continued to grow its DVD business. The highlight of 2004 was the release of the educational football skills DVD, *Really Bend It Like Beckham*, the only football programme made with David Beckham's full participation and endorsement.

Distribution

Fremantle International Distribution (FID) had a bumper year in 2004 as it continued to implement its strategy of refocusing away from US drama series in favour of factual programming.

Regulatory changes in the UK in 2004 have given independent production companies greater control over secondary rights exploitation. This has benefited FID as many independents are now looking for alternatives to broadcasters' in-house distribution channels. FID signed deals with nine further UK independents in 2004, including the leading Scottish drama producer IWC (formerly WarkClements and Ideal World), the factual programme maker, Nugus Martin Productions, and natural history presenter-producer Nigel Marven.

FID works closely with FremantleMedia Productions and is an integral part of many production proposals worldwide. In the face of increasing competition, FID has maintained its position as a leading distributor of US reality shows.



Malaysian *Idol* peaked with an audience share 350% higher than the broadcaster's primetime average



The renowned serial drama *Neighbours* (Australia)

Success for our Netherlands operations, now rebranded as a single media business and brought together under one roof. Operating profit has improved due to cost control and growth in the diversification business.

€million	2004	2003
Revenue	338	327
EBITA	39	25
%	2004	2003
Advertising market share	39.7	38.4
Audience share*	30.2	31.1

*Target: Shoppers 20-49



RTL 5

rtl fm





Our Dutch profit centre made exciting progress in 2004. The change of name from Holland Media Groep (HMG) to RTL Nederland in August 2004 was the culmination of a major reshaping of our business along the lines of the RTL Group profit centres in Germany and Belgium.

The move to the Media Park in Hilversum in October brought the integration of the RTL Nederland businesses near to completion. It was a major logistics exercise and one of the most complex of its kind in the history of broadcasting in the Netherlands.

As part of the restructuring we sold the production company Holland Media House to FremantleMedia, where it has been rebranded as Blue Circle. We also re-engineered our facilities business Broadcast Operations, so that it now operates as a cost centre providing services exclusively to RTL Nederland.

RTL Nederland made rapid progress with its diversified businesses, which are being developed according to the successful model established by M6 in France. Revenue from diversified businesses increased substantially in 2004, boosted by RTL licensing's success with *Idols*.

TV success

The three RTL Nederland television channels, RTL 4, RTL 5 and Yorin had a highly satisfactory year, increasing their gross share of the TV advertising market from 38.4% to 39.7%. Although the public broadcasters had the benefit of European Championship football and the Olympic Games, our channels were able to achieve a joint audience share of 30.2% of shoppers 20 to 49 year old.

RTL 4 retained its position as the undisputed market leader in this core demographic group, with a market share of 18.2%. The channel launched several highly successful new shows, such as the drama series *Grijpstra & De Gier* which delivered a peak audience of 2.1 million. RTL 4 also scaled new heights with established successes, such as the UK format *Wife Swap*. *Idols* continued to boost the channel's audience share, while the chat show *Pulse* established an all-time high rating with the visit of pop star Robbie Williams. In November, *RTL Nieuws* surpassed the NOS public broadcaster with its coverage of the murder of Theo van Gogh and the results of the American elections. RTL 4 acquired the rights to show live games from the Dutch Premier League for three years from August 2005.

Yorin also had a successful year, increasing its share of 20 to 34 year old viewers to 9%. *CSI Miami*, *Extreme Makeover* and the real life soap *Patty's Posse* all contributed to the channel's positive performance, but the biggest success was the final episode of *Friends* in December which reached 15.0% of viewers in the target audience. Yorin viewers were also fascinated by the American series *My Big Fat Obnoxious Fiancé*.



Grijpstra & De Gier: RTL 4, a new Dutch drama series

TV National audience breakdown 2004 (%)

Source: Intomart
13+

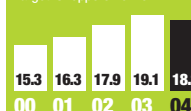


Nederland 2	19.5
Nederland 1	12.6
SBS 6	11.5
Nederland 3	6.9
Net 5	5.2
Others	17.7

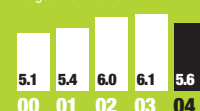
TV Audience share 2000/2004 (%)

Source: Intomart

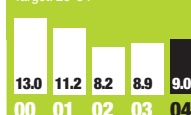
RTL 4
Target: Shoppers 20-49



RTL 5
Target: Men 20-49



Yorin
Target: 20-34



Holdings
RTL 4: 100%
Yorin: 100%
RTL 5: 100%
RTL FM: 100%
Yorin FM: 100%

Football, darts and films contributed to **RTL 5's** solid viewing figures. Amongst the channel's successes were the post-match discussion show *Voetbal Insite: De Nabeschouwing* and the UEFA Cup match between Ferencvaros and Feyenoord in November. The films *Clear And Present Danger* and *The Longest Day* scored well in the RTL 5 top ten.

The TV sales company IP launched initiatives to strengthen the position of our channels, including split screen advertising on RTL 4 and RTL 5. Research has shown that this form of advertising can result in higher viewing figures for commercials.

Radio development

Following the redistribution of radio frequencies in 2003, RTL Nederland strengthened its position in the radio market with substantial investments in new DJs and up-and-coming talent. With support from the RTL Radio Deutschland team, the two Dutch stations are steadily building their shares of listening and in 2004 their combined market share of 20 to 49 year olds rose from 5.0% to of 9.2%.

During the summer, **Yorin FM** repositioned itself with a pop-rock music format and a new team of top DJs including Rob Stenders, Robert Jensen and Henk Westbroek. Audiences increased as a result – Yorin FM's market share in the target audience of 20 to 34 year olds was over 7% higher than the previous year, and the station has established itself as number 4 in the Dutch radio market. The early morning show *Stenders Vroeg Op* was the third most popular morning show on Dutch radio with 9.3% of 20 to 34 year old listeners. *Jensen In De Middag* was also popular with this target audience, attracting a 9.9% share.

RTL FM, which broadcasts greatest hits and the best of Dutch music, also introduced new programming during the year. The station improved its share of the target audience of 20 to 49 year olds, from 1.7% to 2.9%. During the summer, RTL FM teamed up with Holland's greatest singer, Marco Borsato, for a series of concerts and mounted a large-scale TV campaign. It also introduced a music guarantee, promising not to repeat the same record between 09.00 and 17.00.

TV National advertising breakdown 2004 (%)

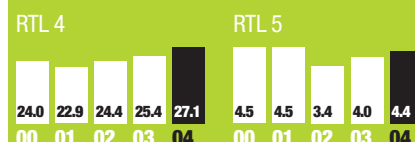
Source: BBC



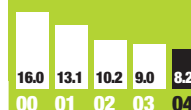
RTL Nederland	39.7
SBS 6/Net 5	29.1
Nederland 1, 2 et 3	22.1
Others	9.1

TV Advertising share 2000/2004 (%)

Source: BBC



Yorin



Radio Audience share 2000/2004 (%)

Source: Informart



*July-December



The English format *Wife Swap* proved to be a hit with the audience of RTL 4

**Another great year for Five,
despite tough competition
in the UK's marketplace
with improved audience and
advertising market shares
leading to a doubling of EBITA.**

€million	2004	2003
Revenue	276	250
EBITA	18	9
%	2004	2003
Advertising market share	8.3	8.1
Audience share*	6.7	6.6

*Target: 16+

five



Five performed excellently in 2004 – audience share, revenue and profitability all showed significant improvement.

The steady progression in audience share since the channel's launch in 1997 continued in 2004. Although competition in the UK was more intense than ever, Five was one of only two terrestrial broadcasters to increase its share of the 16+ audience, up to 6.7%. The demographic profile also developed favourably, with more ABC1 adults and 16 to 34 year old adults viewing the channel.

Five has benefited from the rapid expansion of the Freeview digital platform. According to some estimates at the end of 2004, Freeview penetration could be as high as five million. This has boosted Five's technical coverage, which now stands at 89.7%. The channel performs well on Freeview where it accounted for an average share of 9.1% of adult viewing on Freeview sets in 2004.

With the increase in multichannel penetration in the UK, Five is reviewing its strategic options. The aim is to strengthen Five's position and build a family of channels around the franchise.

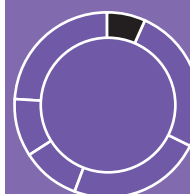
Five delivered a substantial increase in profitability, helped by further cost savings and a healthy UK advertising market which rose by 6.5% (source: TV Industry). Five comfortably outperformed the market – revenue was up by 9% and advertising market share improved to 8.3%. Five is also developing telephone and other non-airtime sources of revenue.



Great success for *The Farm*, Five's reality series which was launched in the Autumn of 2004

National audience breakdown 2004 (%)

Source: BARB
16+

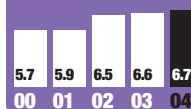


Five	6.7
BBC1	25.6
ITV	23.4
BBC2	10.2
Channel 4	10.1
Others	24.0

Audience share 2000/2004 (%)

Source: BARB

Five
Target: 16+



Investing in programmes

Five's audience gains are the fruit of its continuing investment in programme quality. Expenditure on programmes rose by 9.5% in 2004 and further increases have been agreed for 2005.

The reality series *The Farm* and *Cosmetic Surgery Live* performed well with 16 to 34 year olds, scoring an average share of 12%. Five's investment in leisure and lifestyle shows paid off, with new series such as *How To Be A Property Developer* proving popular. Factual output continued to do well – the *Extraordinary People* strand averaged over two million viewers. *Britain's Favourite Comedian* and a mini series with John Lydon maintained the channel's commitment to the factual entertainment genre.

Amongst Five's news and current affairs successes were documentaries fronted by Donal MacIntyre and Alastair Campbell's interviews with prominent figures such as Bill Clinton and Peter Mandelson. Football also contributed to Five's success, with the UEFA Cup Semi Final between Marseille and Newcastle drawing over 3 million viewers.

Five showed several highly successful movies in 2004, such as *Terminator 3 – Rise Of The Machines* which was seen by 4.9 million viewers. An output deal with Columbia Tristar has ensured that Five's strong performance in this area will continue in 2005 with several first-run theatrical movies due for transmission. Acquired series also performed strongly in 2004, with *Crime Scene Investigations* leading the way.

New series for 2005 include *CSI New York*, the *Friends* spin-off *Joey* and *Two And A Half Men* starring Charlie Sheene. Five's daytime schedule was augmented from early 2005 by *The Trisha Goddard Show*.

National advertising breakdown 2004 (%)

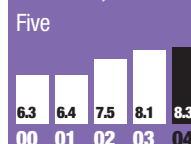
Source: TV Industry



Five	8.3
ITV	49.5
Channel 4	20.0
Cab/sat	20.4
GMTV	1.8

Advertising share 2000/2004 (%)

Source: TV Industry



How to be a Property Developer, a new Leisure and Lifestyle programme

Further progress for our French radio stations, which improved profitability and continued audience share leadership by RTL.

€million	2004	2003
Revenue	207	208
EBITA	43	41
%	2004	2003
Advertising market share	25.4	27.7
Audience share*	17.6	18.0

*Target: 13+

RTL





Our French radio stations had another successful year, with improved EBITA performance.

Further investment in programmes helped to ensure that our output was fresh, contemporary and widely respected. The Vivrensemble (Living Together) theme has now been successfully established on RTL. Fun Radio supported this theme with an innovative show for young people that addresses social issues.

The technical achievement of the year was the redevelopment of the RTL Grand Studio. The legendary studio at 22 rue Bayard was entirely reshaped to provide a state-of-the-art digital tool for the three radio stations. The launch of the new studio in August was marked by a *Grand Débat* between the Prime Minister and the leader of the shadow cabinet, and a star-studded concert featuring the best French singers.

The excellence of our IP sales team was recognised when it was named best radio sales house and second best overall in a study of France's media sales operations.

RTL Radio

France's number one station consolidated its strong position. According to the Mediamétrie survey for the November/December period, RTL achieved a 12.2% share of the 13+ audience – its best score for two years. The station also increased its leadership in the Paris region, where it has 1.4 million listeners each day.

The launch of several new programmes in September boosted RTL's image as well as its ratings. Laurence Ferrari's *Questions de Famille* on Saturday mornings was a great success, and Pascale Clark, who took over the daily *On Refait Le Monde*, immediately won over RTL's listeners. The highly successful *On Refait* talk shows started with *On Refait Le Match* and a further show in the series has also been launched – *On Refait la Télé*.

RTL's high standing with listeners was confirmed by the annual TNS/Sofres survey in February 2004. This rated RTL top for 'media credibility', alongside the public stations France Info and France Inter.

RTL's news coverage also received an accolade during the year, when the newspaper *Le Monde* ranked the 07.00 to 09.00 show as one of the two radio news sources most consulted by French people. At the end of December, RTL was delighted to welcome back its reporter George Malbrunot who, with Christian Chesnot, was held captive in Iraq for 124 days.



Le Grand Débat, between the Prime Minister and the leader of the shadow cabinet, in RTL's 'Grand Studio'

National audience breakdown 2004 (%)

Source: Mediamétrie
13+



RTL	11.7
Fun Radio	3.2
RTL 2	2.7
France Inter	9.3
Europe 1	8.0
NRJ	7.4
Nostalgie	6.2
Europe 2	3.8
RFM	3.5
Others	44.2

Audience share 2000/2004 (%)

Source: Mediamétrie

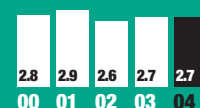
RTL

Target: 13+ (since Sept. 2002)



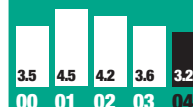
RTL 2

Target: 13+ (since Sept. 2002)



Fun Radio

Target: 13+ (since Sept. 2002)



Holdings
RTL: 100%
RTL 2: 100%
Fun Radio: 100%
Sud Radio: 20%
Wit FM: 20%

The shows hosted by Nagui, Julien Courbet, Jean-Pierre Foucault and Laurent Boyer were among RTL's most successful entertainment programmes. After 27 years, Philippe Bouvard's famous *Grosses Têtes* still attracts millions of listeners, and in October the 10,000th edition of the show was celebrated at L'Opéra Comique in the presence of celebrities and loyal listeners.

During the summer, RTL mounted a successful summer tour of seaside resorts in partnership with La Française des Jeux. This featured young talents from the M6 show *La Nouvelle Star*.

The highly effective Vivrensemble advertising campaign continued to win plaudits. The campaign reflects the values of the station and aims to strengthen links with listeners. In June 2004 it won the coveted Grand Prix des Médias award.

RTL 2

The pop-rock station RTL 2 has enjoyed steady audience growth in recent years. It has now delivered three ratings increases in succession and has more than 2.3 million listeners. The morning show *Le Grand Bazar* hosted by Alexandre Devoise is one of the keys to the station's continuing success. In the first quarter of 2004, the show's quarter-hour audience peaked at more than one million listeners for the first time.

RTL 2 staged a new live show at the Paris Olympia in 2004, with six leading pop-rock performers – The Cure, Placebo, Raphael, Daho, Calogero and Mickey 3d. A second show took place in January 2005. The station continued to sponsor and promote the best French and international artists, such as Joe Cocker, Lenny Kravitz and U2.

Fun Radio

The music and talk station Fun Radio strengthened its programming with the recruitment of the famous host Cauet for its morning show. Cauet was an immediate success, reinforcing the station's 'Hits and Fun' positioning and attracting peak quarter-hour audiences of more than two million listeners. The audience in the 06.00–10.00 time segment was 24% higher than in the previous year.

Another innovative show was launched in April, moderated by Loubna Meliane, the former Vice President of SOS Racisme, which is broadcast on Friday evenings. Loubna – La Liberté d'expression (Loubna – Freedom of Speech) is a magazine format and deals with young people's social lives and includes discussion of such issues as discrimination and racism.

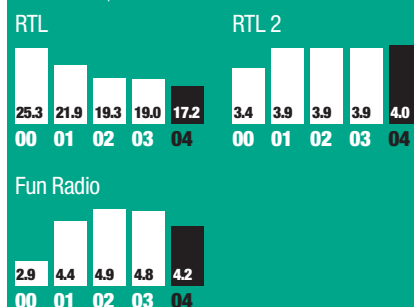
Fun Radio was a partner in many special events, ranging from broadcast concerts and sports tours to live shows and major movies such as *Starsky & Hutch*. The station had a huge success with a new Fun Live show, mounted in partnership with Wanadoo and featuring 17 well-known artists.



Julien Courbet hosting his entertainment show, *Ça peut vous arriver*

Advertising share 2000/2004 (%)

Source: TNS Secodip



Exciting progress for our Belgian business with successful launches of Plug TV and a new radio station. The family of channels improved their audience share and a high level of profitability was maintained.

€million	2004	2003
Revenue	167	148
EBITA	26	28
%	2004	2003
Advertising market share	66.7	66.9
Audience share*	32.5	30.7

*Target: 18-54, 17.00-23.00





Our Belgian TV business took a great step forward in 2004 with the launch of a new channel in February – Plug TV. It quickly found its feet, attracting audiences at the expense of French channels with reality shows, series, movies and own productions including a daily talk show. Plug TV complements our two existing channels, the general interest service RTL TVi and Club RTL which offers sports, alternative fiction and programmes for children. It achieved break-even after just 11 months – more than a year ahead of expectation.

Plug TV wasn't the only launch in 2004. In September, Bel RTL started up a new local radio station, BXL, specifically for the Brussels region. Its City Radio format of music and news rapidly won the support of audiences and advertisers.

Another major initiative got off the ground in 2004 with the approval of a project to build new premises that will bring all the TV and Bel RTL businesses together in a single location in the centre of Brussels. A new building will be constructed specifically for the purpose and is scheduled for completion in 2006.

Improved TV ratings

RTL TVi's mix of news, magazines and blockbuster films was as popular as ever – its audience share rose to 23.1% of 4+ viewers (17.00 to 23.00).

News was the channel's biggest strength. The flagship programme *Le Journal de 19 Heures* was the leading news show in the southern part of Belgium and consistently outscored the public channel. The special programme on the Asian tsunami disaster shown on 27 December was the best performing edition of the year.

Magazine programmes covering politics, science and social issues also scored well, as did the blockbuster films shown at 20.15 on Thursdays. The top three films of the year were *Harry Potter à L'École des Sorciers*, *Astérix et Obélix Mission Cléopâtre* and *Le Journal de Bridget Jones*.



TVi's leading news show:
Le journal de 19 Heures

TV French-speaking Belgium audience breakdown 2004 (%)

Source: Audiométrie
4+



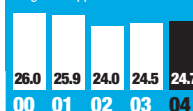
RTL TVi	23.1
Club RTL	6.5
Plug TV	1.4
La Une	15.9
TF1	13.7
France 2	7.2
AB3/AB4	5.8
France 3	5.3
La Deux	3.8
Others	17.3

Audience share 2000/2004 (%)

Source: Audiométrie

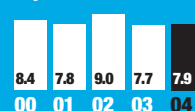
RTL TVi

Target: Shoppers 18-54



Club RTL

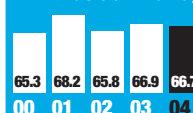
Target: 15-34



Advertising share 2000/2004 (%) (French-speaking Belgium)

Source: MDB Arianna

RTL TVi/Club RTL/Plug TV*



*including Plug TV, since 2004

Holdings

RTL TVi: 66%

Club RTL: 66%

Plug TV: 66%

Bel RTL: 43%

Radio Contact: 49.9%

BXL: 43%

Club RTL also made progress in 2004 with an increase in market share to 6.5% (4+ viewers) between 17.00 and 23.00. It continued to focus on children's programmes during the day and sports in the evening, including UEFA Champions League football and national team matches. The channel also showed Motorbike Grand Prix racing and tennis. Children's programming is another of its strengths, thanks to a powerful Disney and Warner catalogue. Once again, *The Simpsons* was Club RTL's most popular comedy show.

The new channel **Plug TV** launched with an attractive programme portfolio aimed at young adults. Reality formats such as *L'Île de La Tentation* (*Temptation Island*), *A la Recherche de la Nouvelle Star* and the entertainment format *Les Enfants de La Télé* ensured a highly satisfactory performance. At the end of 2004 Plug TV had a 4% share of 15 to 34 year old viewers.

Radio expansion

Bel RTL successfully fought off intensified competition after the public broadcaster RTBF restructured its five radio stations and launched VivaCité, a new station that competes directly with Bel RTL. Without making any major programme changes, Bel RTL was able to maintain its leadership of the south Belgium radio market with an audience share of 18.8 % of 12+ listeners. The station was also the number one in the radio advertising market – in 2004 it outperformed the market with impressive revenue growth of 19%.

Bel RTL's new station **BXL** was launched on 27 September 2004. BXL broadcasts urban pop rock and has a lively morning drive time show with guests from the worlds of politics, culture and show business. BXL fills the gap left by the closure of the public station Bruxelles Capitale.

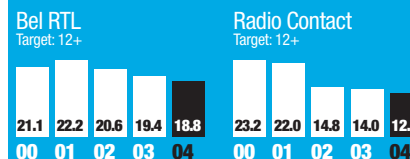
We also have a 49.9% stake in the Contact Group of music radio stations which broadcast to the north and south of Belgium and internationally. After reorganising its programme grid, the flagship station **Radio Contact** ended the year with an audience share of 14.0% (Autumn wave). The group restructured some of its radio services during the year – the multicultural station Contact Inter ceased broadcasting and Contact2's service to the north of Belgium also ended.



Club RTL is also a reference point for sports and is actively involved with the national football team 'Les Diabes Rouges'

Radio Audience share 2000/2004 (%) (southern Belgium)

Source: Cimi Radio (Spring wave)



luxembourg

television, radio and technical services



A strong financial performance made this an excellent year for our Luxembourg profit centre.



Holdings

RTL Télé Lëtzebuerg: 100%

Den 2. RTL: 100%

RTL Radio Lëtzebuerg: 100%

Broadcasting Center Europe: 100%

ENEX: 76.5%

Our Luxembourg TV and radio operations both performed well in a strong advertising market, delivering double-digit increases on the record income achieved in 2003. Further investment in new programmes and services is ensuring that we continue to meet the needs of audiences and advertisers.

RTL Télé Lëtzebuerg maintained its high reputation for news, entertainment and community involvement. In spite of keen competition, it achieved a substantial increase in audience share of four percentage points to 70% of 12+ viewers. In 2004 it launched a second channel targeting young adults – Den 2.RTL broadcasts re-runs of favourite shows from RTL Télé Lëtzebuerg such as *Planet RTL*, *RTL Boulevard* and *Planet Hits*.

Competition was also intense in the radio marketplace, where **RTL Radio Lëtzebuerg** reaffirmed its position as the undisputed leader for news and entertainment with a share of no less than 74% of 12+ listeners. The average length of daily listening was an impressive 169 minutes.

The new media team has built a strong web presence in Luxembourg – 58% of internet users consult RTL.lu. The key to this success is collaboration and exchange of material between the TV, radio and internet businesses. A multimedia content platform is under development for licensing to mobile telecom providers in Luxembourg.

Technical services and news exchange

Two of our specialist facilities companies operate from Luxembourg – Broadcasting Center Europe (BCE) and the European News Exchange (ENEX).

As well as providing technical services to RTL Group's radio and television operations in Luxembourg, **BCE** contributed to the success of the new RTL Televizija channel in Croatia by designing and implementing a full digital production and broadcast infrastructure. BCE also worked with clients outside the Group to market custom-made telecom solutions and engineering services for multimedia projects.

2004 was the busiest year ever for **ENEX**, the news-gathering network that comprises 31 TV stations in Europe, the Middle East, the USA and Japan, including almost all the broadcasters in the RTL Group. ENEX partners exchanged 5,000 news stories with each other. In May 2004, ENEX signed an agreement with the African News Exchange (AFNEX), a news gathering and exchange network for African television stations.



Talk mam Félix, a new talk show launched in September 2004 on RTL Télé Lëtzebuerg

croatica

television



A superb start for our new channel – already it is challenging for leadership of the Croatian TV market.

€million	2004	2003
Revenue	14	–
EBITA	(19)	–
%	2004	2003
Audience share*	29.5	–

*Target: 18-49



Zagreb-based RTL Televizija operates under a government licence awarded to a consortium led by RTL Group. It launched at the end of April 2004, and immediately established itself as a powerful force in the Croatian TV market. By the fourth quarter it was challenging the public broadcaster HTV1 for market leadership of the target group.

The new channel targets young adults in the 18 to 49 age range with an exciting range of innovative and unconventional formats, of which 40% are locally sourced. In the period from launch to the end of 2004, it achieved a share of 29.5% of the target audience. This achievement was at the expense of RTL Televizija's competitors HTV1, which lost 20.4% of its previous audience, HTV2, which lost 28.6%, and Nova TV, which lost 33.2%.

RTL Group became the principal shareholder in June, when it acquired Pinta TV3's 25% holding. The acquisition of a further stake later in the year took RTL Group's stake to 65.5%.

Highly rated programmes

RTL Televizija leads the way in programme genres, from daily soaps and reality shows to sports events, TV movies and news and magazine shows.

Big Brother was the highlight of the year – the final scored a record audience share of 79.9% in the target group of 18 to 49 year olds. As the final reached its climax, almost all of the TV audience (97.7%) was tuned into the channel.

