

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 SIGNIFICANT ACCOUNTING POLICIES

RTL Group SA (the “Company”) is a company domiciled in Luxembourg. The consolidated financial statements of the Company for the year ended 31 December 2010 comprise the Company and its subsidiaries (together referred to as “RTL Group” or “the Group”) and the Group’s interest in associates and jointly controlled entities. RTL Group SA is the parent company of a multinational television, radio and production Group holding, directly or indirectly, investments in 563 companies. The Group operates television channels and radio stations in Europe and produces television content such as game shows and soaps. The list of the principal Group undertakings at 31 December 2010 is set out in note 12.

The Company is listed on the Brussels and Luxembourg Stock Exchanges. Statutory accounts can be obtained at its registered office established at 45, boulevard Pierre Frieden, L-1543 Luxembourg.

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

The consolidated financial statements of the Group were authorised for issue by the Board of Directors on 9 March 2011.

### 1. 1.

#### Statement of compliance

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

### 1. 2.

#### Basis of preparation

### 1. 2. 1.

#### Consolidated financial statements

The consolidated financial statements are presented in millions of Euro, which is the Company’s functional and Group presentation currency, and have been prepared under the historical cost convention except for the following material items in the statement of financial position:

- Derivative financial instruments are measured at fair value;
- Financial instruments at fair value through profit or loss are measured at fair value;
- Available-for-sale financial assets are measured at fair value;
- Liabilities for cash-settled share-based payment arrangements are measured at fair value;
- The defined benefit assets and liabilities are measured in accordance with IAS 19.

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

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

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next years are discussed in note 2.

The comparative statement of comprehensive income has been re-presented as if an operation discontinued during the current year had been discontinued from the start of the comparative year (see note 4).

### 1. 2. 2.

#### Changes in accounting policy and disclosures

The accounting policies have been consistently applied by Group entities and are consistent with those used in the previous year, except as follows:

### (A) New and amended standards adopted by the Group

The following new standards and amendments to standards are effective for the financial year beginning 1 January 2010:

- IFRS 3 (revised), "Business combinations", and consequential amendments to IAS 27, "Consolidated and separate financial statements", IAS 28, "Investments in associates", and IAS 31, "Interests in joint ventures", are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with the former version of IFRS 3:
  - For acquisitions on or after 1 January 2010, the Group measures goodwill as the fair value of the consideration transferred (including the fair value of any previously held equity interest in the acquiree) and the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed as of the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in the income statement. Contingent payments are classified as liability and subsequently re-measured through the income statement.
  - The Group elects on a transaction by transaction basis whether to measure non-controlling interest at fair value, or at their proportionate share of the recognised amount of the identifiable net assets of the acquiree, at the acquisition date.
  - Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.
  - When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future services.
- IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses (this was already the accounting policy applied by RTL Group). The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to

fair value, and a gain or loss is recognised in profit or loss. The change in accounting policy has been applied prospectively and had no impact on the consolidated financial statements as at 31 December 2010.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2010, but are not currently relevant or have a very limited impact for the Group:

- IAS 1 (amendment), "Presentation of financial statements";
- IAS 36 (amendment), "Impairment of assets";
- IAS 39 (amendment), "Financial instruments: Recognition and measurement – eligible hedged items";
- IFRS 1 (amendment), "Additional exemptions for first-time adopters";
- IFRS 2 (amendment), "Group cash-settled share-based payment transactions";
- IFRS 5 (amendment), "Non-current assets held for sale and discontinued operations";
- IFRIC 9 (amendment), "Reassessment of embedded derivatives" and IAS 39 "Financial instruments: Recognition and measurement";
- IFRIC 17, "Distributions of non-cash assets to owners";
- IFRIC 18, "Transfers of assets from customers";
- Improvements to International Financial Reporting Standards 2009.

### (B) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following new standard has been published and is not effective for the Group's accounting period beginning on 1 January 2010:

- IFRS 9, "Financial instruments" – effective for annual reporting periods beginning on or after 1 January 2013. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. Classification under IFRS 9 is driven by the entity's business model for managing the financial assets and the contractual characteristics of the financial assets. IFRS 9 also removes the requirement to separate embedded derivatives from financial asset hosts. It requires a hybrid contract to be classified in its entirety at either amortised cost or fair value. The Group is yet to assess IFRS 9's full impact (1).

The following new standards, amendments to standards and interpretations have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2011 or later periods but are expected to have a very limited impact for the Group:

(1) These standards and interpretations have not yet been endorsed by the European Union

- IFRS 1 (amendments), “Severe hyperinflation and removal of fixed dates for first-time adopters” – effective from 1 July 2011 (1);
- IFRS 7 (amendments), “Amendments to IFRS 7 Financial instruments: Disclosures” – effective from 1 July 2011 (1);
- IAS 12 (amendment), “Deferred tax: recovery of underlying assets” – effective from 1 January 2012 (1);
- IAS 24 (revised), “Related party disclosures” – effective from 1 January 2011;
- IAS 32 (amendment), “Classification of rights issues” – effective from 1 February 2010;
- IFRIC 14 (amendment), “IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction” – effective from 1 January 2011;
- IFRIC 19, “Extinguishing financial liabilities with equity instruments” – effective from 1 July 2010;
- Improvements to International Financial Reporting Standards 2010 (1).

### 1. 3.

#### Principles of consolidation

### 1. 3. 1.

#### Subsidiaries

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

The 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 non-controlling interest is presented separately as a non-controlling interest in the consolidated statement of financial position and in the consolidated income statement.

#### Accounting for business combination

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

#### Acquisitions on or after 1 January 2010

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less

- the net recognised amount of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

#### Acquisitions prior to 1 January 2010

The cost of an acquisition was 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 were measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Company's share of the identifiable net assets acquired was recorded as goodwill. If the cost of acquisition was less than the fair value of the net assets of the subsidiary acquired, the difference was recognised directly in the income statement.

When an acquisition was completed by a series of successive transactions, each significant transaction was considered individually for the purpose of the determination of the fair value of the identifiable assets, liabilities and contingent liabilities acquired and hence for the goodwill associated with the acquisition.

The fair values of the identifiable assets, liabilities and contingent liabilities acquired could vary at the date of each transaction. When a transaction resulted in

(1) These standards and interpretations have not yet been endorsed by the European Union

taking control over the entity, the interests previously held in that entity were re-valued on the basis of the fair values of the identifiable assets and liabilities at that date. The contra posting for this revaluation was recorded directly in revaluation reserve in equity.

#### **Accounting for transactions with non-controlling interests**

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For acquisitions from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in equity.

#### **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 Group.

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 statement of financial position using the equity method of accounting and are initially recognised at cost. Under this method the Group's share of the post-acquisition profits or losses of associates is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against "Investments in associates".

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

The Group has decided not to reverse any impairment loss recognised and allocated to goodwill on associates prior to 1 January 2009. This cumulated impairment loss amounts to €293 million.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group

does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

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

#### **1. 3. 4.**

##### **Transactions eliminated on consolidation**

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

#### **1. 4.**

##### **Foreign currency translation**

#### **1. 4. 1.**

##### **Foreign currency translations and balances**

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

#### **1. 4. 2.**

##### **Financial statements of foreign operations**

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

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

#### 1. 5.

#### Derivative financial instruments and hedging activities

##### Fair value

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

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

##### Cash flow hedging

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.

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

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

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge

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

#### 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.

#### Non-current programme and other rights

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

##### 1. 7. 2.

#### Goodwill

Business combinations are accounted for using the acquisition method as at the acquisition date. Goodwill arising from applying this method is measured at initial recognition as detailed in note 1.3.1.

Goodwill on acquisitions of subsidiaries and joint ventures is recognised as an intangible asset. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of the cash-generating units represents the Group's investment in a geographical area of operation by business segment except for the

content business, which is considered as a sole cash-generating unit for worldwide operations.

No goodwill is recognised on an acquisition of non-controlling interest.

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

Negative goodwill arising on an acquisition is recognised directly in the income statement.

### 1. 7. 3.

#### Other intangible assets

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

- Licences: seven to 20 years;
- Software: maximum three years.

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

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

### 1. 8.

#### Property, plant and equipment

### 1. 8. 1.

#### Owned assets

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

- Land: nil;
- Buildings: ten to 25 years;
- Technical equipment: four to ten years;
- Other fixtures and fittings, tools and equipment: three to ten years.

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

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

### 1. 8. 2.

#### Leases

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases. Assets held under finance leases and the related obligations are recognised on the statement of financial position at the lower of their fair value and the present value of minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Such assets are depreciated on the same basis as owned assets (see note 1.8.1.) or lease term if no evidence of lessee will obtain ownership. 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, net of any incentives received from the lessor, are charged to the income statement on a straight-line basis over the period of the lease.

### 1. 8. 3.

#### Subsequent expenditure

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

### 1. 9.

#### Loans and other financial assets

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

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

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale and are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the reporting date or unless they will need to be sold to raise operating capital, in which case they are

included in current assets. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis. Available-for-sale investments are initially recognised at fair value plus transaction costs and 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 comprehensive income (revaluation reserve) in the period in which they arise.

Financial instruments are at fair value through profit or loss if they contain one or more embedded derivatives which cannot be measured separately. They are initially recognised at fair value, and transaction costs are expensed in the income statement. Changes in fair value are recognised in the income statement.

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

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

#### **1. 10.**

##### **Current programme rights**

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

Current programme rights include programmes in progress, (co-)productions as well as rights acquired with the primary intention to broadcast or sell them in the normal course of the Group's operating cycle. Current programme rights include an appropriate portion of overheads and are stated at the lower of cost and net realisable value. They are consumed based on either the expected number of transmissions or expected revenue 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 which have been a box office success), mini-series (primarily own productions with a large budget), other films, series, TV movies and (co-)productions are mainly consumed over a maximum of two transmissions as follows: 67 per cent upon the first transmission, with the remainder upon the second transmission;
- Soaps, in-house productions, quiz and game shows, sports and other events, documentaries and music shows are fully consumed upon the first transmission;
- Children's programmes and cartoons are consumed over a maximum of two transmissions as

follows: at least 50 per cent upon the first transmission, with the remainder upon the second transmission.

#### **1. 11.**

##### **Accounts receivable**

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

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

#### **1. 12.**

##### **Cash and cash equivalents**

Cash consists of cash in hand and at bank.

Cash equivalents are assets that are readily convertible into cash such as short-term highly liquid investments, including money market funds, commercial papers, bank deposits and marketable securities, which all mature within three months from the date of purchase.

Bank overdrafts are included within current liabilities.

#### **1. 13.**

##### **Impairment of non-financial assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's

carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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

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

#### 1. 14.

##### Impairment of financial assets

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

#### 1. 15.

##### Non-current assets held for sale

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

#### 1. 16.

##### Accounts payable

Trade accounts payable arise from the purchase of assets, goods and services relating to the Group's operating activities. Other accounts payable comprise, in addition to amounts related to the Profit and

Loss Pooling (PLP) agreement with RTL Group's controlling shareholder, VAT payable, fair value of derivative liabilities, accrued expenses and payables on capital expenditure. Trade and other accounts payable are measured at amortised cost using the effective interest method, except derivative liabilities, which are measured at fair value.

#### 1. 17.

##### Loans payable

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

#### 1. 18.

##### Provisions

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

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

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

#### 1. 19.

##### Employee benefits

#### 1. 19. 1.

##### Pension benefits

The Group operates or participates in both defined contribution and defined benefit plans, according to the national laws and regulations of the countries in which it operates. The assets of the plans are generally held in separate trustee-administered funds and some of the plans are operated through pension funds that are legally independent from the Group.

The pension plans are generally funded by payments from employees and by the relevant Group companies, taking into account the recommendations of independent qualified actuaries.

Pension costs and obligations relating to defined benefit plans are recognised based on the projected unit credit method. The Group recognises actuarial gains and losses in other comprehensive income.

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. 19. 2.

##### Other benefits

Many Group companies provide death in service benefits, and spouse 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. 19. 3.

##### Share-based transactions

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

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

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

#### 1. 20.

##### Share capital

#### 1. 20. 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. 20. 2.

##### Treasury shares

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

#### 1. 20. 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. 21.

##### Revenue presentation and recognition

Revenue includes sales of rights and licence income, (co-)productions, advertising revenue and other sales, net of sales deductions such as cash rebates, credit notes, discounts, refunds and VAT. Revenue comprises the fair value of consideration received or receivable for the sale of services in the ordinary course of the Group's activities. Agency commissions are presented as a deduction from advertising revenue.

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. 22.

##### Government grants

Grants from governments and inter-governmental agencies are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants related to assets are initially presented as a deduction in arriving at the carrying amount of the asset.

Grants that compensate the Group for expenses incurred are recognised in profit or loss on a sys-

tematic basis in the same period in which the expenses are recognised.

#### **1. 23.**

##### **Interest income/expense**

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

#### **1. 24.**

##### **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 or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted in the countries where the company's subsidiaries, joint ventures and associates operate and generate taxable income at the reporting date and any adjustment to tax payable in respect of previous years.

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

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

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

#### **1. 25.**

##### **Discontinued operations**

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria

to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

#### **1. 26.**

##### **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. 27.**

##### **Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee that makes strategic decisions.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

All operating segments' operating results are reviewed regularly by the Group's Executive Committee to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The invested capital is disclosed for each reportable segment as reported to the Executive Committee. The segment assets include the following items:

- The non-current assets, except the incremental fair value of the available-for-sale investments, the surplus of the defined benefit plans and the deferred tax assets;
- The current assets, except the income tax receivable, the fair value of derivative assets, the current deposit with the shareholder, the Canal Plus France hybrid instrument (only for 2009 comparative information), the account receivable from the shareholder in relation to the PLP agreement, the accounts receivable related to dividend income, the fixed-term deposits and cash and cash equivalents.

The segment assets and liabilities are consistently measured with those of the statement of financial position.

## 2. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

### 2. 1.

#### **Programme and other rights (assets and provisions for onerous contracts)**

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

In addition, management's judgement will need to take into account factors such as the future programme grid, the realised/expected audience of the programme, the current programme rights that are not likely to be broadcast, and the related valuation allowance.

Provisions for onerous contracts related to programme and other rights are also recognised when the Group has constructive obligations and it is probable that unavoidable costs exceed the economic benefits. These provisions have been determined by discounting the expected future cash inflows for which the amount and timing are dependent on future events, notably sports events.

### 2. 2.

#### **Estimated impairment of goodwill**

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1.7.2.

The Group has used a combination of long-term trends, industry forecasts and in-house knowledge, with greater emphasis on recent experience, in forming the assumptions about the development of the various advertising markets in which the Group operates. This is an area highly exposed to the general economic conditions.

The state of the advertising market is just one of the key operational drivers which the Group uses when assessing individual business models. Other key drivers include audience shares, advertising market shares, the EBITA margin and cash conversion rates.

All of these different elements are variable, inter-related and difficult to isolate as the main driver of the various business models and respective valuations.

The Group performs sensitivity analysis on the cash-generating units, especially on those where the headroom between the recoverable amount and the carrying value is low.

### 2. 3.

#### **Fair value of contingent consideration**

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination, and subsequently re-measured to fair value at each reporting date. The determination of the fair value is based on discounted cash flow and takes into account the probability of meeting each performance target.

### 2. 4.

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

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

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

### 2. 5.

#### **Provisions for litigations**

Most claims involve complex issues, and the probability of loss and an estimation of damages are difficult to ascertain. A provision is recognised when the risk of a loss becomes more likely than not and when it is possible to make a reasonable estimate of the expected financial effect.

### 2. 6.

#### **Income and deferred taxes**

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

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences and losses carried forward can be utilised. Management judgement is required to assess probable future taxable profits. In 2010, deferred tax assets on losses carry-forwards (mainly in Germany, €44 million; 2009: €53 million) and on temporary differences (mainly in Germany, €294 million; 2009: €320 million) have been reassessed on the basis of currently implemented tax strategies.

**2. 7.****Post-employment benefits**

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

- The discount rate is determined by reference to market yields at the closing on high quality corporate bonds;

- The expected return on plan assets is based on market expectations at the beginning of the period;
- Estimate of future salary increases mainly take account of inflation, seniority, promotion and supply and demand in the employment market.

**3. FINANCIAL RISK MANAGEMENT**

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

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

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

**Market risk****Foreign exchange risk****Foreign exchange exposure**

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

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

In addition to this geographic reason generating foreign exchange risk, market practices in the television business imply a significant forward exposure to USD (as programme rights are usually denominated in USD and not paid upfront). This explains why the main off-balance sheet exposure of the Group is towards the USD in respect of future purchases and sales of programme rights, output deals (commit-

ments for future cash flows) and highly probable forecast transactions.

**Management of the foreign exchange exposure**

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

Entities exposed to foreign currency risk are responsible for hedging their exposures in accordance with policies set out by Group Treasury. The foreign currency management policy of the Group is to hedge up to 100 per cent of the recognised monetary foreign currency exposures arising from cash, receivables, payables, loans and borrowings denominated in currencies other than the functional currency. In total, Group companies hedge around 80 per cent of known cash flows which constitute firm commitments or highly probable forecast transactions. The Group policy is to hedge between 80 per cent and 100 per cent of short-term cash flow forecasts and between 15 per cent and 85 per cent of longer term (between two and five years) cash flow forecasts.

In order to monitor the compliance of the management of the foreign exchange exposure with the Group's policy, a monthly report is produced. This report shows for each subsidiary their exposure to currencies other than their functional currency, detailing the nature (e.g. trade accounts, royalties, inter-

company accounts) of on-balance sheet items, and the underlying deals and maturities of off-balance sheet items, as well as the corresponding hedging ratios. A specific report showing the global USD exposure (representing the main exposure) is provided to RTL Group management on a monthly basis.

### Accounting

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

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

- Hedged foreign currency exposures relate to programme rights transactions which have not yet been recognised on the statement of financial position (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 effective portion of the changes in the fair value of the hedging instruments is recognised net of deferred tax in the hedging reserve in equity (see note 8.15.4.). It is released to the carrying value of the

hedged item when such an item is recognised in the statement of financial position. The ineffective portion of the change in fair value of the hedging instrument (swap points) is recognised directly in the profit or loss. For the year ended 31 December 2010, the amount of ineffectiveness (see note 7.5.) that has been posted to the income statement during the period (e.g. the forward points that have not been booked in equity during the period) is €1 million (€(12) million in 2009).

