RTL GROUP

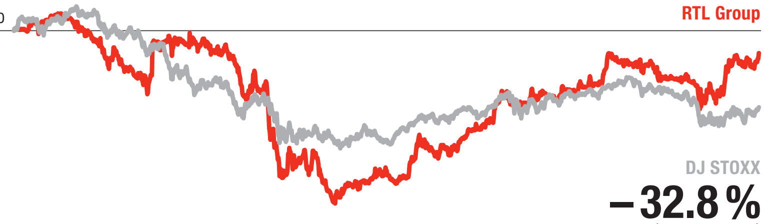
2011 ANNUAL REPORT

THE LEADING EUROPEAN ENTERTAINMENT NETWORK

KEY FIGURES

2007–2011

SHARE PRICE PERFORMANCE 2007–2011



REVENUE

	(€ million)
11	5,765
10	5,532*
09	5,156
08	5,774
07	5,707

+4.2 %

EBITA

	(€ million)
11	1,134
10	1,132*
09	796
08	916
07	898

+0.2 %

* Re-presented following the application of IFRS 5 to Alpha Media Group (discontinued operations)

NET PROFIT ATTRIBUTABLE TO RTL GROUP SHAREHOLDERS

	(€ million)
11	696
10	611
09	205
08	194
07	563

+13.9 %

EQUITY

	(€ million)
11	5,093
10	5,597
09	5,530
08	5,871
07	6,448

–9.0 %

MARKET CAPITALISATION

	(€ billion)
11	11.9
10	11.9
09	7.3
08	6.6
07	12.5

TOTAL DIVIDEND PER SHARE

	(€)
11	5.10
10	5.00
09	3.50
08	3.50
07	5.00

Dividend payout 2007–2011: €3.4 billion

SHAREHOLDING STRUCTURE

31 December 2011**

RTL GROUP	
BERTELSMANN AG	92.3 %
PUBLIC	7.7 %

** Excluding 0.76% which is held collectively as treasury stock by RTL Group and one of its subsidiaries

2011 ANNUAL REPORT

THE LEADING EUROPEAN ENTERTAINMENT NETWORK

Les Grosses Têtes RTL Radio (France)

In les Grosses Têtes, Philippe Bouvard knows I like to climb which is why I'm often asked to referee the 'tennis match'. As I am younger, he also knows I am the one who climbs up and down the chair the quickest, even though it can be very dangerous... Bouvard to serve. Play!

Referee in a battle of words. Vincent Perrot, on his original tennis referee's chair, is one of the 'sociétaires' of the extremely popular radio show *Les Grosses Têtes* on RTL Radio in France. The referee judges the quality of the exchanges between legendary moderator Philippe Bouvard and his guest, and awards points. Perrot is a colourful character: he allegedly had an affair with Liza Minelli and definitely holds a world record for drag racing, having accelerated to the top speed of 530.69 km/h in just 3.8 seconds.

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CHAIRMAN'S STATEMENT

BY SIEGFRIED LUTHER

Despite a mixed picture on the European TV advertising markets, RTL Group once again achieved very good results. While revenue grew by 4.2 per cent, all the key financial benchmarks – EBITA, margin, net result – have remained at the very high level of the record year of 2010, as RTL Group continued to outperform the advertising markets.

Strong audience shares are – and will remain – fundamental to success in the TV industry: advertisers want to reach mass audiences quickly, and all distribution platforms need the broadcasters' content to gain new customers. RTL Group's flagship channels underlined their popularity impressively in 2011. In Germany, RTL Television remained young viewers' number one choice by a large margin, and for the 19th consecutive year. With an 18.4 per cent audience share among viewers aged 14 to 49, the channel achieved its best full-year ratings since 1997.

In France, M6 was the only major broadcaster to increase its ratings, and is now the third most popular channel overall and a strong number two in the key commercial target group. RTL Nederland's four free-to-air channels scored a combined prime time audience share of 35.2 per cent among viewers aged 20 to 49 – the best results in 14 years – driven by the market leader RTL 4. In Belgium, RTL-TVI remains the country's top channel by a large margin.

RTL Group rounded off its portfolio during 2011, by regaining full control of its highly profitable Dutch TV operations, building families of channels and buying out minority shareholders in Hungary and Croatia, and by exiting the declining Greek broadcasting market.

The RTL Group share price finished the year at €76.99 – practically unchanged from €76.7 at the end of 2010 – while the DJ STOXX index of European media shares decreased 10.6 per cent over the year.

In April 2011, Onno Ruding left the RTL Group Board of Directors after more than ten years in which he had a significant influence on the company's development. He had always been a role model of an independent director – diligent, experienced and with clear principles about good corporate governance in a publicly listed company. At the Annual General Meeting (AGM) James Singh, Chief Financial Officer of Nestlé, was appointed as an independent director on the Board. He has taken over the seat of Onno Ruding as Chairman of the Audit Committee.

At the end of December 2011, Hartmut Ostrowski resigned from the Board of Directors, following changes in the Bertelsmann AG Executive Board. Hartmut Ostrowski had been a member of the RTL Group Board and of the Nomination and Compensation Committee since 2008.

The RTL Group Board co-opted Thomas Hesse, a new member of the Bertelsmann AG Executive Board. He joined the RTL Group Board as non-executive director on 1 January 2012, replacing Mr Ostrowski. His appointment will be presented at the next AGM for ratification.

The Board thanks Mr Ostrowski and Mr Ruding for their contributions in building RTL Group's strong position, and for their loyal services as members of the Board of Directors.

I am confident that RTL Group will profit from James Singh's extensive financial expertise and knowledge, and from Thomas Hesse's profound understanding of the digital media world – especially as a strong presence on all digital platforms is of growing importance in the TV business. RTL Group, with its trusted brands and appealing content, has already succeeded in establishing its own popular on-demand services and launching an impressive range of mobile applications. The company is well suited to take advantage of the business opportunities presented by the digital world.