The FremantleMedia daily drama *Zabranjena Ljubav* (*Forbidden Love*) was the first ever local production of a soap in Croatia, and it too was successful with an average audience share of 28.9% of the target group.

Many other new shows were launched, including the talk show *Sanja*, the infotainment show *Explosiv*, and *Salto* which is based on the US show *Funniest Home Videos*. Films also play an important part in RTL Televizija's line-up, with 9 of the top 10 highest-rated films on Croatian TV – the most popular was the Serbian movie *Bure Baruta* (*Gunpowder barrel*). News and entertainment programmes such as *Exkluziv* also scored well.



Zabranjena Ljubav (*Forbidden Love*),
a FremantleMedia production broadcast
by RTL Televizija

Spain

television and radio



**A spectacular turnaround
for Antena 3, with substantial
gains in audience and
advertising market share.**

€million	2004	2003
EBITA	17	(35)
%	2004	2003
Advertising market share	27.0	24.8
Audience share*	21.9	20.9

*Target: 13-55



Antena 3

This was a highly impressive performance from Antena 3. Audience and advertising market share increased substantially, and operating costs were reduced. Programme quality also improved – Antena 3 scored some notable ratings successes and public perceptions of the channel also increased significantly. Boosted by a buoyant advertising market, net revenue rose by 22.2%.

The stage was set for the turnaround in 2003, following a fundamental restructuring of the channel's ownership, corporate governance and management. CEO Maurizio Carlotti and his new management team moved quickly, and in just a few months had transformed the channel's fortunes. The improvements continued through 2004, and in August and October Antena 3 was the most watched TV channel in Spain – the first time this had been achieved since 1996.

Antena 3

Antena 3 recorded its best audience ratings in recent years. Its share of the 4+ audience rose from 19.5% to 20.8% – the result of the channel's commitment to delivering contemporary programming that meets viewers' tastes and appeals to family audiences. Steady growth was achieved in all broadcasting slots, especially prime time where competition is at its most intense. Antena 3 was the only channel to achieve audience growth in the second half of the year.

The channel also enhanced its image and tone. According to the GECA 2004 rating, it is now the most valued TV channel in Spain and has the most entertaining and innovative programmes. The Ondas award-winning *Aquí No Hay Quien Viva* was a huge success, and attracted more than 8.1 million viewers during 2004. It was the most successful non-sports broadcast of the year on Spanish TV and the third highest rating programme in the channel's 15-year history. *El Peliculón* was the most widely viewed film slot in 2004 – *Jurassic Park 3* and *Gladiator* both attracted more than 5 million viewers. News programmes also performed well, with *Antena 3 Noticias* consolidating its position as the leading news programme on private TV for the fourth year in succession.

Onda Cero

Antena 3's radio station Onda Cero retained its position as Spain's number two radio station with an average audience of just over 2.2 million listeners. Having successfully renewed its programming during the year, Onda Cero was able to deliver improvements in audience share and an increase in advertising turnover of 6.5%. Further attention to cost controls helped the station achieve an improvement in profitability.

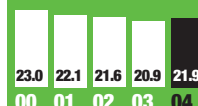


Antena 3 *Noticias*, the leading news programme on private TV

Audience share 2000/2004 (%)

Source: TNS

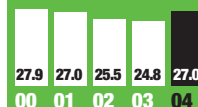
Antena 3
Target: 13-55

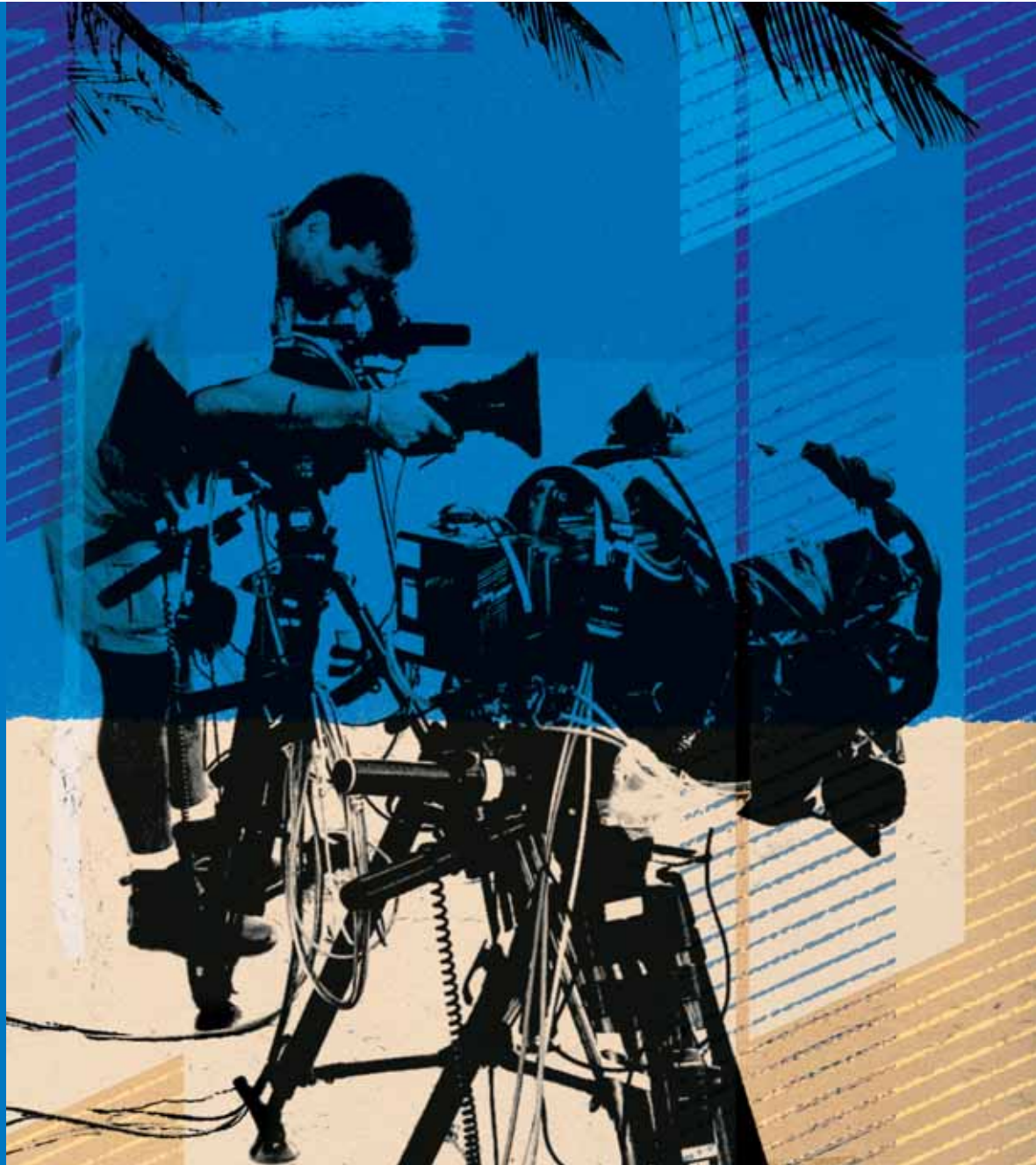


Advertising share 2000/2004 (%)

Source: Infoadex & internal estimations

Antena 3





RTL Klub retained its position as the prime-time leader and delivered another strong financial result.

€million	2004	2003
EBITA	7	6
%	2004	2003
Advertising market share	50.0	52.0
Audience share*	36.5	39.8

*Target: 18-49, 19.00-22.59

RTL
K L U B

Hungary's TV market experienced further fragmentation in 2004 – there are now more than 40 Hungarian-language TV channels in the country. RTL Klub also faced intensified competition from the public broadcaster MTV, which had the benefit of European Championship football and the Olympic Games. As a result, RTL Klub's share of the important audience of 18 to 49 year olds dropped back to 36.5% but it retained its position of market leadership.

The country's TV advertising market has grown rapidly in recent years. This trend continued in 2004 with net revenue up by 19% (source: RTL Klub estimate).

RTL Klub's diversification business developed further, with telephony and merchandising both boosting revenues. RTL Klub has an important role in the Hungarian film market and co-produced several local feature films during the year.

Winning programmes

RTL Klub's programming portfolio is based on locally-produced shows, television events, sports, news and factual programmes, and major US movies. The star performer was the daily reality show *Való Világ*, which launched at the start of 2004 and proved to be the most successful daily reality show ever on Hungarian TV.

The channel delighted audiences with several highly successful TV events, from the sports celebrity show *Sztárbox* (*Starbox*), to popular quizzes such as *Test The Nation*. There was even a competition to select Hungary's most identical twins.

Boxing, Formula One motor racing and football are the mainstays of RTL Klub's sport programming. Football coverage was greatly strengthened in 2004 following a deal with Sportfive. This enabled the channel to show matches in the Hungarian Football League and the national team's qualifying matches for the 2006 World Cup.

The afternoon shows *Balázs* and *Mónika* maintained their leading positions with a share of over 40%. Other market leaders in their time slots were *News*, the magazine programme *Fókusz*, *Who Wants To Be A Millionaire?* and *Barátok Közt* (*Between Friends*), the daily soap produced by Grundy-UFA. The Hungarian adaptation of *Temptation Island* opened successfully in September.



Monika, RTL Klub's afternoon talk show

National audience breakdown 2004 (%)

Source: AGB Hungary

4+



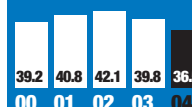
RTL Klub	33.6
TV2	27.7
MTV1	17.2
Others	21.5

Audience share 2000/2004 (%)

Source: AGB Hungary

RTL Klub

Target: 18-49



National advertising breakdown 2004 (%)

Source: RTL Klub Estimates

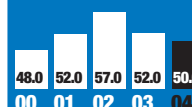


RTL Klub	50.0
TV2	44.0
Others	6.0

Advertising share 2000/2004 (%)

Source: RTL Klub Estimates

RTL Klub



Sportfive retains its leading position in the football rights marketplace.

€million	2004	2003
Revenue	135*	269
EBITA	11	18

*lower revenue due to changed consolidation method in 2004

Holding
Sportfive: 25%

Our sports marketing business Sportfive is one of the world leaders and operates through an extensive network of subsidiaries, representative offices and agents.

A new ownership structure was put in place during 2004. RTL Group reduced its holding from 46.4% to 25%, and Groupe Canal+ and Jean-Claude Darmon sold their stakes. The two largest shareholders are now the private equity company Advent International and Goldman Sachs, who together hold 75% of the company.

Sportfive is a strong business and we are collaborating with our new partners to develop the company further and release its exciting potential.

A global leader

Paris-based Sportfive offers a complete range of sports rights marketing services, from stadium advertising and hospitality programmes to shirt sponsorships, ticketing services and the sale of international TV rights.

Its main focus is football. In 2004, it represented 34 European football federations, and marketed worldwide TV distribution rights for 10 national leagues, including those for England, Italy, Spain, France and Germany. It represented many clubs in the German Bundesliga and the French Ligue 1, and it partnered the African football authorities to boost revenues and raise the profile of African football around the world. In the qualification cycle for the FIFA World Cup in 2006, Sportfive will market at least 238 of the 282 matches.

Sportfive's stature in football marketing was confirmed in February 2005 when UEFA awarded it the contract to distribute the international television rights to the European Football Championships 2008.

Sportfive works with many RTL Group broadcasters to deliver top quality sports coverage to viewers around the world. As well as football, Sportfive markets other sports such as handball, rugby and boxing. In 2005, RTL Television in Germany will cover beach volleyball for the first time following a deal with Sportfive.



The Board of RTL Group recognises the importance of, and is committed to, high standards of corporate governance. The principles of good governance adopted by RTL Group have been applied in the following way:

Board of Directors and Chief Executive Officer

On 31 December 2004, the Board of RTL Group had 13 members, one executive director, and 12 non-executive directors. The members of the Board of Directors were elected for a period of three years, at the Annual Shareholders meeting of 16 April 2003. Three of the non-executive directors, Onno Ruding, Jacques Santer and Martin Taylor, are independent of management and other outside interests that might interfere with the exercise of their independent judgement.

The Internal Regulations and Governance (IRG) adopted by the Board in July 2000 set out the Company's procedures for ensuring good corporate governance. To ensure independence, directors linked to RTL Group's controlling shareholders are prohibited from participating in discussions or vote relating to transaction between RTL Group or any of its subsidiaries and its controlling shareholders. Under the IRG the responsibility for day to day management of the Company is delegated to the CEO but the Board, which meets at least once every three months, has a formal schedule of matters reserved to it including approval of the annual overall Group budget, significant acquisitions and disposals and of the Group's financial statements.

The Board of Directors met four times in 2004 and adopted some decisions by circular resolution on matters presented and discussed at a previous Board meeting.

The IRG also provides for the establishment of a number of Board committees.

Nomination and Compensation Committee

The Nomination and Compensation Committee is made up of four non-executive directors. The Nomination and Compensation Committee consults with the CEO on the appointment and removal of executive directors and senior management and determines the Group's compensation policy.

Audit Committee

The Audit Committee is made up of three non-executive directors, two of whom are independent, and meets at least four times a year.

The Committee's plenary meetings are attended by the CEO, the CFO, the Head of Internal Audit with or without the external auditors.

The Committee reviews the overall risk management and control environment, financial reporting and standards of business conduct.

The Head of Internal Audit and the external auditors have direct access to the Chairman of the Audit Committee.

Directors fees

In 2004 a total of €0.9 million (2003: €0.8 million) was allocated in the form of attendance fees to the members of the Board of Directors and the Board committees, which emanate from it.

RTL Group and its employees work hard to bring social and cultural benefits to the communities they serve. As well as supporting deserving charitable causes, we make our resources and expertise available in aid of community outreach, media education and other worthwhile projects.

Fundraising successes

M6 does much excellent work to support such causes as the fight against AIDS and cancer. In 2004 it provided €2.9 million of free advertising airtime to charities – an increase of nearly 40% on 2003.

Several of our channels participate in major TV fundraising drives. RTL Television's Spendenmarathon was another giant success, raising over €4.2 million in 2004 for six children's aid projects around the world. The Télévie event, which is supported by our Belgium and Luxembourg media businesses, raised over €6.6 million for children with cancer.

VOX mounted a new national initiative, the SOS für Kinder campaign. The channel focused intensively on the campaign for three weeks, and showed commercials in which well-known celebrities appealed for donations. The campaign raised €933,000 for children in India, Kenya and elsewhere.

Radio stations also make an enormous fundraising contribution. Radio NRW in North Rhine-Westphalia participates in the famous Lichtblicke charity initiative for children in need, which in 2004 raised €1.4 million. Antenne Bayern in Bavaria sent nearly 46,000 care packages for orphans and families in Bosnia-Herzegovina, Romania and Macedonia as a result of its Weihnachtstrucker (Christmas Truck) appeal. Radio Hamburg's fundraising for the city's children in need broke last year's record-breaking sum.

Our content companies also play their part. For instance, in Australia members of the *Neighbours* cast got together with the Grundy crew to organise a stage production of the *Rocky Horror Picture Show*. They raised more than €120,000 for the Variety Club.

Asian tsunami relief

RTL Group companies gave generously to the international relief efforts mounted after the Asian tsunami struck in December 2004. Jointly with Bertelsmann, RTL Group donated more than €1.6 million.

Our people at FremantleMedia's Asian company were closest to the scene of devastation. The company immediately made a donation to the relief programme, and went on to support UNICEF's aid programme in Indonesia with a pledge of over €150,000 from FremantleMedia. In addition, FremantleMedia is supporting a regeneration project in one of the affected areas with funding by donations from employees which the company is matching.

Many other businesses across our Group mounted appeals and made substantial contributions. For example, Antena 3 in Spain teamed up with the three main mobile telephone companies so that viewers could donate to the Red Cross via text messages. Over €7.5 million was donated in this way. Our German TV channels collaborated for a three-week period, mounting a sustained campaign that raised more than €11.5 million.

Cultural contributions

Our companies give extensive support to cultural and social causes, for instance by sponsoring artistic events and collaborating in initiatives to raise broadcasting standards.

Five in the UK has launched Fivearts Cities, a major arts partnership with Arts Council England which encourages people to discover, enjoy and participate in the arts. Fivearts cities has chosen Liverpool, European Capital of Culture 2008, to be its inaugural city and has commissioned arts programmes that illustrate the city's contribution to the arts scene. RTL Radio also does much to support the arts – for example, the winner of its Grand Prix RTL de la Bande Dessinée for comedy writers receives €200,000 in financial support.

UFA Film & TV Produktion is one of several businesses in our Group that actively encourages tolerance and responsibility in young people. Our French radio channels also do much to promote tolerance through the Vivreensemble campaign and programmes such as *Loubna* on Fun Radio.

Our businesses also help to fund initiatives to raise professional standards. RTL Television in Germany is part of a partnership that operates RTL Journalistenschule, Germany's first training school for TV and multimedia journalists. In the UK, talkbackTHAMES is helping to provide technical apprenticeships for young people from inner London boroughs.

All our German channels are members of Freiwillige Selbstkontrolle Fernsehen (FSF), an organisation for the voluntary self-regulation of television. Its main concern is to protect minors from unsuitable material. In Spain, Antena 3 has joined with other TV channels to agree new viewing rules in a concerted drive to keep sex and violence off screens during child viewing hours.

Employee support

The European Works Council (EWC) strives to safeguard jobs and protect the employment rights of the people who work for our Group. EWC is consulted by Group management whenever important employment and social issues arise.

All countries in Europe where the Group has major operations participate in EWC. The most recent delegates to be elected are from Hungary and the UK, which has two representatives – one from Five and one from FremantleMedia. Our new TV channel in Croatia, RTL Televizija, has been invited to send an observer.

EWC cooperates closely with local works councils to keep them informed about developments within the Group. EWC's current priorities are to improve lines of communication and encourage exchange of information across the Group. It is also working to strengthen relationships with employees and managements in countries that have no tradition of works councils.

In November, EWC's long-serving chairman Kai Brettmann of RTL Nord in Germany was reelected. Nico Steenbergen of RTL Nederland and André Torrent of RTL France were confirmed as deputy chairmen.



Gerhard Zeiler
Chief Executive Officer
RTL Group




Gerhard Zeiler moved from Vienna, Austria, to Cologne, Germany, in November 1998 when Bertelsmann appointed him CEO of RTL Television. He managed RTL Group's most important profit centre until he was additionally appointed CEO of RTL Group in March 2003. Gerhard Zeiler is also member of the Supervisory Board of M6 in France, and FremantleMedia and Five in the UK. Gerhard Zeiler started his career as a journalist and then became press-spokesman for the Austrian Minister for Education and Art, Dr Fred Sinowatz, a position he retained when Sinowatz assumed the position of Austrian Federal Chancellor in 1983. Thereafter, he became General Secretary of the Austrian public broadcaster ORF in Vienna from 1986 to 1990. After a two-year period as CEO of Tele 5 and a further two-year period as CEO of RTL II, he was elected Chief Executive Officer of ORF in 1994 and stayed in this position until November 1998.

Board of Directors

Executive Director
Gerhard Zeiler

Non Executive Directors

Siegfried Luther^{1 2}
Chairman*
Chief Financial Officer and Deputy
Chairman of the Bertelsmann AG
Executive Board

Martin Taylor^{* 1 2}
Vice Chairman*
International adviser to Goldman
Sachs International

Gérald Frère
Managing Director of Groupe
Bruxelles Lambert

Lutz Glandt
Managing Director of WAZ Mediengroup

Jocelyn Lefebvre
Managing Director of Power Corporation

Onno Ruding^{* 1}
Retired Vice Chairman and
Director of Citibank
Chairman of the Board of Centre
for European Policy Studies

Gilles Samyn²
Managing Director of Compagnie
Nationale à Portefeuille

Jacques Santer^{***}
Chairman of the Board of CLT-UFA
Former Prime Minister of the
Luxembourg Government
Former President of the
European Commission

Rolf Schmidt-Holtz
Member of the Bertelsmann AG Executive
Board and Chief Creative Officer
Chairman and Chief Executive Officer
of Bertelsmann Music Group

Erich Schumann
Managing Partner of WAZ Mediengroup

Gunter Thielen²
Chairman of the Executive Board and
Chief Executive Officer, Bertelsmann AG

Ewald Walgenbach
Member of the Bertelsmann
AG Executive Board
Chief Executive Officer
of Direct Group Bertelsmann

¹ Member of the Audit Committee

² Member of the Nomination and
Compensation Committee

* since 9 December 2004

** appointed on 9 December 2004

• Independent Director



Thomas Rabe
Chief Financial Officer
RTL Group




Thomas Rabe, born in Luxembourg in 1965, holds a Diploma and a Doctorate in Economics from the University of Cologne. He started his career in 1989 at the European Commission in Brussels. From 1990 to 1996 he held various senior positions at Forrester Norall & Sutton (now White & Case) in Brussels as well as the state privatisation agency Treuhandanstalt and a venture capital fund in Berlin. In 1996, he joined Cedel International (Clearstream, following the merger with Deutsche Börse Clearing) where he was appointed Chief Financial Officer and member of the Management Board in 1998. In 2000, Thomas Rabe joined RTL Group as Chief Financial Officer and member of the Executive Committee. Since March 2003 he has been Head of Corporate Centre and responsible for the Luxembourg operations. Furthermore he is a member of several Boards of Directors, including CLT-UFA, Antena 3, M6, RTL Television, RTL Nederland, Five and Sportfive.

Operations Management Committee

Gerhard Zeller
 Chief Executive Officer, RTL Group

Thomas Rabe
 Chief Financial Officer, RTL Group
 Head of Corporate Centre

Tony Cohen
 Chief Executive Officer, FremantleMedia

Jean-Charles De Keyser
 Executive Vice President Benelux,
 Eastern Europe & Radio, RTL Group

Philippe Delusinne
 Chief Executive Officer, TVi (Belgium)

Dirk Gerkens
 Chief Executive Officer, RTL Klub
 (Hungary)

Elmar Heggen
 Executive Vice President Strategy
 & Controlling, RTL Group

Robin Leproux
 Chief Executive Officer, RTL Radio
 (France)

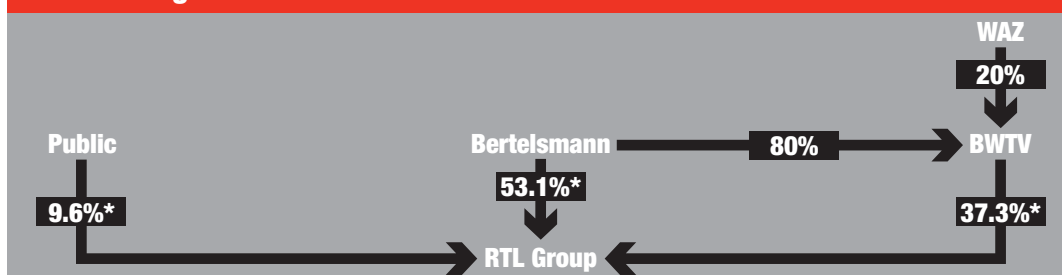
Hans Mahr
 Executive Co-ordinator for Group
 Synergies, RTL Group

Jane Lighting
 Chief Executive Officer, Five (UK)

Nicolas de Tavernost
 Président du Directoire, M6 (France)

Fons Van Westerloo
 Chief Executive Officer, RTL Nederland
 (The Netherlands)

Shareholding structure 31 December 2004



*excluding 0.76% of RTL Group's shares held collectively as treasury stock by RTL Group and CLT-UFA



directors' report

auditors' report

and consolidated financial statements



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Directors' report

The Directors are pleased to present their report to the shareholders, with details on the businesses and the development of the Group, together with the financial statements for the year ended 31 December 2004 on pages 80 to 128.

Highlights	Year to December 2004 €m	Year to December 2003 €m	Per cent change	Pro forma ¹ Year to December 2004 €m	Pro forma ¹ Year to December 2003 €m	Per cent change
Revenue	4,878	4,452	+9.6	4,926	5,039	(2.2)
Reported EBITA²	711	487	+46.0	717	594	+20.7
Adjusted EBITA	764	561	+36.2	770	668	+15.3
Reported net result	367	14	>100.0	367	10	>100.0
Adjusted earnings per share³ (€)	2.63	2.14	+22.9	2.64	2.21	+19.5
Reported EBITA	711	487	+46.0	717	594	+20.7
Restructuring costs and non recurring items	15	60	(75.0)	15	60	(75.0)
Start up losses ⁴	38	14	>100.0	38	14	>100.0
Adjusted EBITA	764	561	+36.2	770	668	+15.3
Reported EBITA margin (%)	14.6	10.9	n.a.	14.6	11.8	n.a.
Adjusted EBITA margin (%)	15.7	12.6	n.a.	15.6	13.3	n.a.
Reported EBITA	711	487	+46.0	717	594	+20.7
Amortisation and impairment of goodwill and fair value adjustments on acquisitions ⁵	(19)	(317)	>100.0	(20)	(333)	>100.0
Gain/(loss) from sale of subsidiaries, joint ventures and other investments	(18)	3	n.a.	(18)	3	n.a.
Net financial expense	(44)	(55)	(20.0)	(44)	(54)	(18.5)
Income tax expense	(196)	(95)	>100.0	(198)	(128)	+54.7
Minority interest	(67)	(9)	>100.0	(70)	(72)	(2.8)
Reported net result	367	14	>100.0	367	10	>100.0
Adjusted EPS (€)	2.63	2.14	+22.9	2.64	2.21	+19.5
Proposed/paid dividend per share (€)	0.95	0.80	+18.8	n.a.	n.a.	n.a.