### Hedges

The number of foreign currency cash flow hedge relationships amounts to 381 at year-end 2010 (362 at year-end 2009). The impact of forward foreign exchange contracts is detailed as follows:

	2010 €m	2009 €m
Net fair value of derivative (assets)/liabilities (see notes 8.8. and 8.12.)	<b>(36)</b>	3
Operating foreign exchange gains/(losses)	<b>1</b>	(23)
Cash flow hedges ineffectiveness losses (see note 7.5.)	<b>1</b>	(12)
	2010 €m	2009 €m
Less than 3 months	<b>(4)</b>	2
Less than 1 year	<b>(8)</b>	(1)
Less than 5 years	<b>(24)</b>	2
Net fair value of derivative (assets)/liabilities (see notes 8.8. and 8.12.)	<b>(36)</b>	3

*The split by maturities of notional amounts of forward exchange contracts at 31 December 2010 is, for the main foreign currencies, as follows:*

	2011 £m	2012 £m	2013 £m	2014 £m	>2014 £m	Total £m
Buy	149	14	4	7	–	174
Sell	(267)	(1)	(1)	(1)	–	(270)
<b>Total</b>	<b>(118)</b>	<b>13</b>	<b>3</b>	<b>6</b>	<b>–</b>	<b>(96)</b>

	2011 \$m	2012 \$m	2013 \$m	2014 \$m	>2014 \$m	Total \$m
Buy	753	270	138	72	43	1,276
Sell	(207)	(18)	(3)	–	–	(228)
<b>Total</b>	<b>546</b>	<b>252</b>	<b>135</b>	<b>72</b>	<b>43</b>	<b>1,048</b>

*The split by maturities of notional amounts of forward exchange contracts at 31 December 2009 is, for the main foreign currencies, as follows:*

	2010 £m	2011 £m	2012 £m	2013 £m	>2013 £m	Total £m
Buy	212	22	2	–	–	236
Sell	(524)	(62)	(25)	(4)	(3)	(618)
<b>Total</b>	<b>(312)</b>	<b>(40)</b>	<b>(23)</b>	<b>(4)</b>	<b>(3)</b>	<b>(382)</b>

	2010 \$m	2011 \$m	2012 \$m	2013 \$m	>2013 \$m	Total \$m
Buy	632	326	220	132	114	1,424
Sell	(167)	(28)	(3)	–	–	(198)
<b>Total</b>	<b>465</b>	<b>298</b>	<b>217</b>	<b>132</b>	<b>114</b>	<b>1,226</b>

**Sensitivity analysis to foreign exchange rates**

The Group estimates that:

- If the USD had been 10 per cent stronger compared to the Euro (respectively weaker), with all other variables held constant, this would have resulted in a pre-tax €5 million loss (respectively gain) for the Group, and in an additional pre-tax €64 million income (respectively expense) recognised in equity;
- If the GBP had been 10 per cent stronger compared to the Euro (respectively weaker), with all other variables held constant, this would have resulted in a pre-tax nil gain (respectively loss) for the Group, and an additional pre-tax €1 million expense (respectively income) recognised in equity;
- If other currencies had been 10 per cent stronger compared to the Euro (respectively weaker), with all other variables held constant, this would have had no material impact on profit or loss and equity.

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

**Interest rate risk**

The management of interest rate risk is centralised at the level of 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 excess cash return.

In order to achieve this objective a cross border Euro cash pooling has been set up. The Group also

believes that using floating rate rather than fixed rate debt in a positive yield curve environment supports that goal. This policy will be maintained as long as the Risk Management Committee judges the level of the mix between fixed and floating rates is appropriate. At 31 December 2010, the fixed/floating mix was: 4 per cent/96 per cent (8 per cent/92 per cent in 2009). Frequent benchmarks about interest rates are carried out in order to have this mix evolving along with market conditions.

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 ratio (i.e. adjusted EBITA over net interest expense as defined by rating agencies).

Assuming the actual amount of floating net cash available remains constant, it has been calculated that if the interest rates achieved would drop (respectively increase) by 100 basis points, at 31 December 2010, the interest income would subsequently drop (respectively increase) by €15 million (€9 million in 2009).

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

	Notes	Effective interest rate %	Total amount (1) €m	6 months or less €m	6–12 months €m	1–2 years €m	2–5 years €m	Over 5 years €m
Other loans – fixed rate	8. 5.	5.3	71	–	71	–	–	–
Other loans – floating rate	8. 5.	0.7	6	3	3	–	–	–
Current deposit with shareholder – floating rate	8. 8.	1.1	793	793	–	–	–	–
Cash and cash equivalents (earning assets)	8. 9.	0.9	822	822	–	–	–	–
Bank loans – floating rate	8. 11.	3.5	(116)	(55)	(61)	–	–	–
Bank overdrafts	8. 11.	0.5	(3)	(3)	–	–	–	–
Leasing liabilities – fixed rate	8. 11.	5.6	(12)	(9)	(1)	(1)	(1)	–
Loans from other financial institutions – floating rate	8. 11.	4.3	(6)	(6)	–	–	–	–
Current debt with shareholder – floating rate	8. 11.	1.8	(9)	(9)	–	–	–	–
Loans payable – floating rate	8. 11.	2.3	(35)	(31)	(4)	–	–	–
<b>At 31 December 2010</b>			<b>1,511</b>	<b>1,505</b>	<b>8</b>	<b>(1)</b>	<b>(1)</b>	<b>–</b>
Other loans – fixed rate	8. 5.	5.3	67	–	–	–	67	–
Other loans – floating rate	8. 5.	0.5	6	2	4	–	–	–
Current deposit with shareholder – floating rate	8. 8.	0.5	542	542	–	–	–	–
Cash and cash equivalents (earning assets)	8. 9.	0.6	381	381	–	–	–	–
Bank loans – floating rate	8. 11.	3.5	(105)	(30)	(75)	–	–	–
Bank overdrafts	8. 11.	0.2	(5)	(5)	–	–	–	–
Leasing liabilities – floating rate	8. 11.	3.4	(2)	–	(2)	–	–	–
Leasing liabilities – fixed rate	8. 11.	6.3	(10)	–	–	(10)	–	–
Loans from other financial institutions – floating rate	8. 11.	5.3	(12)	–	(12)	–	–	–
Loans payable – floating rate	8. 11.	2.1	(22)	(16)	(6)	–	–	–
<b>At 31 December 2009</b>			<b>840</b>	<b>874</b>	<b>(91)</b>	<b>(10)</b>	<b>67</b>	<b>–</b>

(1) Excluding accrued interests

**Credit risk**

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

The Group's television and radio operations incur exposure to credit risk when making transactions with advertising agencies or direct customers. In 2010, the combined television and radio advertising revenue contributed 62 per cent of the Group's turnover. Due to its business model, RTL Group's exposure to financial risk is directly linked to the final client, however the risks are considered as weak due to the size of the individual companies or agency groups.

RTL Group produces programmes which are sold or licensed to state-owned and commercial television

channels. In 2010, these activities contributed 24 per cent of the Group's turnover. Given the limited number of television broadcasters in different countries, there is a high degree of concentration of credit risk. However, given the long-standing relationships between content provider and broadcasters and the fact that the customers are large businesses with solid financial positions, the level of credit risk is significantly mitigated.

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

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

**Ageing of financial assets (excluding the available-for-sale investments for an amount of €111 million) at 31 December 2010:**

	Gross carrying amount (1, 2) €m	Neither impaired nor past due on the reporting date €m	Not impaired as of the reporting date and past due by					Gross amount impaired €m
			<= 1 month €m	2-3 months €m	3-6 months €m	6-12 months €m	Over 1 year €m	
Loans and other non-current financial assets	162	156	-	-	-	-	-	6
Trade accounts receivable	1,044	728	118	45	29	26	27	71
Accounts receivable from associates	20	20	-	-	-	-	-	-
Current deposit with shareholder	794	794	-	-	-	-	-	-
Other accounts receivable and current financial assets	724	714	4	1	-	-	-	5
Cash and cash equivalents	841	841	-	-	-	-	-	-
<b>At 31 December 2010</b>	<b>3,585</b>	<b>3,253</b>	<b>122</b>	<b>46</b>	<b>29</b>	<b>26</b>	<b>27</b>	<b>82</b>

**Ageing of financial assets (excluding the available-for-sale investments for an amount of €111 million) at 31 December 2009:**

Loans and other non-current financial assets	158	151	-	-	-	-	-	7
Trade accounts receivable	1,003	732	103	37	18	11	26	76
Accounts receivable from associates	30	30	-	-	-	-	-	-
Current deposit with shareholder	542	542	-	-	-	-	-	-
Canal Plus France	384	384	-	-	-	-	-	-
Other accounts receivable and current financial assets	604	597	2	1	-	-	-	4
Cash and cash equivalents	395	395	-	-	-	-	-	-
<b>At 31 December 2009</b>	<b>3,116</b>	<b>2,831</b>	<b>105</b>	<b>38</b>	<b>18</b>	<b>11</b>	<b>26</b>	<b>87</b>

(1) At 31 December 2010, cumulated valuation allowance amounted to €82 million

(2) At 31 December 2009, cumulated valuation allowance amounted to €84 million

The top ten trade accounts receivable represent €110 million (2009: €87 million) while the top 50 trade accounts receivable represent €304 million (2009: €260 million).

The Group has a significant concentration of credit risk due to its relationship with Bertelsmann AG. Nevertheless, credit risk arising from transactions with shareholders is carefully mitigated (see note 10.1.).

According to the bank policy of the Group, derivative instruments and cash transactions (including bank deposits and investment in money market funds) are operated only with high credit quality financial

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

**Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, Group Treasury aims at maintaining flexibility in funding by keeping committed credit lines available despite the total net cash situation. Group Treasury monitors on a monthly basis the level of the "Liquidity Head Room" (total committed facilities minus current utilisation through bank loans and guarantees).

		Under 1 year €m	1-5 years €m	Over 5 years €m	
<b>2010</b>	<b>€m</b>				
<b>Credit facilities – banks</b>					
Committed facilities	<b>452</b>	348	104	–	
Headroom	<b>186</b>	136	50	–	
<b>2009</b>					
<b>Credit facilities – banks</b>					
Committed facilities	<b>338</b>	160	178	–	
Headroom	<b>124</b>	37	87	–	

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the closing date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, except for foreign exchange derivative liabilities.

	Under 1 year €m	1-5 years €m	Over 5 years €m	Total €m
<b>Liabilities</b>				
Loans and bank overdrafts	97	102	–	<b>199</b>
Accounts payable (deferred income excluded)	2,116	126	203	<b>2,445</b>
<b>At 31 December 2010</b>	<b>2,213</b>	<b>228</b>	<b>203</b>	<b>2,644</b>
<b>Liabilities</b>				
Loans and bank overdrafts	80	87	–	<b>167</b>
Accounts payable (deferred income excluded)	2,063	179	177	<b>2,419</b>
<b>At 31 December 2009</b>	<b>2,143</b>	<b>266</b>	<b>177</b>	<b>2,586</b>

**Financial instruments by category**

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

(1) Includes Ren TV Group

	Notes	Assets at fair value through profit or loss (1) €m	Derivatives used for hedging €m	Loans and accounts receivable €m	Available-for-sale investments €m	Total €m
<b>Assets</b>						
Loans and other financial assets (surplus of the defined benefit plans excluded)	<b>8. 5.</b>	151	–	5	111	<b>267</b>
Accounts receivable (prepaid expenses excluded)	<b>8. 8.</b>	–	53	2,357	–	<b>2,410</b>
Cash and cash equivalents	<b>8. 9.</b>	–	–	841	–	<b>841</b>
<b>At 31 December 2010</b>		<b>151</b>	<b>53</b>	<b>3,203</b>	<b>111</b>	<b>3,518</b>

	Notes	Liabilities at fair value through profit or loss €m	Derivatives used for hedging €m	Other financial liabilities (1) €m	Total €m
<b>Liabilities</b>					
Loans and bank overdrafts	<b>8. 11.</b>	–	–	188	<b>188</b>
Accounts payable (deferred income excluded)	<b>8. 12.</b>	–	17	2,407	<b>2,424</b>
<b>At 31 December 2010</b>		<b>–</b>	<b>17</b>	<b>2,595</b>	<b>2,612</b>

(1) At amortised cost

	Notes	Assets at fair value through profit or loss (1) €m	Derivatives used for hedging €m	Loans and accounts receivable €m	Available-for-sale investments €m	Total €m
<b>Assets</b>						
Loans and other financial assets (surplus of the defined benefit plans excluded)	8. 5.	78	–	73	111	262
Accounts receivable (prepaid expenses excluded)	8. 8.	384	31	1,945	–	2,360
Cash and cash equivalents	8. 9.	–	–	395	–	395
<b>At 31 December 2009</b>		<b>462</b>	<b>31</b>	<b>2,413</b>	<b>111</b>	<b>3,017</b>

(1) Includes Canal Plus France instrument designated at fair value through profit or loss (see note 8.8.)

	Notes	Liabilities at fair value through profit or loss €m	Derivatives used for hedging €m	Other financial liabilities (1) €m	Total €m
<b>Liabilities</b>					
Loans and bank overdrafts	8. 11.	–	–	156	156
Accounts payable (deferred income excluded)	8. 12.	–	34	2,351	2,385
<b>At 31 December 2009</b>		<b>–</b>	<b>34</b>	<b>2,507</b>	<b>2,541</b>

(1) At amortised cost

#### Fair value hierarchy

The following table presents the Group's financial assets and liabilities measured at fair value at 31 December 2010 by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets (or liabilities);
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or the liability that are not based on observable market data (unobservable inputs).

	Total €m	Level 1 €m	Level 2 €m	Level 3 €m
<b>Assets</b>				
Financial assets at fair value through profit or loss	151	–	79	72
Available-for-sale investments	111	7	35	69
Derivatives used for hedging	53	–	53	–
<b>At 31 December 2010</b>	<b>315</b>	<b>7</b>	<b>167</b>	<b>141</b>
<b>Liabilities</b>				
Derivatives used for hedging	17	–	17	–
<b>At 31 December 2010</b>	<b>17</b>	<b>–</b>	<b>17</b>	<b>–</b>
<b>Assets</b>				
Financial assets at fair value through profit or loss	462	–	78	384
Available-for-sale investments	111	5	37	69
Derivatives used for hedging	31	–	31	–
<b>At 31 December 2009</b>	<b>604</b>	<b>5</b>	<b>146</b>	<b>453</b>
<b>Liabilities</b>				
Derivatives used for hedging	34	–	34	–
<b>At 31 December 2009</b>	<b>34</b>	<b>–</b>	<b>34</b>	<b>–</b>

The fair value of financial instruments traded in active markets are based on quoted market prices at the closing. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in level 1. The quoted market price used for financial assets by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of forward foreign exchange contracts are determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Ren TV Group is presented in level 3 in 2010 (2009: the hybrid financial instrument Canal Plus France – see note 8.8. – was presented in level 3).

The following table presents the change in level 3 instruments for the year ended 31 December 2010:

	Financial assets at fair value through profit or loss €m	Available-for-sale investments €m	Total €m
<b>Balance at 1 January</b>	384	69	<b>453</b>
Purchase	–	3	<b>3</b>
Transfer from “Investments in associates” (see note 8.4.)	67	–	<b>67</b>
Gains and losses recognised in other comprehensive income	–	(1)	<b>(1)</b>
Gains and losses recognised in profit or loss (“Financial result other than interest”)	5	(2)	<b>3</b>
Decrease (sales and settlement)	(384)	–	<b>(384)</b>
<b>Balance at 31 December</b>	72	69	<b>141</b>
<b>Total gains/(losses) for the period included in profit or loss for assets held at the end of the reporting period</b>	<b>5</b>	<b>(2)</b>	<b>3</b>

No transfer between levels has been realised during the year 2010.

The following table presents the change in level 3 instruments for the year ended 31 December 2009:

	Financial assets at fair value through profit or loss €m	Available-for-sale investments €m	Total €m
<b>Balance at 1 January</b>	410	69	<b>479</b>
Purchase	–	1	<b>1</b>
Gains and losses recognised in other comprehensive income	–	(1)	<b>(1)</b>
Gains and losses recognised in profit or loss (“Financial result other than interest”)	19	–	<b>19</b>
Decrease (sales and settlement)	(45)	–	<b>(45)</b>
<b>Balance at 31 December</b>	384	69	<b>453</b>
<b>Total gains for the period included in profit or loss for assets held at the end of the reporting period</b>	<b>21</b>	<b>–</b>	<b>21</b>

No transfer between levels has been realised during the year 2009.

#### Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to provide returns for shareholders.

#### 4. DISCONTINUED OPERATIONS

On 23 July 2010, RTL Group disposed of Five Group to Northern & Shell, a company owned by British publisher Richard Desmond.

The terms of the agreement included a net cash payment of €118 million. The total cash consideration payable to RTL Group for its 100 per cent shareholding in Five Group amounted to €124 million before adjustment related to a cash pooling mechanism (minus €6 million). The regulatory risk was taken by the purchaser. The top holding company of Northern & Shell has provided back-to-back guarantees to RTL Group for the guarantees (€91 million) provided by RTL Group, on behalf of Five, in prior years.

The segment was not a discontinued operation or classified as held for sale at 31 December 2009 and the comparative income statement and statement of comprehensive income have been re-presented to show the discontinued operation separately from continuing operations. The loss from discontinued operations of €57 million (2009: €202 million) is attributable entirely to the owners of the Group. Of the profit from continuing operations of €787 million (2009: €500 million), €611 million is attributable to the owners of the Group (2009: €205 million).

The results of Five Group are presented below.

	2010 €m	2009 €m
<b>Revenue</b>	<b>158</b>	254
Other operating income	–	2
Consumption of current programme rights	<b>(97)</b>	(169)
Depreciation, amortisation and impairment	<b>(5)</b>	(12)
Other operating expenses	<b>(62)</b>	(116)
Impairment of goodwill and of disposal group and amortisation of fair value adjustments on acquisitions of subsidiaries and joint ventures	<b>(1)</b>	(158)
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	<b>(42)</b>	–
<b>Loss from operating activities</b>	<b>(49)</b>	<b>(199)</b>
<b>Earnings before interest and taxes ("EBIT")</b>	<b>(49)</b>	<b>(199)</b>
Net interest expense	<b>(8)</b>	(16)
Financial results other than interest	–	(1)
<b>Loss before taxes</b>	<b>(57)</b>	(216)
Income tax expense	–	14
<b>Loss for the period from discontinued operations</b>	<b>(57)</b>	<b>(202)</b>
<b>EBITA (discontinued operations)</b>	<b>(6)</b>	(41)
Impairment of goodwill of subsidiaries and joint ventures and of disposal group	–	(140)
Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries and joint ventures	<b>(1)</b>	(18)
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	<b>(42)</b>	–
<b>Earnings before interest and taxes ("EBIT")</b>	<b>(49)</b>	<b>(199)</b>

The impact of the disposal of Five Group on the financial position of the Group is as follows:

	2010 €m
Other intangible assets	<b>(60)</b>
Property, plant and equipment	<b>(10)</b>
Current programme rights	<b>(188)</b>
Accounts receivable and other financial assets	<b>(67)</b>
Accounts payable	<b>187</b>
Net deferred tax liabilities	<b>4</b>
Non-controlling interests	<b>3</b>
Accumulated other comprehensive income recognised in the income statement	<b>(4)</b>
<b>Net assets disposed of</b>	<b>(135)</b>
<b>Total disposal proceeds</b>	<b>118</b>
<b>Direct costs associated with the disposal of Five Group</b>	<b>(11)</b>
Less:	
Deferred payment of direct costs associated with the disposal of Five Group	<b>1</b>
<b>Cash inflow on disposal of discontinued operations</b>	<b>108</b>

## 5. SEGMENT REPORTING

The determination of the Group's operating segments is based on the operational and management-related entities for which information is reported to the Executive Committee.

The Group has 15 profit centres, each one led by a CEO. They manage operations in television, radio and diversification businesses in ten countries in which the Group owns interests in 40 TV channels and 33 radio stations; FremantleMedia and UFA Sports operate an international network in the content business.

Following the disposal of Five Group in 2010 and its classification as discontinued operations, the 2009 segment reporting has been re-presented.