"RTL Group's flagship channels underlined their popularity impressively in 2011."

At the beginning of February 2012, Gerhard Zeiler, Chief Executive Officer of RTL Group since 2003, announced that he will leave the company on his own request with effect from the next Annual General Meeting on 18 April 2012, to take on a new challenge. Guillaume de Posch and Anke Schäferkordt – two exceedingly experienced, internationally recognised managers – will succeed him as co-CEOs. Elmar Heggen, RTL Group CFO and Head of the Corporate Centre in Luxembourg, Guillaume de Posch and Anke Schäferkordt are expected to join the RTL Group Board as Executive Directors.

On behalf of all shareholders and the entire RTL Group Board, I thank Gerhard Zeiler for his outstanding achievements in his 13 years at RTL and nine years as CEO of RTL Group. Under his excellent management, RTL Group has become the undisputed number one free-to-air TV company in Europe, and a globally renowned brand for popular, high-quality television. The Group's revenues, EBITA and return on sales showed an exemplary development, and the company is positioned for continued growth – both from a strategic and a operating perspective.

Last but not least, I would also like to thank the staff of RTL Group. For two years now RTL Group has achieved very good results, especially in light of the financial crisis which is still affecting all markets. This performance clearly would not be possible without the exceptional creativity and commitment of RTL Group's employees.

SIEGFRIED LUTHER
CHAIRMAN OF THE BOARD OF DIRECTORS

CHIEF EXECUTIVE'S REPORT

BY GERHARD ZEILER

In many ways, 2011 was symbolic of the overall development of the media industry since 2003 when I was appointed CEO of RTL Group: in the digital world of ever-increasing choice, television remains the leading medium – for both consumers and advertisers. And RTL Group has demonstrated, once again, it can achieve very strong results, even in very difficult economic environments.

THE STATE OF THE TV INDUSTRY

Let's start with a look at the state of the TV industry. While commentators share their beliefs about convergence, user-generated content or transmedia, the fundamentals of the TV business remain unchanged – and strong:

TV viewing time continues to increase. In many European countries – including Germany, France and Spain – people spent more time watching TV in 2011 than in any previous year. Television is part of our everyday lives.

TV viewers are the big winners in the digital revolution. As variety multiplies, consumers can watch whatever they want, wherever they want, however they want. And they do. They record their favourite programmes, pause them, or replay their favourite moments at their convenience. If they miss an episode, they watch it on the internet, or on any number of mobile devices. Linear, 'traditional' TV viewing is growing, and non-linear TV viewing is growing – with no cannibalisation thus far.

TV is the true social medium. Whether viewers are sharing fun and excitement or leaning back and relaxing: TV provides food for thought and conversation, increases traffic to search engines and is widely discussed in the social networks, often while the show is being broadcast. TV is an engine of the digital media world and remains the focal point of the living room.

TV advertising is indispensable. TV offers an instant, unbeatable reach of mass audiences, and retains the dominant role in the advertising mix. Commercials work best when they tell interesting stories, appeal to our emotions, inform and entertain – in short, when they are good television.

Even technology and internet companies now recognise the strength of TV advertising. In December 2011, the *Financial Times* reported that TV has seen the biggest jump in Google's advertising spending in 2011. According to the international business newspaper, Eric Schmidt, Google's Executive Chairman, initially didn't see the value of TV, and thought that "hell had frozen over" when it was first suggested Google buy a multi-million-dollar Super Bowl ad spot. But Mr Schmidt said the TV broadcast pulled in so much incremental search traffic that it "paid for itself". To sum it up: TV advertising remains indispensable. It offers an instant, unbeatable reach of mass audiences, and retains the dominant role in the advertising mix.

HIGH PROFITABILITY

In 2011, the European TV advertising markets reflected a mixed picture and became increasingly challenging during the year. While there were rather flat developments in Western Europe, the markets in Southern and Eastern Europe reported lower advertising revenue compared to 2010. Nevertheless, RTL Group's consolidated revenue increased by 4.2 per cent to €5,765 million (2010: €5,532 million), mainly based on higher revenue from FremantleMedia and RTL Nederland.

RTL Group succeeded in maintaining its profitability at the very high level achieved in 2010. Reported EBITA was €1,134 million (2010: €1,132 million), while the EBITA margin again reached almost 20 per cent. Net profit attributable to RTL Group shareholders was up 13.9 per cent to €696 million (2010: €611 million).

DIVIDEND PROPOSAL

Based on these results and a net cash position of €1.2 billion, the Board of Directors has decided to recommend a gross dividend payout of €5.10 per share.

If the Annual General Meeting adopts this proposal, RTL Group will have distributed €4.3 billion to its shareholders for the period 2003 to 2011, while remaining debt-free.

AUDIENCE ATTRACTIVENESS REMAINS KEY

All RTL Group's families of channels maintained or increased their strong audience shares in 2011. This formed the foundation for continuing to outperform our peers, particularly in France and the Netherlands.

In Germany, the EBITA of **Mediengruppe RTL Deutschland** decreased by 4.0 per cent to €529 million (2010: €551 million). However, this was its second best result ever, by a large margin, despite a tough TV advertising market and higher investments in programming. At 27.7 per cent, the profit margin remained very high (2010: 29.1 per cent).

The combined average audience share of Mediengruppe RTL Deutschland in the key 14 to 49 target group remained stable at the previous year's record level of 35.0 per cent. The RTL family of channels increased its market leadership over its main commercial competitor, ProSiebenSat1, from 5.3 to 6.1 percentage points.