¹Following the change in consolidation method for M6, which has been fully consolidated from February 2004, pro forma un-audited numbers have been provided as if M6 had been fully consolidated as of 1 January 2003

²EBITA represents earnings before interest and income tax expense, amortisation and impairment of goodwill and fair value adjustments on acquisitions and gain/(loss) from sale of subsidiaries, joint ventures and other investments

³Adjusted earnings per share represents the net profit/(loss) for the year adjusted for amortisation and impairment of goodwill and fair value adjustments on acquisitions and gain or loss from sale of subsidiaries, joint ventures and other investments, net of income tax expense

⁴RTL Shop, RTL Televizija, Traumpartner TV, Yorin FM and RTL FM (2003: RTL Shop, RTL Televizija, RTL FM and Plug TV)

⁵No amortisation of goodwill has been recognised for the year ended December 2004 as a result of the early adoption of IFRS 3 as from 1 January 2004

RTL Group headlines

- Record reported EBITA of €711 million, up 46.0 per cent. Pro forma EBITA of €717 million, up 20.7 per cent
- Strong audience and advertising market positions maintained despite the impact of the Euro 2004 championships and the Olympic Games
- Mixed advertising market conditions in Europe with strong growth in Spain, United Kingdom and France, moderate growth in Belgium and continued weakness in Germany and the Netherlands
- Group revenue of €4,878 million, up 9.6 per cent. Pro forma revenue of €4,926 million, down 2.2 per cent but with underlying revenue up 1.2 per cent
- Positive net result of €367 million, up from €14 million in 2003
- Net cash position of €246 million reflecting strong operating cash conversion of 99 per cent
- Proposed dividend of €0.95 per share, up 18.8 per cent

Profit centre highlights

- All established profit centres EBITA positive and with increased contribution
- Record EBITA at RTL Television, M6, Five, RTL Nederland, Antena 3 and FremantleMedia
- Five continues to make gains in both audience and advertising market share
- Successful turnarounds at Antena 3 and RTL Nederland
- FremantleMedia's record results driven by successes in the US and Germany

Strategic developments

- Full consolidation of M6 following the near complete exit of Suez
- Launch of RTL Televizija, a new television channel in Croatia, and increase of participation from 33 per cent to 65.5 per cent
- Acquisition of strategic participation in Grupo Media Capital in Portugal
- Strengthening of family of channels through the launch of Plug TV in Belgium in February and the acquisition of Paris Première by M6 in France in May
- Completion of restructuring of technical services division with disposal of London Playout Centre in March
- Partial sale of Sportfive, Europe's leading sport rights trading business in June

Revenue

Advertising market conditions remained mixed across Europe in 2004 with strong growth in Spain, the United Kingdom and France, moderate growth in Belgium and continued weakness in Germany and the Netherlands.

A summary of RTL Group's key markets is shown below including net advertising market growth rates, market shares and the share of the main target audience group.

	2004 net TV advertising market growth rate %	RTL Group advertising market share 2004 %	RTL Group advertising market share 2003 %	2004 Audience share in main target group %	2003 Audience share in main target group %
Germany	+1.0 ⁶	37.7 ⁷	39.2 ⁷	32.9 ⁸	33.2 ⁸
France	+6.5 ⁶	22.1	22.4	18.6 ⁹	18.5 ⁹
UK	+6.5 ⁶	8.3	8.1	6.7 ¹⁰	6.6 ¹⁰
Netherlands	+1.2 ⁶	39.7	38.4	30.2 ¹¹	31.1 ¹¹
Belgium	+4.0 ¹²	66.7	66.9	32.5 ¹³	30.7 ¹³
Spain	+15.2 ¹⁴	27.0	24.8	21.9 ¹⁵	20.9 ¹⁵
Hungary	+19.3 ¹⁶	50.0	52.0	36.5 ¹⁷	39.8 ¹⁷

⁶Net TV advertising market growth: Industry/IREP and RTL Group estimates

⁷Gross advertising market share, excluding RTL II

⁸Target group: 14-49, including RTL II

⁹Target group: housewives under 50

¹⁰Target group: 16+

¹¹Target group: Shoppers 20-49

¹²Source: IP estimate

¹³Target group: 18-54, 17:00 – 23:00

¹⁴Source: Antena 3 estimates

¹⁵Target group: 13-55

¹⁶Source: RTL Klub estimate

¹⁷Target group: 18-49, 19:00 – 22:59

Revenue increased by 9.6 per cent to €4,878 million (2003: €4,452 million). On a like-for-like basis (excluding portfolio changes) revenue was up 1.2 per cent.

	Year to December 2004 €m	Year to December 2003 €m	Per cent change	Pro forma Year to December 2004 €m	Pro forma Year to December 2003 €m	Per cent change
Revenue						
Television	3,707	3,184	+16.4	3,755	3,786	(0.8)
Content	1,086	1,294	(16.1)	1,086	1,294	(16.1)
Radio	244	241	+1.2	244	241	+1.2
Other	88	70	+25.7	88	70	+25.7
Eliminations	(247)	(337)	(26.7)	(247)	(352)	(29.8)
Total	4,878	4,452	+9.6	4,926	5,039	(2.2)

EBITA

Reported EBITA increased by 46.0 per cent to €711 million, a record result. The improvement was across the board with the largest changes coming from M6, FremantleMedia, RTL Nederland, Antena 3 and Five. Stripping out restructuring costs and start-up losses, EBITA was up by 36.2 per cent to €764 million.

	Year to December 2004 €m	Year to December 2003 €m	Pro forma Year 2004 €m	Pro forma Year 2003 €m	Reported EBITA Margin 2004 %	Reported EBITA Margin 2003 %	Pro forma EBITA Margin 2004 %	Pro forma EBITA Margin 2003 %
EBITA								
Television	562	383	568	490	15.2	12.0	15.1	12.9
Content	118	86	118	86	10.9	6.6	10.9	6.6
Radio	37	48	37	48	15.2	19.9	15.2	19.9
Other	(6)	(30)	(6)	(30)	(6.8)	(42.9)	(6.8)	(42.9)
Total	711	487	717	594	14.6	10.9	14.6	11.8

	Restructuring costs 2004 €m	Start up losses 2004 €m	Adjusted EBITA 2004 €m	Adjusted EBITA 2003 €m	Adjusted EBITA Margin 2004 (%)	Adjusted EBITA Margin 2003 (%)
Adjusted EBITA						
Television	13	23	598	446	16.1	14.0
Content	–	–	118	88	10.9	6.8
Radio	–	15	52	53	21.3	22.0
Other	2	–	(4)	(26)	(4.5)	(37.1)
Total	15	38	764	561	15.7	12.6

Directors' report

continued

Group operating expenses increased to €4,333 million from €4,037 million, up 7.3 per cent. Stripping out the effects of portfolio changes, restructuring costs and start-up businesses, the underlying operating expenses decreased by 1.0 per cent.

The most significant portfolio change was the first time full consolidation of M6 as from February 2004. This followed the sale by Suez of the majority of its participation in M6. As a result of this transaction, RTL Group has gained control of M6 and, in accordance with IAS 27, fully consolidated M6 from February 2004. Due to the significance of this change RTL Group has prepared pro forma numbers for the year to December 2004 and December 2003 as if M6 had been fully consolidated from 1 January 2003.

On 30 April 2004 RTL Televizija, in Croatia, was launched and in October RTL Group acquired a strategic interest of 11.6 per cent stake in Grupo Media Capital in Portugal.

In March 2004 RTL Group sold its London based television facilities services company (London Playout Centre) to Ascent Media and completed the sale of its stake in Sportfive to Advent International/Goldman Sachs in June 2004. RTL Group retained a 25 per cent shareholding in Sportfive.

Finally, in response to the continued audience fragmentation in all of our markets, driven by multi-channel growth, RTL Group continued to build channel 'families'. In France, M6 acquired 'Paris Première' from Suez and in Belgium, RTL TVi launched 'Plug TV' in February 2004.

Review by profit centre

	Year to December 2004 €m	Year to December 2003 €m	Per cent change	Per cent of total 2004
Revenue				
Germany	1,826	1,877	(2.7)	37.4
M6¹⁸	1,145	570	>100.0	23.5
FremantleMedia	866	819	+5.7	17.8
Netherlands	338	327	+3.4	6.9
Five	276	250	+10.4	5.7
French Radio	207	208	(0.5)	4.2
Belgium	167	148	+12.8	3.4
Luxembourg	151	-	n.a.	3.1
Sportfive	135	269	(49.8)	2.8
Croatia	14	-	n.a.	0.3
Others	24	225	(89.3)	0.5
Technical Services	-	93	(100.0)	-
Eliminations	(271)	(334)	(18.9)	(5.6)
Total revenue	4,878	4,452	+9.6	100.0

¹⁸From February 2004 on, M6 has been fully consolidated by RTL Group. The 2003 results are based on the proportionate consolidation method

Review by profit centre (continued)

	Year to December 2004 €m	Year to December 2003 €m	Per cent change	Per cent of total 2004
EBITA				
Germany	262	261	+0.4	36.9
M6¹⁸	209	100	>100.0	29.4
FremantleMedia	101	68	+48.5	14.2
Netherlands	39	25	+56.0	5.5
Five	18	9	+100.0	2.5
French Radio	43	41	+4.9	6.0
Belgium	26	28	(7.1)	3.7
Luxembourg	5	-	n.a.	0.7
Sportfive	11	18	(38.9)	1.5
Croatia	(19)	-	n.a.	(2.7)
Antena 3	17	(35)	n.a.	2.4
Others	(1)	(32)	+96.9	(0.1)
Technical Services	-	4	(100.0)	-
Reported EBITA	711	487	+46.0	100.0

¹⁸From February 2004 on, M6 has been fully consolidated by RTL Group. The 2003 results are based on the proportionate consolidation method

Profit Centre Germany

The combined audience share of the family of channels decreased slightly to 32.9 per cent (target group 14-49), its second best year, from the record high of 33.2 per cent in 2003. The RTL family remained the clear market leader with a 3.5 percentage point gap over its commercial rival. Despite the continued weak television advertising market, the profit centre further improved its EBITA reporting record results in 2004.

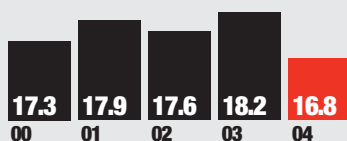
	Year to December 2004 €m	Year to December 2003 €m	Per cent change
Revenue			
TV	1,733	1,774 ¹⁹	(2.3)
Radio	13	12	+8.3
RTL Shop	80	91	(12.1)
Total	1,826	1,877	(2.7)
EBITA			
TV	264	267	(1.1)
Radio	1	4	(75.0)
RTL Shop	(3)	(10)	+70.0
Total	262	261	+0.4

¹⁹includes €30 million of one-off rights sale

RTL Television, Audience Share 2000 – 2004

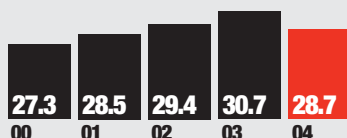
Target: 14-49

Source: GfK



RTL Television, Advertising Share 2000 – 2004

Source: Nielsen S+P



RTL Television was audience market leader in Germany, with a 16.8 per cent share, for the twelfth consecutive year in the key target group of 14-49 year old viewers. This reflects the variety of the programming and strength in all genres. 2004 was a year of major sport events on the public broadcasters and RTL TV came in second in terms of overall audience share at 13.8 per cent, just behind ARD at 13.9 per cent. RTL Television dominated the top 100 list of the most widely viewed broadcasts of the year, with no fewer than 49 entries. Excluding the Olympic Games and the European Football championships this figure rose to 68 out of the top 100 broadcasts.

RTL Television's most successful shows during 2004 were the local versions of *I'm A Celebrity Get Me Out Of Here* (highest share of 54.0 per cent in the target group), the anniversary shows *20 years of RTL* (highest market share of 31.9 per cent) and the quiz shows *German test* and *IQ test* which both had audience highs of over 29 per cent. Movie highlights included *Ice Age* (39.2 per cent share) and *The Princess Diaries* which had a market share of 32.2 per cent. The new reality-soap *Super Nanny* also produced high ratings (up to 25.5 per cent) for the channel.

News shows such as *RTL Aktuell* and *Punkt 12* dominated their respective time slots with audience shares of 20.5 per cent and 29.3 per cent respectively.

Formula One once again proved to be a ratings winner for RTL Television, and this despite the dominance of Ferrari and Michael Schumacher. The average share, across the 18 races, was 48.5 per cent in the 14-49 target group with six races obtaining better ratings than in 2003.

In-house produced fiction such as *Shark Alarm in Majorca*, *Crazy Race 2* and *Alarm for Cobra 11*, which continues to be the most successful series on German television, attracted large audiences to the station.

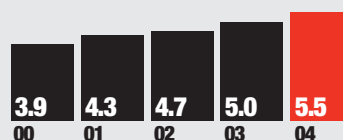
For the first time ever the teletext services offered by RTL NewMedia outpaced the service provided by the public station ARD. The teletext services provided by RTL in 2004 attracted an average of 5.68 million viewers per day (source: GfK) and form an increasingly important part of the diversification business model. In terms of new media, the website RTL.de reported 3.3 billion page impressions (up 8 per cent) and 205.2 million unique visitors, up 25 per cent (source: IVW). This improvement has helped drive revenues up, despite a stagnating online market, with particularly good developments coming from pay-as-you-go games and videos.

In December 2004, RTL Television launched **Traumpartner TV**, a digital channel dedicated to the singles market in Germany. There are an estimated 13 million single people in Germany and this new dating channel has been specifically targeted at this group. Management expects the channel to break even within 3 years.

VOX, Audience Share 2000 – 2004

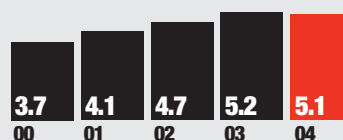
Target: 14-49

Source: GfK



VOX, Advertising Share 2000 – 2004

Source: Nielsen S+P

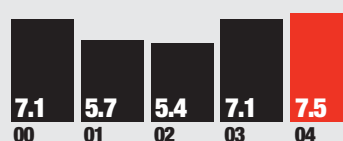


VOX had another very successful year finishing with a 5.5 per cent audience share in its target group, an increase of ten per cent year-on-year. It marks the fifth successive year of increase since RTL Group acquired the station. Its strong performance has been driven by US formats such as *CSI: Crime Scene Investigation*, *Gilmore Girls* and *Six Feet Under*. The in-house produced cooking show *Doesn't Taste Good, Doesn't Exist* has become the most successful cookery show on private TV whilst the movie line up, which included hits such as *Armageddon* and *Titanic*, also performed strongly.

RTL II, Audience Share 2000 – 2004

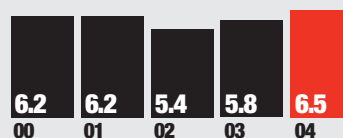
Target: 14-49

Source: GfK



RTL II, Advertising Share 2000 – 2004

Source: Nielsen S+P



RTL II's main programme highlights include *Big Brother*, *Frauentausch*, *24* and *Stargate SG1*. The Bollywood film *In guten wie in schweren Tagen* was also very successful, especially amongst female viewers, and marked the first time an Indian film was shown in prime time in Germany.

RTL II finished the year with a share of viewing among the 14-49 age category of 7.5 per cent, up from 7.1 per cent in 2003, and a contribution to RTL Group's EBITA of €18 million (2003: €18 million).

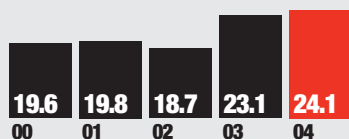
Directors' report

continued

Super RTL, Audience Share 2000 – 2004

Target: 3-13

Source: GfK



Super RTL, Advertising Share 2000 – 2004

Source: Nielsen S+P



Super RTL achieved its highest ever audience share since launch reaching 24.1 per cent in its target group of 3-13 year olds. This success is due to Disney formats such as *Disney grosse Pause*, cartoons such as *SpongeBob*, various knowledge magazines including *Art Attack*, *Finger Tips* and the in-house developed *Toggo* formats.

n-tv, the German news channel, completed a year of restructuring with the move from Berlin to Cologne. At the same time, a significant investment was made in digital newsrooms demonstrating the commitment of the shareholders to the station and its employees. The strength of its news coverage was further demonstrated at the end of the year when the station covered the Asian Tsunami disaster.

Profit Centre M6

The audience share of M6 increased slightly to 18.6 per cent (target group housewives under 50) from 18.5 per cent in 2003. EBITA reached a record level.

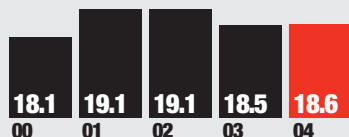
	Year to December 2004 ²⁰ €m	Year to December 2003 €m	Per cent change actual	Pro forma Year to December 2004 €m	Pro forma Year to December 2003 €m	Per cent change Pro forma
Revenue	1,145	570	>100.0	1,193	1,177	+1.4
Reported EBITA	209	100	>100.0	215	206	+4.4

²⁰From February 2004 on, M6 has been fully consolidated by RTL Group. The 2003 results are based on the proportionate consolidation method.

M6, Audience Share 2000 – 2004

Target: Housewives under 50

Source: Mediamétrie



M6, Advertising Share 2000 – 2004

Source: TNS Secodip



Other programme successes included the film *Le masque de Zorro* (7.5 million viewers and a 4+ audience share of 29.7 per cent – which was a record for a film on M6) and the docu-reality show *Le Pensionnat de Chavagnes* which recorded an audience share high of 6.2 million, or 28.9 per cent in the 4+ group. The average share for this programme was 23.3 per cent in the 4+ age group (5.2 million viewers) and 31.9 per cent in the target group of housewives under 50. A second season of the local Pop Idol format *La Nouvelle Star* also proved to be a ratings success achieving audiences of up to 17.3 per cent in the 4+ group.

In May M6 completed the acquisition of Paris Première thus further strengthening its family of channels. Paris Première is M6's flagship thematic channel.

M6 pursued a new strategy in 2004 with more investment in French fiction, both in access and prime time. Successes include *Si j'étais elle* (4.9 million viewers with a 4+ audience share of 19.9 per cent), *Trois pères à la maison* (4.3 million viewers and a 4+ audience share of 17.7 per cent) and *Bien Agités* (3.6 million viewers and a 4+ audience share of 14.7 per cent). With 20 new programmes including *Ma vie aux urgences* and *On a échangé nos mamans* and 15 new series including *NCIS Enquêtes Spéciales* M6 continues to be a station that brings innovative new formats to its audience. The programme investment has been rewarded with an increase in the under 35 years age group of 0.6 percentage points year on year to 19.9 per cent.

Profit Centre FremantleMedia

FremantleMedia, RTL Group's worldwide production business, had a record year driven in particular by strong performances in the US and Germany.

	Year to December 2004 €m	Year to December 2003 €m	Per cent change
Revenue	866	819	+5.7
Underlying EBITA:	101	85	+18.8
Rights impairment	–	(15)	
Restructuring and non-recurring items	–	(2)	
Reported EBITA	101	68	+48.5

Organised into three key business areas – production, licensing and distribution – and with operations in over 25 countries, FremantleMedia creates award-winning primetime drama, serial drama, entertainment, factual and comedy for broadcasters around the world.

Production

In 2004 FremantleMedia produced almost 8,000 hours of programming. Success has been broad based, coming from both local and international programme launches from FremantleMedia's creative network of high profile brands. The production output during 2004 re-inforced FremantleMedia's strong record in sourcing new concepts, hot talent and fresh treatments that underpin the future of the business.

In addition to an array of FremantleMedia-branded production companies around the globe, the creative network comprises a host of high profile labels including talkbackTHAMES (UK), the UFA labels (Germany), Blue Circle (the Netherlands) and Grundy (Australia).

2004 saw FremantleMedia grow its drama business with the launch of four new series in Germany, Croatia and South Africa. Following the success of Invento-created telenovela *Finding Rodrigo*, in Columbia, production steeped up a gear with the launch of Germany's first locally produced telenovela *Bianca – Wege Zum Gluck* on ZDF. In addition, all the major existing drama programmes continue to draw significant audiences for their broadcasters. These include *The Bill* in the UK (which was recommissioned for an additional five years) and *Neighbours* in Australia to *Good Times Bad Times* in Germany.

In 2004, FremantleMedia focused on building the local strengths of the company by networking the different companies on both a creative and business level. This unique global creative and commercial network forms the backbone of FremantleMedia enabling it to compete more effectively and roll out formats such as *Idols*, which is now produced in 30 countries worldwide.

Highlights in entertainment and reality included the highly successful launch of the new prime time entertainment show *The X Factor* in the UK and the continuing strength of the *Idols* brand in all territories with no less than four new launches of the programme in Asia alone. In factual entertainment FremantleMedia launched new shows such as *The Sex Inspectors* while existing brands such as *How Clean is Your House* continued to be rolled out internationally, including a series on Lifetime

TV in the US. During the year, FremantleMedia acquired most of the international rights to *The Apprentice* and has already sold the format to sixteen territories around the world. New comedy launches included the critically acclaimed *Green Wing* in the UK.

Licensing

FremantleMedia Licensing Worldwide has enjoyed its best ever year. In addition to growing its traditional licensing business, new business streams are continuously being developed from a variety of in-house and third-party programmes.

Mobile services highlights include a SMS/WAP/Java *Family Feud* game which was played by more than 100,000 people in the first six months following launch thus making it one of the most successful mobile games ever. Similarly, a *Baywatch* Java game has proved very popular in the US and UK whilst *The Price Is Right* Java game performed well in the US and an online slot machine *Play Your Cards Right* game was launched in the UK.

With *The X Factor* in the UK, FremantleMedia was able to make a new level of mobile content available through exclusive video clips via Hutchinson's '3' network. This was the first service of its kind on the network.

Distribution

FremantleMedia International Distribution's strategy of refocusing the company from a reliance on US drama series to investing in factual programming has begun to pay off. It has a slate of new franchises including deals with nine new UK independents in 2004. Top selling programmes in 2004 included the serial drama, *Neighbours*, popular police drama series, *The Bill*, the talent search *American Idol 3*, hit business reality show *The Apprentice*, body and soul transformation series *The Swan* and the animated comedy series *Mr Bean*.

Profit Centre Netherlands

Audience shares of the family of channels decreased slightly to 30.2 per cent (shoppers 20-49) from 31.1 per cent but RTL remained the clear market leader. In spite of the weak television advertising market and start-up losses in the radio business, EBITA increased significantly to a record level in 2004. Holland Media Group (HMG) was re-named RTL Nederland in 2004 and completed its move to one location.

	Year to December 2004 €m	Year to December 2003 €m	Per cent change
Revenue			
TV	331	320	+3.4
Radio	7	7	0.0
Total	338	327	+3.4
EBITA			
TV	54	30	+80.0
Radio	(15)	(5)	n.a.
Total	39	25	+56.0

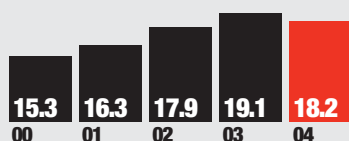
Directors' report

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Amongst shoppers aged 20-49, RTL Nederland achieved an audience share of 30.2 per cent, down from last years 31.1 per cent, mainly due to the impact of the European football championships and the Olympic Games being on the public channels. In the younger age group of 20-34 years old, RTL Nederland had the largest audience share by a considerable margin with 31.7 per cent against both SBS (27.8 per cent) and the public channels (26.1 per cent).

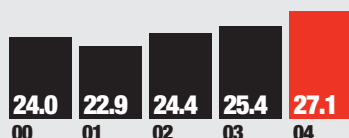
RTL 4, Audience Share 2000 – 2004

Target: Shoppers 20-49
Source: Intomart



RTL 4, Advertising Share 2000 – 2004

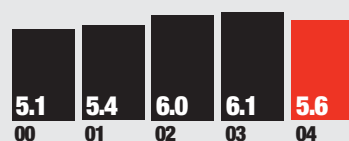
Source: BBC



RTL 4 continues to be the cornerstone for the success of our operations in the Netherlands. It remains the clear market leader in the core target audience of 'Shoppers 20-49' with an audience share of 18.2 per cent, some 2.8 percentage points ahead of its nearest competitor. Programme successes this year include *Wife Swap* (which drew up to 2 million viewers), a new Dutch drama series called *Grijpstra & de Gier* (with audiences up to 2.1 million viewers) and the continued popularity of *Idols*.

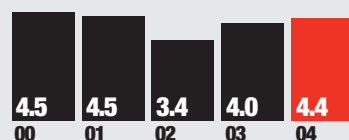
RTL 5, Audience Share 2000 – 2004

Target: Men 20-49
Source: Intomart



RTL 5, Advertising Share 2000 – 2004

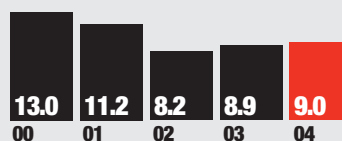
Source: BBC



Sports coverage on RTL5 continued to bring in good audiences with particular successes being the *Voetbal Insite : De Nabeschouwing* (post match discussion) and the UEFA Cup football.