All the reported segments meet the quantitative thresholds required by IFRS 8:

- Mediengruppe RTL Deutschland: this segment encompasses all of the Group's German television activities. These include the leading commercial channel RTL Television, Vox, Super RTL, N-TV and an equity participation in RTL II. This segment also includes an array of diversification activities such as new media and content;
- Groupe M6: primarily composed of the commercial television channel M6. This segment also includes one other free-to-air television channel W9 and a number of smaller thematic pay channels. This segment also includes significant other activities such as home shopping, direct-to-consumer marketing, rights distribution and a football club;
- FremantleMedia: principally a worldwide production business but other activities include a significant distribution and licensing business. Its main business units are based in the United States, the United Kingdom, Germany and Australia;
- RTL Nederland: this segment covers both television and radio activities. The Group's television channels cover RTL 4, RTL 5, RTL 7, RTL 8 and RTL Lounge, and are the leading family of channels in the Netherlands. The radio activities comprise Radio 538, one of the leading radio stations, and Radio 10 Gold;
- RTL Belgium: this segment includes both television and radio activities primarily focused in the French-speaking (southern) part of Belgium. The television activities are the leading family of channels and include RTL-TVI, Plug RTL and Club RTL, while the radio activities are made up of the number one and number two stations, Bel RTL and Radio Contact;
- French radio: this is the leading radio family in France and mainly includes the stations RTL Radio, RTL 2 and Fun Radio.

The revenue of "Other segments" mainly relates to RTL Klub (Hungary, €105 million), Alpha TV (Greece, €61 million), RTL Televizija (Croatia, €38 million). Group headquarters provide services, initiate devel-

opment projects, and is also reported in "Other segments".

RTL Group's Executive Committee assesses the performance of the operating segments based on EBITA. Interest income, interest expense, financial results other than interest and income tax are not allocated to segments, as these are centrally driven. Inter-segment pricing is determined on an arm's length basis.

The Executive Committee also reviews, on a regular basis, the amount of the invested capital of each profit centre. Only the assets and liabilities directly managed by the profit centres are considered. Reportable segment assets and liabilities are reconciled to total assets and liabilities, respectively.

All management financial information reported to RTL Group's Executive Committee is fully compliant and consistent with the Group accounting policies and primary statements.

**5. 1.****Segment information**

	Mediengruppe RTL Deutschland		Groupe M6	
	2010 €m	2009 €m	2010 €m	2009 €m
Revenue from external customers	1,890	1,731	1,453	1,370
Inter-segment revenue	2	1	6	7
<b>Total revenue</b>	<b>1,892</b>	<b>1,732</b>	<b>1,459</b>	<b>1,377</b>
Profit/(loss) from operating activities	533	353	238	186
Share of results of associates	18	13	1	(2)
<b>EBIT</b>	<b>551</b>	<b>366</b>	<b>239</b>	<b>184</b>
<b>EBITA (continuing operations)</b>	<b>551</b>	<b>366</b>	<b>245</b>	<b>195</b>
Impairment of goodwill of subsidiaries and joint ventures and of disposal group	-	-	-	-
Impairment of investments in associates	-	-	-	-
Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries and joint ventures	-	-	(8)	(11)
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	-	-	2	-
<b>EBIT</b>	<b>551</b>	<b>366</b>	<b>239</b>	<b>184</b>
Interest income				
Interest expense				
Financial results other than interest				
Income tax expense				
<b>Profit for the year from continuing operations</b>				
Segment assets (assets classified as held for sale and associates excluded)	1,504	1,536	1,454	1,501
Investments in associates	56	39	-	-
Assets related to discontinued operations	-	-	-	-
Assets classified as held for sale	-	-	-	-
<b>Segment assets</b>	<b>1,560</b>	<b>1,575</b>	<b>1,454</b>	<b>1,501</b>
Segment liabilities (liabilities directly associated with non-current assets classified as held for sale excluded)	652	600	641	634
Liabilities related to discontinued operations	-	-	-	-
Liabilities directly associated with non-current assets classified as held for sale	-	-	-	-
<b>Segment liabilities</b>	<b>652</b>	<b>600</b>	<b>641</b>	<b>634</b>
<b>Invested capital</b>	<b>908</b>	<b>975</b>	<b>813</b>	<b>867</b>
<b>Segment assets</b>				
Deferred tax assets				
Income tax receivable				
Other assets				
Cash and cash equivalents				
<b>Total assets</b>				
<b>Segment liabilities</b>				
Deferred tax liabilities				
Income tax payable				
Other liabilities				
<b>Total liabilities</b>				
Capital expenditure	28	33	107	111
Depreciation and amortisation	(23)	(12)	(106)	(108)
Impairment losses excluding goodwill	-	(2)	(9)	(4)
Impairment of goodwill	-	-	-	-
Impairment of disposal group	-	-	-	-

**5. 2.****Geographical information**

Geographical areas are based on where customers (revenue) or the Group's non-current assets are located. Goodwill has been reasonably allocated to a geographical area based on whether the Group's risks and returns are affected predominantly by the products and services it produces.

	Germany	
	2010 €m	2009 €m
Revenue from external customers	1,985	1,866
Non-current assets	1,015	986
Assets classified as held for sale	-	-
Capital expenditure	60	60

FremantleMedia		RTL Nederland		RTL Belgium		French radio		Other segments		Eliminations		Total Group	
2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
1,107	1,035	426	368	218	201	180	173	317	278	-	-	5,591	5,156
165	148	3	3	1	2	2	1	36	35	(215)	(197)	-	-
1,272	1,183	429	371	219	203	182	174	353	313	(215)	(197)	5,591	5,156
145	155	109	71	45	32	24	15	(93)	(130)	-	-	1,001	682
-	-	-	-	-	-	-	-	21	14	-	-	40	25
145	155	109	71	45	32	24	15	(72)	(116)	-	-	1,041	707
140	155	110	72	45	36	24	15	(4)	(43)	-	-	1,111	796
-	-	-	-	-	(4)	-	-	(49)	(66)	-	-	(49)	(70)
-	-	-	-	-	-	-	-	(3)	(1)	-	-	(3)	(1)
-	-	(1)	(1)	-	-	-	-	(2)	(6)	-	-	(11)	(18)
5	-	-	-	-	-	-	-	(14)	-	-	-	(7)	-
145	155	109	71	45	32	24	15	(72)	(116)	-	-	1,041	707
												35	32
												(25)	(28)
												4	23
												(268)	(234)
												787	500
1,549	1,393	573	555	169	169	190	181	592	563	(138)	(163)	5,893	5,735
15	18	-	-	-	-	-	-	287	359	-	-	358	416
-	-	-	-	-	-	-	-	-	306	-	-	-	306
-	-	-	-	-	23	-	-	-	-	-	-	-	23
1,564	1,411	573	555	169	192	190	181	879	1,228	(138)	(163)	6,251	6,480
439	359	142	115	108	97	83	75	333	331	(137)	(157)	2,261	2,054
-	-	-	-	-	-	-	-	-	187	-	-	-	187
-	-	-	-	-	10	-	-	-	-	-	-	-	10
439	359	142	115	108	107	83	75	333	518	(137)	(157)	2,261	2,251
1,125	1,052	431	440	61	85	107	106	546	710	(1)	(6)	3,990	4,229
												6,251	6,480
												415	465
												61	42
												1,256	1,334
												841	395
												8,824	8,716
												2,261	2,251
												42	58
												115	152
												809	725
												3,227	3,186
105	64	10	2	6	2	5	4	31	27	-	-	292	243
(15)	(14)	(11)	(11)	(5)	(5)	(4)	(4)	(32)	(42)	-	-	(196)	(196)
-	3	-	-	-	-	-	-	-	(19)	-	-	(9)	(22)
-	-	-	-	-	-	-	-	(49)	(206)	-	-	(49)	(206)
-	-	-	-	-	(4)	-	-	-	-	-	-	-	(4)
												2,261	2,251
												42	58
												115	152
												809	725
												3,227	3,186
105	64	10	2	6	2	5	4	31	27	-	-	292	243
(15)	(14)	(11)	(11)	(5)	(5)	(4)	(4)	(32)	(42)	-	-	(196)	(196)
-	3	-	-	-	-	-	-	-	(19)	-	-	(9)	(22)
-	-	-	-	-	-	-	-	(49)	(206)	-	-	(49)	(206)
-	-	-	-	-	(4)	-	-	-	-	-	-	-	(4)
												2,261	2,251
												42	58
												115	152
												809	725
												3,227	3,186
												2,261	2,251
												42	58
												115	152
												809	725
												3,227	3,186
												2,261	2,251
												42	58
												115	152
												809	725
												3,227	3,186
												2,261	2,251
												42	58
												115	152
												809	725
												3,227	3,186
												2,261	2,251
												42	58
												115	152
												809	725
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												2,261	2,251
												42	58
												115	152
												809	725
												3,227	3,186
												2,261	2,251
												42	58
												115	152
												809	725
												3,227	3,186
												2,261	2,251
												42	58
												115	152
												809	725
												3,227	3,186
												2,261	2,251
												42	58
												115	152
												809	725
												3,227	3,186
												2,261	2,251
												42	58
												115	152
												809	725
												3,227	3,186
												2,261	2,251
												42	58
												115	152
												809	725
												3,227	3,186
												2,261	2,251
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												809	725
												3,227	3,186
												2,261	2,251
												42	58
												115	152
												809	725
												3,227	3,186
												2,261	2,251
												42	58
												115	152
												809	725
												3,227	3,186
												2,261	2,251
												42	58
												115	152
												809	725
												3,227	3,186
												2,261	2,251

## 6. ACQUISITIONS AND DISPOSALS

### 6. 1.

#### Acquisitions and increases in interests held in subsidiaries

Details of significant acquisitions in the year ended 31 December 2010 are set out in note 6.2. Acquisitions have been consolidated using the purchase method of accounting with goodwill being recognised as an asset. All acquisitions have been included in the consolidated accounts from the date that control has been transferred to the Group.

In aggregate, the acquired businesses contributed revenue of €54 million and profit attributable to RTL Group shareholders of €2 million for the post acquisition period to 31 December 2010. Had the business combinations been at the beginning of the year, the revenue and the profit attributable to RTL Group shareholders would have amounted to €5,696 million and €615 million respectively.

### 6. 2.

#### Details of significant acquisitions and disposals, increases in interests held in subsidiaries

##### 2010

##### Ludia

On 1 October 2010, RTL Group acquired 51 per cent of the shares of Ludia Inc ("Ludia"). Located in Montreal, Ludia develops and markets casual games, predominantly for the US market. Prior to this acquisition, the Group held 29 per cent of the share capital and voting rights and Ludia was accounted for using

the equity method since 2009. The carrying amount of the investment in the associate was €5 million at the acquisition date. The remaining 20 per cent interest is held by management and is subject to a put/call option based on a variable component. The fair value of the put option has been recognised as a liability.

The transaction qualifies as a business combination since the Group has gained the control of Ludia for a consideration, net of cash acquired, of €29 million. The re-measurement to fair value of the Group's existing 29 per cent interest in the acquiree (amounting to €5 million) has been recognised in "Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree" (see note 7.3.).

The transaction resulted in the recognition of a provisional goodwill of €34 million. At 31 December 2010, contingent consideration amounted to €13 million.

The acquisition-related costs of €0.5 million, mainly consisting of legal fees and due diligence costs, have been recognised in "Other operating expenses".

No goodwill will be tax deductible in connection with this transaction.

Had the acquisition occurred on 1 January 2010, the contribution to the consolidated revenue and to the Group's consolidated result would have been €9 million and €1 million, respectively.

Ludia 2010	Carrying amount at acquisition date €m	Incremental value €m	Fair value €m
Current programme rights	3	–	3
Accounts receivable and other financial assets	4	–	4
Accounts payable	(1)	–	(1)
Employee benefit obligations	–	–	–
Interest-bearing loans payable and borrowings	(1)	–	(1)
<b>Net assets acquired</b>	<b>5</b>	<b>–</b>	<b>5</b>
Fair value of equity interest held before business combinations			(10)
Goodwill			34
<b>Total purchase consideration</b>			<b>29</b>
Less:			
Contingent consideration			(13)
<b>Cash outflow on acquisition</b>			<b>16</b>

**Radical Media**

On 1 October 2010, RTL Group acquired a 62.5 per cent majority shareholding in @radical.media LLC ("Radical Media"). Radical Media is one of the leading TV commercials production companies in the United States with offices in Australia, China and Germany. The remaining 37.5 per cent interest is held by management and is subject to a put/call option based on a variable component. The fair value of the put option has been recognised as a liability.

The transaction qualifies as a business combination since RTL Group has gained the control of Radical Media. The purchase consideration, net of cash acquired, amounts to €30 million, resulting in the recognition of a provisional goodwill of €39 million.

At 31 December 2010, contingent consideration and deferred payments amounted to €20 million.

The acquisition-related costs of €1 million, mainly consisting in legal fees and due diligence costs, have been recognised in "Other operating expenses".

The goodwill that is currently expected to be tax deductible amounts to €15 million. Further goodwill will become eligible for a tax deduction as the deferred consideration and option payments are paid.

Had the acquisition occurred on 1 January 2010, the contribution to the consolidated revenue and to the Group's consolidated result would have been €118 million and €5 million, respectively.

<b>Radical Media 2010</b>	<b>Carrying amount at acquisition date €m</b>	<b>Incremental value €m</b>	<b>Fair value €m</b>
Cash and cash equivalents	9	–	9
Property, plant and equipment	2	–	2
Other inventories	9	–	9
Accounts receivable and other financial assets	26	–	26
Accounts payable	(42)	–	(42)
Interest-bearing loans payable and borrowings	(4)	–	(4)
<b>Net assets acquired</b>	–	–	–
Goodwill			39
<b>Total purchase consideration</b>			<b>39</b>
Less:			
Contingent consideration			(19)
Deferred payments			(1)
Cash and cash equivalents in operations acquired			(9)
<b>Cash outflow on acquisition</b>			<b>10</b>

**Other acquisitions and disposals, increases in interest held in subsidiaries**

- On 9 April 2010, the Group acquired 100 per cent of the Dutch independent production company Four One Media BV. The transaction qualified as a business combination since RTL Group gained the control of Four One Media. The purchase accounting led to no recognition of additional fair values directly attributable to the net assets acquired. The transaction resulted in the recognition of a goodwill of €4.9 million;
- On 30 June 2010, the Group disposed of 90 per cent of the shares of Belga Films SA. The remaining 10 per cent stake is subject to a put and call option agreement exercisable in 2012 and was reclassified to "Loans and other financial assets" as available-for-sale investment. The sale proceeds, net of cash disposed of, amounted to €4 million. The resulting gain amounted to €0.3 million (see note 7.3.);
- On 18 August 2010, following the approval of the cartel authority, the Group gained the control of

Antenne Niedersachsen GmbH & Co. KG previously accounted for at equity. The transaction qualified as a business combination since RTL Group gained the control of Antenne Niedersachsen. The re-measurement to fair value of the Group's existing 49.7 per cent interest in the acquiree (amounting to €(2.5) million) has been recognised in "Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree" (see note 7.3.). The purchase accounting led to no recognition of additional fair values directly attributable to the net assets acquired. The transaction resulted in the recognition of a goodwill of €6.1 million;

- On 30 September 2010, the Group completed the acquisition of 95 per cent of the shares of the company Mon Album Photo SAS. The transaction qualified as a business combination since RTL Group gained the control of Mon Album Photo. The transaction resulted in the recognition of a provisional goodwill of €2.9 million;
- On 30 November 2010, the Group acquired the remaining 50 per cent of the shares of the company

Echo 6 SAS, previously proportionate consolidated. The transaction qualified as a business combination since RTL Group gained the control of Echo 6. The re-measurement to fair value of the Group's existing 50 per cent interest in the acquiree has been recognised in "Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree" (see note 7.3.). The transaction resulted in the recognition of a goodwill of €0.3 million;

- The amount of the deferred consideration payable related to Cyréalis Group fully acquired on 30 April 2008 has been adjusted on the basis of a variable performance-related component (€(1.4) million). Earn-out paid in 2010 amounted to €3.9 million (2009: €5 million).

## 2009

### M-RTL

At the extraordinary shareholders meeting held on 20 March 2009, the shareholders of M-RTL Zrt ("M-RTL", "RTL Klub") granted their consent and approval to transfers of shares, in particular to the transfer by Pearson Netherlands BV ("PNBV") of its 20 per cent stake in M-RTL to KOS Beteiligungs- und Verwaltungsgesellschaft mbH ("KOS"). As a result, the disagreements among the shareholders, which led to the arbitration proceedings between PNBV, IKO-Telekom Média Holding Rrt (n/k/a IKO Média Holding Zrt) and M-RTL in December 2006, were settled. Following the transfer of the 20 per cent stake by

PNBV to KOS, the economic and voting ownerships in M-RTL was as follows: RTL Group (49 per cent), IKO-Telekom Média Holding Zrt (31 per cent) and KOS (20 per cent).

As a result of the arrangements among the shareholders entered into on 20 March 2009, RTL Group has the ability in practice to control M-RTL without the acquisition of additional shares and fully consolidates M-RTL since 1 April 2009. Until such date, M-RTL was accounted for using the equity method. The Group has recognised the following identifiable assets, liabilities and contingent liabilities at fair value at the date of the gain of control:

- A fair value of €6.8 million on the customer relationships;
- A related deferred tax liability for an amount of €1.4 million.

On 26 June 2009, RTL Group acquired from KOS non-voting shares in M-RTL representing an economic interest of 18 per cent for an amount of €42 million. As a result, RTL Group since then owns an economic interest of 67 per cent and voting rights of 49 per cent in M-RTL. This acquisition in a fully consolidated entity has been accounted for as an equity transaction and therefore no adjustment was recorded to goodwill. The decrease in equity attributable to RTL Group shareholders and in equity attributable to non-controlling interests amounts to €32 million and to €10 million, respectively.

M-RTL 2009	Carrying amount at date of gain of control €m	Incremental value €m	Fair value at date of gain of control €m	Acquisition of non- controlling interests €m	Total €m
Cash and cash equivalents	8	–	8	–	8
Non-current programme rights	1	–	1	–	1
Other intangible assets	16	7	23	–	23
Property, plant and equipment	9	–	9	–	9
Current programme rights	36	–	36	–	36
Accounts receivable and other financial assets	27	–	27	–	27
Accounts payable	(52)	–	(52)	–	(52)
Net deferred tax assets/(liabilities)	1	(1)	–	–	–
Non-controlling interests	(23)	(3)	(26)	10	(16)
<b>Net assets acquired</b>	<b>23</b>	<b>3</b>	<b>26</b>	<b>10</b>	<b>36</b>
Elimination of the contribution of companies previously accounted for using the equity method			(23)	–	(23)
Change in revaluation reserve from the gain of control in M-RTL			(3)	–	(3)
Negative impact in Group equity due to acquisition of non-controlling interests			–	32	32
<b>Total purchase consideration</b>			<b>–</b>	<b>42</b>	<b>42</b>
Less:					
Deferred payments			–	(3)	(3)
Cash and cash equivalents in operations acquired			(8)	–	(8)
<b>Cash outflow on acquisitions</b>			<b>(8)</b>	<b>39</b>	<b>31</b>

**Original Productions**

On 20 February 2009, the Group acquired 75 per cent of Original FMM LLC, a Burbank (USA) based company producing factual entertainment programmes that appeal to both US and international broadcasters. RTL Group granted a put option on the remaining 25 per cent to the management based on a variable component. The fair value of the put option has been recognised as a liability.