This increase was mainly thanks to the flagship channel RTL Television, which was the number one choice among young viewers by far, and for the 19th consecutive year. With an 18.4 per cent audience share (2010: 18.1 per cent) in its main target group, the channel achieved its best full-year ratings since 1997, at 6.7 percentage points ahead of the number two commercial channel, ProSieben (11.7 per cent). 67 of the 100 programmes most watched by the target group of viewers, aged 14 to 49, were aired on RTL Television. The general-interest channel also remained the market leader in total audience share (14.1 per cent).

In France, reported EBITA of **Groupe M6** was up 1.6 per cent to €249 million (2010: €245 million), based on significantly

"All RTL Group's families of channels maintained or increased their strong audience shares in 2011. This formed the foundation for continuing to outperform our peers."

higher profit contributions from its television channels. This resulted in an improved operating margin of 17.5 per cent (2010: 16.8 per cent).

With its complementary family of channels, Groupe M6's combined total audience share increased to 15.2 per cent (2010: 14.3 per cent) over the period. In the main commercial target group, housewives aged under 50, the combined audience share was also up, to 23.0 per cent (2010: 21.7 per cent).

M6 remained the second most popular channel in France in the target group, with an audience share of 17.2 per cent (2010: 16.5 per cent). M6 was the only major channel to increase its ratings, in an environment typified by continued audience fragmentation, and consequently reduced the gap on the market leader, TF1. Over the past ten years, this gap has reduced from 16.4 to 9.5 percentage points. M6 was also the only major channel to increase its total audience share (10.8 per cent), and achieved its objective of overtaking public broadcaster, France 3, to become the third most popular channel.

In particular, M6 increased its ratings in access prime time, with the factual entertainment show *Un dîner presque parfait* (Come Dine With Me) and the magazine *100% Mag*. These programmes precede the main news show, *Le 19:45*, and the short sketch comedy series *Scènes de Ménages*.

Groupe M6's main digital channel, W9, continued to increase audience share, both in total audience and in the commercial target group. With an average audience share of 4.3 per cent among housewives aged under 50 (2010: 3.9 per cent), W9 was again the most watched DTT channel in the key commercial target group.

Despite continued general pressure on margins and volumes from broadcasters, EBITA of **FremantleMedia** – RTL Group's production and brand exploitation arm – was slightly up year-on-year, at €143 million (2010: €140 million).

In 2011, FremantleMedia's global network of production companies was responsible for nearly 9,200 hours of TV programming in 58 countries, making it one of the largest creators of award-winning international programme brands. The company continued to produce the highest-rated entertainment shows for broadcasters in the biggest TV markets worldwide – including the US, the UK, Germany, France, the Netherlands and Australia – and distributed its programmes to more than 150 countries.

FremantleMedia's entertainment formats continued to travel well in 2011. *The X Factor* added eight territories to its roster, with launches in India, China and the US, making a total of 29. *Got Talent* rolled out to six new territories, including Romania, South Korea and Vietnam, totalling 45 territories. *Total Blackout* went to nine territories, taking its total to ten.

Achieving its best viewer ratings since 1997, **RTL Nederland** again significantly outperformed a growing Dutch TV advertising market. Its EBITA rose by a huge 21.8 per cent to €134 million (2010: €110 million), due to higher profit contributions from both TV and radio activities. The profit centre's four free-to-air TV channels achieved a combined prime time audience share of 35.2 per cent among viewers aged 20 to 49 (2010: 33.0 per cent). As in the previous two years, the ratings increase was largely due to the flagship channel RTL 4, which grew its average prime time audience share from 18.3 to 20.1 per cent in the target group of shoppers aged 20 to 49. This was RTL 4's best full-year audience rating in 14 years.

EBITA of **RTL Belgium** increased to a new record of €46 million (2010: €45 million), reflecting a higher profit contribution from its radio activities, while **RTL Radio France** also continued its impressive improvement in profitability, with EBITA up by 25.0 per cent to €30 million (2010: €24 million).

PORTFOLIO STRENGTHENED

RTL Group developed its international portfolio during 2011, to safeguard its leading market positions and to develop new businesses. We regained full control of our highly profitable Dutch TV operations, and bought out minority shareholders in Hungary and Croatia to build strong families of channels. Targeted online acquisitions in Germany and the Netherlands significantly strengthened our new media activities in these countries. Finally,

"RTL Group developed its international portfolio during 2011, to safeguard its leading market positions and to develop new businesses."

we signed an agreement to exit the declining Greek broadcasting market.

In July 2011, RTL Group announced three deals in three different countries, all deals having one thing in common: they give RTL Group more flexibility to build even stronger families of channels.

In the Netherlands, RTL Group exercised its put option towards Talpa Media Holding, and the transaction closed in December 2011. Following this put option, RTL Group exchanged Talpa Media's 26.3 per cent minority shareholding in RTL Nederland for RTL Group's 73.7 per cent interest in Radio 538, Radio 10 Gold and Slam FM. The asset deal with Talpa Media, signed and closed in 2007, created significant value for RTL Group and also strengthened RTL Nederland. The profit centre's family of TV channels has reached new levels of profitability, with EBITA up from €68 million in 2006 to an exceptional €108 million in 2011. By exercising our put option, we regained full control of these valuable assets – without paying any cash.

In Hungary, RTL Group acquired a highly attractive and profitable portfolio of seven Hungarian cable channels plus a further 31 per cent shareholding in the country's number one channel, RTL Klub. This acquisition, plus a separate smaller deal, brings RTL Group's shareholding in RTL Klub to 100 per cent, and provides the ideal platform on which to build a complementary family of channels, and to safeguard market leadership in the very fragmented Hungarian market.

Anke Schäferkordt, Elmar Heggen and Gerhard Zeiler at the RTL Group Management Congress 2011 in Cologne

"During the past nine years, RTL Group has been on a tremendous journey – thanks to its tremendous employees and management team."