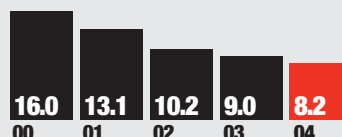
Yorin, Audience Share 2000 – 2004

Target: 20-34
Source: Intomart



Yorin, Advertising Share 2000 – 2004

Source: BBC



Yorin managed to improve its audience share in its target group mainly due to formats such as *CSI Miami*, *Extreme Makeover* and the local format *Patty's Posse*. However, it was with the final episode of *Friends* that Yorin achieved not only its highest rated show of the year (15 per cent in its target group) but also the best ever rated episode of the series.

In radio, substantial investments have been made including the recruitment of top DJ's and the development of up-and-coming talent. This strategy has already led to a substantial rise in audience shares with the last available ratings, those for November-December, at 8.0 per cent for Yorin FM (target 20 to 34) and 4.1 per cent for RTL FM in its 20 to 49 target group.

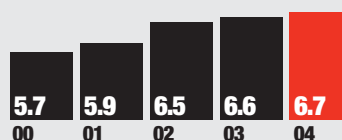
Profit Centre Five

The audience share of **Five** increased slightly to 6.7 per cent (target group adults) from 6.6 per cent. This, combined with a strong growth in the advertising market, led to a substantial increase in profitability at Five.

	Year to December 2004 €m	Year to December 2003 €m	Per cent change
Revenue	276	250	+10.4
Revenue in local currency 100%	290	267	+8.6
Reported EBITA	18	9	+100.0
EBITA in local currency 100%	19	10	+90.0

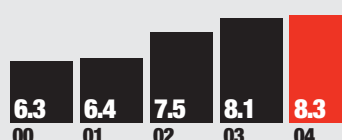
Five, Audience Share 2000 – 2004

Target: Adults
Source: BARB



Five, Advertising Share 2000 – 2004

Source: TV Industry



Five has continued the positive momentum of 2003 with further increases in audience, advertising share and profitability. This advance in profitability was achieved in spite of an increase in programme investment of some 10 per cent. The UK advertising market performed strongly in 2004, up almost 7 per cent. Five outperformed significantly with revenue growing by almost 9 per cent. With the exception of Channel 4, Five was the only terrestrial broadcaster to increase its adult share of viewing and also performed extremely well in Freeview homes, averaging an adult audience share of 9.1 per cent for the year on Freeview sets.

Key programming highlights include the reality series, *The Farm* and *Cosmetic Surgery Live* which was particularly popular with 16-34 year old viewers, averaging 12 per cent of that age group. Factual output continued to do well, with the *Extraordinary People* strand averaging over 2 million viewers. Highlights in News and Current Affairs include one-off documentaries fronted by Donal MacIntyre and Alastair Campbell's interviews of, among others, Bill Clinton and Peter Mandelson. Football continued to play a prominent role in the channel with the UEFA Cup Semi Final between Marseille and Newcastle drawing over 3 million viewers.

Films and Acquired Series have, as expected, performed strongly, with the highlight being the television premiere of *Terminator 3 – Rise of the Machines* which was watched by 4.9 million viewers, a 20 per cent share. *Crime Scene Investigation* continued to lead the way in terms of top quality American series and in 2005 this brand has been extended with the launch of *CSI New York*. Five successfully launched *Joey* (the *Friends* spin off) in February 2005 and will also be airing terrestrial premieres including *Spiderman* and *Black Hawk Down* which are part of Columbia Tri-star's 2002 theatrical releases.

Profit Centre French Radio

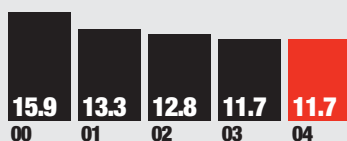
The audience share of the French radio family remained broadly stable at 17.6 per cent (target 13+). Profitability improved further compared to 2003.

	Year to December 2004 €m	Year to December 2003 €m	Per cent change
Revenue	207	208	(0.5)
Reported EBITA	43	41	+4.9

2004 was a year of new programme investments at RTL and FUN, leading to a more modern schedule and improved perceptions amongst the public.

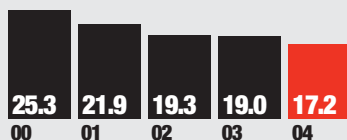
RTL, Audience Share 2000 – 2004

Target: 13+ (since September 2002)
Source: Mediamétrie



RTL, Advertising share 2000 – 2004

Source: TNS Secodip



RTL Radio has invested in new programmes and new hosts in 2004. Notable new faces include Pascale Clark (*On refait le monde*) and Laurence Ferrari (*Questions de famille*). RTL Radio's entertainment hosts continue to prove popular with well known stars for RTL's reference shows including Nagui, Julien Courbet, Jean-Pierre Foucault and Laurent Boyer.

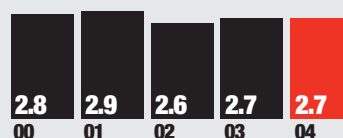
In October, RTL Radio broadcast its 10,000th *Les Grosses Têtes* with a special show at L'Opéra Comique reflecting on 27 years of Philippe Bouvard and his special guests.

RTL Radio's news and information slot broadcast between 07.00 and 09.00 was ranked as the radio news source most consulted by French people. Further recognition of the station's improved image was provided by IPSOS research that found that the *Vivreensemble RTL* media campaign had a 95 per cent recollection rate reflecting the successful efforts to highlight the values of the station and its proximity to its listeners.

RTL Radio's share of the radio advertising market was 17.2 per cent (2003: 19.0 per cent). The change reflects the new methodology used by SECODIP, which now includes Radio France (2003 comparatives on a like-for-like basis would have given an increased advertising market share of 18.3 per cent).

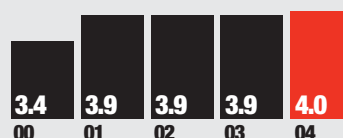
RTL 2, Audience Share 2000 – 2004

Target: 13+ (since September 2002)
Source: Mediamétrie



RTL 2, Advertising share 2000 – 2004

Source: TNS Secodip



RTL 2 continued to command a regular and loyal audience averaging a 2.7 per cent share, stable year on year. Following changes in 2004 more music is being played in the schedule. The station's two major pillars – the *Pop-Rock Sound* and the prime time morning show *The Grand Bazar*, hosted by Alexandre Devoise, continue to attract a large audience share with Alexandre Devoise recording his best ever audience share with more than 1 million listeners per quarter of an hour at the beginning of the year. RTL 2 continues to sponsor and promote the best French and international artists including Joe Cocker, Lenny Kravitz, U2 and Gerald de Palmas.

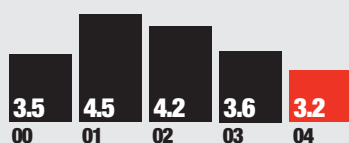
Directors' report

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Fun Radio, Audience Share 2000 – 2004

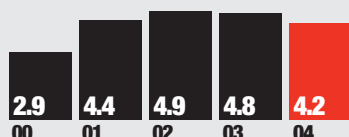
Target: 13+ (since September 2002)

Source: Mediamétrie



Fun Radio, Advertising share 2000 – 2004

Source: TNS Secodip



Fun Radios's *Hits* and *Fun* format averaged a 3.2 per cent audience share, slightly down on last year. It has entered into a number of partnerships with worldwide international stars such as Kylie Minogue and Destiny's Child. At the end of 2004 Fun Radio launched a new morning show hosted by Cauet which proved to be an instant success. Within weeks of the launch listener numbers exceeded 2 million per quarter of an hour. This performance enabled Fun Radio to overtake Europe 2 for the first time in two years as the audience share in morning prime time (06.00 to 10.00) increased 24 per cent year-on-year.

Profit Centre Belgium

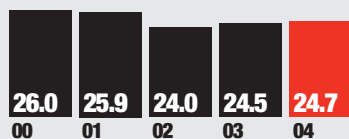
Audience shares of the family of channels improved to 32.5 per cent (target 18-54, 17.00 – 23.00) up from last years 30.7 per cent. The television advertising market grew moderately and despite the losses related to the start-ups of the new television channel, Plug TV, and a new radio station, BXL, the high level of profitability was maintained.

	Year to December 2004 €m	Year to December 2003 €m	Per cent change
Revenue			
TV	147	130	+13.1
Radio	20	18	+11.1
Total	167	148	+12.8
EBITA			
TV	18	19	(5.3)
Radio	8	9	(11.1)
Total	26	28	(7.1)

RTL TVi, Audience Share 2000 – 2004

Target: Shoppers 18-54

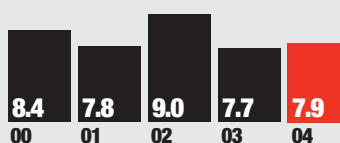
Source: CIM Audiométrie South



Club RTL, Audience Share 2000 – 2004

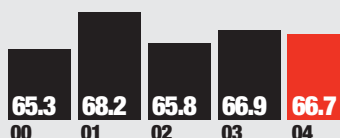
Target: 15-34

Source: Audiométrie



RTL TVi/Club RTL, Advertising market share 2000 – 2004 (French speaking Belgium)

Source: MDB Arianna



News remains one of the main strengths of **RTL TVi** with its *Le journal de 19 heures* being the market leader (43 per cent average market share) throughout the year. Other programme highlights include magazines, shows and blockbuster movies. The top movies of the year included *Harry Potter à l'école des sorciers* which had a market share of 45.7 per cent, *Asterix et Obelix* which had a share of 43.9 per cent and *Le journal de Bridget Jones* which had a share of 38.5 per cent. Variety shows such as *Le Pirette Show* and *60 ans de rêve et d'émotions* also performed well with market shares of 41 per cent and 33 per cent respectively.

Club RTL continued to focus on children's programmes during the day and sports in the evening. Thanks to a strong Disney and Warner catalogue Club RTL achieved a 29 per cent market share (4-14 years old, 15:30 – 20:00 hours) with programmes including such as *The Simpsons* and *Art Attack*. Football remains the backbone of the sports coverage with the Champions League on both Tuesday and Wednesday nights and the national team matches (the highest audience share achieved in 2004 was the match Belgium versus Serbia with a 30 per cent market share).

Plug TV, launched on 13 February 2004, caters for the young adult audience of 15-34 years old. In this target group Plug TV achieved a 4 per cent market share in its first year of operation thanks to reality formats such as *L'île de la tentation* and *La nouvelle star* and the entertainment format *Les enfants de la télé*.

Bel RTL retained its position as the number one radio station in the south of the country, where it had 18.8 per cent of the 12+ audience (CIM Radio March – May). **Radio Contact** also performed well recording an audience market share of 12.6 per cent, putting it just behind Vivacité.

On 27 September 2004, Bel RTL launched a new station, **BXL**, specifically aimed at the Brussels region.

Profit Centre Luxembourg

This profit centre comprises the Luxembourg radio and television businesses, Broadcasting Centre Europe (BCE), the technical services provider and CLT-UFA International (the rights trading activity).

	Year to December 2004 €m	Year to December 2003 ²¹ €m	Per cent change
Revenue	151	–	–
Of which: CLT-UFA International	72	–	–
Other Luxembourg activities	79	–	–
Reported EBITA	5	–	–
Of which: CLT-UFA International	7	–	–
Other Luxembourg activities	(2)	–	–

²¹The profit centre Luxembourg was part of profit centre Others in 2003

RTL Radio Lëtzebuerg remains the reference station for both news and entertainment with an audience share of 74 per cent (12+, 05.00 – 24.00) and an average listening time of 169 minutes. Its programme schedule is built around news, community interactivity and entertainment.

RTL Télé Lëtzebuerg increased its prime time audience share (12+, 19.00 – 20.00) to 70 per cent (from 66 per cent in 2003). The station continues to invest in news, entertainment and community involvement with its internet site being visited by 58 per cent of the local internet users.

BCE continued to provide both RTL Group and third party clients with essential technical support covering digital production and broadcast infrastructure, IP telephony, broadband lines and data storage and high definition production and post production facilities. BCE has also been closely involved in the testing and roll-out of Digital Radio Mondiale (DRM) for RTL Group stations in both France and Germany. In 2004 BCE achieved record results.

CLT-UFA International (CUI) manages a portfolio of film rights, series and other rights. It returned to profitability in 2004 despite a reduction in revenue.

Profit Centre Sportfive

Following the partial disposal of Sportfive on 25 June 2004, RTL Group has, from 1 July 2004, equity accounted for **Sportfive**, thus significantly reducing the revenue contributed to RTL Group.

	Year to December 2004 €m	Year to December 2003 €m	Per cent change
Revenue	135²²	269	(49.8)
Reported EBITA	11	18	(38.9)

²²2004 only includes 6 months worth of revenue due to the change in consolidation method following the partial sale of our interest in Sportfive

The Sportfive business is focused on football with 34 European football federations represented by the company. Sportfive will market at least 238 out of the 282 qualifying matches leading up to the 2006 World Cup and also represents 10 national leagues in worldwide television distribution negotiations. Sportfive continues to be the marketing force behind the UEFA Cup and is also involved in other sporting events covering handball, rugby, boxing and beach volleyball.

The 2004 EBITA result includes a one-off compensation payment as part of the sales process.

In February 2005 SPORTFIVE won the broadcasting rights, for the 2008 European Football Championships. This is the first time since 1960 that an agency will market these rights.

Profit Centre Croatia

RTL Group and a consortium of local partners successfully launched **RTL Televizija** on 30 April 2004 by replacing one of the public channels, HTV3, which ceased broadcasting on 31 March 2004. During the remainder of 2004, RTL Group increased its shareholding from an initial 33 per cent to 65.5 per cent.

RTL Televizija had a very successful start achieving a 29.5 per cent audience share in its target group of 18-49 since launch. The new station provides innovative, unconventional and varied formats of which almost 40 per cent is locally produced.

	Year to December 2004 €m	Year to December 2003 €m	Per cent change
Revenue	14	–	n.a.
Reported EBITA	(19)	–	n.a.

The start-up losses reflect the investment in the technical infrastructure and the programme schedule, particularly from September onwards when formats such as *Big Brother* were launched. *Big Brother* provided the programme highlight of the year. During the final, a peak share of 97.7 per cent of all television viewers tuned in to watch the result. Other successful new formats include the local language version of the FremantleMedia drama series *Forbidden Love*. This is the first ever local production of a soap in Croatia and since its launch on 25 October 2004 it has obtained an average audience share of 28.9 per cent (18-49 target group). Other new programmes include *Sanja* a talk show with an average audience share of 27 per cent, *Explosiv* an infotainment show with an average audience share of 26.5 per cent and *Salto* which is based upon the US show *Funniest Home Videos* and which achieved a share of 32.2 per cent in the 18-49 target group. Movies also played an important part in the new stations programme schedule with 9 out of the top 10 rated films, since RTL Televizija launched, being broadcast by the channel.

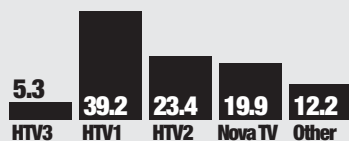
Directors' report

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Audience shares, 1 January – 30 April 2004 Before launch of RTL Televizija

Target: 18-49

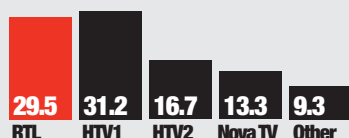
Source: AGB Plus



Audience shares, May – 31 December 2004 After launch of RTL Televizija

Target: 18-49

Source: AGB Plus



Profit Centre Antena 3

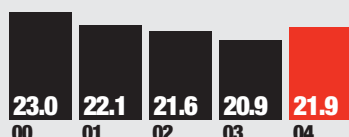
Antena 3 improved its audience share to 21.9 per cent (target 13-55) from 20.9 per cent in 2003. Strong advertising market growth and an increase in the market share from 24.8 per cent to 27.0 per cent, combined with the effects of the restructuring efforts in 2003, enabled Antena 3 to achieve record results. The EBIT²³ was €181 million, up from €64 million in 2003.

As a result of the improvement in the operational performance of the business, and the absence of significant restructuring and other one-off charges, the profit contributed to RTL Group was €17 million, up from a loss of €35 million in 2003.

Antena 3, Audience Share 2000 – 2004

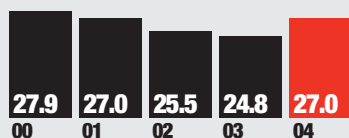
Target: 13-55

Source: TNS



Antena 3, Advertising Share 2000 – 2004

Source: Infoadex & internal estimates



²³Local GAAP accounts as presented by Antena 3 on 100 per cent basis on 27 January 2005 (before extraordinary items)

Profit Centre others

This profit centre now comprises the corporate centre, the participation in RTL Klub (Hungary) and other minor investments.

The profit centre Luxembourg is presented separately in 2004.

	Year to December 2004 €m	Year to December 2003 €m	Per cent change
Revenue	24	225	(89.3)
Of which: CLT-UFA International	–	165	(100.0)
Reported EBITA	(1)	(32)	+96.9
Of which:			
Others	7 ²⁴	(3)	n.a.
Corporate centre	(15)	(24)	+37.5
CLT-UFA International	–	(11)	>100.0
RTL Klub	7	6	+16.7

²⁴Includes release of provisions following the sale of Sportfive and litigations settled

In Hungary, **RTL Klub** maintained its leading market position. It has a strong programming portfolio based around successful locally produced shows, US movies, sports such as football, boxing and Formula One and television events. The third season of *Való Világ*, the daily reality show, launched at the beginning of 2004 and proved to be the most successful ever. Audience shares fell slightly in 2004 largely due to increased fragmentation (there are over 40 Hungarian channels) and an improvement at the public broadcaster, MTV, which benefited from the Euro 2004 football championships and the Olympic Games.

Due to a strong advertising market and growing diversification revenue, RTL Group's share of the results rose to €7 million (2003: €6 million).

Portfolio changes

The most significant portfolio change was the first time full consolidation of M6 as from February 2004 following the sale by Suez of the majority of its M6 participation. As a result of this transaction, RTL Group has gained control of M6 and, in accordance with IAS 27, fully consolidated M6 from February 2004. Due to the significant impact of this change, RTL Group has prepared pro forma numbers, for the year to December 2004 and December 2003 as if M6 had been fully consolidated from 1 January 2003.

In March 2004 RTL Group sold its London based television facilities services company (London Playout Centre) to Ascent Media and completed the sale of its stake in Sportfive to Advent International/Goldman Sachs in June 2004. RTL Group retained a 25 per cent shareholding in Sportfive.

In June 2004 RTL Group increased its shareholding in RTL Televizija by acquiring a further 25 per cent and in November acquired an additional 7.5 per cent taking its participation to 65.5 per cent at the end of 2004.

In October 2004 RTL Group acquired an 11.6 per cent participation in the Portuguese media company Grupo Media Capital, its first step into this market. This investment is treated as a financial asset.

RTL Group's strategy is focused on building a family of channels that are targeted to different demographics. Our experience has shown that this is an effective way of competing in a multi-channel environment. During 2004 we continued to develop this concept. In France, M6 acquired Paris Première from Suez and in Belgium RTL TVi launched Plug TV.

Share of results of associates

	Year to December 2004 €m	Year to December 2003 €m	Per cent change
EBITA			
RTL II	18	18	0.0
Antena 3	17	(35)	n.a.
Sportfive	–	–	n.a.
RTL Klub	7	6	+16.6
Others	6	7	(14.3)
Total	48	(4)	n.a.

The total contribution of the associate companies increased to €48 million (2003: negative €4 million), due almost entirely to the improved results from Antena 3.

Interest expense (net) and financial results other than interest

Net interest expense fell to €25 million (2003: €35 million) reflecting the move into a net cash position over the year. It also includes interest charges on pension liabilities.

The financial results other than interest include write-downs on financial assets as well as fair value adjustments on embedded derivatives.

Amortisation and impairment of goodwill and fair value adjustments on acquisitions

Following the early adoption of IFRS 3, RTL Group no longer amortises goodwill (2003: €215 million). An impairment of €6 million was recorded as at 31 December 2004 (2003: €102 million).

As part of the gain of control of M6, RTL Group has completed a full fair value exercise. The amortisation of these fair value adjustments amounted to €13 million as at 31 December 2004 (2003: €Nil) and is reported in this heading.

Loss from sale of subsidiaries, joint-ventures and other investments

The loss from sale of subsidiaries, joint ventures and other investments arose on the disposal of Sportfive and the London Payout Centre.

Income tax expense

The tax expense increased to €196 million (2003: €95 million), mainly due to the higher results and the effect of the full consolidation of M6. The effective tax rate was approximately 33 per cent (2003: 34 per cent).

Net profit for the year

The net profit for the year was €367 million (2003: net profit €14 million).

Earnings per share

Reported earnings per share, based upon 153,618,853 shares, was €2.39 per share (2003: €0.09 per share). The adjusted earnings per share, taking into account the amortisation and impairment of goodwill and fair value adjustments on acquisitions and the gain or loss from sale of subsidiaries, joint ventures and other investments, net of income tax increased to €2.63 (2003: €2.14).

Net debt/cash position

The consolidated net cash position at 31 December 2004 was €246 million (2003: net debt €298 million). The decrease in net debt reflects strong operating cash conversion, the effects of the full consolidation of M6 as well as disposals, mainly Sportfive and the London Payout Centre.

	As at 31 December 2004 €m	As at 31 December 2003 €m
Net debt/cash position		
Gross balance sheet debt	(597)	(811)
Add: loans receivable ²⁵	439	203
Gross financial debt	(158)	(608)
Add: cash	346	274
Add: Marketable securities ²⁶	58	36
Net cash/(debt) position	246	(298)

²⁵The loans receivable relate to Five and other financing (n-tv and TPS via M6 and deposits placed with Bertelsmann AG)

²⁶€58 million relates to M6 own shares (for its stock option plan) which will be re-classified to equity from 1 January 2005

Own shares

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

RTL Group indirectly holds 0.76 per cent (2003: 0.76 per cent) of RTL Group's shares.

Related party transactions

In April 2002, RTL Group entered into a €300 million loan agreement with Bertelsmann AG. The loan is granted to RTL Group for a period of 3 years. The loan bears interest on the basis of the three-year Euro Swap rate. As at 5 May 2003, Bertelsmann AG has assigned €100 million of the total loan to Bertelsmann Capital Corporation N.V., a Bertelsmann Group company. The total loan is repayable in full by April 2005. The interest accrued at 31 December 2004 amounts to €11 million.

The interest expense for the year amounts to €16 million (2003: €16 million).

On 5 November 2002, RTL Group entered into a €600 million Revolving Credit Facility (the 'Facility') granted by Bertelsmann AG. The Facility is granted to RTL Group for the period from 8 November 2002 to 31 August 2006. The Facility bears interest at a rate per annum equal to the sum of the EURIBOR rate plus a 45 basis point margin.

In December 2004, the Facility has been reduced to €300 million. As at 31 December 2004, the balance of the Facility used by RTL Group amounts to €nil (2003: €nil) and the interest accrued at 31 December 2004 amounts to €nil.

The interest expense for the year amounts to €0 million (2003: €7 million).

On 5 November 2002, RTL Group entered into a €300 million Revolving Credit Facility (the '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 has been extended to 31 August 2005. As at 31 December 2004, the balance of the Facility used by RTL Group amounts to €nil (2003: €207.7 million) and the interest accrued at 31 December 2004 amounts to €nil.

Directors' report

continued

The interest expense for the year amounts to €3 million (2003: €2 million).

As at 31 December 2004 RTL Group has deposited €208.2 million with its parent company, Bertelsmann AG. The interest rate is the daily Euro overnight rate. As at 31 December 2004, the interest accrued amounts to €0.4 million.

Total interest income on the current deposit during the year amounts to €0.8 million

As at 31 December 2004 a commitment fee on unused credit facilities granted by Bertelsmann AG amounted to €2 million.

Share option plan

On 25 July 2000, RTL Group launched a share option plan for the senior management of the Group. Under the terms of the plan, the option price reflects the market value of the shares on the date that they are granted. The market value is defined as the average stock price on the Brussels exchange for the 20 working days preceding the grant, or as otherwise decided by the Board of Directors. The options vest in equal tranches on the second, third and fourth anniversary of the date of grant and lapse after 10 years. The total number of options granted and accepted by the senior management at the end of 2004 was 217,200 (2003: 241,150).

Significant litigations

RTL Group has been made a party to litigation between several of its minority shareholders on the one hand and Bertelsmann and GBL on the other hand in relation to the acquisition by Bertelsmann of the RTL Group shares previously owned by GBL. On 8 July 2003, the Luxembourg Civil Court rejected the claim of the minority shareholders. The judgment was appealed. This litigation is still pending in the Luxembourg Court of Appeal, a judgement being expected in 2005. RTL Group believes that whatever the outcome of that litigation it should not have any direct impact on the Group, because it has not been a party to that transaction and its involvement is limited to solely entering any transfer of shares into the shareholders register.

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

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

The Court decided to join both claims (free float and de-listing). On March 30, 2004 the Court dismissed the claims of the minority shareholders who in turn lodged an appeal. It is expected that the Court of Appeal will render its judgement in 2005.