This transaction qualifies as a business combination since RTL Group has gained the control of Original Productions. The purchase consideration, net of cash acquired, amounts to €38 million, resulting in the recognition of a goodwill of €44 million, as the purchase accounting led to no recognition of additional fair values directly attributable to the net assets acquired. The goodwill has been increased in 2010 by €7 million following the re-measurement of the earn-out clauses.

<b>Original Productions 2009</b>	<b>Carrying amount at acquisition date € m</b>	<b>Incremental value € m</b>	<b>Fair value € m</b>
Cash and cash equivalents	7	-	7
Property, plant and equipment	2	-	2
Current programme rights	14	-	14
Accounts receivable and other financial assets	6	-	6
Accounts payable	(25)	-	(25)
Employee benefit obligations	(2)	-	(2)
Interest-bearing loans payable and borrowings	(1)	-	(1)
<b>Net assets acquired</b>	<b>1</b>	<b>-</b>	<b>1</b>
Goodwill			44
<b>Total purchase consideration</b>			<b>45</b>
Less:			
Deferred payments on acquisitions			(21)
Cash and cash equivalents in operations acquired			(7)
<b>Cash outflow on acquisition</b>			<b>17</b>

**6.3.****Assets and liabilities  
acquired**

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

	<b>2010 € m</b>	<b>2009 € m</b>
<b>Purchase consideration:</b>		
- Cash paid	44	68
- Payments on prior years' acquisitions	(4)	(5)
- Contingent consideration	33	24
- Deferred payments	2	-
- Net asset contributed	1	-
<b>Total purchase consideration</b>	<b>76</b>	<b>87</b>
Less:		
Fair value of net assets acquired	(8)	(37)
Contribution of companies previously accounted for using the equity method	19	23
Change in revaluation reserve from gain of control	-	3
Negative impact in Group equity due to acquisition of non-controlling interests	-	(32)
<b>Goodwill</b>	<b>87</b>	<b>44</b>

**6. 4.****Cash outflow on acquisitions**

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

	Carrying amount at acquisition date/gain of control €m	2010		2009
		Incremental value €m	Fair value €m	Fair value €m
Cash and cash equivalents	14	–	14	15
Non-current programme and other rights	–	–	–	1
Other intangible assets	–	–	–	23
Property, plant and equipment	4	–	4	11
Loans and other financial assets	2	–	2	–
Current programme rights	8	–	8	50
Other inventories	9	–	9	–
Accounts receivable and other financial assets	36	–	36	33
Accounts payable	(57)	–	(57)	(77)
Employee benefit obligations	–	–	–	(2)
Interest-bearing loans payable and borrowings	(5)	–	(5)	(1)
Non-controlling interests	(3)	–	(3)	(26)
<b>Net assets acquired</b>	<b>8</b>	<b>–</b>	<b>8</b>	<b>27</b>
Fair value of equity interest held before business combinations			(19)	(23)
Goodwill			87	44
Change in revaluation reserve from gain of control			–	(3)
<b>Total purchase consideration</b>			<b>76</b>	<b>45</b>
Less:				
Net asset contributed			(1)	–
Contingent consideration			(33)	(21)
Deferred payments			(2)	–
Payments on prior years' acquisitions			4	5
Cash and cash equivalents in operations acquired			(14)	(15)
<b>Cash outflow on acquisitions</b>			<b>30</b>	<b>14</b>

**6. 5.****Assets and liabilities disposed of**

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

	2010 €m	2009 €m
Disposal proceeds (see note 6.2.)	4	2
Net assets disposed of	(4)	(1)
<b>Net gain on disposal of subsidiaries (see note 7.3.)</b>	<b>–</b>	<b>1</b>

**6. 6.****Cash inflow on disposals of continuing operations**

	2010 €m	2009 €m
Goodwill	–	(2)
Accounts receivable and other financial assets	–	(1)
Assets classified as held for sale	(20)	–
Accounts payable	–	3
Liabilities directly associated with non-current assets classified as held for sale	16	–
Non-controlling interests	–	(1)
<b>Net assets disposed of</b>	<b>(4)</b>	<b>(1)</b>
<b>Total disposal proceeds</b>	<b>4</b>	<b>2</b>
Less:		
Payments on direct costs associated with the disposal of RTL Shop	–	(2)
<b>Cash inflow on disposals of continuing operations (see note 6.2.)</b>	<b>4</b>	<b>–</b>

## 7 CONSOLIDATED INCOME STATEMENT

### 7.1

#### Revenue

	2010 €m	%	2009 €m	%
Spot advertising sales	3,233	58	2,864	55
Bartering advertising revenue	53	1	51	1
Other advertising sales	135	3	147	3
<b>Advertising sales, net of agency commission</b>	<b>3,421</b>	<b>62</b>	<b>3,062</b>	<b>59</b>
Net films, programmes and other rights – sold or licensed	1,377	24	1,344	26
Sales of merchandise and consumer services	616	11	618	12
Professional services	177	3	132	3
	<b>5,591</b>	<b>100</b>	<b>5,156</b>	<b>100</b>

### 7.2

#### Other operating expenses

	Notes	2010 €m	2009 €m
Employee benefits expenses	7.2.1.	912	874
External cost of live programmes		300	363
Intellectual property expenses		284	224
External cost of transmitting		143	150
Consumption of other inventories		228	194
Expenses for subcontract production		180	179
Other marketing, promotion and public relations costs		124	110
Rental costs		96	84
Operating taxes		78	78
Audit, consulting and legal fees (1)		60	61
Marketing and promotion costs – barter		50	48
Repairs and maintenance		54	44
Other distribution expenses		37	34
Commissions on sales		24	24
Administration and sundry expenses		136	110
		<b>2,706</b>	<b>2,577</b>

(1) Fees related to KPMG and PricewaterhouseCoopers (PwC), the Group's auditors and their affiliates regarding the continuing operations, are set out below:

	2010 €m		2009 €m	
	KPMG	PwC	KPMG	PwC
Audit services pursuant to legislation	1.5	1.6	1.7	1.6
Other audit-related services	0.4	0.3	0.4	1.0
Other services relating to taxation	0.3	0.1	0.4	0.1
Other services	–	0.9	–	–
	<b>2.2</b>	<b>2.9</b>	<b>2.5</b>	<b>2.7</b>

The PwC fees related to the discontinued operations amounted to €0.5 million in 2010.

### 7.2.1.

#### Employee benefits expenses

	2010 €m	2009 €m
Wages and salaries	718	688
Social security costs	153	149
Share options granted to employees	6	5
Pension costs	9	10
Other employee expenses	26	22
	<b>912</b>	<b>874</b>

The amounts set out above exclude personnel costs of €197 million (2009: €210 million), that are capitalised and which represent costs of employees directly allocated to the production of assets.

Pension costs relate to defined contributions for €5 million (2009: €5 million) and defined benefit plans for €4 million (2009: €5 million) (see note 8.14.).

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

	2010	2009
Employees of fully consolidated undertakings	9,700	9,518
Employees of joint ventures	88	90
	9,788	9,608
Employees of Five Group	141	293

**7. 3.  
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree**

“Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree” mainly relates to the following:

**2010**

- Loss of significant influence in Ren TV Group (see note 8.4.): €(12) million
- Gain on re-measurement of fair value of the Group’s existing 29 per cent in Ludia Inc (see note 6.2.): €5 million
- Loss on re-measurement of fair-value of the Group’s existing 49.7 per cent in Antenne Niedersachsen GmbH & Co. KG (see notes 6.2. and 8.4.): €(2.5) million
- Gain on sale of Tyredating SAS associate (see note 8.4.): €1.4 million

Employees of joint ventures reflects the number of employees based on the Group’s ownership in these joint ventures.

- Gain on disposal of Content Union Group associate (see note 8.4.): €0.4 million
- Gain on sale following the loss of control in Belga Films SA subsidiary (see note 6.2.): €0.3 million
- Gain on re-measurement of fair value of the Group’s existing 50 per cent in Echo 6 SAS (see note 6.2.): €0.1 million

**2009**

- Gain on sale of the investment in the Alpha Radiofoniki SA, Alpha Radiofoniki Kronos SA and Kosmoradiotileoptiki SA subsidiaries: €1 million
- Loss on sale of other investments: €(1) million

**7. 4.  
Net interest income**

	2010 €m	2009 €m
Interest income on loans and accounts receivable	21	28
Tax-related interest income	14	4
<b>Interest income</b>	<b>35</b>	<b>32</b>
Interest expense on financial liabilities	(10)	(12)
Tax-related interest expense	(6)	(7)
Interest on defined benefit obligation (1)	(5)	(5)
Interest expense on other employee benefit liabilities	(4)	(4)
<b>Interest expense</b>	<b>(25)</b>	<b>(28)</b>
<b>Net interest income</b>	<b>10</b>	<b>4</b>

(1) Of which (see note 8.14.):  
– Expected return on plan assets: €3 million (2009: €3 million);  
– Unwind of discount on defined benefit obligations: €(8) million (2009: €(8) million)

“Interest income on loans and accounts receivable” includes an amount of €5 million (2009: €7 million) in respect of deposits to Bertelsmann AG (see note 10.1.).

**7. 5.  
Financial results other than interest**

	2010 €m	2009 €m
Impairment losses on available-for-sale investments	(3)	(4)
Cash flow hedges ineffectiveness (see note 3.)	1	(11)
Net gain on Canal Plus France (see note 8.8.)	–	21
Net gain on other financial instruments at fair value through profit or loss	4	16
Other financial results	2	1
	4	23

**7. 6.****Income tax expense**

	2010 €m	2009 €m
Current tax expense	<b>(239)</b>	(201)
Deferred tax expense	<b>(29)</b>	(33)
	<b>(268)</b>	(234)

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

	2010 €m	%	2009 €m	%
Profit before taxes (continuing operations)	<b>1,055</b>		734	
Income tax rate applicable in Luxembourg		<b>28.59</b>		28.59
Tax calculated at domestic tax rate applicable to profits in Luxembourg	<b>302</b>		210	
Effects of tax rate in foreign jurisdictions and German trade tax	<b>58</b>		43	
Tax calculated at domestic tax rate applicable to profits in the respective countries	<b>360</b>	<b>34.1</b>	253	34.5
Change in tax regulation and status	<b>1</b>		–	
Non deductible expenses	<b>21</b>		32	
Tax exempt revenue	<b>(79)</b>		(63)	
Net reduction of deferred tax assets	<b>5</b>		45	
Tax incentives not recognised in the income statement	<b>(13)</b>		(13)	
Effect of tax losses for which no deferred tax assets are recognised	<b>9</b>		(10)	
Tax expense before adjustments on prior years	<b>304</b>	<b>28.8</b>	244	33.2
Current tax adjustments on prior years	<b>(28)</b>		(10)	
Deferred tax adjustments on prior years	<b>(8)</b>		–	
<b>Income tax expense</b>	<b>268</b>	<b>25.4</b>	234	31.9

Non deductible expenses mainly relate to impairment losses on goodwill of Alpha Media Group for a tax effect of € 11 million (2009: € 17 million; see note 8.2.).

Tax exempt revenue mainly relates to the Commission received in relation to the Compensation Agreement for €56 million (2009: €45 million; see note 10.1.), to capital gains and fair value changes for €5 million (2009: € 10 million) and to the share of results of associates for € 13 million (2009: €8 million).

Tax incentives not recognised in the income statement relate to a permanent difference generated by the amortisation of tax goodwill in Germany.

The current tax adjustments on prior years mainly result from final tax assessments in Germany in 2010 and from final tax assessments in the Netherlands in 2009.

Effect of tax losses for which no deferred tax are recognised mainly relates to Greece in 2010 (2009: Luxembourg).

**7. 7.****Earnings per share**

The calculation of basic earnings per share is based on the profit attributable to RTL Group shareholders of €611 million (2009: €205 million) and a weighted

average number of ordinary shares outstanding during the year of 153,618,853 (2009: 153,618,853), calculated as follows:

	Continuing operations	Discontinued operations	2010	Continuing operations	Discontinued operations	2009
Profit/(loss) attributable to RTL Group shareholders (in € million)	<b>668</b>	<b>(57)</b>	<b>611</b>	407	(202)	205
Weighted average number of ordinary shares:						
Issued ordinary shares at 1 January (note 8.15.1.)	<b>154,787,554</b>	<b>154,787,554</b>	<b>154,787,554</b>	154,787,554	154,787,554	154,787,554
Effect of own shares held (note 8.15.2.)	<b>(1,168,701)</b>	<b>(1,168,701)</b>	<b>(1,168,701)</b>	(1,168,701)	(1,168,701)	(1,168,701)
<b>Weighted average number of ordinary shares</b>	<b>153,618,853</b>	<b>153,618,853</b>	<b>153,618,853</b>	153,618,853	153,618,853	153,618,853
Basic earnings per share (in €)	<b>4.34</b>	<b>(0.36)</b>	<b>3.98</b>	2.64	(1.31)	1.33
Diluted earnings per share (in €)	<b>4.34</b>	<b>(0.36)</b>	<b>3.98</b>	2.64	(1.31)	1.33

For 2010 and 2009, there is no dilutive impact of the share option plan as all options are out of the money.

**8. CONSOLIDATED STATEMENT OF FINANCIAL POSITION****8.1.****Programme and other rights, goodwill and other intangible assets**

	(Co-) productions €m	Distribution and broadcasting rights €m	Advance payments and (co-) productions in progress €m	Total programme and other rights (1) €m	Goodwill €m	Other intangible assets €m
<b>Cost</b>						
<b>Balance at 1 January 2009</b>	<b>546</b>	<b>899</b>	<b>22</b>	<b>1,467</b>	<b>5,570</b>	<b>511</b>
Effect of movements in foreign exchange	(19)	(6)	–	(25)	(3)	1
Additions	8	26	48	82	–	48
Disposals	–	(37)	–	(37)	–	(14)
Gain of control of M-RTL (2)	–	1	–	1	–	23
Subsidiaries and joint ventures acquired (2)	–	–	–	–	44	–
Subsidiaries and joint ventures disposed of	–	–	–	–	(2)	–
Transfers and other changes	2	36	(48)	(10)	(3)	–
<b>Balance at 31 December 2009</b>	<b>537</b>	<b>919</b>	<b>22</b>	<b>1,478</b>	<b>5,606</b>	<b>569</b>
Effect of movements in foreign exchange	30	10	–	40	39	11
Additions	18	57	18	93	–	27
Disposals	(1)	(99)	–	(100)	–	(28)
Subsidiaries and joint ventures acquired	–	–	–	–	87	–
Subsidiaries and joint ventures disposed of (3)	–	–	–	–	(601)	(149)
Transfers and other changes (4)	14	115	(4)	125	6	18
<b>Balance at 31 December 2010</b>	<b>598</b>	<b>1,002</b>	<b>36</b>	<b>1,636</b>	<b>5,137</b>	<b>448</b>
<b>Amortisation and impairment losses</b>						
<b>Balance at 1 January 2009</b>	<b>(536)</b>	<b>(822)</b>	<b>–</b>	<b>(1,358)</b>	<b>(2,745)</b>	<b>(192)</b>
Effects of movements in foreign exchange	19	6	–	25	6	(1)
Amortisation charge for the year	(15)	(66)	–	(81)	–	(55)
Impairment losses recognised for the year	–	(1)	–	(1)	(206)	(22)
Reversal of impairment	–	3	–	3	–	–
Disposals	–	37	–	37	–	9
Transfers and other changes	8	(1)	–	7	–	–
<b>Balance at 31 December 2009</b>	<b>(524)</b>	<b>(844)</b>	<b>–</b>	<b>(1,368)</b>	<b>(2,945)</b>	<b>(261)</b>
Effects of movements in foreign exchange	(30)	(10)	–	(40)	(36)	(6)
Amortisation charge for the year	(14)	(69)	–	(83)	–	(44)
Impairment losses recognised for the year	(1)	–	–	(1)	(49)	(9)
Reversal of impairment	–	1	–	1	–	–
Disposals	1	98	–	99	–	17
Subsidiaries and joint ventures disposed of (3)	–	–	–	–	601	89
Transfers and other changes	(10)	(110)	–	(120)	–	(18)
<b>Balance at 31 December 2010</b>	<b>(578)</b>	<b>(934)</b>	<b>–</b>	<b>(1,512)</b>	<b>(2,429)</b>	<b>(232)</b>
<b>Carrying amount:</b>						
<b>At 31 December 2009</b>	<b>13</b>	<b>75</b>	<b>22</b>	<b>110</b>	<b>2,661</b>	<b>308</b>
<b>At 31 December 2010</b>	<b>20</b>	<b>68</b>	<b>36</b>	<b>124</b>	<b>2,708</b>	<b>216</b>

(1) Programme rights include internally generated capitalised rights

(2) See notes 6.2., 6.3. and 6.4.

(3) See note 4.

(4) "Transfers and other changes" on goodwill primarily relate to Cyrealis and Original Productions (see note 6.2.)

Other intangible assets include mainly Alpha TV, Five (2009 only), Mistergooddeal, M6 and Radio 538 brands, for an amount of € 139 million (2009: € 149 million) and Alpha Media Group, Five Group (2009

only) Groupe M6 and M-RTL (see note 6.2.) customer relationships of €17 million (2009: €25 million).

The following intangible assets, recognised at fair value at the time of the gain of control by RTL Group, were impaired in 2009:

- The brand and customer relationships of Alpha Media Group, for an amount of €3 million and €1 million, respectively;
- The brand and customer relationships of Five Group for an amount of €8 million and €6 million, respectively.

The M6 brand is considered to have an indefinite useful life and was recognised for an amount of €120 million. At 31 December 2010, an impairment test was performed and did not lead to any impairment.

In determining that the M6 brand 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 and confirmed at 31 December 2010 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.

## 8. 2.

### Impairment test for goodwill

Goodwill is allocated to the Group's cash-generating units on the basis of the profit centres (see note 5.) and at the level at which cash inflows are generated.

All profit centres and cash-generating units mainly operate in one country, except FremantleMedia and UFA Sports, which are considered as sole cash-generating units.

	2010 €m	2009 €m
Mediengruppe RTL Deutschland	869	869
Groupe M6	417	415
FremantleMedia	1,026	938
RTL Nederland		
– Television	124	124
– Radio	159	159
RTL Belgium	31	31
French radio	65	65
Other segments		
– Alpha Media Group	–	49
– German radio	17	11
<b>Total goodwill on cash-generating units</b>	<b>2,708</b>	<b>2,661</b>

Goodwill is tested for impairment annually, as of 31 December or whenever changes in circumstances indicate that the carrying amount may not be recoverable.

The recoverable amount of a cash-generating unit ("CGU") has been determined on the basis of the higher of its value in use and its fair value less costs to sell:

- The value in use is determined on the basis of cash flows excluding estimated future cash inflows or outflows expected to arise from future restructurings and from improving or enhancing the CGU's performance unless the cash-generating unit is committed at year end to the restructuring and related provisions have been made. Furthermore, the discount rate is closely linked to Group parameters (mainly size and credit premium and gearing ratio);
- Fair value less costs to sell is the amount obtainable from the sale of a CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. The hierarchy of sources for determining a "fair value less costs to sell" is:
  - A binding arm's length sales agreement;
  - An active trading market for the CGU; or
  - Best information available.