In Croatia, RTL Group acquired the respective 13 per cent shareholdings of its local business partners in RTL Hrvatska, with the general-interest channel RTL Televizija and its new sister channel RTL 2, launched in January 2011.

At the end of the year 2011, RTL Group eventually decided to exit the Greek broadcasting market. Given the country's heavy and ongoing economic crisis, RTL Group sold its 70 per cent majority shareholding in Alpha Media Group to the Greek entrepreneur Dimitris Contominas. While we couldn't influence the overall market development, our local management team, together with Alpha's employees, succeeded in increasing the channel's ratings and cutting programme costs at the same time – both to a substantial extent. We are happy to have found a solution that enables Alpha to continue broadcasting. We wish Alpha, its employees and our business partner Dimitris Contominas truly all the best for the future – and thank them for their outstanding contributions and their commitment in very difficult times

Also in December 2011, Grupo Antena 3 and La Sexta signed an agreement for the merger of the two Spanish broadcasting companies which is subject to regulatory approval. By incorporating La Sexta's TV channels, the new Grupo Antena 3 will argument its strong presence in other markets – such as radio, advertising and cinema – with a leading proposal in the TV business. A family of eight channels will provide a complementary and varied offer to meet the needs of both viewers and advertisers. RTL Group will own a 19.2 per cent stake in the new Grupo Antena 3.

LOOKING AHEAD

We see different developments in the various countries we operate in. Looking at January and February 2012 we can say that the negative development many had feared did not happen. Given the high volatility of the various TV advertising markets throughout Europe, and the very short-term bookings cycle, it is not possible to give full-year guidance at the moment.

THANK YOU – AND GOODBYE!

This is my last report. The day on which this Annual Report is published – with the Annual General Meeting on 18 April 2012 – is my last day as CEO of RTL Group after more than nine years. I'd like to express my gratitude towards our Board of Directors and our shareholders for their support during the time I headed the company. The advice was always productive and the support unequivocal.

During the past nine years, RTL Group has been on a tremendous journey – thanks to its tremendous employees and management team. The intention of our shareholders in 2000, when they formed the Group and merged CLT-UFA with Pearson TV – which was to aim to become the undisputed European leader in free-to-air television and to develop a worldwide content powerhouse – has become reality, and we have achieved this together.

From a company with a little more than €400 million EBITA, RTL Group has grown to a company with an EBITA of €1.1 billion. Our EBITA margin has doubled from 10 per cent to 20 per cent. Even more importantly, all of our broadcasters with their families of channels are – in most countries – significantly stronger than they were, and FremantleMedia has developed into the most successful, globally operating, non-American content company.

One of my great personal beliefs in life is that change is good and sometimes even necessary. I also believe that change reveals new opportunities. Our company is not only in great shape, it also needs to start the next chapter of its development. And it is only logical that this chapter should be written by a management team which is committed for the next ten years.

As sad as it is to say goodbye, I do it with the knowledge that I leave a company with the best people in our industry and with a management team that is world-class.

GERHARD ZEILER
CHIEF EXECUTIVE OFFICER

THE NEW CEOs

ANKE SCHÄFERKORDT & GUILLAUME DE POSCH

Anke Schäferkordt,
designated CEO of RTL Group

Guillaume de Posch,
designated CEO of RTL Group

On 7 February 2012, Gerhard Zeiler, Chief Executive Officer of RTL Group, announced that he will leave the company on his own request with effect from the Annual General Meeting on 18 April 2012. Guillaume de Posch and Anke Schäferkordt will succeed him as co-CEOs. Guillaume de Posch, currently Chief Operating Officer of RTL Group, will take over responsibility for the Group's broadcasting operations outside Germany, and the company's production business. Anke Schäferkordt will continue to manage RTL Group's German TV business, in addition to her role as CEO of RTL Group.

Anke Schäferkordt, born in 1962, has been CEO of RTL Television since September 2005. In November 2007, the German RTL family of channels adopted the brand name Mediengruppe RTL Deutschland. In her capacity as CEO of RTL Television, Anke Schäferkordt is also CEO of Mediengruppe RTL Deutschland.

After studying business administration, Anke Schäferkordt began her career at Bertelsmann AG in 1988. In 1991 she went to Cologne to become an executive assistant for sales controlling and strategic planning at RTL Plus (today RTL Television). The following year, she took over the Controlling Department. From 1993 to 1995 Anke Schäferkordt was a Director in charge of the Corporate Planning and Controlling Division at RTL Television. In 1995 she moved to the TV broadcaster Vox, where she was CFO, and in 1997 she was also named Programme Director. From 1999 to 2005 Anke Schäferkordt was CEO of Vox. In February 2005 she was appointed Chief Operating Officer and Deputy CEO of RTL Television. In this capacity she was responsible for Finance, Technical Services, Information and Media Policy as well as the General Secretariat, the advertising sales unit IP Deutschland, the Vox channel, and RTL Group's holdings in the German channels N-TV and Super RTL.

Guillaume de Posch, born in 1958, is one of Europe's most experienced TV executives. After first jobs at the international energy and services company Tractebel (1985 to 1990) and the global management consulting firm McKinsey & Company (1990 to 1993), he started his career in the media industry at the Luxembourg-based Compagnie Luxembourgeoise de Télédiffusion (CLT), which ultimately became RTL Group in 2000. At CLT, Guillaume de Posch started as assistant to the Managing Director (1993 to 1994) and then became Head of CLT's TV operations in French-speaking countries (1995 to 1997). From 1997 to 2003, he was Deputy General Manager and Programming Director of the French pay-TV company TPS, before he joined the Munich-based, publicly listed ProSiebenSat1 Media AG in August 2003, first as Chief Operating Officer and then as Chairman of the Executive Board and CEO (2004 to 2008). From 2009 to 2011, Guillaume de Posch advised several European and US broadcasters.