The French high administrative court (Conseil d'Etat) will examine an appeal lodged by Bouygues against the decision of the French media Authority (Conseil Supérieur de l'Audiovisuel) authorising the restructuring of the shareholding of Metropole Television following the partial exit of Suez. A judgement is expected in the first half of 2005.

RTL Group's Board of Directors is not aware of any other significant litigation.

Profit appropriation (RTL Group S.A.)

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

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

Outlook

Advertising market conditions in the first two months of the year remain mixed and forward visibility is still low. We therefore remain cautious on how the advertising markets will develop in 2005.

The broadcasting industry has gone through a testing period over the last few years. We have taken the necessary measures to improve our profitability, generate cash, and build a strong balance sheet with no financial debt. We are thus well placed to seize internal and external growth opportunities.

Our strategy remains consistent and based upon three themes – the development of the families of channels to counter audience fragmentation, growth and exploitation of diversification businesses and geographic expansion. We are convinced that this continues to be the right approach to further strengthen our unique position as the only truly pan-European television company.

9 March 2005
The Board of Directors

Auditors' report

PRICEWATERHOUSECOOPERS 



To the Shareholders of RTL Group S.A.

We have audited the consolidated balance sheet of RTL Group S.A. and its subsidiaries (the 'Group') as of 31 December 2004 and the related consolidated statements of income, cash flows and changes in shareholders' equity for the year then ended as set out on pages 80 to 128 and have read the Directors' report. These consolidated financial statements and the Directors' report are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements, based on our audit, and to check the consistency of the Directors' report with them.

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

In our opinion, the consolidated financial statements as set out on pages 80 to 128 give a true and fair view of the financial position of the Group as of 31 December 2004, and of the results of its operations and its cash flows for the year then ended, in accordance with International Financial Reporting Standards.

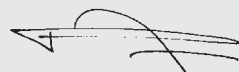
The Directors' report is in accordance with the consolidated financial statements.

Luxembourg, 9 March 2005



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

Pascal Rakovsky



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

Philippe Meyer

Consolidated income statement

for the year ended 31 December 2004

	Notes	2004 €m	2003 €m
Revenue	4.1	4,878	4,452
Other operating income		118	76
Consumption of current programme rights		(1,599)	(1,501)
Depreciation, amortisation and impairment		(241)	(335)
Other operating expense	4.2	(2,493)	(2,201)
Amortisation and impairment of goodwill and fair value adjustments on acquisitions		(19)	(317)
Gain/(loss) from sale of subsidiaries, joint ventures and other investments	4.3	(18)	3
Profit/(loss) from operating activities		626	177
Share of results of associates	5.3	48	(4)
Earnings before interest and taxes ('EBIT')		674	173
Net interest expense	4.4	(25)	(35)
Financial results other than interest	4.5	(19)	(20)
Profit/(loss) before taxes		630	118
Income tax expense	4.6	(196)	(95)
Profit/(loss) from ordinary activities		434	23
Minority interest		(67)	(9)
Net profit/(loss) for the year		367	14

EBITA*	711	487
Amortisation and impairment of goodwill and fair value adjustments on acquisitions	(19)	(317)
Gain/(loss) from sale of subsidiaries, joint ventures and other investments	(18)	3
Earnings before interest and taxes ('EBIT')	674	173

Earnings per share (in €)

– Basic	4.7	2.39	0.09
– Diluted	4.7	2.39	0.09

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

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

Consolidated balance sheet

as at 31 December 2004

	Notes	2004 €m	2003 €m
Non-current assets			
Programme and sport rights	5.1	107	169
Goodwill	5.1	3,111	3,203
Other intangible assets	5.1	279	74
Property, plant and equipment	5.2	377	297
Investments in associates	5.3	142	114
Loans and other financial assets	5.4	401	284
Deferred tax assets	5.5	175	191
		4,592	4,332
Current assets			
Programme rights	5.6	1,273	1,159
Other inventories		19	15
Income tax receivable		195	199
Accounts receivable	5.7	1,336	1,201
Marketable securities and other short-term investments	5.8	58	36
Cash and cash equivalents	5.9	346	274
		3,227	2,884
Current liabilities			
Loans and bank overdrafts	5.10	361	284
Income tax payable		141	92
Accounts payable	5.11	1,680	1,648
		2,182	2,024
Net current assets		1,045	860
Non-current liabilities			
Loans	5.10	236	527
Accounts payable	5.11	190	186
Provisions	5.12	232	189
Deferred tax liabilities	5.5	99	22
		757	924
Net assets		4,880	4,268
Shareholders' equity		4,524	4,242
Minority interest		356	26
		4,880	4,268

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

Consolidated cash flow statement

for the year ended 31 December 2004

	Notes	2004 €m	2003 €m
Cash flows from operating activities			
Profit/(loss) before taxes		630	118
Adjustments for:			
– Depreciation and amortisation		212	493
– Value adjustments, impairment and provisions		58	176
– (Gain)/loss on disposal of assets		20	(7)
– Financial results including net interest expense and share of results of associates		21	74
Use of provisions	5.12	(22)	(41)
Working capital changes		(34)	(153)
Income taxes refunded/(paid)		(147)	157
Net cash from operating activities		738	817
Cash flows from investing activities			
Acquisitions of:			
– Programme and sport rights		(61)	(58)
– Subsidiaries and joint ventures net of cash acquired	3.4	46	(50)
– Other intangible and tangible assets		(130)	(90)
– Other investments and financial assets		(173)	(72)
Current deposit with shareholder	5.7	(208)	–
		(526)	(270)
Proceeds from the sale of intangible and tangible assets		8	13
Disposal of subsidiaries and joint ventures net of cash disposed of	3.6	215	6
Proceeds from the sale of other investments and financial assets		34	59
Interest received		12	18
		269	96
Net cash used in investing activities		(257)	(174)

	2004 €m	2003 €m
Cash flows from financing activities		
Interest paid	(36)	(53)
Proceeds from loans	87	318
Repayment of loans	(279)	(733)
Net change in bank overdraft	1	(44)
Dividends paid	(181)	(122)
Net cash used in financing activities	(408)	(634)
Net increase in cash and cash equivalents	73	9
Cash and cash equivalents at beginning of year	274	269
Effect of exchange rate fluctuation on cash held	(1)	(4)
Cash and cash equivalents at end of year	346	274

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

Consolidated statement of changes in shareholders' equity

for the year ended 31 December 2004

Notes	Share capital €m	Share premium €m	Non distributable reserves €m	Treasury shares €m	Other reserves €m	Retained earnings €m	Total shareholders' equity €m
Balance at 31 December 2002	192	6,428	26	(44)	(86)	(2,114)	4,402
Gains and losses:							
– Currency translation adjustment	–	–	–	–	(65)	–	(65)
– Net change on cash flow hedging instruments	–	–	–	–	(29)	–	(29)
– Net change on available-for-sale assets	–	–	–	–	27	–	27
– Net profit for the year	–	–	–	–	–	14	14
Capital transactions with owners and distribution to owners:							
– Dividends	–	–	–	–	–	(107)	(107)
Balance at 31 December 2003	192	6,428	26	(44)	(153)	(2,207)	4,242
Gains and losses:							
– Currency translation adjustment 5.14.4	–	–	–	–	3	–	3
– Net change on cash flow hedging instruments 5.14.4	–	–	–	–	2	–	2
– Net change on available-for-sale assets 5.14.4	–	–	–	–	6	–	6
– Net profit for the year	–	–	–	–	–	367	367
Capital transactions with owners and distribution to owners:							
– Dividends	–	–	–	–	–	(123)	(123)
Business combinations and other transactions:							
– Gain of control of M6	–	–	–	–	48	–	48
– Acquisition of minority interest	–	–	–	–	–	(21)	(21)
Balance at 31 December 2004	192	6,428	26	(44)	(94)	(1,984)	4,524

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

Notes to the consolidated financial statements

1 Significant accounting policies

RTL Group S.A. (the 'Company') is a company domiciled in Luxembourg. The consolidated financial statements of the Company for the year ended 31 December 2004 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 and radio Group holding, directly or indirectly, investments in 673 companies. The list of the principal Group undertakings as at 31 December 2004 is set out in note 9.

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

The financial statements were authorised for issue by the Board of Directors on 9 March 2005.

1.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB.

The consolidated financial statements also adhere to the provisions of Section XVI of the Luxembourg Company Law except in respect of:

- adoption from 2001 of IAS 39 'Financial Instruments: Recognition & Measurement';
- accounting for treasury shares and
- early adoption as from 1 January 2004 of IFRS 3 'Business Combinations' and related amendments to other standards (IAS 36 revised 'Impairment of Assets' and IAS 38 revised 'Intangible Assets').

In addition, the presentation of the consolidated balance sheet and income statement differs from the provisions of the Luxembourg Company Law with respect to the distinction between current and non-current assets and liabilities as defined under IFRS. In the opinion of the Directors, the presentation adopted more appropriately reflects the financial position of the Group.

A reconciliation of the net result and shareholders' equity of the Group for the year ended 31 December 2004 to that which would have been reported under Luxembourg accounting principles is set out in note 5.15.

1.2 Basis of preparation

1.2.1 Consolidated financial statements

The consolidated financial statements are presented in millions of € and have been prepared under the historical cost convention except in respect of available-for-sale investments and derivative financial instruments which are shown at fair value as well as tangible and intangible assets which have been revalued following the gain of control of M6. The carrying amount of recognised assets and liabilities that are hedged is adjusted to record changes in the fair value attributable to the risks that are being hedged.

The accounting policies have been consistently applied by Group enterprises and are consistent with those used in the previous year except for the early application of IFRS 3 'Business Combinations' which has been adopted in the consolidated financial statements on 1 January 2004 together with the related amendments to other standards (IAS 36 revised, 'Impairment of Assets' and IAS 38 revised, 'Intangible Assets').

The most significant impacts on RTL Group of this early application are summarised below:

- Goodwill amortisation has ceased and is replaced by annual impairment tests;
- Goodwill is allocated to cash generating units;
- Identifiable intangible assets are recognised as separate assets in connection with business combinations;
- Negative goodwill is recognised immediately in income; and
- Useful lives have been reassessed.

Due to the early application by RTL Group, IFRS 3 'Business Combinations' and revised IAS 36 'Impairment of Assets' and IAS 38 'Intangible Assets' apply on a prospective basis to goodwill acquired in a business combination for which the agreement date was after 1 January 2004. Consequently, the gain of control of M6 was subject to the application of IFRS 3, requiring the recognition of identifiable assets of M6 at fair value (see note 3.2). However, goodwill arising from business combinations achieved before 1 January 2004 are maintained at their net value as at 31 December 2003 and are no longer subject to amortisation which has been replaced by an annual impairment test.

The Company has reassessed the useful lives of its intangible assets in accordance with the provisions of IAS 38. There was no impact on opening retained earnings as at 1 January 2004 from the adoption of IFRS 3.

Notes to the consolidated financial statements

continued

1.3 Principles of consolidation

1.3.1 Subsidiaries

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

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

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

1.3.2 Joint ventures

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

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

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

1.3.3 Associates

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

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 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 denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rate ruling at the date of the initial transaction.

1.4.2 Financial statements of foreign entities

All assets and liabilities, excluding goodwill, of the consolidated entities, which have a functional currency different from Euro, 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 subsidiaries' opening net asset values at year-end rates are added to or deducted from the currency translation reserve within shareholders' equity. Exchange differences arising from the translation of the net investment in a foreign subsidiary or associated undertaking and financial instruments, which are designated and qualified as hedges of such investments, are taken to shareholders' equity. On disposal of a foreign entity, 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

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured 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 foreign exchange differences on 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 within shareholders' equity ('Other reserves').
- Amounts deferred in 'Other reserves' 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 ('Other reserves') is deferred until the committed or forecast transaction ultimately impacts the income statement. However, if a committed or forecast transaction is no longer expected to occur, then the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

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

1.6 Current/non-current distinction

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

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

1.7 Intangible assets

1.7.1 Owned non-current programme and sport rights

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

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

1.7.2 Leases

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

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

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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 acquisition of a subsidiary or joint venture and the Group's share of the fair values of net identifiable assets acquired. Goodwill 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.

1.7.4 Other intangible assets

Other intangible assets, which are acquired by the Group, are stated at cost less accumulated amortisation and impairment losses. They comprise licences (other than (co)production, audiovisual and sport rights), trademarks and similar rights as well as EDP software. Unless they have an indefinite life, they are amortised on a straight-line basis over their estimated useful life, ranging from 10 to 20 years, except for software, which is amortised over a maximum of 3 years. 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.

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.

1.9 Loans and investments

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

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

All purchases and sales of non-current and current investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the asset. Cost of purchase includes transaction costs. Available-for-sale investments are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of available-for-sale investments are included, net of deferred income tax, in 'Other reserves' in shareholders' equity in the period in which they arise. The fair value of publicly traded available-for-sale investments is based on quoted market prices at the balance sheet date. The fair value of non-publicly traded available-for-sale investments is based on the estimated discounted value of future cash flows.

Fixed term deposits with an original term of more than 90 days are presented under 'Marketable securities and other short-term investments' and are stated at amortised 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. 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' (own productions with a large budget), other films, series, TV movies and (co)productions are mainly 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. A provision for impairment of trade and other accounts receivable, except derivative assets, is established when there is an 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 assets

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

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

In respect of assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.14 Accounts payable

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

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1.15 Loans payable

Interest-bearing current and non-current liabilities are recognised initially at cost, less attributable 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.

1.16 Provisions

Provisions are recognised when the Group has a probable present legal or constructive obligation to transfer economic benefits as a result of past events. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. 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.

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.

1.17 Employee benefits

1.17.1 Pension benefits

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

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

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

1.17.2 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.

1.17.3 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. 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.

1.18 Share capital

1.18.1 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.

1.18.2 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 shareholders' equity as 'Treasury shares'.

1.18.3 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.

1.19 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.

1.20 Interest income/expense

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

1.21 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. 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 by the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available to be offset against deferred tax assets.

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.

1.22 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.

1.23 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.

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.

Following the early adoption of IFRS 3, the allocation of goodwill to cash-generating units led to a reclassification between business segments. 2003 comparatives of segment information have been reclassified accordingly with an impact on 'Amortisation of goodwill' and on 'Segment assets'. Additionally the allocation led to a reclassification of 2003 geographical segment assets.

Business segments

The Group comprises the following main business segments:

Television:

RTL Group's television segment comprises interests in 29 free-to-air television channels in 10 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 three parts: production, distribution and sport rights. Production comprises the production of original programmes for broadcasters; distribution comprises the distribution of programme rights made by RTL Group or acquired/licensed from third-party producers; and sport rights comprises the distribution of television rights and marketing rights (including of advertising space, tickets and merchandise) for sports events with a focus on soccer.

Radio:

RTL Group's commercial radio segment comprises interests in 30 radio stations in 7 countries.

Geographical segments

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

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2.1 Business segments

	Television		Content	
	2004 €m	2003 €m	2004 €m	2003 €m
Revenue from external customers	3,678	3,147	902	1,019
Inter-segment revenue	29	37	184	275
Total revenue	3,707	3,184	1,086	1,294
Profit/(loss) from operating activities	506	227	110	(61)
Share of results of associates	43	(11)	3	3
EBIT	549	216	113	(58)
EBITA	562	383	118	86
Amortisation of goodwill	–	(111)	–	(97)
Impairment of goodwill and amortisation of fair value adjustments on acquisitions	(13)	(53)	–	(49)
Gain/(loss) from sale of subsidiaries, joint ventures and other investments	–	(3)	(5)	2
EBIT	549	216	113	(58)
Net interest expense				
Financial results other than interest				
Income tax expense				
Minority interest				
Net profit/(loss) for the year				
Segment assets	4,615	4,042	1,383	1,822
Investments in associates	122	104	16	3
Other assets				
Total assets				
Segment liabilities	1,569	1,385	365	547
Other liabilities				
Total liabilities				
Net assets				
Capital expenditure	137	69	37	93
Depreciation and amortisation excluding goodwill	(140)	(98)	(53)	(163)
Impairment losses excluding goodwill	(1)	–	(7)	(16)

2.2 Geographical segments

	Germany		France		Netherlands	
	2004 €m	2003 €m	2004 €m	2003 €m	2004 €m	2003 €m
Revenue from external customers	2,021	2,079	1,371	887	381	393
Segment assets	2,325	2,539	1,696	1,471	434	449
Capital expenditure	38	91	100	38	9	67

	Radio		Other operations		Eliminations		Total	
2004 €m	2003 €m	2004 €m	2003 €m	2004 €m	2003 €m	2004 €m	2003 €m	2003 €m
247	244	51	42	–	–	4,878	4,452	
(3)	(3)	37	28	(247)	(337)	–	–	
244	241	88	70	(247)	(337)	4,878	4,452	
29	37	(19)	(26)	–	–	626	177	
2	4	–	–	–	–	48	(4)	
31	41	(19)	(26)	–	–	674	173	
37	48	(6)	(30)	–	–	711	487	
–	(7)	–	–	–	–	–	(215)	
(6)	–	–	–	–	–	(19)	(102)	
–	–	(13)	4	–	–	(18)	3	
31	41	(19)	(26)	–	–	674	173	
						(25)	(35)	
						(19)	(20)	
						(196)	(95)	
						(67)	(9)	
						367	14	
317	409	469	153	(216)	(291)	6,568	6,135	
4	7	–	–	–	–	142	114	
						1,109	967	
						7,819	7,216	
206	223	169	151	(211)	(284)	2,098	2,022	
						841	926	
						2,939	2,948	
						4,880	4,268	
6	58	8	4	–	–	188	224	
(12)	(10)	(7)	(7)	–	–	(212)	(278)	
(4)	–	–	–	–	–	(12)	(16)	

	UK		Other regions		Eliminations		Total	
2004 €m	2003 €m	2004 €m	2003 €m	2004 €m	2003 €m	2004 €m	2003 €m	2003 €m
504	517	825	781	(224)	(205)	4,878	4,452	
1,166	1,230	1,180	2,244	(233)	(1,798)	6,568	6,135	
7	15	34	13	–	–	188	224	

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3 Acquisitions and disposals

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

Details of significant acquisitions in the year ended 31 December 2004 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 revenues of €1,091 million and EBITA of €203 million to the Group for the post acquisition period to 31 December 2004. As at 31 December 2004, their assets and liabilities were €1,862 million and €858 million respectively.

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

2004

M6 Group

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

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

the vote of the shareholders meeting, is based on the total number of shares, excluding the non-voting shares, i.e. the shares held by RTL Group exceeding 34% and own shares of M6.

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

Since 11 February 2004, members representing RTL Group have a majority at the Supervisory Board of M6, ensured through appropriate arrangements. Since the extraordinary shareholders meeting on 18 March 2004, the composition of the Supervisory Board is as follows: Albert Frère (Chairman), Gérard Worms (Deputy-Chairman), Guy de Panafieu (independent), Bernard Arnault (independent), Vincent de Dorlodot, Axel Ganz, Jean-Charles De Keyser, Jean Laurent (independent), Thomas Rabe, Rémy Sautter, Yves-Thibault de Silguy (independent) and Gerhard Zeiler. The Board mandates expire in 2008 after the shareholders meeting approving the 2007 financial statements.

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

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

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

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

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

The application of IFRS 3 at the time the Group obtained the control of M6, but without the acquisition of a controlling stake in M6 led to the adjustment of the previously recognised goodwill to exclude the intangible assets that would have been recognised separately if IFRS 3 had been applied at the date of the prior transactions. The related adjustment amounts to €35 million.

The fair values have been allocated to shareholders' equity and minority interest as follows:

	€m
Incremental value (gross amount)	261
Deferred tax liability (34.9 per cent)	(91)
Net incremental fair value	170
Allocated as follows:	
Shareholders' equity	83
Minority interest	87

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

Paris Première

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

RTL Hrvatska (formerly RTL Croatia)

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

Sportfive

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

2003

n-tv

In December 2002, the Group acquired a 47% interest in the German news station n-tv for an amount of €98 million. The investment, equity accounted for from 31 December 2002 to 31 March 2003, has been proportionate consolidated as a joint venture as from 1 April 2003 following the effective exercise of joint control with Time Warner as from that date.

Additional interests were acquired in April 2003, increasing the interest held from 47% to 48.4%. The consideration was €4 million and this resulted in goodwill of €3 million.

M6 Group

During 2003 additional interests were acquired in M6, the French television group, increasing the interest held to 48.2% (voting rights limited to 34% following the licence agreement endorsed by the French media regulatory body). The aggregate consideration was €24 million and this resulted in goodwill of €22 million.

AVE

In December 2002, the Group acquired interests in the German radio assets of Holtzbrinck for an amount of €53 million. In addition, pending final regulatory and shareholders' approval, some entities on which control by the Group was not established had not been consolidated in 2002 and were therefore classified as available-for-sale investments totalling €24 million, which represented the consideration paid for these investments.

As a result of the completion of the transaction and the finalisation of the fair value exercise an additional goodwill of €12 million has been recognised including a final adjustment of €8 million.

Crackerjack

In October 2003, the Group acquired 100% of interest in an Australian production house, Crackerjack. The consideration was €4 million and this resulted in goodwill of €4 million.

3.3 Assets and liabilities acquired

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

	2004 €m	2003 €m
Purchase consideration:		
– Cash paid	82	49
– Deferred consideration	–	1
Total purchase consideration	82	50
Less fair value of net assets acquired	(37)	(17)
Change in revaluation reserve from gain of control of M6	48	–
Acquisition of minority interest	(21)	–
Goodwill	72	33

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3.4 Cash (inflow)/outflow on acquisitions

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

	2004 €m	2003 €m
Cash and cash equivalents	120	14
Property, plant and equipment	110	7
Other intangible assets	218	–
Financial assets including investments in associates	8	12
Marketable securities	32	1
Current and non current programme rights	71	6
Accounts receivable (trade and other)	324	15
Accounts payable (trade and other)	(413)	(24)
Employee benefit obligations	(24)	–
Other provisions	(28)	(4)
Interest bearing loans and borrowings	(36)	(11)
Net deferred tax assets/(liabilities)	(79)	2
Minority interest	(266)	(1)
Fair value of net assets acquired	37	17
Goodwill from acquisition of subsidiaries, joint ventures and associates	72	33
Change in revaluation reserve from gain of control of M6	(48)	–
Acquisition of minority interest	21	–
Total purchase consideration	82	50
Less:		
Discharged by cash outflow in acquiring associates	(8)	(1)
Deferred consideration	–	(1)
Payment on prior year acquisitions	–	16
Cash and cash equivalents in operations acquired	(120)	(14)
Cash (inflow)/outflow on acquisitions	(46)	50

3.5 Assets and liabilities disposed of

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

	2004 €m
Disposal proceeds:	
– Cash received	246
– Deferred consideration	–
Total disposal proceeds	246
Net assets disposed of	(264)
Net loss on disposal of subsidiaries and joint ventures (see note 4.3)	(18)

3.6 Cash inflow on disposals

The net assets disposed of are as follows:

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

No significant disposal of a subsidiary, joint venture or associate arose in 2003.

4 Consolidated income statement

4.1 Revenue

	2004 €m	%	2003 €m	%
Net spot advertising sales	2,823	58	2,507	56
Net bartering advertising sales	44	1	38	1
Net other advertising sales	149	3	161	4
Net advertising sales	3,016	62	2,706	61
Net programme and sport right sales	899	18	987	22
Diversification and other revenue	963	20	759	17
	4,878	100	4,452	100

4.2 Other operating expense

	Notes	2004 €m	2003 €m
Personnel costs	4.2.1	741	664
External cost of live programmes		423	473
External cost of transmitting		148	123
Other marketing, promotion and public relations costs		136	95
Author rights		148	100
Rental costs		98	101
Marketing and promotion costs – barter		40	40
Consumption of other inventories		101	77
Others		658	528
		2,493	2,201

Operating foreign exchange and derivative losses amount to €3 million (2003: €14 million).

4.2.1 Personnel costs

	2004 €m	2003 €m
Wages and salaries	555	511
Social security	123	99
Pension costs	8	6
Other personnel costs	55	48
	741	664

Amounts set out above exclude personnel costs of €156 million (2003: €113 million) that are capitalised and represent costs of employees directly allocated to the programme productions. Pension costs relate to defined contribution and benefit plans (see note 5.13).

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

	2004	2003
Employees of fully consolidated undertakings	7,471	6,041
Employees of joint ventures	542	1,424
	8,013	7,465

‘Employees of joint ventures’ reflect the number of employees based on the Group’s ownership in those joint ventures.

The movement in the average number of employees is mainly attributable to the gain of control of M6.

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’ relate to the following:

2004

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

- Loss on sale of the investment in the Sportfive joint venture €(13) million

2003

- Gain on sale of the investment in the VCF joint venture €2 million

- Gain on sale of the investment of Group AB accounted for as available-for-sale investment €3 million

- Loss on sale of the investment in Via Digital accounted for as available-for-sale investment €(3) million

- Net gain on others €1 million

4.4 Net interest expense

	2004 €m	2003 €m
Interest income	22	27
Interest expense	(47)	(62)
	(25)	(35)

‘Interest expense’ includes an amount of €19 million (2003: €25 million) in respect of loans and facilities from Bertelsmann (see note 7.1).