The Group supports its fair values less costs to sell on the basis of a discounted cash flow ("DCF") model to the extent that it would reflect the value that "any market participant" would be ready to pay in an arm's length transaction. Differently from the "value in use" approach, which reflects the perspective of the Group for a long-term use of the CGU, a "fair value less costs to sell" model would include future cash flows expected to arise from restructuring plans and future investments, as all rational market participants would be expected to undertake these restructurings and investments in order to extract the best value from the acquisition. Furthermore, the discount rate in a "fair value less costs to sell" model is calculated based on a market approach and most of the parameters used are derived from market sources. The latter approach applied in 2009 was not used by the Group in determining the recoverable amount of cash-generating units at 31 December 2010 (2009: Five Group and Alpha Media Group).

Cash flow projections are based on financial budgets approved by management covering a three-year-period. Cash flows beyond the three-year-period for up to ten years are prepared using the estimated growth rates and other key drivers including audience and advertising market shares, the EBITA margin and cash conversion rates based on past performance and expectations of market development. Cash flows beyond the ten-year period are extrapolated using the estimated perpetual growth rates and the discount rates stated on the following page.

The perpetual growth rates used are consistent with the forecasts included in industry reports. The discount rates have been determined, CGU by CGU, in order to reflect, where appropriate, the following factors:

- Country risk;
- Relative size;
- Credit spread due to the financial situation; and
- Gearing ratio of the CGU.

	2010		2009	
	Perpetual growth rate % a year	Discount rate %	Perpetual growth rate % a year	Discount rate %
<b>Cash-generating units</b>				
Mediengruppe RTL Deutschland	2.0	8.6	2.5	8.2
Groupe M6	2.5	8.6	3.0	8.2
FremantleMedia	3.0	7.8	3.0	8.6
RTL Nederland				
– Television	2.5	8.6	2.5	8.2
– Radio	2.5	7.3	2.5	8.7
Five Group	–	–	3.0	9.2
RTL Belgium	2.5	8.6 and 7.2 (1)	2.5	8.2 and 8.6 (1)
French radio	2.5	7.2	2.5	8.6
Other segments				
– Alpha Media Group	3.0	9.7	3.0	9.5 and 9.1 (2)
– German radio	2.5	8.9	2.5	8.9

(1) For television and radio, respectively

(2) At 30 June and 31 December 2009, respectively

Management consider that, at 31 December 2010, no reasonably possible change in the market shares, margin and cash conversion rates would reduce the headroom between the recoverable amounts and the carrying values of the cash-generating units.

## 2010

Impairment losses on goodwill were recorded for an amount of €49 million against the carrying value of Alpha Media Group and the goodwill was consequently reduced to nil. This reflected the worse than expected downturn in Greek advertising markets.

## 2009

Impairment losses on goodwill were recorded for an amount of €206 million.

An impairment loss amounting to €140 million was recognised at 30 June 2009 against the carrying value of Five Group and the goodwill reduced to nil. This reflected the worsening of both the advertising market and Five's share of the market. The "fair value less costs to sell" approach was retained, by factoring the costs and the benefits of the contemplated restructuring programme and using a discount rate of 9.2 per cent.

Intangible assets recorded at fair value upon gain of control of Five Group have been impaired for an amount of €14 million (see note 8.1.).

An impairment loss amounting to €70 million was recognised at 30 June 2009 against the carrying value of Alpha Media Group's assets. A much weaker Greek advertising market, when compared to the original business plan, resulted in a significant under-performance. A cost reduction programme, including a first voluntary leave programme, was initiated during the first half-year 2009; this was not sufficient to compensate a significant decline in revenue.

The "fair value less costs to sell" approach was retained at 30 June 2009, by factoring the costs and the benefits of the contemplated restructuring programme and using a discount rate of 9.5 per cent. Based on the above and on the basis of revised cash flows projections, the impairment losses of an amount of €70 million were fully allocated to the provisional goodwill at 30 June 2009.

As a consequence of the completion of the fair value exercise during the second half-year 2009, the impairment of €70 million was partly reallocated at 31 December 2009 to the fair value recognised on intangible assets (see note 8.1.). €66 million impairment losses remained allocated to goodwill. As the restructuring plan was implemented in 2009, "value in use" has been retained at 31 December 2009 using a discount rate of 9.1 per cent.

**8. 3.****Property, plant and equipment**

	Land, buildings and improvements €m	Technical equipment €m	Other €m	Total €m
<b>Cost</b>				
<b>Balance at 1 January 2009</b>	<b>422</b>	<b>308</b>	<b>193</b>	<b>923</b>
Effect of movements in foreign exchange	1	1	–	2
Additions	2	18	49	69
Disposals	(1)	(27)	(9)	(37)
Gain of control of M-RTL (1)	1	7	1	9
Subsidiaries and joint ventures acquired (1)	–	2	–	2
Transfers and other changes	5	1	(6)	–
<b>Balance at 31 December 2009</b>	<b>430</b>	<b>310</b>	<b>228</b>	<b>968</b>
Effect of movements in foreign exchange	2	1	2	5
Additions	15	30	40	85
Disposals	(77)	(125)	(64)	(266)
Subsidiaries and joint ventures acquired (1)	2	1	1	4
Subsidiaries and joint ventures disposed of (2)	(8)	(8)	(10)	(26)
Transfers and other changes	1	85	11	97
<b>Balance at 31 December 2010</b>	<b>365</b>	<b>294</b>	<b>208</b>	<b>867</b>
<b>Depreciation and impairment losses</b>				
<b>Balance at 1 January 2009</b>	<b>(206)</b>	<b>(245)</b>	<b>(125)</b>	<b>(576)</b>
Depreciation charge for the year	(15)	(24)	(21)	(60)
Impairment losses reversed for the year	–	–	(2)	(2)
Disposals	–	25	9	34
Transfers and other changes	(1)	–	1	–
<b>Balance at 31 December 2009</b>	<b>(222)</b>	<b>(244)</b>	<b>(138)</b>	<b>(604)</b>
Effect of movements in foreign exchange	(1)	(1)	(1)	(3)
Depreciation charge for the year	(17)	(28)	(24)	(69)
Disposals	73	124	63	260
Subsidiaries and joint ventures disposed of (2)	5	4	7	16
Transfers and other changes	2	(57)	(39)	(94)
<b>Balance at 31 December 2010</b>	<b>(160)</b>	<b>(202)</b>	<b>(132)</b>	<b>(494)</b>
<b>Carrying amount:</b>				
<b>At 31 December 2009</b>	<b>208</b>	<b>66</b>	<b>90</b>	<b>364</b>
<b>At 31 December 2010</b>	<b>205</b>	<b>92</b>	<b>76</b>	<b>373</b>

(1) See note 6.2.

(2) See note 4.

Net tangible assets held under finance leases at 31 December 2010 amount to €14 million (2009: €12 million).

**8. 4.****Investments in associates**

	2010 €m	2009 €m
<b>Balance at 1 January</b>	<b>416</b>	<b>442</b>
Effect of movements in foreign exchange	<b>19</b>	<b>(14)</b>
Share of results of associates	<b>40</b>	<b>25</b>
Dividend distribution	<b>(33)</b>	<b>(28)</b>
Change in ownership interest and other changes	<b>(84)</b>	<b>(9)</b>
<b>Balance at 31 December</b>	<b>358</b>	<b>416</b>

“Investments in associates” at 31 December 2010 include goodwill of €239 million (2009: €303 million), of which €195 million relate to Antena 3 De Television Group.

“Change in ownership interest” relates in 2010 to:

- On 15 April 2010, RTL Group signed option agreements with the controlling shareholders of Ren TV Group. Through these agreements, RTL Group has lost its significant influence reflected as follows:
  - The investment was reclassified from “Investments in associates” to “Loans and other financial assets”. A fair value adjustment has been recognised (€5 million) in “Financial results other than interest” (see note 7.5.);
  - The foreign currency translation differences in relation with this investment were recycled from the other comprehensive income to the income statement for an amount of €(12) million (see note 7.3.);

- On 27 July 2010, the Group disposed of its ownership in Content Union Group associate (see note 7.3.);
- On 18 August 2010, the Group gained the control of Antenne Niedersachsen GmbH & Co KG (see notes 6.2. and 7.3.);
- On 10 November 2010, the Group disposed of its 32.7 per cent shareholding in the company Tyredating SAS previously accounted for at equity (see note 7.3.).

“Change in ownership interest” mainly related in 2009 to M-RTL gain of control (see note 6.2.), the disposal of Pages Jaunes Petites Annonces €(6) million and acquisitions in content business.

#### Share of results of associates:

	2010 €m	2009 €m
Share of result after tax	43	26
Impairment of investments in associates	(3)	(1)
	<b>40</b>	<b>25</b>

Antena 3 De Television Group and RTL II contributed in 2010 to the “Share of results of associates” for €24 and €14 million respectively (2009: €13 and €9 million respectively).

An impairment loss of €3 million related to AVE VI Vermögensverwaltungsgesellschaft associate has been recognised in 2010 (2009: RTL 9 associate for €1 million).

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

2010	Country of incorporation	Assets €m	Liabilities €m	Equity €m	Revenue €m	Profit for the year €m	Interest held %
Antena 3	Spain	783	479	304	773	109	21.5
RTL 2 GmbH & Co. KG	Germany	98	51	47	279	39	35.8
2009	Country of incorporation	Assets €m	Liabilities €m	Equity €m	Revenue €m	Profit for the year €m	Interest held %
Antena 3	Spain	796	531	265	650	61	21.5
Ren TV Group	Russia	118	73	45	85	1	30.0
RTL 2 GmbH & Co. KG	Germany	91	56	35	259	27	35.8

Based on the published share price at 31 December 2010, the market capitalisation of 100 per cent of Antena 3 amounts to €1,467 million (2009: €1,642 million).

#### 8.5. Loans and other financial assets

	2010 €m	2009 €m
Available-for-sale investments (see note 8.15.5.)	111	111
Surplus of the defined benefit plans (see note 8.14.)	4	3
Loans and other financial assets	156	151
	<b>271</b>	<b>265</b>

No reversal of impairment losses has been recorded in 2010 and 2009.

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

	2010 €m	2009 €m
<b>Balance at 1 January</b>	<b>111</b>	<b>97</b>
Net acquisitions and disposals	2	1
Change in fair value, net of tax	(1)	15
Impairment losses	(2)	(1)
Other changes	1	(1)
<b>Balance at 31 December</b>	<b>111</b>	<b>111</b>

**8. 6.  
Deferred tax assets  
and liabilities**

(1) Of which:  
 – €2 million (2009: €(1) million)  
 related to derivatives  
 on equity instruments;  
 – €3 million (2009: €1 million)  
 related to share options granted  
 to employees;  
 – €(14) million (2009: €7 million)  
 related to effective portion  
 of changes in fair value of cash  
 flow hedges;  
 – €(2) million (2009: €(1) million)  
 related to change in fair value  
 of cash flow hedges transferred  
 to profit or loss; and  
 – €1 million (2009: €2 million)  
 related to defined benefit plan  
 actuarial gains/(losses).

	2010 €m	2009 €m
Deferred tax assets	415	465
Deferred tax liabilities	(42)	(58)
	<b>373</b>	<b>407</b>

	2010 €m	2009 €m
<b>Balance at 1 January</b>	<b>407</b>	<b>427</b>
Income tax expense	(29)	(28)
Income tax credited/(charged) to equity (1)	(10)	8
Change in consolidation scope	5	–
<b>Balance at 31 December</b>	<b>373</b>	<b>407</b>

The Group has deductible temporary differences originating from an intra-group transaction which will mainly reverse during the next nine years.

Unrecognised deferred tax assets amount to €1,568 million at 31 December 2010 (2009: €1,689 million). Deferred tax assets are recognised on tax losses

carry forwards to the extent that realisation of the related tax benefit through the future taxable profits are probable. The Group has unrecognised tax losses of €5,504 million (2009: €5,938 million) to carry forward against future taxable income. The most significant portion of these tax losses is generated in Luxembourg and has no expiry date.

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

	Balance at 1 January 2010 €m	(Charged)/ credited to income statement €m	(Charged)/ credited to equity €m	Change in consolidation scope €m	Transfers and other changes €m	Balance at 31 December 2010 €m
<b>Deferred tax assets</b>						
Intangible assets	250	(33)	–	–	–	217
Programme rights	114	3	–	–	1	118
Property, plant and equipment	2	(1)	–	–	–	1
Provisions	72	(2)	1	–	(1)	70
Tax losses (see note 7.6.)	64	(13)	–	1	–	52
Others	29	6	(13)	1	(1)	22
Set off of tax	(66)	–	–	–	1	(65)
	<b>465</b>	<b>(40)</b>	<b>(12)</b>	<b>2</b>	<b>–</b>	<b>415</b>

	Balance at 1 January 2010 €m	(Charged)/ credited to income statement €m	Credited to equity €m	Change in consolidation scope €m	Transfers and other changes €m	Balance at 31 December 2010 €m
<b>Deferred tax liabilities</b>						
Intangible assets	(79)	4	–	4	3	(68)
Property, plant and equipment	(18)	–	–	–	–	(18)
Provisions	(5)	(2)	1	–	–	(6)
Others	(22)	9	1	(1)	(2)	(15)
Set off of tax	66	–	–	–	(1)	65
	<b>(58)</b>	<b>11</b>	<b>2</b>	<b>3</b>	<b>–</b>	<b>(42)</b>

**8. 7.****Current programme rights**

	2010			2009		
	Gross value €m	Valuation allowance €m	Net value €m	Gross value €m	Valuation allowance €m	Net value €m
(Co-)productions	355	(311)	44	344	(307)	37
TV programmes	69	(1)	68	67	-	67
Other distribution and broadcasting rights	770	(223)	547	1,012	(255)	757
<b>Sub-total programme rights</b>	<b>1,194</b>	<b>(535)</b>	<b>659</b>	<b>1,423</b>	<b>(562)</b>	<b>861</b>
(Co-)productions and programmes in progress	124	(4)	120	135	(3)	132
Advance, payments on (co-)productions, programmes and rights	134	-	134	154	-	154
<b>Sub-total programme rights in progress</b>	<b>258</b>	<b>(4)</b>	<b>254</b>	<b>289</b>	<b>(3)</b>	<b>286</b>
	<b>1,452</b>	<b>(539)</b>	<b>913</b>	<b>1,712</b>	<b>(565)</b>	<b>1,147</b>

Additions and reversals of valuation allowance have been recorded for €(69) million and €66 million respectively in 2010 (2009: €(103) million and €37 million respectively).

**8. 8.****Accounts receivable and other financial assets**

	2010			2009		
	Under 1 year €m	Over 1 year €m	Total €m	Under 1 year €m	Over 1 year €m	Total €m
Trade accounts receivable	969	5	974	925	4	929
Accounts receivable from associates	20	-	20	30	-	30
Prepaid expenses	95	1	96	126	-	126
Fair value of derivative assets	53	-	53	31	-	31
Current deposit with shareholder (see note 10.1.)	794	-	794	542	-	542
Canal Plus France	-	-	-	384	-	384
Other current financial assets	80	-	80	8	-	8
Account receivable from shareholder in relation with PLP agreement (see note 10.1.)	350	-	350	323	-	323
Other accounts receivable	130	9	139	109	4	113
	<b>2,491</b>	<b>15</b>	<b>2,506</b>	<b>2,478</b>	<b>8</b>	<b>2,486</b>

Additions and reversals of valuation allowance have been recorded for €(34) million and €27 million respectively in 2010 (2009: €(35) million and €21 million respectively).

On February 2010, Groupe M6 management exercised the put option to dispose of its 5.1 per cent stake in Canal Plus France to Vivendi. On 22 February 2010, a payment of €384 million was received by Groupe M6.

**8. 9.****Cash and cash equivalents**

	2010 €m	2009 €m
Cash in hand and at bank	181	145
Fixed term deposits (under three months)	303	58
Other cash equivalents	357	192
	<b>841</b>	<b>395</b>

“Other cash equivalents” include money market funds for €357 million (2009: €192 million).

The current deposit with the shareholder is presented in accounts receivable (see note 8.8.).

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

Non-current assets classified as held for sale: Disposal group held for sale	2010 €m	2009 €m
Deferred tax assets	-	1
Programme rights	-	12
Other inventories	-	2
Accounts receivable and other financial assets	-	12
Impairment on disposal group	-	(4)
	-	<b>23</b>

Liabilities directly associated with non-current assets classified as held for sale:	2010 €m	2009 €m
Accounts payable	-	10
	-	<b>10</b>

There is no disposal group as at 31 December 2010 (2009: carrying amount of the disposal group was €13 million).

**8. 11.****Loans and bank overdrafts**

Current liabilities	2010 €m	2009 €m	Non-current liabilities	2010 €m	2009 €m
Bank overdrafts	3	5	Bank loans payable	83	61
Bank loans payable (1)	33	44	Leasing liabilities	2	10
Leasing liabilities	10	2	Other non-current loans payable	11	10
Other current loans payable (2)	46	24		<b>96</b>	<b>81</b>
	<b>92</b>	<b>75</b>			

(1) Mainly relate to Alpha Media Group for €22 million (2009: €35 million)

(2) Mainly relate to Alpha Media Group for €15 million (2009: nil)

**Term and debt repayment schedule**

	Under 1 year €m	1-5 years €m	Over 5 years €m	Total carrying amount €m
<b>2010</b>				
Bank overdraft	3	-	-	3
Bank loans payable	33	83	-	116
Leasing liabilities	10	2	-	12
Other loans payable	46	10	1	57
	<b>92</b>	<b>95</b>	<b>1</b>	<b>188</b>
<b>2009</b>				
Bank overdraft	5	-	-	5
Bank loans payable	44	61	-	105
Leasing liabilities	2	10	-	12
Other loans payable	24	10	-	34
	<b>75</b>	<b>81</b>	<b>-</b>	<b>156</b>

**8. 12.**  
**Accounts payable**

	2010 €m	2009 €m
<b>Current accounts payable</b>		
Trade accounts payable	1,084	1,072
Amounts due to associates	9	22
Employee benefits liability	159	134
Deferred income	138	111
Social security and other taxes payable	73	67
Fair value of derivative liabilities	17	34
Account payable to shareholder in relation with PLP agreement (see note 10.1.)	406	368
Other accounts payable	364	356
	<b>2,250</b>	<b>2,164</b>

Non-current accounts payable	2010			2009		
	1-5 years €m	Over 5 years €m	Total €m	1-5 years €m	Over 5 years €m	Total €m
Trade accounts payable	35	11	46	65	9	74
Employee benefits liability	1	144	145	2	114	116
Deferred income	1	-	1	4	-	4
Social security and other taxes payable	3	-	3	3	-	3
Fair value of derivative liabilities	6	-	6	-	-	-
Other accounts payable	73	39	112	92	43	135
	<b>119</b>	<b>194</b>	<b>313</b>	<b>166</b>	<b>166</b>	<b>332</b>

**8. 13.**  
**Provisions**

	Post employment benefits €m	Restructuring €m	Litigations €m	Onerous contracts €m	Other provisions €m	Total €m
<b>Balance at 1 January 2010</b>	<b>88</b>	<b>14</b>	<b>61</b>	<b>114</b>	<b>37</b>	<b>314</b>
Provisions charged/(credited) to the income statement						
- Additions	17	2	44	60	12	135
- Reversals	(3)	(2)	(17)	(46)	(7)	(75)
Provisions used during the year	(15)	(6)	(9)	(28)	(4)	(62)
Actuarial gains recognised in equity	7	-	-	-	-	7
Other changes	-	(2)	4	-	(2)	-
<b>Balance at 31 December 2010</b>	<b>94</b>	<b>6</b>	<b>83</b>	<b>100</b>	<b>36</b>	<b>319</b>

	2010 €m	2009 €m
Current	206	183
Non-current	113	131
	<b>319</b>	<b>314</b>

The provisions mainly relate to the following:

- "Post-employment benefits" comprise provisions for defined benefit obligations for €92 million (2009: €87 million) (see note 8.14.) and provision for other employee benefits for €2 million (2009: €1 million);
- Provisions for litigations correspond to the Group's best estimate of the expected future cash outflow related to disputes arising from the Group's activities. No further information is disclosed as it may harm the Group's position;
- "Onerous contracts" provisions include €47 million for Groupe M6 (2009: €28 million) and €47 million

for Mediengruppe RTL Deutschland (2009: €83 million). Out of €60 million of provisions recorded in 2010 (2009: €96 million), the most significant charge relates to obligations contracted on rights (€49 million, 2009: €92 million) which will not be broadcast or which will generate unavoidable costs. The most significant release of provisions relates to the Formula 1 contract signed by Mediengruppe RTL Deutschland (€33 million) and which runs until 2011;

- "Other provisions" primarily include provisions made by Groupe M6 for €28 million (2009: €28 million) and FremantleMedia for €5 million (2009: €5 million).