In December 2011, Guillaume de Posch was appointed Chief Operating Officer of RTL Group with effect from 1 January 2012. In this capacity, he is in charge of the Corporate Strategy and Business Development team at RTL Group's headquarters and oversees the company's broadcasting operations in the Netherlands and Belgium, and radio operations in France.

PROFIT CENTRES AT A GLANCE

MEDIENGRUPPE RTL DEUTSCHLAND

	2011	2010
Revenue	€1,912m	€1,892m
EBITA	€529m	€551m
Advertising market share	44.0%	43.9%
Audience share*	35.0%	35.0%

*Target: 14–49

GROUPE M6

	2011	2010
Revenue	€1,421m	€1,459m
EBITA	€249m	€245m
Advertising market share	23.5%	23.3%
Audience share*	23.0%	21.7%

*Target: housewives < 50 (including digital channels)

FREMANTLEMEDIA

	2011	2010
Revenue	€1,429m	€1,272m
EBITA	€143m	€140m

RTL NEDERLAND

	2011	2010
Revenue	€491m	€429m
EBITA	€134m	€110m
Advertising market share	47.7%	44.5%
Audience share*	35.2%	33.0%

*Target: 20–49 (18–24h)

RTL BELGIUM

	2011	2010
Revenue	€216m	€219m
EBITA	€46m	€45m
Advertising market share	71.3%	70.9%
Audience share*	37.8%	38.3%

*Target: shoppers 18–54 (17–23h)

RTL RADIO (FRANCE)

	2011	2010
Revenue	€184m	€182m
EBITA	€30m	€24m
Advertising market share	26.3%	25.9%
Audience share*	19.2%	19.3%

*Target: 13+

RTL KLUB

	2011	2010
Revenue	**€99m**	€105m
EBITA	**€15m**	€19m
Advertising market share	**47.9%**	48.6%
Audience share*	**29.8%**	29.1%

Target: 18–49 (prime time)

RTL HRVATSKA

	2011	2010
Revenue	**€37m**	€38m
EBITA	**€0m**	€(3)m
Advertising market share	**41.4%**	40.6%
Audience share*	**25.5%**	24.5%

Target: 18–49 (including digital channel RTL 2)

RTL RADIO DEUTSCHLAND

	2011	2010
EBITA	**€11m**	€9m

GRUPO ANTENA 3

	2011	2010
EBITA (Group contribution)	**€20m**	€24m
Advertising market share	**30.8%**	27.9%
Audience share*	**18.4%**	16.9%

Target: 16–54 (including digital channels)

RTL – Wir helfen Kindern patron, football star Lukas Podolski, visits projects helping disadvantaged children in Warsaw

THE GOOD LIST

RTL Group continues to raise huge sums of money for charity, support good causes, and heighten awareness of important issues around the world. As the leading European entertainment network, it takes corporate responsibility very seriously. This commitment runs throughout the organisation, and involves the help of many dedicated individuals. 2011 once again saw RTL Group's television and radio operations making a difference.

MAKING A LASTING DIFFERENCE AROUND THE WORLD

When scenes of the Japanese earthquake and tsunami hit our screens in March 2011, it was clear huge numbers of people needed urgent help. RTL Television's foundation *RTL – Wir helfen Kindern* immediately organised a fundraising campaign appealing for money, not only for emergency aid, but also to help people rebuild their shattered lives. In just two weeks a cheque for over €1 million in viewer donations was handed over to the Japanese Consul General, in Cologne. The money provided shelter to over 27,000 people, and basic necessities, such as food, water, blankets, clothing, nappies and hygiene equipment. The foundation also carried out another emergency relief effort raising even more vital funds to provide life-saving aid in East African refugee camps. With €100,000 added, the total now stands at €1,034,269, all helping those living in camps in Kenya.

Reason to be proud: the total amount raised by *RTL Spendenmarathon* reached a staggering €100 million

> **"Viewers have saved lives with their generosity and my heartfelt thanks goes out to them."**
>
> WOLFRAM KONS,
> RTL TELEVISION'S CHARITY DIRECTOR

RTL SPENDENMARATHON

The 16th *RTL Spendenmarathon* was a record breaker, raising a staggering €8,501,738 for children's charities and projects across the world. It's not only the highest amount since the telethon began, but takes the total donations given since 1996 to over €100 million. A magnificent achievement, especially in these uncertain economic times. And as RTL Television covers all administration costs, every single cent goes directly to children needing help. This year's telethon was again filled with exciting fundraising stunts. Viewers saw extreme athlete Joey Kelly break another Guinness world record, when he spent 24 hours under water. International stars donated personal items for a charity auction, and also won over €800,000 on a *Who Wants To Be A Millionaire Celebrity Special.* RTL Television also donated a proportion of the advertising proceeds on the night.

Boris Becker in the *RTL Spendenmarathon* studio – one of a host of celebrities who helped raise money

Host, and RTL Television Charity Director, Wolfram Kons has done many things to raise money over the years. Twelve months ago he was handed a cheque on top of Mount Kilimanjaro – this year he accepted €50,000 while diving among sharks in the sea off Nassau. He ended the 24-hour studio broadcast saying,

"We did it! I'm exhausted but very happy. Next year we'll show viewers what became of their donation." There will be plenty to see, too, with money going to build homes for Aids-infected orphans in South Africa, protection centres for abused girls in Kenya, and help for visually impaired children in Brazil. Closer to home, the money will fund a range of learning workshops in socially disadvantaged parts of Germany and Poland, campaigns for more exercise in schools, hospital treatment for children with cancer, and centres for severely disabled children and their families.
At the 38th BMW Berlin Marathon, a celebrity relay team, including boxing legend Henry Maske, footballer Ulf Kirsten and pop star Mickie Krause, raised €42,195 for *RTL – Wir helfen Kindern.* Running with 40,000 others, the team crossed the line in 3 hours 37 minutes.