4.5 Financial results other than interest

	2004 €m	2003 €m
Impairment losses and reversal of impairment on financial assets	(5)	(5)
Fair value changes on derivatives	(14)	(14)
Commitment fee on unused credit facilities (see note 7.1)	(2)	(1)
Other financial results	2	–
	(19)	(20)

‘Fair value changes on derivatives’ relate to non-operating losses and gains on foreign exchange derivatives of €11 million (2003: €6 million).

Notes to the consolidated financial statements

continued

4.6 Income tax expense

	2004 €m	2003 €m
Current tax expense	182	116
Deferred tax expense/(income)	14	(21)
	196	95

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

	2004 €m	%	2003 €m	%
Profit/(loss) before taxes	630		118	
Add:				
Amortisation and impairment of goodwill	6		317	
Profit before amortisation and impairment of goodwill	636		435	
Income tax rate applicable in Luxembourg		30.38		30.38
Tax calculated at domestic tax rate applicable to profits in Luxembourg	193		132	
Effects of tax rate in foreign jurisdictions and German trade tax	46		52	
Tax calculated at domestic tax rate applicable to profits in the respective countries	239	37.9	184	42.3
Change in tax regulation and status	2		2	
Non deductible expenses:				
– Capital losses	4		–	
– Other non deductible expenses	17		72	
Tax exempt revenues	(5)		(6)	
Recognition of deferred tax assets	(12)		(10)	
Tax incentives not recognised in the income statement	(1)		(5)	
Non recognised tax assets	(6)		7	
Effect of tax losses utilised	(27)		(97)	
Tax expense before adjustment on prior years	211	33.2	147	33.8
Current tax adjustment on prior years	(7)		(20)	
Deferred tax adjustment on prior years	(8)		(32)	
Income tax expense	196	30.8	95	21.8

Income tax adjustments on prior years mainly comprise:

2004

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

2003

- €18 million of German tax credits granted by the tax administration following the distribution of reserves in Germany;
- €32 million of deferred tax income mainly attributable to the reassessment of non-deductible expenses previously considered as tax deductible in Germany.

Following the change in tax law in Germany, the use of tax losses carried forward is now subject to limits in terms of amount. However, tax losses have no expiry date. The impact of the change in 2004 is an increase in current tax expense of €3 million.

4.7 Earnings per share

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders of €367 million (2003: profit of €14 million) and a weighted average number of ordinary shares outstanding during the year of 153,618,853 (2003: 153,618,853), calculated as follows:

	2004	2003
Net profit attributable to ordinary shareholders (in €million)	367	14
Weighted average number of ordinary shares:		
Issued ordinary shares at 1 January	154,787,554	154,787,554
Effect of own shares held	(1,168,701)	(1,168,701)
Weighted average number of ordinary shares	153,618,853	153,618,853
Basic earnings per share (in €)	2.39	0.09
Diluted earnings per share (in €)	2.39	0.09

For 2004 and 2003, there is no dilutive impact of the share option plan as all options are out of the money.

5 Consolidated balance sheet

5.1 Programme and sport rights, goodwill and other intangible assets

	Sport rights €m	(Co)productions €m	Distribution and broad- casting rights €m	Advance payments and (co)productions in progress €m	Total Programme and sport rights ¹ €m	Goodwill €m	Other intangible assets €m
Cost							
Balance at 1 January 2004	114	505	1,019	14	1,652	6,904	194
Early application of IFRS 3	–	–	–	–	–	(943)	–
Restated balance at 1 January 2004	114	505	1,019	14	1,652	5,961	194
Effects of movements in foreign exchange	–	(33)	(7)	–	(40)	–	1
Additions	6	20	12	23	61	–	47
Disposals	–	–	(305)	–	(305)	–	(10)
Subsidiaries, joint ventures and associates disposed of	(127)	–	(1)	(4)	(132)	(344)	(4)
Subsidiaries, joint ventures and associates acquired	–	–	–	–	–	72	–
Gain of control of M6	6	68	101	9	184	–	260
Transfers and other changes	1	5	9	(15)	–	–	–
Balance at 31 December 2004	–	565	828	27	1,420	5,689	488
Amortisation							
Balance at 1 January 2004	(53)	(497)	(933)	–	(1,483)	(3,701)	(120)
Early application of IFRS 3	–	–	–	–	–	943	–
Restated balance at 1 January 2004	(53)	(497)	(933)	–	(1,483)	(2,758)	(120)
Effects of movements in foreign exchange	–	33	6	–	39	–	(1)
Amortisation charge for the year	(5)	(26)	(47)	–	(78)	–	(53)
Impairment losses recognised for the year	–	(1)	(4)	–	(5)	(6)	(4)
Disposals	–	–	305	–	305	–	10
Subsidiaries, joint ventures and associates disposed of	61	–	1	–	62	186	1
Gain of control of M6	(3)	(66)	(84)	–	(153)	–	(42)
Transfers and other changes	–	–	–	–	–	–	–
Balance at 31 December 2004	–	(557)	(756)	–	(1,313)	(2,578)	(209)
Carrying amount							
At 31 December 2003	61	8	86	14	169	3,203	74
At 31 December 2004	–	8	72	27	107	3,111	279

No reversal of impairment losses have been recorded in 2004 and 2003.

There are no intangible assets held under finance leases at 31 December 2004 (2003: €12 million).

¹ Programme and sport rights include internally generated capitalised rights.

Notes to the consolidated financial statements

continued

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

	Sport rights €m	(Co)productions €m	Distribution and broad- casting rights €m	Advance payments and (co)productions in progress €m	Total Programme and sport rights €m	Goodwill €m	Other intangible assets €m
Cost							
Balance at 1 January 2003	117	570	973	27	1,687	6,946	118
Effects of movements in foreign exchange	–	(84)	(30)	–	(114)	(83)	(3)
Additions	3	13	70	8	94	–	70
Disposals	(8)	(1)	(13)	–	(22)	–	(2)
Subsidiaries, joint ventures and associates disposed of	–	–	(3)	–	(3)	–	–
Subsidiaries, joint ventures and associates acquired	1	–	–	3	4	33	1
Transfers and other changes	1	7	22	(24)	6	8	10
Balance at 31 December 2003	114	505	1,019	14	1,652	6,904	194
Amortisation							
Balance at 1 January 2003	(35)	(557)	(826)	–	(1,418)	(3,410)	(91)
Effects of movements in foreign exchange	–	84	25	–	109	26	2
Amortisation charge for the year	(18)	(23)	(129)	–	(170)	(215)	(25)
Impairment losses recognised for the year	–	–	(16)	–	(16)	(102)	–
Subsidiaries, joint ventures and associates disposed of	–	–	3	–	3	–	–
Disposals	–	–	13	–	13	–	2
Transfers and other changes	–	(1)	(3)	–	(4)	–	(8)
Balance at 31 December 2003	(53)	(497)	(933)	–	(1,483)	(3,701)	(120)
Carrying amount							
At 31 December 2002	82	13	147	27	269	3,536	27
At 31 December 2003	61	8	86	14	169	3,203	74

¹Programme and sport rights include internally generated capitalised rights.

5.1.1 Impairment tests for goodwill

Following the early application of IFRS 3, 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:

	2004 €m	2003 €m
Germany		
– Television	833	829
– Radio	14	14
France		
– Television	449	411
– Radio	65	65
Netherlands		
– Television	124	124
UK		
– Television	485	494
Content	890	1,017
Other regions		
– Television	18	18
Total goodwill on cash-generating units	2,878	2,972

	2004 €m	2003 €m
Germany		
– Television	24	24
– Radio	42	42
France		
– Radio	2	8
Content	8	–
Other regions		
– Television	151	151
– Radio	6	6
Total goodwill on associates	233	231
Goodwill	3,111	3,203

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 5 year period. Cash flows beyond the 5 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.

5.1.1 Impairment tests for goodwill (continued)

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

% a year	Television	Content	Radio
Growth rate	3.0-4.0	3.0	3.0
Discount rate	8.5-10.5	9.5	9.0

These assumptions have been used for the analysis of each cash-generating unit within the business segment. Management determined budgeted gross margin based on past performance and its expectations for the market development. The discount rates used reflect specific risks relating to the relevant segments. This review has resulted in an impairment loss being recorded for an amount of €6 million.

5.1.2 Other intangible assets

Following the gain of control of M6, the brand M6, included in the France-Television cash-generating unit, is considered to have an indefinite useful life and has been recognised for an amount of €120 million. As at 31 December 2004, an impairment test was performed and did not lead to any impairment.

5.2 Property, plant and equipment

	Land, buildings and improvements €m	Technical equipment €m	Other €m	Total €m
Cost				
Balance at 1 January 2004	308	327	214	849
Effect of movements in foreign exchange	1	–	–	1
Additions	14	30	36	80
Disposals	(7)	(30)	(20)	(57)
Subsidiaries, joint ventures disposed of	(14)	(59)	(3)	(76)
Subsidiaries, joint ventures acquired	–	1	–	1
Gain of control of M6	96	18	67	181
Transfers and other changes	14	7	(22)	(1)
Balance at 31 December 2004	412	294	272	978
Depreciation				
Balance at 1 January 2004	(133)	(269)	(150)	(552)
Effect of movements in foreign exchange	–	–	–	–
Depreciation charge for the year	(24)	(24)	(33)	(81)
Impairment losses recognised for the year	(4)	–	–	(4)
Disposals	4	28	17	49
Subsidiaries, joint ventures disposed of	8	46	3	57
Gain of control of M6	(9)	(16)	(47)	(72)
Transfers and other changes	(7)	–	9	2
Balance at 31 December 2004	(165)	(235)	(201)	(601)
Carrying amount				
At 31 December 2003	175	58	64	297
At 31 December 2004	247	59	71	377

No reversal of impairment losses have been recorded in 2004 and 2003.

Net tangible assets held under finance leases at 31 December 2004 amount to €21 million (2003: €14 million).

Notes to the consolidated financial statements

continued

5.3 Investments in associates

	2004 €m	2003 €m
Balance at 1 January	114	150
Effect of movements in foreign exchange	2	(3)
Share of result after tax	48	(4)
Dividend distribution	(36)	(30)
Change in consolidation scope	15	1
Transfers and other changes	(1)	–
Balance at 31 December	142	114

Goodwill arising on investments in associates is recorded in the balance sheet under the line 'Goodwill'.

5.4 Loans and other financial assets

	2004 €m	2003 €m
Loans to associates	39	3
Other loans and financial assets	244	220
Other investments	115	60
Surplus in the defined benefit plans (see note 5.13)	3	1
	401	284

'Other loans and financial assets' include an amount of €139 million (2003: €147 million) in respect of a loan to Five.

Reversals of impairment losses of €2 million have been recorded in 2004 (2003: €2 million).

5.4.1 Available-for-sale investments

	2004 €m	2003 €m
Balance at 1 January		
Non-current (see note 5.4)	60	66
Current (see note 5.8)	36	49
	96	115
Net acquisitions and disposals	41	(26)
Gain of control of M6	33	–
Change in fair value	6	(5)
Impairment loss	(4)	–
Other changes	1	12
Balance at 31 December	173	96
Non-current (see note 5.4)	115	60
Current (see note 5.8)	58	36
	173	96

No reversal of impairment losses have been recorded in 2004 and 2003.

5.5 Deferred tax assets and liabilities

	2004 €m	2003 €m
Deferred tax assets	175	191
Deferred tax liabilities	(99)	(22)
	76	169

Deferred tax assets are recognised on tax losses-carry forwards to the extent that realisation of the related tax benefit through future taxable profits is probable. The Group has unrecognised tax losses of €7,113 million (2003: €7,965 million) to carry forward against future taxable income. The most significant portion of these tax losses is in Luxembourg and has no expiry date.

	2004 €m	2003 €m
Balance at 1 January	169	127
Income statement change	(14)	21
Tax charged to equity	(4)	18
Change in consolidation scope	6	3
Gain of control of M6	(81)	–
Balance at 31 December	76	169

5.5 Deferred tax assets and liabilities (continued)

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

	Balance at 1 January 2004 €m	(Charged)/ credited to income statement €m	(Charged)/ credited to equity €m	Change in consolidation scope €m	Gain of control of M6 €m	Transfers and other changes €m	Balance at 31 December 2004 €m
Deferred tax assets							
Programme rights	105	(44)	—	—	—	—	61
Property, plant and equipment	—	—	—	—	—	2	2
Provisions	34	(1)	—	1	8	4	46
Tax losses	6	28	—	—	—	—	34
Others	46	(17)	(5)	1	10	(3)	32
	191	(34)	(5)	2	18	3	175
	Balance at 1 January 2004 €m	(Charged)/ credited to income statement €m	(Charged)/ credited to equity €m	Change in consolidation scope €m	Gain of control of M6 €m	Transfers and other changes €m	Balance at 31 December 2004 €m
Deferred tax liabilities							
Intangible assets	—	3	—	—	(68)	—	(65)
Programme rights	(6)	—	—	—	—	—	(6)
Property, plant and equipment	—	3	—	—	(22)	(2)	(21)
Provisions	—	4	—	—	—	(4)	—
Others	(16)	10	1	4	(9)	3	(7)
	(22)	20	1	4	(99)	(3)	(99)

5.6 Current programme rights

	Gross value €m	2004 Valuation allowance €m	Net value €m	Gross value €m	2003 Valuation allowance €m	Net value €m
(Co)productions	487	(207)	280	466	(202)	264
Children programme rights	16	(1)	15	8	(1)	7
TV programmes	84	(8)	76	70	(9)	61
Other distribution and broadcasting rights	904	(192)	712	857	(145)	712
Sub-total programme rights	1,491	(408)	1,083	1,401	(357)	1,044
(Co)productions and programmes in progress	91	(15)	76	70	(16)	54
Advance, payments on (co)productions, programmes and rights	114	—	114	61	—	61
Sub-total programme rights in progress	205	(15)	190	131	(16)	115
	1,696	(423)	1,273	1,532	(373)	1,159

Additions and reversals of valuation allowance have been recorded for respectively €(47) million and €24 million in 2004 (2003: €(90) million and €60 million).

5.7 Accounts receivable

	Under 1 year €m	2004 Over 1 year €m	Total €m	Under 1 year €m	2003 Over 1 year €m	Total €m
Trade accounts receivable	735	14	749	762	18	780
Accounts receivable from associates	34	—	34	39	—	39
VAT receivable	120	—	120	100	—	100
Prepaid expenses	51	—	51	110	—	110
Accrued interest on loans and other financial assets	48	—	48	40	—	40
Fair value of derivative assets	—	—	—	5	—	5
Current deposit with shareholder (see note 7.1)	208	—	208	—	—	—
Other accounts receivable	119	7	126	118	9	127
	1,315	21	1,336	1,174	27	1,201

Additions and reversals of valuation allowance have been recorded for respectively €(21) million and €32 million in 2004 (2003: €(24) million and €13 million).

Notes to the consolidated financial statements

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5.8 Marketable securities and other short-term investments

'Marketable securities and other short-term investments' only include available-for-sale investments as at 31 December 2004 and 31 December 2003 (see note 5.4.1).

5.9 Cash and cash equivalents

	2004 €m	2003 €m
Cash in hand and at bank	116	119
Fixed term deposits (<3 months)	230	153
Other cash equivalents	–	2
	346	274

5.10 Loans and bank overdrafts

Current liabilities	2004 €m	2003 €m
Bank overdrafts	1	10
Bank loans payable	–	8
Current portion of other non-current loans payable	58	51
Leasing liabilities	2	5
Other current loans payable	300	210
	361	284
Non-current liabilities	2004 €m	2003 €m
Bank loans payable	27	38
Leasing liabilities	24	25
Other non-current loans payable	185	464
	236	527

The decrease of 'Other non-current loans payable' is due to the transfer of the loan of €300 million from Bertelsmann repayable in April 2005 from non-current liabilities in 2003 to current liabilities in 2004 (see note 7.1).

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

	2003			Total carrying amount €m
Term and debt repayment schedule	Under 1 year €m	1 – 5 years €m	Over 5 years €m	
Bank overdraft	10	–	–	10
Bank loans payable	8	38	–	46
Current portion of other non-current loans payable	51	–	–	51
Leasing liabilities	5	16	9	30
Other loans payable	210	464	–	674
	284	518	9	811

5.11 Accounts payable

	2004 €m	2003 €m
Current accounts payable		
Amounts due to associates	17	56
Trade accounts payable	988	958
Fair value of derivative liabilities	73	79
Other accounts payable	602	555
	1,680	1,648

'Fair value of derivative liabilities' include the fair value of forward foreign exchange contracts for an amount of €73 million (2003: €69 million) and the fair value of written put options on equity instruments for an amount of €0 million (2003: €10 million).

'Other accounts payable' include deferred income for an amount of €105 million (2003: €111 million).

	1 – 5 years €m	2004 Over 5 years €m	Total €m	1 – 5 years €m	2003 Over 5 years €m	Total €m
Non-current accounts payable						
Other accounts payable	183	7	190	130	56	186

5.12 Provisions

	Employee benefits €m	Litigations ² €m	Restructuring €m	Onerous contracts €m	Other provisions €m	Total €m
Balance at 1 January	93	42	3	12	39	189
Provisions made during the year	12	9	5	13	14	53
Provisions used during the year	(5)	(3)	(2)	(5)	(7)	(22)
Provisions reversed during the year	(3)	(32)	–	(3)	(11)	(49)
Change in consolidation scope	(1)	1	–	–	(3)	(3)
Gain of control of M6	24	21	–	–	5	50
Other changes	–	–	–	14	–	14
Balance at 31 December	120	38	6	31	37	232

	2004 €m	2003 €m
Non-current	211	186
Current	21	3
	232	189

¹'Employee benefits' comprise provisions for defined benefit obligations for €75 million (2003: €68 million) (see note 5.13) and provision for other employee benefits for €45 million (2003: €25 million).

²'Litigations' include provisions for operational, social and tax risks in relation to M6 for €27 million (2003: €20 million), TVi for €6 million (2003: €7 million), Sportfive for €0 million (2003: €4 million) and various other minor litigations for €5 million (2003: €11 million).

Notes to the consolidated financial statements

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5.13 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 TVi participate in a funded defined benefit plan insured with the insurance company AXA. The plan 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 RTL retirement indemnity plan is partly funded by an insurance contract with AXA. M6 Group participates in a defined benefit plan which provides pension benefits to members on retirement.

Germany

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

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

RTL Television sponsors individual plans for some 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 an unfunded defined benefit plan which provides pension benefits to members and their dependants on retirement, death and disability.

The Netherlands

Employees of IP Netherlands participate in a funded defined benefit plan insured with the insurance company Aegon. The plan provides pension benefits to members and their dependants on retirement and death.

United Kingdom

FremantleMedia operates the RTL Group UK Pension Plan ('the RTL UK Plan'), which was established on 29 December 2000. The RTL UK Plan provides both defined benefit and defined contribution benefits.

Defined benefit plans

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

	2004 % a year	2003 % a year
Discount rate	4.50–5.30	5.10–5.75
Expected return on plan assets	4.50–6.50	5.00–7.50
Long term inflation rate	1.70–2.90	2.00–2.75
Salary growth rate	2.50–4.90	3.00–4.75
Pension growth rate	1.70–4.00	2.00–4.00

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

	2004 €m	2003 €m
Present value of funded obligations	55	45
Fair value of plan assets	(39)	(30)
Present value of unfunded obligations	68	61
Deficit	84	76
Unrecognised actuarial losses	(12)	(9)
Liability in the balance sheet (see note 5.12)	75	68
Asset in the balance sheet (see note 5.4)	3	1

5.13 Employee benefits (continued)

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

The amounts recognised in the income statement are as follows:

	2004 €m	2003 €m
Current service cost	7	7
Interest cost	6	5
Expected return on asset plan (gains)/losses	(2)	(1)
Actuarial (gains)/losses	1	–
Past service (gains)/cost	1	(1)
Settlements and curtailments	(1)	–
Total included in the income statement	12	10

The actual return on plan assets was €0.3 million (2003: €1 million).

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

	2004 €m	2003 €m
At beginning of year	67	68
Total included in the income statement	12	10
Contributions and benefits paid	(10)	(11)
Gain of control of M6	3	–
At end of year	72	67

5.14 Shareholders' equity

5.14.1 Share capital

As at 31 December 2004, the subscribed capital amounts to €192 million (2003: €192 million) and is represented by 154,787,554 (2003: 154,787,554) fully paid-up ordinary shares, without nominal value. All shares have the same rights and entitlements. The authorised share capital is €196 million.

5.14.2 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 2004, the Group holds 1,168,701 own shares (2003: 1,168,701) at a cost of €44 million (2003: €44 million).

5.14.3 Dividends

At the Annual General Meeting of RTL Group on 20 April 2005, a dividend in respect of 2004 of €0.95 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 2005. The dividends in respect of 2003 for RTL Group amounted to €0.80 per share (€123 million).

5.14.4 Other reserves

An analysis of the movement on 'Other reserves' is set out below:

	Revaluation reserve (available- for-sale investments) €m	Hedging reserve €m	Currency translation reserve €m	Revaluation reserve for intangible assets €m	Total €m
Balance at 1 January 2004	25	(51)	(127)	–	(153)
Effect of movements in foreign exchange	–	–	3	–	3
Fair value adjustments	6	2	–	–	8
Gain of control of M6	–	–	–	48	48
Balance at 31 December 2004	31	(49)	(124)	48	(94)

The currency translation movement for the year, amounting to €3 million (2003: €65 million), includes €(1) million (2003: €(45) million) in respect of loans which have been designated to form part of the Group's net investment in specific undertakings, as the repayment of those loans is not anticipated within the foreseeable future. As prescribed by IAS 21, 'The Effects of Changes in Foreign Exchange Rates', such exchange differences have been recognised directly through equity. As at 31 December 2004, the cumulated currency translation reserves in respect of these loans amount to €(81) million (2003: €(80) million).

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5.15 Reconciliation with Luxembourg generally accepted accounting principles ('GAAP')

The reconciliation of shareholders' equity and net profit/(loss) as reported by Group for the year ended 31 December 2004 with Luxembourg accounting principles is as follows:

	2004 €m	2003 Um
Shareholders' equity under IFRS as at 31 December	4,524	4,242
Accounting for treasury shares	44	44
Accounting for financial instruments	(31)	(25)
Application of IFRS 3	(234)	–
Shareholders' equity under Luxembourg GAAP as at 31 December	4,303	4,261
 Net profit/(loss) under IFRS as at 31 December	 367	 14
Accounting for financial instruments	2	(52)
Application of IFRS 3	(207)	–
Net profit/(loss) under Luxembourg GAAP as at 31 December	162	(38)

Treasury shares (SIC 16)

Under Luxembourg GAAP, treasury shares are held at the lower of cost and market value and are classified under securities and other short-term investments. Under IFRS, these shares are classified as a deduction of shareholders' equity.

Financial instruments (IAS 39)

IAS 39 covers the recognition, de-recognition and measurement of derivatives, all monetary assets and liabilities on a company's balance sheet and its equity investments. The standard imposes strict limits on the use of hedge accounting, even for hedges that are economically effective.

The principal differences between IAS 39 and Luxembourg GAAP are summarised below:

- Derivative instruments are recognised on the balance sheet and measured at fair value under IAS 39 with gains and losses arising from changes in fair values of derivatives are recognised in the income statement, except when strict hedge effectiveness criteria are satisfied. Under Luxembourg GAAP, derivatives used for hedging purposes are measured at fair value. Only the net unrealised loss is recorded as a liability on the balance sheet, whereas the unrealised gain is not recognised;
- Under Luxembourg GAAP, investments in equity and debt instruments are carried at cost or amortised cost. Such investments are measured at fair value under IAS 39. In addition, the gains and losses on such investments have been deferred to equity pending the sale of the investment.

Accounting for business combination and amortisation of goodwill (IFRS 3)

- Under IFRS, as explained in note 3.2 to the financial statements, the gain of control of M6 has required the recognition of some identifiable assets of M6 at their fair values. Furthermore, goodwill arising from acquisitions achieved before 1 January 2004 are maintained at their net value as at 31 December 2003 and are no longer subject to amortisation but to an annual impairment test;
- Under Luxembourg GAAP, the gain of control of M6 would not have resulted in the recognition at their fair values of identifiable assets as disclosed in note 3.2 to the financial statements. Furthermore, goodwill arising on acquisitions made in prior years and in 2004 would have continued to be amortised on a straight-line basis over the shorter of their useful lives and 20 years.

6 Commitments and contingencies

	2004 €m	2003 €m
Guarantees and endorsements given	142	265
Contracts for purchasing rights, (co)productions and programmes	2,023	2,081
Operating leases	540	495
Other long-term contracts and commitments	520	515

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 €2,023 million (2003: €2,081 million).

6.2 Operating leases

Non-cancellable operating lease rentals are as follows:

	2004			Lease payments		2003		Total €m
	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	
Leasing of satellite transponders	60	138	4	202	27	172	5	204
Other operating leases	72	203	63	338	24	254	13	291
	132	341	67	540	51	426	18	495

One of the leased properties has been sublet by the Group. The head lease and sublease expire in September 2011. Sublease payments of €5 million are expected to be received in 2005.

6.3 Other long-term contracts and commitments

The Group has 'Other long-term contracts and commitments' amounting to €520 million as at 31 December 2004 (2003: €515 million). These relate to a number of items including broadcasting licences, distribution and transmission arrangements, production services and sale and lease back transactions in respect of FremantleMedia.