**8. 14.****Post-employment benefits**

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

**Belgium**

Employees of RTL Belgium participate in a defined benefit plan insured with the insurance company AXA, which provides pension benefits to members and their dependants on retirement and death. The assets of the insurance contract are not segregated but mutualised within the global assets of the Company ("Branche 21"). A guaranteed interest rate is provided by AXA.

**France**

Groupe M6, Ediradio, ID and IP France operate retirement indemnity plans, which by law, provide lump sums to employees on retirement. The lump sums are based on service and salary at date of termination of employment in accordance with the applicable collective agreement. The Ediradio and ID retirement indemnity plan is partly funded by an insurance contract with AXA. Ediradio also participates in a defined benefit plan which provides pension benefits to members on retirement. This plan is partly funded by an insurance contract with AXA. The assets of the insurance contract are not segregated but mutualised within the global assets of the Company. A guaranteed interest rate is provided by AXA.

**Germany**

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

participates in this plan has separately identifiable liabilities.

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

RTL Television sponsors individual plans for two employees 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.

The plan of RTL Television is partly funded by a life insurance contract with AXA. The assets of the insurance contract are not segregated but mutualised within the global assets of the insurance company. A guaranteed interest rate is provided by AXA.

**Luxembourg**

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

**United Kingdom**

FremantleMedia Group Limited is the principal employer of the Fremantle Group Pension Plan ("the Fremantle Plan"), which was established on 29 December 2000 and was, prior to 1 September 2005, known as the RTL Group UK Pension Plan. The Fremantle Plan provides both defined benefit and defined contribution benefits. The plan assets holds assets for both sections of the plan and are mainly composed of equity instruments.

**The amounts recognised in the statement of financial position are determined as follows:**

	2010 €m	2009 €m
Present value of funded obligations	96	84
Fair value of plan assets	(80)	(66)
	<b>16</b>	<b>18</b>
Present value of unfunded obligations	72	66
<b>Net liability</b>	<b>88</b>	<b>84</b>
Assets (see note 8.5)	4	3
Provisions (see note 8.13)	92	87
Experience adjustments on assets gains	6	6
Experience adjustments on provisions (gains)	(2)	(2)

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

	2010 €m	2009 €m
<b>Balance at 1 January</b>	<b>150</b>	<b>130</b>
Current service cost (see note 7.2.1.)	7	6
Interest cost	8	8
Actuarial losses	9	11
Employee contributions	1	1
Benefits paid by employer	(4)	(3)
Benefits paid out of the plan assets	(2)	(2)
Settlements and curtailments	(3)	(1)
Foreign exchange differences	2	–
<b>Balance at 31 December</b>	<b>168</b>	<b>150</b>

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

	2010 €m	2009 €m
<b>Balance at 1 January</b>	<b>66</b>	<b>52</b>
Expected return on plan assets	3	3
Actuarial gains	4	4
Employer contributions	6	7
Employee contributions	1	1
Benefits paid out of the plan assets	(2)	(2)
Foreign exchange differences	2	1
<b>Balance at 31 December</b>	<b>80</b>	<b>66</b>

**Plan assets are comprised as follows:**

	2010 €m	2009 €m
Equity instruments	50	44
Debt instruments	25	18
Property	2	2
Other	3	2
<b>Fair value of plan assets</b>	<b>80</b>	<b>66</b>

The actual return on plan assets was €7 million (2009: €7 million).

Expected contributions to post-employment benefit plans for the year ending 31 December 2011 are €6 million.

**The amounts recognised in the income statement are as follows:**

	2010 €m	2009 €m
Current service cost	7	6
Settlements and curtailments	(3)	(1)
<b>Total included in employee benefits expenses (see note 7.2.1.)</b>	<b>4</b>	<b>5</b>

	2010 €m	2009 €m
Interest cost	8	8
Expected return on plan assets	(3)	(3)
<b>Total included in net interest expense (see note 7.4.)</b>	<b>5</b>	<b>5</b>

The cumulated amount of the actuarial losses recognised in equity at 31 December 2010 is €(13) million (2009: €(8) million).

The principal actuarial assumptions used were as follows:

	2010 % a year	2009 % a year
Discount rate	4.40–5.60	5.30–5.90
Expected return on plan assets	3.50–5.25	3.50–5.90
Long-term inflation rate	1.80–3.50	1.80–3.50
Future salary increases	2.25–4.50	2.25–5.00
Future pension increases	1.80–3.35	1.80–3.35

## 8. 15.

### Equity

#### 8. 15. 1.

##### Share capital

At 31 December 2010, the subscribed capital amounts to €192 million (2009: €192 million) and is represented by 154,787,554 (2009: 154,787,554) fully paid-up ordinary shares, without nominal value. All shares have the same rights and entitlements.

#### 8. 15. 2.

##### Treasury shares

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group. At 31 December 2010, the Group holds 1,168,701 own shares (2009: 1,168,701) at a cost of €44 million (2009: €44 million).

#### 8. 15. 3.

##### Currency translation reserve

The currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations, reserves on associates for foreign exchange translation differences and cash flow hedging, as well as loans designated to form part of the Group's net investment in specific undertakings as repayment of those loans is not anticipated within the foreseeable future.

#### 8. 15. 4.

##### Hedging reserve

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

Between 31 December 2009 and 31 December 2010, the hedging reserve increased by €32 million before tax effect. This consists of:

- Increase by €35 million due to foreign exchange contracts which existed at 2009 year end and which were still hedging off-balance sheet commitments at 31 December 2010;
- Decrease by €8 million due to foreign exchange contracts which existed at 2009 year end but which were released in 2010 from the hedging reserve to income statement;

- Increase by €5 million due to foreign exchange contracts hedging new off-balance sheet commitments.

Between 31 December 2008 and 31 December 2009, the hedging reserve decreased by €(16) million before tax effect. This reflected:

- Decrease by €(1) million due to foreign exchange contracts which existed at 2008 year end and which are still hedging off-balance sheet commitments at 31 December 2009;
- Decrease by €(9) million due to foreign exchange contracts which existed at 2008 year end but which have been released in 2009 from the hedging reserve to income statement;
- Decrease by €(6) million due to foreign exchange contracts hedging new off-balance sheet commitments.

#### 8. 15. 5.

##### Revaluation reserve

The revaluation reserve includes:

- The cumulative net change in the fair value of available-for-sale investments (see note 8.5.) until the investment is derecognised or impaired for €42 million (2009: €43 million);
- The cumulative increase in the fair value of the intangible assets and property, plant and equipment following the gains of control of Groupe M6 and M-RTL (see note 6.2.) and the acquisition of associates achieved in stages (2010: €54 million; 2009: €54 million).

#### 8. 15. 6.

##### Dividends

At the Annual General Meeting of RTL Group SA on 20 April 2011, a dividend in respect of 2010 of €5.0 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 2010. The dividends in respect of 2009 amounted to €3.5 per share, or €541 million.

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

**8. 15. 7.****Share options****RTL Group Stock Option Plan**

On 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 among other things, for the purpose of operating the SOP. Participants may renounce options granted to them. Participants will not be required to pay any sum in respect of the grant of any options to them under the SOP.

**Scheme Limits**

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

**Exercise Price**

The exercise price to be paid by a participant in order to exercise options which are granted under the SOP will be the average closing middle market price of shares in the Company on the Brussels Stock Exchange over 20 dealing days preceding the date of grant or such other, higher or lower, amount as determined by the compensation committee.

**Exercise**

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

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

Expiry date	Exercise price €	Number of options 2010	Number of options 2009
August 2010	120.00	–	6
December 2010	85.24	–	118
May 2011	85.24	1	1
		1	125

**Movements in the number of share options are as follows:**

In thousands of options	Average exercise price in € per share	2010	Average exercise price in € per share	2009
Options outstanding at the beginning of the year	87	125	87	130
Options expired/cancelled during the year	87	(124)	85	(5)
<b>Options outstanding at the end of the year</b>	85	1	87	125

The market price of RTL Group shares on the Brussels Stock Exchange was €76.7 at 31 December 2010 (€47.0 at 31 December 2009).

**Groupe M6 Share Option Plan**

Groupe M6 has established employee share option plans open to directors and certain employees within the group. The number of options granted to participants is approved by the Supervisory Board of Métropole Télévision SA in accordance with the authorisation given by the General Meeting of Shareholders.

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

Grant date	Number of options initially granted (in thousands)	Remaining options (in thousands)	Vesting conditions	Contractual life of options (1)
<b>Stock options plans</b>				
07-2003	713.50	-	4 years of service	7 years
11-2003	20.00	-	4 years of service	7 years
04-2004	861.50	495.00	4 years of service	7 years
06-2005	635.50	391.50	4 years of service	7 years
06-2006	736.75	474.75	4 years of service	7 years
05-2007	827.50	614.00	4 years of service	7 years
05-2008	883.83	747.13	4 years of service	7 years
<b>Free shares plans</b>				
05-2008	280.72	-	2 years of service + performance conditions	
07-2009	346.70	321.70	2 years of service + performance conditions	
12-2009	45.65	45.65	2 years of service + performance conditions	
03-2010	22.00	22.00	2 years of service	
07-2010 (*)	328.50	323.50	2 years of service + performance conditions	
12-2010 (*)	35.65	35.65	2 years of service + performance conditions	
<b>Total</b>	<b>5,737.80</b>	<b>3,470.88</b>		

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

(\*) The maximum number of free shares granted if the performance conditions are significantly exceeded would amount to 420,025. Such number could be reduced to nil if objectives are not met

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

**Movements in the number of share options are as follows:**

In thousands of options	Average exercise price in € per share	2010	Average exercise price in € per share	2009
Options outstanding at the beginning of the year	22	<b>3,339</b>	23	4,083
Options exercised during the year	15	<b>(3)</b>	-	-
Options expired during the year	22	<b>(614)</b>	25	(744)
<b>Options outstanding at the end of the year</b>	<b>22</b>	<b>2,722</b>	<b>22</b>	<b>3,339</b>

Approximately 749,000 free shares are still exercisable at the end of the year against 596,000 at the beginning of the year. 386,000 free shares were granted during the year with 206,000 being exercised and 27,000 being forfeited.

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

	Expiry date	Exercise price in €	Number of options 2010	Number of options 2009
<b>Stock options plans</b>				
	2010	22.53	–	441
	2011	24.97	495	527
	2012	19.94	391	421
	2013	24.60	475	504
	2014	27.52	614	652
	2015	14.73	747	794
			<b>2,722</b>	<b>3,339</b>
<b>Free shares plans</b>				
	2010		–	206*
	2011		368	390
	2012		381	–
			<b>749</b>	<b>596</b>
<b>Total</b>			<b>3,471</b>	<b>3,935</b>
Out of which exercisable			<b>2,020</b>	<b>1,943</b>

(\*) Re-presented

The market price of Métropole Télévision shares on the Paris Stock Exchange was €18.10 at 31 December 2010 (€17.97 at 31 December 2009).

The fair value of services received in return for share options granted is measured by reference to the fair value of the share options granted. The estimate of fair value of the services received is measured based on a binomial model. Free shares are valued at the share price at the date they are granted less the discounted dividends that employees can not receive during the vesting period.

Grant date	Share price in €	Strike price in €	Volatility %	Risk-free interest rate % a year	Expected return % a year	Option life	Employee expense 2010 €m	Employee expense 2009 €m
<b>Stock options plans:</b>								
02/06/2005	20.17	19.94	41.8	3.24	5.24	6 years	–	0.2
06/06/2006	24.63	24.60	43.1	4.02	3.81	6 years	0.1	0.9
02/05/2007	26.55	27.52	37.8	4.40	3.99	6 years	1.1	1.3
06/05/2008	15.22	14.73	40.0	4.39	6.30	6 years	0.7	0.7
							<b>1.9</b>	<b>3.1</b>
<b>Free shares plans:</b>								
02/05/2007	26.55	n.a.	n.a.	4.40	3.99	2 years	–	(0.6)
06/05/2008	15.22	n.a.	n.a.	4.39	6.30	2 years	0.5	1.4
28/07/2009	13.00	n.a.	n.a.	2.49	4.90	2 years	2.1	0.8
23/12/2009	18.02	n.a.	n.a.	1.42	4.01	2 years	0.4	–
25/03/2010	18.84	n.a.	n.a.	1.00	5.04	2 years	0.1	–
27/07/2010	17.66	n.a.	n.a.	1.00	5.38	2 years	1.2	–
22/12/2010	18.22	n.a.	n.a.	1.13	5.49	2 years	–	–
							<b>4.3</b>	<b>1.6</b>
<b>Total</b>							<b>6.2</b>	<b>4.7</b>

**8. 15. 8.****Transactions on non-controlling interests**

These transactions mainly relate to:

**2010**

Transactions on non-controlling interests without a change in control:

- On 29 March 2010, the Group exercised its option to acquire for €1.4 million the remaining 25 per cent of the production company Blu A/S;
- In 2010 Groupe M6 acquired own shares for its free share allocation plan and in respect of the liquidity contract.

Transactions on non-controlling interests with a change in control:

- On 18 August 2010, RTL Group gained the control of Antenne Niedersachsen GmbH & Co. KG previously accounted for under equity method (see note 6.2.).

**2009**

- M-RTL: see note 6.2.;
- The non-controlling shareholders of Alpha Media Group have subscribed for €7 million to capital increases and indirectly benefited from capital increases unilaterally subscribed by RTL Group;
- In 2009 Groupe M6 acquired own shares for its free share allocation plan and in respect of the liquidity contract.

**8. 15. 9.****Derivatives on equity instruments**

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

## 9. COMMITMENTS AND CONTINGENCIES

	2010 €m	2009 €m
Guarantees and endorsements given	153	48
Contracts for purchasing rights, (co-)productions and programmes	1,985	2,188
Operating leases	546	595
Purchase obligations in respect of transmission and distribution	308	255
Other long-term contracts and commitments	290	308

The Group has investments in unlimited liability entities. In the event these entities make losses, the Group may have to participate to the entire amount of losses, even if these entities are not wholly owned.

### 9. 1.

#### Guarantees and endorsements given

The guarantees corresponding to contingent obligations granted by the Group acting as executive producer to third parties paying cash advances are

presented independently from the entire or partial recognition in the statement of financial position of the related underlying assets and liabilities. These obligations would have the effect to increase the level of loss to be supported by the Group in the case that the productions would not be delivered.

The Group supports guarantees on behalf of Five Group with back-to-back guarantees received from the top holding company of the buyer (see note 4.).

### 9. 2.

#### Operating leases

*Non-cancellable operating lease rentals are as follows:*

Lease payments	2010			Total €m	2009			Total €m
	Under 1 year €m	1-5 years €m	Over 5 years €m		Under 1 year €m	1-5 years €m	Over 5 years €m	
Leasing of satellite transponders	20	53	15	88	31	80	25	136
Other operating leases	70	174	214	458	82	173	204	459
	90	227	229	546	113	253	229	595

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

### 9. 3.

#### Purchase obligations in respect of transmission and distribution

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

### 9. 4.

#### Other long-term contracts and commitments

The Group has "Other long-term contracts and commitments" amounting to €290 million at 31 December 2010 (2009: €308 million).

Long-term contracts include contracts for services, agreements to purchase assets or goods and commitments to acquire licences other than audiovisual rights and television programming that are enforceable and legally binding and that specify all significant

terms. Other commitments relate to sale and lease back transactions in respect of FremantleMedia.

FremantleMedia has arrangements for a remaining period of seven years in relation to sale and lease back transactions for an amount of €67 million (2009: €72 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 A-rated bank in order to satisfy the lease payments and is not considered as an asset in accordance with SIC 27. Income received by FremantleMedia was recognised in the income statement when entering into these arrangements.

### 9. 5.

#### Licence agreement

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

## 10. RELATED PARTIES

### Identity of related parties

At 31 December 2010, the principal shareholder of the Group is Bertelsmann Capital Holding GmbH ("BCH") (91 per cent). The remainder of the Group's shares are publicly listed on the Brussels and Luxembourg stock exchanges. The Group also has a related party relationship with its associates, joint ventures and with its directors and executive officers.

#### 10.1.

### Transactions with shareholders

#### Sales and purchases of goods and services

During the year the Group made sales of goods and services, purchases of goods and services to Bertelsmann Group amounting to €10 million (2009: €10 million) and €22 million (2009: €22 million), respectively. At the year-end, the Group had trade accounts receivable and payable due from/to Bertelsmann Group amounting to €6 million (2009: €4 million) and €5 million (2009: €5 million), respectively.

#### Deposits Bertelsmann AG

With the view to invest its cash surplus, RTL Group SA has entered in 2006 with Bertelsmann AG into a Deposit Agreement, the main terms of which are:

- Interest rates are based on an overnight basis on EONIA plus 10 basis points; or on a one to three-month basis, EURIBOR plus 10 basis points;
- Bertelsmann AG grants to RTL Group as security for all payments due by Bertelsmann AG a pledge on:
  - All shares of its wholly owned French subsidiary Média Communication SAS;
  - All shares of its wholly owned Spanish subsidiary Media Finance Holding SL;
  - All its interests in the German limited liability partnership Gruner + Jahr AG Co. KG (73.4 per cent stake);
  - All shares of its wholly owned English subsidiary Bertelsmann UK Ltd.

The interests in Gruner + Jahr AG Co. KG and shares of Bertelsmann UK Ltd have also been granted as pledge by Bertelsmann AG to CLT-UFA SA, a subsidiary of RTL Group, in connection with the accounts receivable related to PLP and Compensation Agreements as defined below.

At 31 December 2010, the amount deposited amounts to €43 million (2009: €89 million) on an overnight basis and €750 million (2009: €450 million) on a three-month basis. The interest income for the year amounts to €5 million (2009: €7 million).

RTL Group SA has additionally entered into a Treasury Agreement in North America with Bertelsmann Inc. Interest rates are based on US Libor plus 10 basis points. At 31 December 2010, the balance of the cash pooling payable amounts to €9 million (2009:

cash pooling receivable for €3 million). The interest income/expense for the year is below €1 million (2009: below €1 million).