TÉLÉVIE

Breaking records once again, the 23rd annual *Télévie* raised over €8 million towards fighting cancer and child leukaemia. On 7 May 2011, RTL Group's TV and radio programmes in Belgium and Luxembourg once again devoted their output to the telethon. Since it began in 1989, *Télévie* has raised a total of €116 million, thanks to the dedication and effort of the RTL family. Many stars took to the stage during the evening to show their support, and there were events and fundraising activities across both countries – including an internet auction and the *Télévie* rally, which attracted over 20,000 people.

The 23rd annual Télévie raised over €8 million towards fighting cancer and child leukaemia.

Fundraising teams breaking into a sweat in RTL Group's headquarters in Luxembourg

The *Child labour. We don't accept it* campaign raises funds and awareness of the plight of 150 million children forced to work worldwide.

RTL Group employees in Luxembourg, plus celebrities and politicians, also took part in an exhausting spinning-bike cycling challenge, raising €42,660 to add to €8,820 raised by colleagues at the Berlin Marathon, and rounded up by RTL Group management to a €60,000 donation. Elmar Heggen, CFO and Head of the Corporate Centre of RTL Group, applauded the efforts of everyone involved, saying, "This cause, the fight against cancer, is something that affects us all. The *Télévie* Challenge, which is all about giving, team spirit and social interaction, has become a permanent fixture in RTL Group's annual calendar. Thanks to your commitment, we made the flame of the *Télévie* appeal burn even brighter".
In Madagascar, one in four children – totalling around 2.5 million – have no birth certificate or identity card. This results in child trafficking, illegal adoption and lack of access to public health and education. Fundacíon Antena 3, created by Grupo Antena 3 in Spain, launched a campaign to change this. *Un Nombre, una vida* (A name, a life) not only raises awareness of the issues facing vulnerable children in Madagascar, but with their viewers' generosity has raised enough money to register over 60,000 children.
RTL Nederland, working with Unicef for the fourth consecutive year, continues to make a difference to the lives of children around the world. 2011's campaign – *Child labour. We don't accept it* – was launched to raise donations, and awareness, of the plight of 150 million children who can't go to school, because they have to work. The money is helping children in Burkina Faso escape the appalling conditions in the gold mines.
Super RTL gave away 10,000 tickets to Germany's four biggest theme parks, so children and their parents could meet Super RTL stars, and enjoy the exciting attractions. The free admissions were part of Toggo Fun Day, and ticket winners were treated to a special stage show, hosted by Nina Moghaddam, with music from Super RTL's *Star-Tagebuch* band Jamatami, and dancing from Ethan Jerome Coleman, of *Got Talent* fame.
Super RTL also celebrated International Children's Day with a competition. Germany's favourite kids' channel invited children to send in their idea of a dream day out. Winners included everything from being a zookeeper for the day, to taking a look behind the scenes of a TV show.
In Belgium, Radio Contact joined forces with the Red Cross to provide summer holidays for disadvantaged children. Listener donations helped send 100 kids on holidays they would normally be unable to take.

CHILDREN AND TV – THE RESPONSIBILITIES

RTL Group produces, and broadcasts, a wide variety of entertaining programmes for children, and understands the importance of suitability for this audience. The company's commitment to responsible programming is a top priority, something that's explained in depth in the pocket-sized brochure *Entertain, Inspire, Educate – RTL Group and children's television.*

In his introduction, RTL Group CEO Gerhard Zeiler says, "TV is still the most popular medium. Children have to learn to use and understand media just like riding a bicycle." There's also clear evidence that parents need to set rules for watching television, and discuss what they have seen on screen with their children. RTL Television has had a Youth Protection Officer in Germany since 1990, protecting young viewers from unsuitable content.
The brochure also has advice from people who study the effects of television on children. Media expert Professor Maíre Davies discusses her research, saying that far from making children dumb and violent, TV inspires them and opens them up to a wider culture, while providing shared family experiences. She believes programmes specially made for children are "positive moves on the part of the television industry to help make the world a better place to grow up in." RTL Group remains highly conscious of this responsibility, and puts emphasis on producing television that not only engages, but teaches children core values, such as respect for one another and the environment, tolerance, sharing, owning up to mistakes, and the meaning of being part of a community.
The brochure expresses RTL Group's aim to ensure high-quality, informative and educational shows appropriate to a young audience, and highlights group-wide initiatives aimed at complementing classroom teaching, and promoting charitable causes involving child participation. To learn more please visit *RTLGroup.com* to download a copy.

The pocket-sized brochure *Entertain, Inspire, Educate* explains RTL Group's responsibility to child audiences

INTEGRATION AND TOLERANCE

RTL Group continues to promote positive messages of how we can live together better, tackle prejudice, and unite in celebrating society's differences – building on many of our successful initiatives from previous years through 2011, and adding some fresh ones, too.

In France, Fondation M6 has embarked on a ground-breaking project helping prison inmates rebuild their lives, and prepare for their release. Prisoners receive training in a range of audio-visual workshops, learn how to write and perform stage shows, and make films about life inside. There are even opportunities to take cookery or football refereeing courses, and to attend driving lessons.

Prisoners' families, especially their children, benefit too, with the foundation offering financial support to help with visiting costs, allowing children to spend Christmas with jailed parents. Fondation M6 also helps newly released prisoners find social housing.