FremantleMedia has arrangements for a remaining period of 13 years in relation to sale and lease back transactions for an amount of €132 million (2003: €134 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.

Notes to the consolidated financial statements

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6.4 Licence agreement

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

6.5 Share option plan

RTL Group Stock Option Plan

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

Eligibility

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

Grant

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

Scheme Limits

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

Exercise Price

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

Exercise

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

Movements in the number of share options are as follows:

In thousands of options	2004	2003
Options outstanding at 1 January	241	391
Options expired/cancelled during the year	(24)	(150)
Options outstanding at 31 December	217	241

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

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

The market price of RTL Group shares on the Brussels Stock Exchange was €55 as at 31 December 2004.

The Metropole Television (M6) Employee Share Option Plan

M6 has established an employee share option plan open to directors and certain employees within the Group.

The number of options granted to a participant is determined by the Board of Directors of Metropole Television in accordance with the authorisation given by the General Meeting of Shareholders.

Options were generally granted under the plan in September 1998, December 1998, June 1999, January 2000, June 2000, June 2001, June 2002, July 2003, November 2003 and April 2004. Options granted in September and December 1998 may only be exercised after expiry of three years from the date of grant and must be exercised before the expiry of 7 years from the date of grant. Options granted in June 1999 and January 2000 may only be exercised after the fifth anniversary of the date of grant. Options granted in June 2001 may only be exercised after the fourth anniversary of the date of grant and before its seventh anniversary.

The price to be paid to exercise each of the remaining options is 95 per cent of the average value of shares in Metropole Television on the Paris Stock Exchange over the twenty trading days preceding the date of grant.

Movements in the number of share options are as follows:

In thousands of options	2004	2003
Options outstanding at 1 January	3,179	2,931
Options issued during the year	940	691
Options exercised during the year	(315)	(260)
Options expired/cancelled during the year	(173)	(183)
Options outstanding at 31 December	3,631	3,179

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

Expiry date	Exercise price (in €)	Number of options
September 2005	14.00	425
December 2005	19.00	395
June 2007	57.00	259
January 2008	30.80	413
May 2009	28.60	594
June 2010	23.00	705
November 2011	25.00	840
		3,631

The market price of M6 shares on the Paris Stock Exchange was €20.90 as at 31 December 2004.

6.6 Financial instruments

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

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

Foreign exchange risk

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

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

The foreign currency management policy of the Group is to hedge 100% of the recognised monetary foreign currency exposures arising from cash, receivables, payables, loans and borrowings denominated in currencies other than EUR. Group companies' hedge about 90% of known cash flows linked to programme rights, which constitute firm commitments, and between 15% and 85% of longer term (between 2 and 5 years) forecast cash flows arising from foreign currency denominated output deals.

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

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

- hedged foreign currency exposures relate to programme 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 251 at year-end 2004. The fair value of forward foreign exchange contracts is detailed as follows:

	2004 €m	2003 €m
Fair value of forward foreign exchange contracts (cash flow hedge)	(84)	(83)
Fair value of other forward foreign exchange contracts	11	19
	(73)	(64)

The notional amount of forward foreign exchange contracts is €1,552 million (2003: €961 million).

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

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6.6 Financial instruments (continued)

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	5.4	9.4	39	–	–	–	7	32
Other loans – floating rate	5.4	5.7	192	192	–	–	–	–
Current deposit – floating rate	5.7	2.2	208	208	–	–	–	–
Cash and cash equivalents (not earning assets)	5.9	–	32	32	–	–	–	–
Cash and cash equivalents (earning assets)	5.9	2.2	314	314	–	–	–	–
Bank loans – floating rate	5.10	3.2	(27)	(27)	–	–	–	–
Bank overdrafts	5.10	2.3	(1)	(1)	–	–	–	–
Leasing liabilities	5.10	5.1	(26)	(11)	(1)	(4)	(4)	(6)
Loans payable – floating rate	5.10	5.8	(243)	(243)	–	–	–	–
Loans payable – fixed rate ¹	5.10	5.4	(300)	(300)	–	–	–	–
At 31 December 2004			188	164	(1)	(4)	3	26

	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	5.4	8.0	3	3	–	–	–	–
Other loans – floating rate	5.4	4.6	215	39	176	–	–	–
Cash and cash equivalents (not earning assets)	5.9	–	30	30	–	–	–	–
Cash and cash equivalents (earning assets)	5.9	1.2	244	244	–	–	–	–
Bank loans	5.10	3.5	(46)	(19)	(20)	(6)	(1)	–
Bank overdrafts	5.10	2.3	(10)	(10)	–	–	–	–
Leasing liabilities	5.10	5.3	(30)	(2)	(2)	(8)	(9)	(9)
Loans payable – floating rate	5.10	5.4	(166)	(12)	(154)	–	–	–
Loans payable – fixed rates ¹	5.10	4.1	(508)	(208)	–	(300)	–	–
At 31 December 2003			(268)	65	–	(314)	(10)	(9)

¹Including financial liabilities bearing fixed interest rates for a fair value of €303 million (2003: €519 million).

Other than the Group's loan with Bertelsmann as at 31 December 2004 for an amount of €300 million and the loans to associates of €39 million which bear fixed rates interest charge, the majority of interest-earning assets and interest-bearing liabilities are subject to floating rate interest charges. The carrying amounts disclosed above approximate their fair values.

Credit risk

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

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, Group Treasury aims at maintaining flexibility in funding by keeping committed credit lines available. Group Treasury monitors on a monthly basis the level of the 'Liquidity Head Room' (total committed facilities minus current utilisation). The 'Liquidity Head Room' amounts to €650 million at year-end (see note 7.1 for the 'Liquidity Head Room' provided by Bertelsmann).

6.6 Financial instruments (continued)

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 loss incurred in 2004 in respect of these instruments amounts to €3 million (2003: gain of €1 million).

7 Related parties

Identity of related parties

As at 31 December 2004 the principal shareholders of the Group are Bertelsmann AG and BWTV (90%). The remainder of the Group's shares are publicly listed on the Brussels and Luxembourg stock exchanges. The Group also has a related party relationship with its associates, joint ventures and with its Directors.

7.1 Transactions with shareholders

During the year the Group made sales of goods and services, purchases of goods and services to Bertelsmann amounting to €17 million (2003: €61 million) and €46 million (2003: €41 million) respectively. At the year-end, the Group had receivables and payables due from/to Bertelsmann amounting to €11 million (2003: €6 million) and €14 million (2003: €13 million) respectively.

On 31 December 2004, RTL Group deposited €208.2 million with Bertelsmann AG. The interest rate is the daily € overnight rate. As at 31 December 2004, the interest accrued at 31 December 2004 amounts to €0.4 million. The interest received for the year amounts to €0.8 million.

In April 2002, RTL Group entered into a €300 million loan agreement with Bertelsmann AG. The loan is granted to RTL Group for a period of 3 years. The loan bears interest on the basis of the three-year Euro Swap rate. The loan is repayable in full by April 2005. The interest expense accrued at 31 December 2004 amounts to €11 million (2003: €11 million). The interest expense for the year amounts to €16 million (2003: €16 million), of which €0.2 million as commitment fees.

On 5 November 2002, RTL Group entered into a €600 million Revolving Credit Facility (the 'Facility') granted by Bertelsmann AG. The Facility is granted to RTL Group for the period from 8 November 2002 to 31 August 2006. The Facility bears interest at a rate per annum equal to the sum of the EURIBOR rate plus a 45 basis point margin. On 21 December 2004, the Facility was reduced by €300 million, leaving the facility at €300 million. As at 31 December 2004, the balance of the Facility used by RTL Group amounts to €nil (2003: €nil million) and the interest accrued at 31 December 2004 amounts to € nil (2003: €nil million). The interest expense for the year amounts to €1.7 million (2003: €7.2 million), of which €1.3 million as commitment fees.

7.1 Transactions with shareholders (continued)

On 5 November 2002, RTL Group entered into a €300 million Revolving Credit Facility (the 'Facility') granted by Bertelsmann AG. The Facility is granted to RTL Group for the period from 31 August 2003 to 31 August 2005. Of this facility, €nil million (2003: 208 million) has been drawn down. The Facility bears interest at a rate per annum equal to the sum of the EONIA rate plus a 25 basis point margin. As at 31 December 2004, the balance of the Facility used by RTL Group amounts to €nil million (2003: €208 million) and the interest accrued at 31 December 2004 amounts to €nil million (2003: €0.3 million). The interest expense for the year amounts to €2.6 million (2003: €1.5 million), of which €0.3 million as commitment fees.

7.2 Transactions with associates and joint ventures

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

	2004 €m	2003 €m
Sales of goods and services to related parties:		
Associates	65	99
Joint ventures	33	45
	98	144

Purchase of goods and services from related parties:

	2004 €m	2003 €m
Associates	6	7
Joint ventures	5	10
	11	17

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

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

	2004 €m	2003 €m
Accounts receivable from related parties:		
Associates	34	38
Joint ventures	3	11
	37	49

Accounts payable to related parties:

	2004 €m	2003 €m
Associates	17	50
Joint ventures	1	3
	18	53

7.3 Transactions with Directors

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

Total remuneration of directors included in personnel costs (see note 4.2.1) amounts to €3 million in 2004 (2003: €3 million).

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7.4 Share options granted to directors

The aggregate number of share options granted to the directors of the Company during 2004 and 2003 was nil. The outstanding number of share options granted to the directors of the Company at the end of the year was 11,500 (2003: 11,500).

7.5 Directors' fees

In 2004, a total of €0.9 million (2003: €0.8 million) was allocated in the form of attendance fees to the members of the Board of Directors of RTL Group S.A. and the committees which emanate from it with respect to their functions within RTL Group S.A. as well as other Group companies.

8 Interests in joint ventures

	Country of incorporation	Consolidation rate 2004 %	2003 %
M6 Group	France	–	48.39
TPS	France	34.00	16.45
Five Group	UK	64.63	64.63
RTL Disney Fernsehen GmbH & Co KG	Germany	50.00	50.00
Sportfive Group ¹	France	–	46.95
n-tv	Germany	50.00	48.61

¹Sportfive Group has been proportionally consolidated in the income statement in 2003 and from 1 January 2004 to 30 June 2004.

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

	2004 €m	2003 €m
Non-current assets	52	207
Current assets	225	878
Non-current liabilities	(209)	(286)
Current liabilities	(312)	(602)
Net assets	(244)	197

	2004 €m	2003 €m
Income	744	1,187
Expenses	(735)	(1,161)

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

	2004 €m	2003 €m
Contracts for purchasing rights, (co)productions and programmes	173	464
Operating leases	196	46
Other long term contracts and commitments	105	345

9 Group undertakings

	Country of incorporation	Note	2004 Group's Ownership	Consolidated method ¹	Note	2003 Group's Ownership	Consolidated method ¹
RTL Group SA	Luxembourg			M			M
Broadcasting TV							
5 Direct Ltd	UK	(3)	64.5	P	(3)	64.5	P
A 3 D Chile Holdings SA	Chile	(25)	–	NC	(7)	17.3	E
A 3 D Chile SA	Chile	(25)	–	NC	(7)	12.1	E
Antena 3 Castilla-Leon SA	Spain	(24)	–	NC	(7)	10.4	E
Antena 3 de Television SA	Spain	(7)	17.3	E	(7)	17.3	E
Antena 3 Directo SAU	Spain	(25)	–	NC	(7)	17.3	E
Antena 3 Editorial SA	Spain	(7)	17.3	E	(7)	17.3	E
Antena 3 Peru SA	Peru	(24)	–	NC	(7)	17.3	E
Antena 3 Producciones SA	Peru	(24)	–	NC	(7)	17.3	E
Antena 3 Tematica SA	Spain	(25)	–	NC	(7)	17.3	E
Antena de Radiodifusion SA (formerly Cadena de Voz de Radio Difusion SA)	Spain	(7)	17.3	E	(7)	17.3	E
Broadcasting Center Europe SA	Luxembourg		99.7	F		99.7	F
Boutiques du monde SAS	France	(2)	48.8	F			
Canal Factoria de Ficción SA	Spain	(7)	6.9	E	(7)	6.9	E
Canal Media Radio SA	Spain	(7)	17.3	E	(7)	17.3	E
Capital Productions SA	France	(2)	48.8	F	(2)	48.2	P
Channel 5 Broadcasting Ltd	UK	(3)	64.5	P	(3)	64.5	P
Channel 5 Engineering Services Ltd	UK	(3)	59.3	P	(3)	59.3	P
Channel Five Holdings Ltd	UK	(26)	–	NC	(22)	50.0	E
Channel 5 Interactive Ltd	UK	(3)	64.5	P	(3)	64.5	P
Channel 5 Music Ltd	UK	(3)	64.5	P	(3)	64.5	P
Channel 5 Television Group Ltd	UK	(3)	64.5	P	(3)	64.5	P
Channel 5 Text Ltd	UK	(3)	64.5	P	(3)	64.5	P
Club Téléachat SNC	France	(2)	48.8	F	(2)	48.1	P
Compania Tres Mil Ochocientas SAU	Spain	(7)	17.3	E	(7)	17.3	E
Compunet Servicios Telematicos SA	Spain	(7)	15.5	E	(7)	16.4	E
Corporacion Radiofonica de Informacion y Deportes SL	Spain	(24)	–	NC	(7)	8.6	E
Creation GmbH (formerly House Of Promotion Produktions GmbH)	Germany		99.7	F		99.7	F
Culture Mag Editions	France	(2)	44.0	F	(2)	43.4	P
Edit TV/M6 Music SNC	France	(2)	48.8	F	(2)	48.2	P
El Cartel GmbH	Germany		35.8	E			
Ensueno Films SL	Spain	(7)	17.3	E	(7)	17.3	E
Estaciones Radiofonicas de Aragon SAU	Spain	(7)	17.3	E	(7)	17.3	E
Extension TV Série Club SA	France	(2)	24.4	P	(2)	24.1	P
Filmlux SA	Luxembourg		99.7	F		99.7	F
Football Club des Girondins de Bordeaux SAS	France	(2)	48.7	F	(2)	47.6	P
FUN TV SNC	France	(2)	48.8	F	(2)	48.2	P
Grupo Universum Emisoras Radio Amanecer SAU	Spain	(7)	17.3	E	(7)	17.3	E
Guadiana Producciones SA	Spain	(25)	–	NC	(7)	17.3	E
GZSZ Vermarktungsgesellschaft mbH	Germany		99.7	F		99.7	F
Holland Media Groep Business Nieuws BV	Netherlands		99.7	F		99.7	F
Home Shopping Service Belgique SA	Belgium	(2)	48.8	F	(2)	48.1	P
Home Shopping Service Hongrie SA	Hungary	(2)	48.8	F	(2)	48.1	P

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9 Group undertakings (continued)

	Country of incorporation	Note	2004 Group's Ownership	Consolidated method ¹	Note	2003 Group's Ownership	Consolidated method ¹
Home Shopping Service SA	France	(2)	48.8	F	(2)	48.1	P
Home Travel Services Sàrl	France	(2)	24.4	P	(2)	24.1	P
Immobilière M6 SA	France	(2)	48.8	F	(2)	48.2	P
Inversiones Valores Inmuebles SL	Spain	(25)	–	NC	(7)	15.9	E
IPA Plus (Österreich) Verm. für Fernsehwerbung GmbH	Austria		49.8	F		49.8	F
Ipar Ondas SAU	Spain	(7)	17.3	E	(7)	17.3	E
IP Belgium SA	Belgium		65.8	F		65.8	F
IP Deutschland GmbH	Germany		99.7	F		99.7	F
IP iMedia BV	Netherlands		99.7	F		99.7	F
IP Interactive SA	France	(23)	–	NC		99.7	F
IP Medien KG	Germany		84.7	F		84.7	F
IP New Media GmbH	Germany		99.7	F		99.7	F
IPN SA	Netherlands		99.7	F		99.7	F
La Veu de Lleida SLU	Spain	(7)	17.3	E	(7)	17.3	E
Live Stage SAS	France	(2)	34.0	F	(2)	34.0	P
London Playout Centre Ltd (formerly Pearson TV Services Ltd)	UK	(24)	–	NC		100.0	F
M6 Bordeaux SAS	France	(2)	48.8	F	(2)	48.2	P
M6 Diffusions SA	France	(2)	48.8	F	(2)	48.2	P
M6 Droits Audiovisuels SA	France	(2)	48.8	F	(2)	48.2	P
M6 Editions SA	France	(2)	48.8	F	(2)	48.2	P
M6 Evenements SA	France	(2)	48.8	F	(2)	48.2	P
M6 Films SA	France	(2)	48.8	F	(2)	48.2	P
M6 Foot SAS	France	(2)	48.8	F	(2)	47.7	P
M6 Interactions SAS	France	(2)	48.8	F	(2)	48.2	P
M6 Numérique SNC	France	(2)	48.8	F	(2)	48.2	P
M6 Publicité Interactive SAS	France	(23)	–	NC	(2)	48.2	P
M6 Publicité SAS	France	(2)	48.8	F	(2)	48.2	P
M6 Studio SAS	France	(2)	48.8	F	(2)	48.2	P
M6 Thématique SAS	France	(2)	48.8	F	(2)	48.2	P
M6 Toulouse SAS	France	(2)	48.8	F	(2)	48.2	P
M6 Web SAS	France	(2)	48.8	F	(2)	48.2	P
Mandarin SAS	France	(2)	48.8	F	(2)	48.2	P
Medipress Valencia SAU	Spain	(7)	17.3	E			
Megatrix SA	Spain	(25)	–	NC	(7)	17.3	E
Métropole Production SA	France	(2)	48.8	F	(2)	48.2	P
Métropole Télévision SA	France	(2)	48.8	F	(2)	48.2	P
Movierecord Cine SA	Spain	(7)	17.3	E	(7)	17.3	E
M-RTL Rt	Hungary		48.8	E		48.8	E
Multivision SNC	France	(2)	16.5	P	(2)	16.4	P
Nova Televisio SA	Spain	(24)	–	NC	(7)	8.8	E
n-tv Nachrichtenfernsehen GmbH & CoKG	Germany		49.8	P		48.5	P
n-tv Services GmbH	Germany		49.8	P		48.5	P
Ondadit SLU	Spain	(7)	17.3	E	(7)	17.3	E

9 Group undertakings (continued)

	Country of incorporation	Note	2004 Group's Ownership	Consolidated method ¹	Note	2003 Group's Ownership	Consolidated method ¹
Onda Cero SAU	Spain	(7)	17.3	E	(7)	17.3	E
Onda Cero Ramblas SL	Spain	(24)	–	NC	(7)	6.9	E
Paris Première SA	France	(2)	48.8	F			
Publicidad 3, SA	Spain	(7)	17.3	E	(7)	17.3	E
Radio Alamedilla SAU	Spain	(7)	17.3	E	(7)	17.3	E
Radio Media Galicia SA	Spain	(7)	17.3	E	(7)	17.3	E
Radio Noticias Noventa SAU	Spain	(7)	17.3	E	(7)	17.3	E
Radio Sistemas Radiofonicos Conco SLU	Spain	(7)	17.3	E	(7)	17.3	E
Radio Tormes SA	Spain	(7)	17.3	E	(7)	17.3	E
RTL Disney Fernsehen GmbH & Co.KG	Germany		49.8	P		49.8	P
RTL Enterprises GmbH	Germany		99.7	F		99.7	F
RTL Group Beheer BV	Netherlands		100.0	F		100.0	F
RTL Group Communications SLU	Spain		100.0	F		100.0	F
RTL Group GmbH	Germany		99.7	F		99.7	F
RTL Hrvatska d.o.o. (formerly RTL Croatia d.o.o.)	Croatia		65.3	F		32.9	F
RTL Hessen GmbH	Germany		99.7	F		99.7	F
RTL Hessen Programmfenster GmbH (formerly RTL Hessen GmbH)	Germany		59.8	F		59.8	F
RTL iMedia Holding BV	Netherlands		99.7	F		99.7	F
RTL Nederland Broadcast Operation BV (formerly Broadcasting Center Nederland BV)	Netherlands		99.7	F		99.7	F
RTL Nederland Interactief BV (formerly RTL iMedia Holding BV)	Netherlands		99.7	F		99.7	F
RTL NET GmbH	Germany		99.7	F		99.7	F
RTL Net SAS	France		99.7	F		99.7	F
RTL NEWMEDIA GmbH	Germany		99.7	F		99.7	F
RTL Nord GmbH	Germany		99.7	F		99.7	F
RTL Plus Sarl (formerly SA & Co. KG)	Luxembourg	(23)	–	NC		99.7	F
RTL Shop GmbH	Germany		89.4	F		89.4	F
RTL Television GmbH	Germany		99.7	F		99.7	F
RTL Z VOF	Netherlands		99.7	F		99.7	F
RTL Nederland SA (formerly RTL /de Holland Media Groep SA)	Luxembourg		99.7	F		99.7	F
RTL2 Fernsehen Geschäftsführung GmbH	Germany		35.8	E		35.8	E

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9 Group undertakings (continued)

	Country of incorporation	Note	2004 Group's Ownership	Consolidated method ¹	Note	2003 Group's Ownership	Consolidated method ¹
RTL2 Fernsehen GmbH & Co.KG	Germany		35.8	E		35.8	E
RTL4 Beheer BV	Netherlands		99.7	F		99.7	F
RTL4 Finance SA	Luxembourg		99.7	F		99.7	F
RTL9 SA	Luxembourg		34.9	E		34.9	E
RTL9 SA & Cie SECS	Luxembourg		34.8	E		34.8	E
S4M Solutions For Media GmbH	Germany		99.7	F		99.7	F
SCI du 107	France	(2)	48.8	F	(2)	48.2	P
SEDI TV SNC	France	(2)	24.9	F	(2)	24.6	P
SND SA	France	(2)	48.8	F	(2)	48.2	P
Société Européenne de Télévente Belgique SCA	France	(2)	48.4	F	(2)	48.1	P
Studio 89 Productions SAS	France	(2)	48.8	F	(2)	48.2	P
TCM Droits Audiovisuels SNC	France	(2)	24.4	P	(2)	24.1	P
Tecipress SA	France	(2)	48.8	F	(2)	48.1	P
Tele West KG	Germany		99.7	F		51.5	F
Télévente Promotion SA	France	(2)	48.8	F	(2)	48.1	P
Télévision Par Satellite SNC	France	(2)	16.6	P	(2)	16.4	P
TF6 SCS	France	(2)	24.4	P	(2)	24.1	P
TF6 Gestion SCS	France	(2)	24.4	P	(2)	24.1	P
Thames Cable and Satellite Services Ltd	UK		100.0	F		100.0	F
TPS Cinéfaz SNC	France	(2)	16.6	P	(2)	16.4	P
TPS Cinéstar SNC	France	(2)	16.6	P	(2)	16.4	P
TPS Cinétoile SNC	France	(2)	16.6	P	(2)	16.4	P
TPS Cinéma SNC	France	(2)	16.6	P	(2)	16.4	P
TPS Entreprises SNC	France	(2)	16.6	P	(2)	16.4	P
TPS Foot SNC	France	(2)	16.6	P	(2)	16.4	P
TPS Interactif SNC (formerly TPS Services SNC)	France	(2)	16.6	P	(2)	16.4	P
TPS Jeunesse SNC	France	(2)	16.6	P	(2)	16.4	P
TPS Motivation SA	France	(2)	16.6	P	(2)	16.4	P
TPS Sport SNC	France	(2)	16.6	P	(2)	16.4	P
TPS Terminaux SNC	France	(2)	16.6	P	(2)	16.4	P

9 Group undertakings (continued)

	Country of incorporation	Note	2004 Group's Ownership	Consolidated method ¹	Note	2003 Group's Ownership	Consolidated method ¹
Trading Team SA	Portugal	(25)	–	NC	(7)	13.8	E
Traumpartner TV GmbH	Germany		99.7	F			
TV Store	France	(2)	48.8	F	(2)	48.2	P
TVi SA	Belgium		65.8	F		65.8	F
Uniprex SA – Onda Cero Radio	Spain	(7)	17.3	E	(7)	17.3	E
Unité 15 Belgique SA	Belgium	(2)	48.8	F	(2)	48.1	P
Unité 15 France SA (formerly Unité 15 France SA)	France	(2)	48.8	F	(2)	48.1	P
VOX Film & Fernseh GmbH & Co.KG	Germany		99.4	F		99.4	F
W9 Productions SAS	France	(2)	48.8	F	(2)	48.2	P
Yorin TV BV	Netherlands		99.7	F		99.7	F

Content

ACI International Ltd	UK	(26)	–	NC		100.0	F
All American Entertainment Inc	USA	(14)	100.0	F	(14)	100.0	F
All American Music Group	USA	(14)	100.0	F	(14)	100.0	F
All American Netherlands BV	Netherlands	(14)	100.0	F	(14)	100.0	F
Allied Communications Inc	USA		100.0	F		100.0	F
Alomo Productions Ltd	UK	(19)	100.0	F	(19)	100.0	F
American Idols Productions Inc	USA	(14)	100.0	F	(14)	100.0	F
Arbor TV Filmproduktion GmbH	Germany	(23)	–	NC	(5)	67.8	F
Be Happy Productions SAS	France		100.0	F		100.0	F
Belga Films SA	Belgium		65.8	F		65.8	F
Bernesse Pty Ltd	Australia	(17)	100.0	F	(17)	100.0	F
Big Fish Productions Inc	USA	(23)	–	NC	(14)	100.0	F
Big Smile Productions Inc	USA	(23)	–	NC	(14)	100.0	F
Blue Circle BV (formerly RTL 4 Productions BV)	Netherlands		100.0	F		99.7	F
Clement/La Fresnais Productions Ltd	UK	(19)	100.0	F	(19)	100.0	F
CLT-UFA Multi Media GmbH	Germany		99.7	F		99.7	F
Cologne Sitcom Produktions GmbH	Germany	(20)	50.2	F	(20)	50.2	F