### Tax

On 26 June 2008, the Board of Directors of RTL Group agreed to proceed with the tax pooling of its indirect subsidiary RTL Group Deutschland GmbH ("RGD") into BCH, a direct subsidiary of Bertelsmann AG.

To that effect, RGD entered into a Profit and Loss Pooling Agreement ("PLP Agreement") with BCH for a six-year period starting 1 January 2008. Simultaneously, Bertelsmann AG entered into a Compensation Agreement with CLT-UFA, a direct subsidiary of RTL Group, providing for the payment to CLT-UFA of an amount compensating the above profit transfer and an additional commission ("Commission") amounting to 50 per cent of the tax saving based upon the taxable profit of RGD.

Through these agreements, as from 1 January 2008, Bertelsmann AG and the RGD sub-group of RTL Group are treated as a single entity for German income tax purposes.

As the PLP Agreement does not give any authority to BCH to instruct or control RGD, it affects neither RTL Group nor RGD's ability to manage their business, including their responsibility to optimise their tax structures as they deem fit. After six years, both PLP and Compensation Agreements are renewable on a yearly basis. RGD and CLT-UFA have the right to request the early termination of the PLP and Compensation Agreements under certain conditions.

In the absence of specific guidance in IFRS, RTL Group has elected to recognise current income taxes related to the RGD sub-group based on the amounts payable to Bertelsmann AG and BCH as a result of the PLP and Compensation Agreements described above. Deferred income taxes continue to be recognised, based upon the enacted tax rate, in the consolidated financial statements based on the amounts expected to be settled by the Group in the future. The Commission, being economically and contractually closely related to the Compensation, is accounted for as a reduction of the tax due under the Agreements.

At 31 December 2010, the balance payable to BCH amounts to €406 million (2009: €368 million) and the balance receivable from Bertelsmann AG amounts to €350 million (2009: €323 million).

For the year ended 31 December 2010, the German income tax in relation to the tax pooling with Bertelsmann AG amounts to €119 million (2009: €96 million). The Commission amounts to €56 million (2009: €45 million).

The UK Group relief of Five Group and Fremantle-Media Group to Bertelsmann Group resulted in a tax income of €4 million (2009: €9 million).

**10. 2.****Transactions with associates and joint ventures**

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

	2010 €m	2009 €m
<b>Sales of goods and services to:</b>		
Associates	36	48
Joint ventures	23	22
	<b>59</b>	<b>70</b>
<b>Purchase of goods and services from:</b>		
Associates	5	8
Joint ventures	9	10
	<b>14</b>	<b>18</b>

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

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

	2010 €m	2009 €m
<b>Trade accounts receivable from:</b>		
Associates	19	28
Joint ventures	5	4
	<b>24</b>	<b>32</b>
<b>Trade accounts payable to:</b>		
Associates	2	1
	<b>2</b>	<b>1</b>

RTL II is a party in legal proceedings with a subsidiary of RTL Group.

**10. 3.****Transactions with key management personnel**

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

The key management personnel compensation is as follows:

	2010 €m	2009 €m
<b>Short-term benefits and termination benefits</b>		
	<b>6.6</b>	4.2
<b>Post-employment benefits</b>		
	<b>3.2</b>	0.1
	<b>9.8</b>	<b>4.3</b>

The aggregate number of share options expiring in 2010 and granted to key management personnel of the Company during 2010 and 2009 was €nil. The outstanding number of share options granted to directors and executive officers of the Company at the end of the year was 1,200 (2009: 12,700).

**10. 4.****Directors' fees**

In 2010, a total of €0.5 million (2009: €0.5 million) was allocated in the form of attendance fees to the non-executive members of the Board of Directors of RTL Group SA and the committees which emanate from it, with respect to their functions within RTL Group SA as well as other Group companies.

**11. INTERESTS IN JOINT VENTURES**

**The main joint ventures are as follows:**

	Country of incorporation	Consolidation rate in %	
		2010	2009
TCM Droits Audiovisuels SNC	France	<b>50.00</b>	50.00
RTL Disney Fernsehen GmbH & Co. KG	Germany	<b>50.00</b>	50.00

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:

	2010 €m	2009 €m
Non-current assets	<b>6</b>	9
Current assets	<b>48</b>	45
Non-current liabilities	<b>(3)</b>	(4)
Current liabilities	<b>(33)</b>	(30)
<b>Net assets</b>	<b>18</b>	20

	2010 €m	2009 €m
Income	<b>90</b>	87
Expenses	<b>(73)</b>	(68)

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

	2010 €m	2009 €m
Contracts for purchasing rights, (co-)productions and programmes	<b>4</b>	3
Operating leases	<b>2</b>	3
Other long-term contracts and commitments	<b>9</b>	8

**12. GROUP UNDERTAKINGS**

	GROUP'S OWNER- SHIP NOTE	CONSOLI- DATED METHOD (1)	GROUP'S OWNER- SHIP NOTE	CONSOLI- DATED METHOD (1)
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**LUXEMBOURG\***

RTL Group SA		M		M
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**BROADCASTING TV**

	GROUP'S OWNER- SHIP NOTE	CONSOLI- DATED METHOD (1)	GROUP'S OWNER- SHIP NOTE	CONSOLI- DATED METHOD (1)
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**AUSTRIA\***

IPA Plus (Österreich) Verm. für Fernsehwerbung GmbH		49.8	F	49.8	F
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**BELGIUM\***

Home Shopping Service Belgique SA	(2)	57.1	F	(2)	57.2	F
RTL Belgium SA (former TVI SA)		65.8	F		65.8	F
Société Européenne de Télévente Belgique GIE	(2)	48.4	F	(2)	48.5	F
Unité 15 Belgique SA	(2)	48.4	F	(2)	48.5	F

**CROATIA\***

RTL Hrvatska d.o.o. (former RTL Croatia d.o.o.)		73.8	F	73.8	F
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**CYPRUS\***

Alpha Media Group Limited	(18)	69.7	F	(18)	69.7	F
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**FRANCE\***

33 FM SAS	(2)	46.0	F	(2)	46.1	F
C. Productions SA	(2)	48.4	F	(2)	48.5	F
Citato Sàrl	(14)	-	NC	(2)	48.5	F
Club Téléachat SNC	(2)	48.4	F	(2)	48.5	F
DIEM 2 SA	(2)	48.4	F	(2)	48.5	F
Echo6 SAS	(2)	48.4	F	(2)	24.3	P
Edit TV/W9 SNC	(2)	48.4	F	(2)	48.5	F
Femmes en ville SAS	(14)	-	NC	(2)	48.5	F
Football Club des Girondins de Bordeaux SASP	(2)	48.3	F	(2)	48.4	F
FUN TV SNC	(2)	48.4	F	(2)	48.5	F
Girondins Expressions SASU	(2)	48.4	F	(2)	48.5	F
Girondins Horizons SASU	(2)	48.4	F	(2)	48.5	F
Home Shopping Service SA	(2)	48.4	F	(2)	48.5	F
Hugo Films SAS	(14)	-	NC	(2)	48.5	F
Immobilière 46D SAS	(2)	48.4	F	(2)	48.5	F
Immobilière M6 SA	(2)	48.4	F	(2)	48.5	F
La boîte à News Sàrl	(2)	48.4	F	(2)	24.3	F
Live Stage SAS	(2)	48.4	F	(2)	48.0	F
M6 Bordeaux SAS	(2)	48.4	F	(2)	48.5	F
M6 Communication SAS	(2)	48.4	F	(2)	48.5	F
M6 Créations SAS	(2)	48.4	F	(2)	48.5	F
M6 Développement SAS	(2)	48.4	F	(2)	48.5	F
M6 Diffusions SA	(2)	48.4	F	(2)	48.5	F
M6 Divertissement SAS	(2)	48.4	F	(2)	48.5	F
M6 Editions SA	(2)	48.4	F	(2)	48.5	F
M6 Evénements SA	(2)	48.4	F	(2)	48.5	F
M6 Films SA	(2)	48.4	F	(2)	48.5	F
M6 Foot SAS	(2)	48.4	F	(2)	48.5	F
M6 Interactions SAS	(2)	48.4	F	(2)	48.5	F
M6 Numérique SAS	(2)	48.4	F	(2)	48.5	F
M6 Publicité SASU	(2)	48.4	F	(2)	48.5	F

## BROADCASTING TV

	NOTE	GROUP'S OWNER- SHIP 2010	CONSOLI- DATED METHOD (1)	NOTE	GROUP'S OWNER- SHIP 2009	CONSOLI- DATED METHOD (1)
M6 Récréative SAS	(2)	48.4	F	(2)	48.5	F
M6 Studio SAS	(2)	48.4	F	(2)	48.5	F
M6 Thématique SA	(2)	48.4	F	(2)	48.5	F
M6 Toulouse SAS	(2)	48.4	F	(2)	48.5	F
M6 Web SAS	(2)	48.4	F	(2)	48.5	F
Mandarin SAS	(2)	48.4	F	(2)	48.5	F
Métropole Production SA	(2)	48.4	F	(2)	48.5	F
Métropole Télévision SA	(2)	48.4	F	(2)	48.5	F
Mistergooddeal SA	(2)	48.4	F	(2)	48.5	F
Monalbumphoto SAS	(2)	46.0	F		-	NC
Paris Première SA	(2)	48.4	F	(2)	48.5	F
SCI du 107	(2)	48.4	F	(2)	48.5	F
SEDI TV SA	(2)	48.4	F	(2)	48.5	F
Série Club SA	(2)	24.2	P	(2)	24.3	P
Société Nouvelle de Cinématographie SAS	(2)	48.4	F	(2)	48.5	F
Société Nouvelle de Distribution SA	(2)	48.4	F	(2)	48.5	F
Studio 89 Productions SAS	(2)	48.4	F	(2)	48.5	F
TCM Droits Audiovisuels SNC	(2)	24.2	P	(2)	24.3	P
Télévente Promotion SA	(2)	48.4	F	(2)	48.5	F
TF6 Gestion SA	(2)	24.2	P	(2)	24.3	P
TF6 SCS	(2)	24.2	P	(2)	24.3	P
Tyredating SAS	(15)	-	NC	(2)	15.9	E
Unité 15 France SA	(2)	48.4	F	(2)	48.5	F

## BROADCASTING TV

	NOTE	GROUP'S OWNER- SHIP 2010	CONSOLI- DATED METHOD (1)	NOTE	GROUP'S OWNER- SHIP 2009	CONSOLI- DATED METHOD (1)
<b>GERMANY*</b>						
Ad Audience GmbH		24.9	E		-	NC
CBC Cologne Broadcasting Center GmbH		99.7	F		99.7	F
Clipfish GmbH & Co. KG		99.7	F		99.7	F
El Cartel Media GmbH & Co. KG		35.8	E		35.8	E
Gute Zeiten – Schlechte Zeiten Vermarktungsgesellschaft mbH		99.7	F		99.7	F
I2I Musikproduktions- und Musikverlagsgesellschaft mbH		99.7	F		99.7	F
Infonetwork GmbH		99.7	F		99.7	F
IP Deutschland GmbH		99.7	F		99.7	F
Mediascore Gesellschaft für Medien und Kommunikationsforschung mbH		75.0	F		75.0	F
Norddeich TV Produktionsgesellschaft mbH		74.8	F		74.8	F
N-TV Nachrichtenfernsehen GmbH		99.7	F		99.7	F
Passion GmbH		99.7	F		99.7	F
RTL Creation GmbH		99.7	F		99.7	F
RTL Disney Fernsehen GmbH & Co. KG		49.8	P		49.8	P
RTL Group Cable and Satellite GmbH		99.7	F		99.7	F
RTL Group Deutschland Markenverwaltungs GmbH		99.7	F		99.7	F
RTL Hessen GmbH		99.7	F		99.7	F
RTL Hessen Programmfenster GmbH		59.8	F		59.8	F
RTL Interactive GmbH (former RTL Enterprises GmbH)		99.7	F		99.7	F
RTL Nord GmbH		99.7	F		99.7	F
RTL Television GmbH		99.7	F		99.7	F
RTL West GmbH		74.8	F		-	NC
RTL 2 Fernsehen Geschäftsführung GmbH		35.8	E		35.8	E
RTL 2 Fernsehen GmbH & Co. KG		35.8	E		35.8	E
S4M Solutions For Media GmbH		19.8	E		19.8	E
Tele West Rheinisch-Westfälische Fernsehgesellschaft mbH & Co. KG	(14)	-	NC		99.7	F
Universum Film GmbH		99.7	F		99.7	F
VG Media Gesellschaft zur Verwertung der Urheber und Leistungsschutzrechte mbH	(15)	-	NC		49.8	E
Vox Holding GmbH		99.7	F		99.7	F
Vox Television GmbH (former Vox Film & Fernseh GmbH & Co. KG)		99.4	F		99.4	F
Wer-Kennt-Wen.de GmbH		99.7	F		99.7	F

## BROADCASTING TV

NOTE	GROUP'S OWNER- SHIP 2010	CONSOLI- DATED METHOD (1)	NOTE	GROUP'S OWNER- SHIP 2009	CONSOLI- DATED METHOD (1)
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## GREECE\*

Alpha Doryforiki Tileorasi SA	(18)	69.7	F	(18)	69.7	F
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## HUNGARY\*

Home Shopping Service Hongrie SA	(2)	48.4	F	(2)	48.5	F
Klub Publishing Kiado Kft	(6)	48.8**	F	(6)	48.8**	E
Magyar RTL Televízió Zártkörűen Működő Részvénytársaság	(6)	48.8**	F	(6)	48.8**	E
NetPiac Szamitastechnikai es Kereskedelmi Kft	(6)	48.8**	F	(6)	48.8**	E
R-Time Kft	(6)	48.8**	F	(6)	48.8**	E

\*\* In 2009 RTL Group acquired an 18 per cent non-voting stake, thereby increasing its economic interest to 67 per cent (full consolidation from 1 April 2009). The 49 per cent voting rights remain unchanged.

## LUXEMBOURG\*

Broadcasting Center Europe SA		99.7	F		99.7	F
Content Union SA	(15)	-	NC	(17)	49.8	E
RTL 9 SA		34.9	E		34.9	E
RTL 9 SA & Cie SECS		34.8	E		34.8	E

## NETHERLANDS\*

Couverts Reserveren BV		73.4	F		-	NC
RTL Nederland Broadcast Operation BV (former Broadcasting Center Nederland BV)		73.4	F		73.4	F
RTL Nederland BV		73.4	F		73.4	F
RTL Nederland Holding BV		73.4	F		73.4	F
RTL Nederland Interactief BV (former RTL iMedia Holding BV)		73.4	F		73.4	F
RTL Nederland Ventures 1 BV		73.4	F		-	NC
RTL Nederland Ventures 3 BV		73.4	F		-	NC
RTL Nederland Ventures BV		73.4	F		-	NC
Wentink Events BV		58.8	F		-	NC

## RUSSIAN FEDERATION\*

LLC 21 TV	(21)	-	NC	(16)	30.0	E
OOO Aksept	(21)	-	NC	(16)	30.0	E
OOO Astrahanskaya Teleradioveschatelnaya Kompanya	(21)	-	NC	(16)	27.0	E
OOO Content Plus	(15)	-	NC	(17)	49.8	E
OOO Content Union Cinema	(15)	-	NC	(17)	49.8	E
OOO Content Union Distribution	(15)	-	NC	(17)	49.8	E
OOO Content Union Entertainment	(15)	-	NC	(17)	49.8	E
OOO Content Union Junior	(15)	-	NC	(17)	49.8	E
OOO Content Union Zoo	(15)	-	NC	(17)	49.8	E
OOO Efir	(21)	-	NC	(16)	30.0	E
OOO Ekspert Telemarket	(21)	-	NC	(16)	30.0	E
OOO Media Holding Ren TV	(21)	-	NC	(16)	30.0	E
OOO Nezavisimoe TV Balakovo	(21)	-	NC	(16)	15.0	E
OOO NPP Spectre	(21)	-	NC	(16)	15.3	E
OOO NT Angarsk	(21)	-	NC	(16)	15.3	E

## BROADCASTING TV

NOTE	GROUP'S OWNER- SHIP 2010	CONSOLI- DATED METHOD (1)	NOTE	GROUP'S OWNER- SHIP 2009	CONSOLI- DATED METHOD (1)
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OOO Ren TV Bryansk	(21)	-	NC	(16)	17.6	E
OOO RTL Russland	(21)	-	NC		99.7	F
OOO Servincom Plus	(15)	-	NC	(17)	49.8	E
OOO Teleradiokompanya Sintez TV	(21)	-	NC	(16)	30.0	E
OOO Uralskoe Radio	(21)	-	NC	(16)	30.0	E
OOO Zelenity Lug – KMV	(21)	-	NC	(16)	30.0	E
TVV Telekom	(21)	-	NC	(16)	30.0	E
ZAO ACB Prestige Television Kompanya	(21)	-	NC	(16)	30.0	E
ZAO Nezavisimoe Saratovskoe Televidinie	(21)	-	NC	(16)	30.0	E
ZAO Ren TV Television Kompanya	(21)	-	NC	(16)	30.0	E
ZAO Telecom-Azov	(21)	-	NC	(16)	22.5	E
ZAO Telecompanya August	(21)	-	NC	(16)	30.0	E
ZAO Telestantsiy Seti NN	(21)	-	NC	(16)	14.7	E
ZAO TRK Efir	(21)	-	NC	(16)	30.0	E
ZAO TRK Moloday Kultura Sibiri Plus	(21)	-	NC	(16)	30.0	E

## SPAIN\*

Antena 3 Canarias SLU (former Uniprex Television Digital Terrestre Canarias SLU)	(7)	21.5	E	(7)	21.5	E
Antena 3 de Television SA	(7)	21.5	E	(7)	21.5	E
Antena 3 Directo SAU	(7)	21.5	E	(7)	21.5	E
Antena 3 Eventos SLU	(7)	21.5	E	(7)	21.5	E
Antena 3 Films SLU (former Ensueno Films SL)	(7)	21.5	E	(7)	21.5	E
Antena 3 Multimedia SLU	(7)	21.5	E	(7)	21.5	E
Antena 3 TDT De Canarias SAU	(7)	21.5	E	(7)	21.5	E
Antena 3 TV de Colombia SA	(7)	11.8	E	(7)	11.8	E
Antena de Radiodifusion SAU (former Cadena de Voz de Radio Difusion SA)	(7)	21.5	E	(7)	21.5	E
Atres Advertising SLU	(7)	21.5	E	(7)	21.5	E
Canal 3 Televisión de Colombia SA	(7)	5.2	E	(7)	5.2	E
Canal Media Radio Galicia SLU	(7)	21.5	E	(7)	21.5	E
Canal Media Radio SAU	(7)	21.5	E	(7)	21.5	E
Canal Radio Baleares SL	(7)	21.5	E	(7)	21.5	E
Canal Radio Castilla y Leon SLU	(15)	-	NC	(7)	21.5	E
Canal Radio Madrid SL	(7)	21.5	E	(7)	21.5	E
Canal Radio Valencia SLU	(7)	21.5	E	(7)	21.5	E
Corporacion Radiofonica Castilla Leon SAU	(7)	21.5	E	(7)	21.5	E
Estaciones Radiofonicas de Aragon SAU	(7)	21.5	E	(7)	21.5	E
Gestion Audiovisual Canarias	(7)	4.3	E		-	NC
Guadiana Producciones SAU	(7)	21.5	E	(7)	21.5	E