Mélissa Theuriau, presenter of one of M6's flagship programmes *Zone Interdite* and patron of the foundation, says, "If we want to create a better life together for everyone, we must consider the fate of those behind bars. Everyone is entitled to a second chance after paying their debt to society." Once again in 2011, Groupe M6 was commended for embracing diversity in French broadcasting by Club Averroès (almost 400 media professionals joined in promoting diversity in the French media). Each year they publish a 'media and diversity' study highlighting exemplary policies. Groupe M6 was praised for "reflecting today's French society as faithfully as possible, conveying fundamental values like social cohesion, tolerance, sharing and solidarity, with presenters and reporters from diverse origins across its programmes."

Groupe M6 was also busy lending its support to the seventh consecutive annual 'Concert for Tolerance'. This year the free event was held on the beach in Agadir, Morocco, where 200,000 people enjoyed a night celebrating acceptance, peace and

200,000 people come together for the 7th free 'Concert for Tolerance' on the beach in Agadir, Morocco – presented by Sandrine Corman and Karima Charni

diversity. Broadcast on M6 and W9, the event was presented by Sandrine Corman and Karima Charni, and boasted performances from artists from a wealth of backgrounds, such as BB Brunes, Anggun, Elisa Tovati, Tom Dice, Rashid Taha, and Magic System, among many others.

W9 marked *La semaine pour l'emploi des personnes handicapées* (Disabled Employment Week) with a range of programming centred on changing the way disabled people are viewed. The channel helped raise awareness of the campaign with the winner of the first season of *La Meilleure Danse*, Yann-Alrick, who is deaf, lending his support. Comic mini-series *J'en crois pas mes yeux* (I Can't Believe My Eyes) used humour to explore blindness, made-for-TV film *Des mains en or* (Hands Of Gold) told the story of a surgeon operating to save conjoined twins, and factual show *S'aimer malgré le handicap* (Loving Despite Disability) showed the day-to-day lives of families dealing with disability.

In Germany, top films such as *Night at the Museum* and *The Bourne Supremacy* were aired with optional subtitles on the Vox channel. RTL Television launched a social campaign called *Sag's auf Deutsch* (Say It In German) in which ten celebrities from immigrant backgrounds – including champion boxer Wladimir Klitschko and model Sara Nuru – encouraged people to integrate better into German society by increasing their German language skills. The man behind the initiative, RTL Television's Editor-in-Chief Peter Kloeppel, says, "Things don't work if people don't understand each other. Our aim is to continually reflect the discourse on integration in RTL's programming."

RTL Television also sponsored and presented the fourth *Commit Awards for Integration* in Berlin. This annual film competition encourages students across Germany to tackle issues of diversity and integration. In 2011, there was a record 120 entries. Winners included Besnik Salihi, originally from Kosovo, for his short film about teaching breakdancing to elderly ladies, and a group of students from the German School of Journalism, in Munich, who explored the tensions of locals and asylum-seekers living side-by-side in a small Bavarian town. Patron, and government minister, Professor Maria Böhmer, was thrilled with the results, saying, "This shows once again that integration is the number one issue of the future among young people."

"Our aim is to continually reflect the discourse on integration in RTL's programming."

PETER KLOEPPEL,
RTL TELEVISION'S EDITOR-IN-CHIEF

PROMOTING ECONOMIC SUCCESS THROUGH EMPLOYER ATTRACTIVENESS

Although the economy worldwide sails from crisis to crisis, RTL Group is achieving excellent financial results. "Yet the employee survey of 2010 had shown that RTL Group's staff hadn't been familiar enough with the company's strategy," points out Kai Brettmann, Chairman of RTL's European Works Council (EWC), "So part of the social dialogue in 2011 was to find out how RTL Group is shaping up in the next five years and to let people know this."

Another focus of the regular strategy discussions between the EWC and company management was how employment policies could help maintain the Group's success: "The EWC doesn't want to talk with the management only about emergency budgets or cost cutting," says Kai Brettmann, "Europe's leading entertainment network needs the best people and the best working conditions in the media market."

One major issue to emerge in 2011 was the direct link between limited contracts, or insecure jobs, and burn-out or stress. So the EWC and management have agreed that healthcare and work-life balance should play a more important role in the future. "The next employee survey is in 2013", says Kai Brettmann. "Management has demonstrated that it is taking action on the results of the previous survey, so the next survey should show we are on the right track regarding the issue of employee health."

FTSE4 GOOD INDEX

In 2011, RTL Group was once again recognised for making a difference, by its inclusion in the FTSE4Good responsible investment index for the seventh consecutive year – proof that the Group continues to perform to globally accredited standards of corporate responsibility. In his letter to RTL Group, David Harris, Head of Responsible Investment at FTSE, says, "Today, institutional investors around the world are increasingly focused on considering environmental, social and governance practices of the companies they invest in." Continued membership of the FTSE4Good index reconfirms RTL Group's dedication to these principles, their positive impact on the work we do around the world, and our ongoing commitment to ethical and sustainability matters.

THE NEXT GENERATION OF JOURNALISTS

2011 saw the tenth anniversary of Mediengruppe RTL Deutschland's celebrated RTL Journalistenschule – Germany's first institute for TV and multimedia training for aspiring young journalists. Over the past decade students have learnt from some of the industry's best, and all 145 graduates have gone on to work for Mediengruppe RTL Deutschland, or at other media companies.

Respected news anchor, and Editor-in-Chief of RTL Television, Peter Kloeppel, was instrumental in its creation. He says, "We're proud of having given young people the opportunity to learn journalism at our RTL Journalistenschule for the past ten years. In this way we've managed to establish an ongoing, high-standard promotion of next-generation talent."