Notes to the consolidated financial statements

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9 Group undertakings (continued)

	Country of incorporation	Note	2004 Group's Ownership	Consolidated method ¹	Note	2003 Group's Ownership	Consolidated method ¹
Cologne Sitcom Verwaltung GmbH	Germany	(20)	50.2	F	(20)	50.2	F
Crackerjack Productions Pty Ltd	Australia		100.0	F		100.0	F
Dedicated To Sport Sarl	France	(6)	24.9	E	(6)	46.8	P
Deutsche Synchon Film GmbH & Co KG	Germany	(8)	50.8	F	(8)	50.8	F
Die Berliner Produktion GmbH	Germany	(23)	–	NC	(5)	67.8	F
Eurowide Television Ltd (formerly Channel Three Ltd)	UK	(19)	100.0	F	(19)	100.0	F
Euston Films Ltd	UK	(26)	–	NC	(22)	100.0	F
Feudin' Productions Inc	USA	(14)	100.0	F	(14)	100.0	F
F Music TV Ltd	UK	(26)	–	NC	(22)	100.0	F
Football France Promotion SA	France	(6)	24.9	E	(6)	46.8	P
Fremantle (AUS) Productions Pty Ltd	Australia	(9)	100.0	F	(9)	100.0	F
Fremantle (UK) Productions Ltd	UK		100.0	F		100.0	F
Fremantle de Espana SL	Spain	(9)	95.0	F	(9)	100.0	F
Fremantle Entertainment OY	Finland		100.0	F		100.0	F
Fremantle France Productions Sarl	France		100.0	F		100.0	F
Fremantle Goodson Inc	USA	(14)	100.0	F	(14)	100.0	F
Fremantle Hellas EPE	Greece	(26)	–	NC		100.0	F
Fremantle Hellas SA	Greece	(26)	–	NC		100.0	F
Fremantle India TV Productions Pvt Ltd	India		100.0	F		100.0	F
Fremantle International Inc	USA	(14)	100.0	F	(14)	100.0	F
Fremantle Licensing Germany GmbH (formerly Geo Film GmbH)	Germany		99.7	F		99.7	F
Fremantle Licensing Ltd	UK		100.0	F		100.0	F
Fremantle Media Australia Pty Ltd	Australia	(12)	100.0	F	(12)	100.0	F
Fremantle Merchandising Inc	USA	(14)	100.0	F	(14)	100.0	F
Fremantle Music Publishing Int. Ltd	UK	(26)	–	NC	(13)	100.0	F
Fremantle Nederland Produkties BV	Netherlands	(15)	100.0	F	(15)	100.0	F
Fremantle Polska Sp.Zo.O	Poland		100.0	F		100.0	F
Fremantle Producoes TV SA	Portugal		100.0	F		100.0	F
Fremantle Productions (South Africa) (PTY) Ltd	South Africa		100.0	F		100.0	F
Fremantle Productions (Thailand) Ltd	Thailand	(26)	–	NC		100.0	F

9 Group undertakings (continued)

	Country of incorporation	Note	2004 Group's Ownership	Consolidated method ¹	Note	2003 Group's Ownership	Consolidated method ¹
Fremantle Productions AB	Sweden	(26)	–	NC		100.0	F
Fremantle Productions Argentina SA	Argentina	(10)	100.0	F	(10)	100.0	F
Fremantle Productions Asia Ltd	Hong-Kong		100.0	F		100.0	F
Fremantle Productions Asia Pte Ltd	Singapore		100.0	F		100.0	F
Fremantle Productions Belgium NV	Belgium		100.0	F		100.0	F
Fremantle Productions Chile Ltda	Chile		100.0	F		100.0	F
Fremantle Productions Denmarks Aps	Denmark	(25)	–	NC		100.0	F
Fremantle Productions Inc	USA	(14)	100.0	F	(14)	100.0	F
Fremantle Productions Latin America Inc	USA		100.0	F		100.0	F
Fremantle Productions North America Inc	USA	(14)	100.0	F	(14)	100.0	F
Fremantle Productions Oy	Finland		100.0	F		100.0	F
Fremantle Productions SA	Greece		100.0	F		100.0	F
Fremantle Produkcija d.o.o.	Croatia		100.0	F			
FremantleMedia (Netherlands) BV	Netherlands	(15)	100.0	F	(15)	100.0	F
FremantleMedia Animation Ltd (formerly EVA Entertainment Ltd)	UK		100.0	F		100.0	F
FremantleMedia Ltd	UK		100.0	F		100.0	F
FremantleMedia SA (formerly RTL UK Holdings SA)	Luxembourg		100.0	F		100.0	F
FremantleMedia Holdings BV (formerly Grundy Holdings BV)	Netherlands		100.0	F		100.0	F
FremantleMedia Holdings Inc	USA		100.0	F		100.0	F
FremantleMedia Licensing Inc	USA	(9)	100.0	F	(9)	100.0	F
FremantleMedia Group Ltd	UK	(13)	100.0	F	(13)	100.0	F
FremantleMedia Japan KK	Japan		51.0	F			
FremantleMedia North America Inc (formerly Pearson Television Inc)	USA	(14)	100.0	F	(14)	100.0	F
FremantleMedia Operations BV	Netherlands	(15)	100.0	F	(15)	100.0	F
FremantleMedia Overseas Holdings BV	Netherlands		100.0	F		100.0	F
FremantleMedia Overseas Ltd	UK		100.0	F		100.0	F
FremantleMedia Services Ltd (formerly Little Pond Television Ltd)	UK		100.0	F		100.0	F
FremantleMedia TV Film Yapim	Turkey					100.0	F
FremantleMedia Worldwide Ltd	UK		100.0	F		100.0	F
FremantleProductions BV	Netherlands	(11)	100.0	F	(11)	100.0	F
Fresh One Productions Ltd	UK	(24)	–	NC	(22)	24.9	E
Gdl Gie	France	(6)	24.9	E	(6)	46.8	P

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9 Group undertakings (continued)

	Country of incorporation	Note	2004 Group's Ownership	Consolidated method ¹	Note	2003 Group's Ownership	Consolidated method ¹
Good Games Productions Inc	USA	(14)	100.0	F	(14)	100.0	F
Grundy Consulting Ltd	Antigua	(15)	100.0	F	(15)	100.0	F
Grundy Endemol Productions VOF	Netherlands	(11)	50.0	E	(11)	50.0	E
Grundy Entertainment Pty Ltd	Australia	(17)	100.0	F	(17)	100.0	F
Grundy European Holdings Ltd	Bermuda	(15)	100.0	F	(15)	100.0	F
Grundy Film Financing Ltd	Australia	(17)	100.0	F	(17)	100.0	F
Grundy Films Pty Ltd	Australia	(17)	100.0	F	(17)	100.0	F
Grundy France Sarl	France	(23)	–	NC		100.0	F
Grundy Holdings (Australia) Ltd	Antigua	(15)	100.0	F	(15)	100.0	F
Grundy International Distribution BV	Netherlands	(26)	–	NC		100.0	F
Grundy International Holdings (I) BV	Netherlands		100.0	F		100.0	F
Grundy International Holdings (II) BV	Netherlands	(15)	100.0	F	(15)	100.0	F
Grundy International Holdings (NA) NV	Netherlands Antilles	(25)	–	NC	(15)	100.0	F
Grundy International Operations Ltd	Antigua		100.0	F		100.0	F
Grundy Light Entertainment GmbH (formerly HDTV-Entert. Dressler GmbH)	Germany		100.0	F		100.0	F
Grundy Light Entertainment /White Balance GmbH GBR	Germany		50.0	F		50.0	F
Grundy Magyarorszag TV Musorg Kft	Hungary		100.0	F		100.0	F
Grundy Music Services Inc	USA	(14)	100.0	F	(14)	100.0	F
Grundy Organization (Holdings) Pty Ltd	Australia	(17)	100.0	F	(17)	100.0	F
Grundy Organization Pty Ltd	Australia	(17)	100.0	F	(17)	100.0	F
Grundy Producciones SA	Spain		100.0	F		100.0	F
Grundy Production Services SAM	Monaco	(26)	–	NC		100.0	F
Grundy Productions ARG SA	Argentina	(10)	100.0	F	(10)	100.0	F
Grundy Productions Italy Spa	Italy		100.0	F		100.0	F
Grundy Productions Ltd	UK		100.0	F		100.0	F
Grundy Productions SA de CV	Mexico		100.0	F		100.0	F
Grundy television Pty Ltd	Australia	(17)	100.0	F	(17)	100.0	F
Grundy Travel Pty Ltd	Australia	(17)	100.0	F	(17)	100.0	F
Grundy UFA TV Produktions GmbH	Germany	(4)	99.7	F	(4)	99.7	F
Grundy Worldwide Ltd	Bermuda	(26)	–	NC	(15)	100.0	F

9 Group undertakings (continued)

	Country of incorporation	Note	2004 Group's Ownership	Consolidated method ¹	Note	2003 Group's Ownership	Consolidated method ¹
Gyula Trebitsch Fernsehproduktion GmbH	Germany	(23)	–	NC	(5)	67.8	F
HD Thames Ltd	UK	(26)	–	NC	(13)	24.0	F
Hei Elei Film Productions SA (formerly IFP SA)	Luxembourg		99.7	F		99.7	F
I2I Musikproduktions & Musikverlags GmbH	Germany		99.7	F		99.7	F
ISPR GmbH	Germany	(6)	24.9	E	(6)	46.8	P
Itsago Productions Inc	USA	(14)	100.0	F	(14)	100.0	F
Janus Grundy TV GmbH	Germany		50.0	E		50.0	E
JOHO Services BV	Netherlands	(6)	24.9	E	(6)	46.8	P
Kickoff Productions Inc	USA	(14)	100.0	F	(14)	100.0	F
LBS Communications Inc	USA	(14)	100.0	F	(14)	100.0	F
Little Pond Television Inc	USA	(14)	100.0	F	(14)	100.0	F
Magyar Grundy UFA KFT	Hungary		99.7	F		99.7	F
Mark Goodson Productions LLC	USA	(14)	100.0	F	(14)	100.0	F
Media – Foot Belgique srl	Belgium	(6)	24.9	E	(6)	46.7	P
MG Productions Inc	USA	(14)	100.0	F	(14)	100.0	F
MOVE Sportspromotion GmbH	Germany	(6)	24.9	E	(6)	46.8	P
Moving Pictures Inc	USA	(23)	–	NC	(14)	100.0	F
Multimedia Global Finance SA	Luxembourg	(6)	24.9	E	(6)	46.8	P
Objektiv Film GmbH	Germany	(5)	99.7	F	(5)	67.8	F
OTL Productions Inc	USA	(14)	100.0	F	(14)	100.0	F
Pantheon Film GmbH & Co Produktions KG	Germany	(25)	–	NC	(8)	50.8	F
Phöbus Film GmbH & Co Produktions KG	Germany	(8)	50.8	F	(8)	50.8	F
Phönix Film Karlheinz Brunnemann GmbH & Co KG	Germany	(8)	50.8	F	(8)	50.8	F
Phönix Geschäftsführungs GmbH	Germany	(8)	50.8	F	(8)	99.7	F
Premium Pictures Ltd	UK	(26)	–	NC	(13)	50.0	F
PS Entertainment Inc	USA	(23)	–	NC	(14)	100.0	F
PT Dunia Visitama	Indonesia		100.0	F		100.0	F

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9 Group undertakings (continued)

	Country of incorporation	Note	2004 Group's Ownership	Consolidated method ¹	Note	2003 Group's Ownership	Consolidated method ¹
PTV Dormant Ltd	UK	(19)	100.0	F	(19)	100.0	F
Real Film GmbH	Germany	(23)	–	NC	(5)	67.8	F
Reg Grundy Productions Holdings Inc	USA	(14)	100.0	F	(14)	100.0	F
Reg Grundy Productions Inc	USA	(14)	100.0	F	(14)	100.0	F
Regent Productions Ltd	UK		100.0	F		100.0	F
RTL AllRights GmbH (formerly Andreas Geier Entertainment GmbH)	Germany		99.7	F		99.7	F
RTL Group Ltd	UK		100.0	F		100.0	F
S5 Finco Sàrl	Luxembourg	(6)	27.7	E			
S5 Group SAS	France	(6)	24.9	E			
S5 Hattrick Sàrl	Luxembourg	(6)	24.9	E			
S5 Sàrl	Luxembourg	(6)	24.9	E			
S5 Luxembourg SCA	Luxembourg	(6)	24.9	E			
Santa Monica Sound Recorders Inc	USA	(23)	–	NC	(14)	100.0	F
SBSVTV Inc	USA	(23)	–	NC	(14)	100.0	F
SEDS SA	France	(6)	24.9	E	(6)	46.8	P
Select TV Communications Cons Ltd	UK	(19)	100.0	F	(19)	100.0	F
Select TV Ltd	UK	(19)	100.0	F	(19)	100.0	F
Somerford Brooke Productions Ltd (formerly Little Pond Television Ltd)	UK	(19)	100.0	F	(19)	100.0	F
SNC SA	France		99.7	F		99.7	F
Sport Rights Acquisitions Ltd (formerly Sport+ UK Ltd)	UK	(6)	24.9	E	(6)	46.8	P
Sportfive Asia Sdn. Bhd.	Malaysia	(6)	24.9	E	(6)	46.8	P
Sportfive GmbH	Germany	(6)	24.9	E	(6)	46.8	P
Sportfive GmbH & CoKG	Germany	(6)	24.9	E			
Sportfive Intermediate GmbH	Germany	(6)	24.9	E			
Sportfive International Ltd	UK	(6)	24.9	E	(6)	46.8	P
Sportfive International Sarl	Switzerland	(6)	24.9	E	(6)	46.8	P
Sportfive Italy SA (formerly Bastino Multimedia)	Italy	(6)	24.9	E	(6)	46.8	P
Sportfive Malaysia Sdn. Bhd. (formerly UFA Sports Malaysia Sdn. Bhd.)	Malaysia	(6)	17.4	E	(6)	32.8	P
Sportfive SA (formerly Groupe JC Darmon SA)	France	(6)	24.9	E	(6)	46.8	P

9 Group undertakings (continued)

	Country of incorporation	Note	2003 Group's Ownership	Consolidated method ¹	Note	2004 Group's Ownership	Consolidated method ¹
Sportfive SA Argentina	Argentina	(6)	24.9	E			
Sportfive SP Zoo							
(formerly UFA Sports SP Zoo)	Poland	(6)	24.9	E	(6)	46.8	P
Sportfive Sulamerica Ltda	Brazil	(6)	24.9	E	(6)	46.8	P
Sportfive Tennis SA (formerly Palais des Sports de Toulouse SA)	France	(6)	24.9	E	(6)	46.8	P
Sportfive Tixx GmbH	Germany	(6)	24.9	E	(6)	46.8	P
Sportfive Turkey Ltd Sirketi	Turkey	(6)	24.7	E	(6)	46.3	P
Sportfive USA LLC	USA	(6)	24.9	E			
Sportfive verwaltungs GmbH	Germany	(6)	24.9	E			
Sports Rights Acquisition BV	Netherlands	(6)	24.9	E	(6)	46.8	P
START Television Produktions GmbH	Germany	(20)	100.0	F	(20)	100.0	F
StormyEyeworks GmbH (formerly Stormy Entertainment GmbH)	Germany	(26)	–	NC		44.9	E
Talkback (UK) Productions Ltd	UK		100.0	F		100.0	F
Talkback Productions Ltd	UK	(21)	100.0	F	(21)	100.0	F
Talkback Thames Ltd (formerly Not Any Old Radio Commercials Ltd)	UK	(21)	100.0	F	(21)	100.0	F
Teamworx Television & Film GmbH	Germany		99.7	F		99.7	F
Telescope Inc	USA		100.0	F		100.0	F
Terrapin Communications Inc	USA	(14)	100.0	F	(14)	100.0	F
Terrapin Productions Inc	USA	(14)	100.0	F	(14)	100.0	F
Thames Television Animation Ltd	UK	(26)	–	NC	(22)	100.0	F
Thames Television Holdings Ltd	UK		100.0	F		100.0	F
Thames Television Ltd	UK	(22)	100.0	F	(22)	100.0	F
Thames Television Services Ltd London	UK	(22)	100.0	F	(22)	100.0	F
The Baywatch Nights Productions Company	USA	(23)	–	NC	(14)	100.0	F
The Baywatch Productions Company	USA	(14)	100.0	F	(14)	100.0	F
The Malibu Branch Production Company	USA	(23)	–	NC	(14)	100.0	F
The Price is Right Productions Inc	USA	(14)	100.0	F	(14)	100.0	F
The Spring Collection Production Company	USA	(23)	–	NC	(14)	100.0	F
Tick Tock Productions Inc	USA	(14)	100.0	F	(14)	100.0	F
TPI Trebitsch Produktion International GmbH	Germany	(23)	–	NC	(5)	67.8	F

Notes to the consolidated financial statements

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9 Group undertakings (continued)

	Country of incorporation	Note	2004 Group's Ownership	Consolidated method ¹	Note	2003 Group's Ownership	Consolidated method ¹
Trebitsch Media AV GmbH	Germany	(23)	–	NC	(5)	67.8	F
Trebitsch Produktion Holding GmbH	Germany	(5)	99.7	F	(5)	67.8	F
Trebitsch Produktion Holding GmbH & Co.KG	Germany	(5)	99.7	F	(5)	67.8	F
Truth Productions Inc	USA	(14)	100.0	F	(14)	100.0	F
UFA – Fernsehproduktion GmbH	Germany	(4)	99.7	F	(4)	99.7	F
UFA – Filmproduktion GmbH	Germany	(4)	99.7	F	(4)	99.7	F
UFA Entertainment GmbH	Germany	(4)	99.7	F	(4)	99.7	F
UFA Film & Fernseh GmbH	Germany	(4)	99.7	F	(4)	99.7	F
UFA Film & TV Produktion GmbH	Germany	(4)	99.7	F	(4)	99.7	F
UFA Film Finance GmbH	Germany	(4)	99.7	F	(4)	99.7	F
UFA International Film & TV Produktions GmbH	Germany	(4)	99.7	F	(4)	99.7	F
UFA Sports Iberia SL	France	(6)	24.9	E	(6)	46.8	P
UK TV Ltd	UK	(12)	20.0	E	(12)	20.0	E
United World Productions Ltd	UK	(26)	–	NC	(21)	100.0	F
Universum Film GmbH & CoKG	Germany		99.7	F		99.7	F
United World Television Ltd (formerly Select TV International Ltd)	UK	(19)	100.0	F	(19)	100.0	F
Whammy Productions Inc (formerly OHP Productions Inc)	USA	(23)	–	NC	(14)	100.0	F
What's My Line ? Productions Inc	USA	(14)	100.0	F	(14)	100.0	F
Witzend Productions Ltd	UK	(19)	100.0	F	(19)	100.0	F
Zoo Venture Entertainment Inc	USA	(23)	–	NC	(14)	100.0	F

Broadcasting radio

AH Antenne Hörfunksender GmbH & CoKG	Germany		48.3	E		48.3	E
Antenne Mecklenburg- Vorpommern GmbH & CoKG	Germany		25.4	E		24.4	E
Antenne Niedersachsen Gesch. GmbH & CoKG	Germany		35.9	E		35.9	E
Antenne Sachsen Hörfunks- und Versorgungs GmbH	Germany		50.7	E		48.7	E
AVE Gesellsch. für Hörfunkbeteiligungen GmbH	Germany		99.7	F		99.7	F
AVE II Vermögensverwaltungs- gesellschaft	Germany		99.7	F		99.7	F
BB Radio Landeswelle Brandenburg GmbH & CoKG	Germany		39.9	E		39.9	E
Blanc Bleu Communication Sarl	France		19.9	E		19.9	E

9 Group undertakings (continued)

	Country of incorporation	Note	2004 Group's Ownership	Consolidated method ¹	Note	2003 Group's Ownership	Consolidated method ¹
Cobel D SA	Belgium		21.1	E		21.1	E
Cobelfra SA	Belgium		34.6	E		34.6	E
Contact Properties SA	Belgium		24.9	E		24.9	E
Contact SA	Belgium		49.7	E		49.7	E
Contact SAT SA	Belgium		42.4	E		42.4	E
Contact Vlaanderen	Belgium		33.9	E		33.9	E
Ediradio SA	France		99.7	F		99.7	F
Holland FM Produkties BV	Netherlands		99.7	F		99.7	F
ID (Information et Diffusion) Sarl	France		99.7	F		99.7	F
Inadi SA	Belgium		42.8	F		42.8	F
IP France SA	France		99.7	F		99.7	F
IP Régions SA	France		99.7	F		99.7	F
JOKER FM SA	Belgium		10.9	E		10.9	E
MV Beteiligungs GmbH & CoKG	Germany	(26)	–	NC		24.4	E
MV Marketing GmbH	Germany	(26)	–	NC		24.4	E
NMH Neue Medien Holding Sachsen-Anhalt GmbH	Germany		99.7	F		99.7	F
Radio Advertising Benelux BV	Netherlands		99.7	F		99.7	F
Radio Hamburg GmbH & CoKG	Germany		29.1	E		29.1	E
Radio Systems GmbH	Germany		99.7	F		99.7	F
RB Rundfunk Beteiligungs GmbH	Germany		49.8	E		49.8	E
RTL FM BV (formerly Holland FM BV)	Netherlands		99.7	F		99.7	F
RTL Fun Développement Sarl	France		99.7	F		99.7	F
RTL Radio Berlin GmbH	Germany		99.7	F		99.7	F
RTL Radio Deutschland GmbH	Germany		99.7	F		99.7	F
RTL Radio Vermarktungs GmbH & CoKG	Germany		99.7	F		99.7	F
SCP Sarl	France		99.7	F		99.7	F
SERC SA	France		99.7	F		99.7	F
Sodera SA	France		99.7	F		99.7	F
Sud Radio Services SA	France		19.9	E		19.9	E
UFA Programmgesellschaft in Bayern mbH	Germany		99.7	F		99.7	F

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9 Group undertakings (continued)

	Country of incorporation	Note	2004 Group's Ownership	Consolidated method ¹	Note	2003 Group's Ownership	Consolidated method ¹
VOFR NV	Belgium		33.9	E		33.9	E
YORIN FM BV (formerly Northsea Media Network BV)	Netherlands		99.7	F		99.7	F
Others							
Audiomedia Investments Bruxelles SA	Belgium		100.0	F		100.0	F
B. & C.E. SA	Luxembourg		99.7	F		99.7	F
CBC Vermögens – verwaltungs GmbH	Germany		99.7	F			
CLT-UFA Holding S.A.	Luxembourg		100.0	F		100.0	F
CLT-UFA SA (including German Branch)	Luxembourg		99.7	F		99.7	F
CLT-UFA UK Radio Ltd	UK		99.7	F		99.7	F
CLT-UFA UK Television Ltd	UK		99.7	F		99.7	F
IP Luxembourg Sarl	Luxembourg		99.7	F		99.7	F
IP Plurimédia SA	Belgium		65.8	F		65.8	F
RTL Group Central & Eastern Europe SA	Luxembourg		99.7	F			
RTL Group Deutschland GmbH	Germany		99.7	F			
RTL Group Vermögensverwaltungs GmbH (formerly Darpar 128 GmbH)	Germany		100.0	F		100.0	F
RTL Group Verwaltungs und Holding GmbH	Germany		100.0	F		100.0	F
RTL UK Ltd	UK		100.0	F		100.0	F
Société Immobilière Bayard d'Antin SA	France		99.7	F		99.7	F
Suprafin SA	Belgium	(23)	–	NC		99.7	F
TVi Interactions SA (formerly Tvi Editions SA)	Belgium		65.8	F		65.8	F

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

(2) M6 Group

(3) Five Group (formerly Channel 5 Group)

(4) UFA Berlin Group

(5) Trebitsch Group

(6) Sportfive Group

(7) Antena 3 De Television Group

(8) Phönix Group

(9) Fremantle Licensing Group

(10) Fremantle Productions Argentina Group

(11) Fremantle Productions Group

(12) FremantleMedia Australia Group

(13) FremantleMedia Central Group

(14) FremantleMedia North America Group

(15) FremantleMedia Productions Netherlands Group

(16) Grundy Light Entertainment Group

(17) Grundy Organisation (Holdings) Group

(18) Grundy Productions Italy Group

(19) Select TV Group

(20) START Television Produktions Group

(21) Talkback Productions Group

(22) Thames Television Group

(23) Company absorbed by a company of the Group

(24) Company sold in 2004

(25) Company liquidated

(26) Company leaving scope because of materiality





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