BROADCASTING TV	NOTE	GROUP'S	CONSOLI-	NOTE	GROUP'S	CONSOLI-
		OWNER-	DATED		OWNER-	DATED
		SHIP	METHOD		SHIP	METHOD
		2010	(1)		2009	(1)
I3 Television SL	(7)	10.8	E	(7)	10.8	E
Ipar Onda SAU	(7)	21.5	E	(7)	21.5	E
Medipress Valencia SAU	(7)	21.5	E	(7)	21.5	E
Movierecord Cine SAU	(7)	21.5	E	(7)	21.5	E
Musica Aparte SAU (former Antena 3 Editorial SA)	(7)	21.5	E	(7)	21.5	E
Onda Cero SAU	(7)	21.5	E	(7)	21.5	E
Organizaciones Deportivas y Culturales De Unipublic SAU	(7)	11.0	E	(7)	21.5	E
Publicidad 3 SAU	(7)	21.5	E	(7)	21.5	E
Radio Media Aragon SL	(7)	21.5	E		21.5	E
Radio Noticias Noventa SAU	(7)	21.5	E	(7)	21.5	E
Radio Sistemas Radiofonicos Cinco SLU	(7)	21.5	E	(7)	21.5	E
RKOR RADIO SLU	(7)	21.5	E	(7)	21.5	E
Uniprex SAU	(7)	21.5	E	(7)	21.5	E
Uniprex Television Digital Catalana SLU	(15)	-	NC	(7)	21.5	E
Uniprex Television Digital Terrestre Andalusia SL	(7)	16.0	E	(7)	21.5	E
Uniprex Television SLU	(7)	21.5	E	(7)	21.5	E
Uniprex Valencia TV SLU	(7)	21.5	E	(7)	21.5	E
Unipublic SA	(7)	11.0	E	(7)	21.5	E
Videoreport Canarias SA	(7)	6.5	E		-	NC
VNews Agencia de Noticias SL	(7)	21.5	E	(7)	10.8	E

## SWITZERLAND\*

Goldbach Media (Switzerland) AG (former IP Multimedia (Schweiz) AG)		22.9	E		22.9	E
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## UK\*

5 Direct Ltd	(15)	-	NC	(3)	99.7	F
Channel 5 Broadcasting Ltd	(15)	-	NC	(3)	99.7	F
Channel 5 Engineering Services Ltd	(15)	-	NC	(3)	99.7	F
Channel 5 Interactive Ltd	(15)	-	NC	(3)	99.7	F
Channel 5 Music Ltd	(15)	-	NC	(3)	99.7	F
Channel 5 Television Group Ltd	(15)	-	NC	(3)	99.7	F
Channel 5 Text Ltd	(15)	-	NC	(3)	99.7	F
Top Up TV 1 Ltd	(15)	-	NC	(3)	99.7	F

## USA\*

SND USA Inc	(2)	48.4	F	(2)	48.5	F
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## CONTENT

CONTENT	NOTE	GROUP'S	CONSOLI-	NOTE	GROUP'S	CONSOLI-
		OWNER-	DATED		OWNER-	DATED
		SHIP	METHOD		SHIP	METHOD
		2010	(1)		2009	(1)

## ANTIGUA\*

Grundy International Operations Ltd		100.0	F		100.0	F
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## AUSTRALIA\*

Christie Films Pty Ltd	(15)	-	NC		49.0	P
Forum 5 Pty Limited		100.0	F		100.0	F
Fremantle (AUS) Productions Pty Ltd	(9)	-	NC	(9)	100.0	F
FremantleMedia Australia Holdings Pty Ltd	(12)	100.0	F	(12)	100.0	F
FremantleMedia Australia Pty Ltd (former Grundy Television Pty Ltd)	(12)	100.0	F	(12)	100.0	F
Grundy Organization Pty Ltd	(12)	100.0	F	(12)	100.0	F
Radical Media Pty Ltd	(20)	100.0	F			NC

## BELGIUM\*

Belga Films SA	(**)	-	NC		65.8	F
Fremantle Productions Belgium NV		100.0	F		100.0	F

\*\*\* 90 per cent disposed of. Remaining 10 per cent subject to put/call option agreement exercisable in 2012.

## BRAZIL\*

FremantleMedia Brazil Produção de Televisão Ltda		100.0	F		100.0	F
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## CANADA\*

FremantleMedia Canada Holdings Inc		100.0	F		-	NC
Ludia LLC		100.0	F		30.0	E

## CHINA\*

Radical Media Co Ltd	(20)	100.0	F		-	NC
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## CROATIA\*

Fremantle Produkcija d.o.o.		100.0	F		100.0	F
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## CYPRUS\*

Bluescreen Ltd		99.7	F		99.7	F
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## DENMARK\*

Blu A/S		100.0	F		75.0	F
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## FINLAND\*

Fremantle Finland Oy		100.0	F		100.0	F
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## FRANCE\*

20h50 Television SAS		100.0	F		100.0	F
Be Happy Productions SAS	(14)	-	NC		100.0	F
Fremantle France SAS		100.0	F		100.0	F
FremantleMedia Drama Productions SAS	(14)	-	NC		100.0	F
TV Presse Productions SAS		100.0	F		100.0	F

## CONTENT

	NOTE	GROUP'S OWNER- SHIP 2010	CONSOLI- DATED METHOD (1)	NOTE	GROUP'S OWNER- SHIP 2009	CONSOLI- DATED METHOD (1)
<b>GERMANY*</b>						
Deutsche Synchron Filmgesellschaft mbH & Co. Karlheinz Brunnemann Produktions KG	(8)	50.8	F	(8)	50.8	F
Fremantle Licensing Germany GmbH (former Geo Film GmbH)		99.7	F		99.7	F
Grundy Light Entertainment GmbH (former HDTV-Entert. Dressler GmbH)		100.0	F		100.0	F
Grundy Light Entertainment/ White Balance GmbH GBR		50.8	F		50.8	F
Grundy UFA TV Produktions GmbH	(4)	99.7	F	(4)	99.7	F
Objektiv Film GmbH	(5)	99.7	F	(5)	99.7	F
Phöbus Film GmbH & Co. Produktions KG	(8)	50.8	F	(8)	50.8	F
Phoenix Film Karlheinz Brunnemann GmbH & Co. Productions KG	(8)	50.8	F	(8)	50.8	F
Phoenix Geschäftsführungs GmbH	(8)	50.8	F	(8)	50.8	F
Radical Media GmbH	(20)	100.0	F		-	NC
RTL Group Services GmbH (former CLT-UFA Multi Media GmbH)		99.7	F		99.7	F
Teamworx Television & Film GmbH		99.7	F		99.7	F
Trebitsch Produktion Holding GmbH	(5)	99.7	F	(5)	99.7	F
Trebitsch Produktion Holding GmbH & Co. KG	(5)	99.7	F	(5)	99.7	F
UFA – Brand Communication GmbH (former UFA Film Finance GmbH)	(4)	99.7	F	(4)	99.7	F
UFA – Fernsehproduktion GmbH	(4)	99.7	F	(4)	99.7	F
UFA – Filmproduktion GmbH	(4)	99.7	F	(4)	99.7	F
UFA Cinema GmbH		99.7	F		99.7	F
UFA Entertainment GmbH	(4)	99.7	F	(4)	99.7	F
UFA Film- und Medienproduktion GmbH		100.0	F		100.0	F
UFA Film & TV Produktion GmbH	(4)	99.7	F	(4)	99.7	F
UFA International Film & TV Produktions GmbH	(14)	-	NC	(4)	99.7	F
UFA Sports GmbH		99.7	F		99.7	F
<b>GREECE*</b>						
Fremantle Productions SA		100.0	F		100.0	F
Plus Productions SA	(18)	69.7	F	(18)	69.7	F

## CONTENT

	NOTE	GROUP'S OWNER- SHIP 2010	CONSOLI- DATED METHOD (1)	NOTE	GROUP'S OWNER- SHIP 2009	CONSOLI- DATED METHOD (1)
<b>HONG KONG*</b>						
Fremantle Productions Asia Ltd		100.0	F		100.0	F
<b>HUNGARY*</b>						
Grundy Magyarorszag TV Musorg Kft	(15)	-	NC		100.0	F
Magyar Grundy UFA Kft		99.7	F		99.7	F
<b>INDIA*</b>						
Fremantle India TV Productions Pvt Ltd		100.0	F		100.0	F
<b>INDONESIA*</b>						
PT Dunia Visitama		100.0	F		100.0	F
<b>ITALY*</b>						
FremantleMedia Italia Spa (former Grundy Productions Italy Spa)		100.0	F		100.0	F
<b>JAPAN*</b>						
FremantleMedia Japan KK		100.0	F		100.0	F
<b>LUXEMBOURG*</b>						
FremantleMedia SA (former RTL UK Holdings SA)		100.0	F		100.0	F
Hei Elei Film Productions SA (former IFP SA)		99.7	F		99.7	F
<b>MEXICO*</b>						
Grundy Productions SA de CV		100.0	F		100.0	F
<b>NETHERLANDS*</b>						
Blue Circle BV (former RTL 4 Productions BV)		100.0	F		100.0	F
Four One Media BV		99.7	F		-	NC
FremantleMedia (Netherlands) BV	(11)	100.0	F (11)		100.0	F
FremantleMedia Operations BV	(11)	100.0	F (11)		100.0	F
FremantleMedia Overseas Holdings BV		100.0	F		100.0	F
Grundy Endemol Productions VOF		50.0	P		50.0	P
Grundy International Holdings (I) BV		100.0	F		100.0	F
RTL Nederland Producties BV		73.4	F		73.4	F
<b>POLAND*</b>						
FremantleMedia Polska Sp.Zo.o.		100.0	F		100.0	F

CONTENT	NOTE	GROUP'S	CONSOLI-	GROUP'S	CONSOLI-
		OWNER-	DATED	OWNER-	DATED
		SHIP	METHOD	SHIP	METHOD
		2010	(1)	2009	(1)
<b>PORTUGAL*</b>					
FremantleMedia Portugal SA (former Fremantle Producoes TV SA)		100.0	F	100.0	F
<b>RUSSIAN FEDERATION*</b>					
Fremantle Productions LLC		100.0	F	100.0	F
<b>SINGAPORE*</b>					
Fremantle Productions Asia Pte Ltd		100.0	F	100.0	F
UFA Sports Asia Pte Ltd		75.1	F	-	NC
<b>SLOVAKIA*</b>					
UFA Slovakia s.r.o		65.8	F	65.8	F
<b>SPAIN*</b>					
Fremantle de Espana SL	(9)	95.0	F	(9)	95.0
FremantleMedia Espana SA (former Grundy Producciones SA)		100.0	F	100.0	F
<b>SWEDEN*</b>					
FremantleMedia Sverige AB		100.0	F	75.0	F
<b>SWITZERLAND*</b>					
Grundy Schweiz AG		65.0	F	65.0	F
<b>TURKEY*</b>					
FremantleMedia TV Film Yapim		100.0	F	100.0	F
<b>UK*</b>					
Arbie Production Ltd		75.0	F	50.0	P
Fremantle (UK) Productions Ltd		100.0	F	100.0	F
FremantleMedia Ltd		100.0	F	100.0	F
FremantleMedia Group Ltd		100.0	F	100.0	F
FremantleMedia Overseas Ltd		100.0	F	100.0	F
FremantleMedia Services Ltd (former Little Pond Television Ltd)		100.0	F	100.0	F
RTL Group Support Services (former RTL Group Systems Ltd)		100.0	F	100.0	F
Select TV Ltd		100.0	F	100.0	F
Talkback (UK) Productions Ltd		100.0	F	100.0	F
Talkback Productions Ltd	(13)	100.0	F	(13)	100.0
Talkback Thames Ltd (former Not Any Old Radio Commercials Ltd)	(13)	100.0	F	(13)	100.0
Thames Television Holdings Ltd		100.0	F	100.0	F
Thames Television Ltd		100.0	F	100.0	F
<b>USA*</b>					
All American Music Group	(10)	100.0	F	(10)	100.0
Allied Communications Inc		100.0	F	100.0	F
Amygdala LLC	(19)	100.0	F	(19)	100.0
Fremantle Goodson Inc	(10)	100.0	F	(10)	100.0
Fremantle Productions Inc	(10)	100.0	F	(10)	100.0
Fremantle Productions Latin America Inc		100.0	F	100.0	F
Fremantle Productions Music Inc	(10)	100.0	F	(10)	100.0

CONTENT	NOTE	GROUP'S	CONSOLI-	GROUP'S	CONSOLI-
		OWNER-	DATED	OWNER-	DATED
		SHIP	METHOD	SHIP	METHOD
		2010	(1)	2009	(1)
Fremantle Productions North America Inc	(10)	100.0	F	(10)	100.0
FremantleMedia Licensing Inc	(9)	100.0	F	(9)	100.0
FremantleMedia North America Inc (former Pearson Television Inc)	(10)	100.0	F	(10)	100.0
Good Games Live Inc	(10)	100.0	F	(10)	100.0
LBS Communications Inc	(10)	100.0	F	(10)	100.0
Leroy & Morton Productions LLC	(20)	100.0	F	-	NC
Max Post LLC	(19)	100.0	F	(19)	100.0
Media Pie LLC	(20)	100.0	F	-	NC
Music Box Library Inc	(10)	100.0	F	(10)	100.0
Neville LLC	(19)	100.0	F	(19)	100.0
O'Merch LLC	(19)	100.0	F	(19)	100.0
Op Services LLC	(19)	100.0	F	(19)	100.0
Original Fremantle LLC	(19)	100.0	F	(19)	100.0
Original Prod'ions LLC	(19)	100.0	F	(19)	100.0
Outpost Digital LLC	(20)	100.0	F	-	NC
Radical Media LLC	(20)	100.0	F	-	NC
Reg Grundy Productions Holdings Inc	(10)	100.0	F	(10)	100.0
Studio Production Services Inc	(10)	100.0	F	(10)	100.0
The Baywatch Productions Company	(10)	100.0	F	(10)	100.0
Thumbdance LLC		100.0	F	100.0	F

BROADCASTING RADIO	NOTE	GROUP'S	CONSOLI-	GROUP'S	CONSOLI-
		OWNER-	DATED	OWNER-	DATED
		SHIP	METHOD	SHIP	METHOD
		2010	(1)	2009	(1)

## BELGIUM\*

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

## FRANCE\*

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

## GERMANY\*

Antenne Niedersachsen GmbH & Co. KG		49.7	F	35.9	E
AVE Gesellsch. für Hörfunkbeteiligungen GmbH		99.7	F	99.7	F
AVE I Vermögensverwaltungsgesellschaft mbH & Co. KG		49.7	E	49.7	E
AVE II Vermögensverwaltungsgesellschaft mbH & Co. KG		99.7	F	99.7	F
AVE V Vermögensverwaltungsgesellschaft mbH		99.7	F	99.7	F
AVE VI Vermögensverwaltungsgesellschaft mbH & Co. KG		49.7	E	49.7	E
BCS Broadcast Sachsen GmbH & Co. KG		39.9	E	40.4	E
Funkhaus Halle GmbH & Co. KG (former AH Antenne Hörfunksender GmbH & Co. KG)		57.0	F	57.0	F
Hit Radio RTL Sachsen GmbH		72.5	F	73.5	F
MPD Medien-, Produktions- und Distributionsgesellschaft mbH & Co. KG	(14)	-	NC	57.0	F
Neue Spreeradio Hörfunkgesellschaft mbH		99.7	F	99.7	F
Radio Center Berlin GmbH		99.7	F	99.7	F
Radio Hamburg GmbH & Co. KG		29.1	E	29.1	E
RTL Radio Berlin GmbH		99.7	F	99.7	F
RTL Radio Deutschland GmbH		99.7	F	99.7	F
RTL Radiovermarktung GmbH & Co. KG		99.7	F	99.7	F
Rundfunk Beteiligungs- und Betriebsgesellschaft Blauen mbH		42.0	E	42.0	E
UFA Radio-Programmgesellschaft in Bayern mbH		99.7	F	99.7	F

BROADCASTING RADIO	NOTE	GROUP'S	CONSOLI-	GROUP'S	CONSOLI-
		OWNER-	DATED	OWNER-	DATED
		SHIP	METHOD	SHIP	METHOD
		2010	(1)	2009	(1)

## NETHERLANDS\*

Radio 10 Gold BV		73.4	F	-	NC
Radio 538 BV		73.4	F	73.4	F
RTL FM BV		73.4	F	-	NC

OTHERS	GROUP'S	CONSOLI-	GROUP'S	CONSOLI-
	OWNER-	DATED	OWNER-	DATED
	SHIP	METHOD	SHIP	METHOD
NOTE	2010	(1)	NOTE	(1)
<b>AUSTRIA*</b>				
RTL Group Austria GmbH	99.7	F	99.7	F
<b>BELGIUM*</b>				
Audiomedia Investments Bruxelles SA	100.0	F	100.0	F
<b>FRANCE*</b>				
IP Network SA	99.7	F	99.7	F
Société Immobilière Bayard d'Antin SA	99.7	F	99.7	F
<b>GERMANY*</b>				
RTL Group Central & Eastern Europe GmbH	99.7	F	99.7	F
RTL Group Deutschland GmbH	99.7	F	99.7	F
RTL Group GmbH (14)	-	NC	99.7	F
RTL Group Vermögensverwaltungs GmbH	100.0	F	100.0	F
UFA Film & Fernseh GmbH	99.7	F (4)	99.7	F
<b>JERSEY*</b>				
CLT-UFA Holdings Ltd (15)	-	NC	99.7	F
<b>LUXEMBOURG*</b>				
B. & C.E. SA	99.7	F	99.7	F
CLT-UFA SA	99.7	F	99.7	F
IP Luxembourg Sàrl	99.7	F	99.7	F
IP Network International SA	99.7	F	99.7	F
Media properties Sàrl	99.7	F	99.7	F
Messino SA (****)	-	F	-	NC
RTL Group Central & Eastern Europe SA	99.7	F	99.7	F
RTL Group Germany SA	99.7	F	99.7	F
**** Consolidated as a Special Purpose Vehicle (SPV).				
<b>NETHERLANDS*</b>				
RTL Group Beheer BV	100.0	F	100.0	F
<b>UK*</b>				
CLT-UFA UK Radio Ltd	99.7	F	99.7	F
CLT-UFA UK Television Ltd	99.7	F	99.7	F

\* Country of incorporation

- (1) M: parent company  
 F: full consolidation  
 P: proportionate consolidation  
 E: equity accounting  
 NC: not consolidated
- (2) Groupe M6 ("de facto" control)  
 (3) Five Group  
 (4) UFA Berlin Group  
 (5) Trebitsch Group  
 (6) M-RTL Group ("de facto" control)  
 (7) Antena 3  
 (8) Phoenix Group  
 (9) Fremantle Licensing Group  
 (10) FremantleMedia North America Group  
 (11) FremantleMedia Productions Netherlands Group  
 (12) Grundy Organisation (Holdings) Group  
 (13) Talkback Productions Group  
 (14) Company absorbed by a company of the Group  
 (15) Company sold or liquidated  
 (16) Ren TV Group  
 (17) Content Union Group  
 (18) Alpha Media Group  
 (19) Original Productions  
 (20) Radical Media  
 (21) Loss of significant influence