In recognition of the anniversary, 250 guests attended a conference, in Cologne, entitled 'TV journalism in the 21st century – the next decade'. In his speech to mark the occasion, RTL Group CEO Gerhard Zeiler reiterated the company's commitment to providing audiences with high-quality journalism, saying, "Television needs young journalists who are independent, fair and courageous. The more blogs there are, the more user-generated content is viewed, the more important high-quality, professional journalism becomes."

Apart from training its own students, the RTL Journalistenschule also uses its resources, network of lecturers, and technical equipment to provide internal and external TV journalism coaching, including management and editorial workshops, and professional media and communications training.

RTL Journalistenschule – high-quality journalism begins with high-quality training

French Labour Minister, Xavier Bertrand, backing RTL Radio's Job Creation Days

JOB CREATION

In 2011, RTL Radio in France continued its hugely successful *Journée RTL emploi* (Job Creation Days). Over the past couple of years the initiative has become an essential part of their schedule. The idea is simple but highly effective: France's number one radio station brings together out-of-work people and employers with vacancies to fill. Since 2009 this has resulted in nearly 300,000 job offers across the country, in a wide range of industries and professions. Throughout the day presenters inform listeners as jobs are posted on the station's website, explain qualifications and training, provide reports on unemployment issues and explore sectors that are recruiting. The station also promotes opportunities for people with disabilities, helping them in their search for employment. In Belgium, Bel RTL runs a similar programme, *SOS Emploi*, and in the fifth broadcast in September, experts took turns throughout the day to answer listeners' questions.

Nearly 300,000 job offers have been generated in France since 2009.

With unemployment in France rising, Groupe M6 joined French Government agency Pôle Emploi to promote trades of the future, and keep audiences informed about jobs that are recruiting. In 32 short programmes, *J'ai testé un métier qui recrute* (I Tested A Trade That Is Recruiting), presenters spent a day trying out a range of trades and possible opportunities for people out of work. Some of those tested included fishmonger, nurse, dog-handler, sports coach and furniture remover. RTL Radio also explored pension reforms in France. They held a 'Pension Information Day', and with help from CNAV (France's national retirement insurance fund) explained the main changes, who is affected, and people's rights under the new legislation. Belgian radio station, Bel RTL, also looked at pension issues, with their programme *SOS Pensions*, where listeners' questions were answered by a panel of experts. Throughout the day, guests in the studio also discussed aspects linked to pensions, such as how to prepare for the future, and the impact of the banking crisis.

Job creation, and other issues that affect our audience, continually influence RTL Group's output, as editors throughout the company are looking for more ways to convey valuable information, and improve the lives of everyone they reach.

THE GREEN LIST

The greatest challenge the world faces is environmental. While RTL Group is not a major polluter, the company is always keen to reduce its environmental impact and promote environmental causes.

Environmind Day

On the 2011 'environMINDday' the focus was on every individual making a difference, applying the principle 'no one can do everything, but everyone can do something.' With special events in Germany, Luxembourg, Belgium, the Netherlands and France, RTL Group once again showed its commitment to environmental issues around the world. The 2011 'environMINDday' saw RTL Group companies encourage employees to explore how they source their food, what they eat and how this affects the environment. The Group also continues to promote discussions on other issues affecting the planet, such as saving energy and conserving resources in our daily lives.

At the Corporate Centre in Luxembourg, the spotlight was on 'Green food'. Environmental Chief Officer at RTL Group, Oliver Herrgesell, launched the day, saying, "It's very simple. You can help save the planet by eating right." The initiative raised awareness of how people can reduce their environmental impact, cut down on packaging and reduce food transport miles, by eating local seasonal produce. There was a cooking show from German Michelin-starred chef, Michael Hoffman, showing the benefits of well-cooked vegetarian vegetable-based food. Hoffmann also explained how stopping eating meat can shrink a person's carbon footprint by up to 1.5 tonnes of CO_2 a year.

RTL Belgium employees began their 'environMINDday' with a fair trade breakfast, hosted by Oxfam, who were also on hand to collect clothes and provide information about recycling and waste treatment. They also screened a film on the issue of world hunger, called *Je mange, donc je suis* (I Eat, Therefore I Am).

In France, RTL Radio also went green, starting their day of environmental responsibility by walking, cycling or taking public transport to work, and then enjoying an organic breakfast. They were also encouraged to take note of simple but effective actions such as turning off lights and computers when possible, recycling batteries, and using less printer paper.

Staff at RTL Nederland looked at energy-saving measures too, applying 'green' stickers to appliances and lights to remind people to turn them off, and eating organically. A similar day took place in Germany, where RTL Radio Deutschland published tips on how to save energy and resources, with CEO Gert Zimmer saying, "By providing practical advice we demonstrate that every single person can contribute to active environmental protection. The results are very positive." Mediengruppe RTL Deutschland even had bicycle electricity generators in the canteen for employees to see how much energy it takes to power a television.

Michelin-starred chef Michael Hoffman demonstrates the delights of vegetable-based cooking to employees in Luxembourg

"By providing practical advice we demonstrate that every single person can contribute to active environmental protection."

GERT ZIMMER,
CEO OF RTL RADIO DEUTSCHLAND

Environmental programming

It's not only through internal initiatives that RTL Group educates and raises awareness of the environmental challenges facing the planet. RTL Group also recognises that its position as a broadcaster offers unique opportunities to communicate these issues to the wider world, and its programming continues to promote environmental causes and highlight the impact of climate change.

RTL Radio, France's number one radio station, once again investigated stories about the environmental future of the world, informing listeners on a range of issues every month, on *Destination RTL*. A visit to Chernobyl examined the area 25 years on from the nuclear disaster, and looked at the continuing environmental impact. Another report explored the effects on southern Spain of mass tourism, and the problems of human activity along the Mediterranean coast, particularly water consumption at golf courses, and out-of-season strawberries in Andalusia, not only in ground water usage but also chemical additives and the poor treatment of migrant workers. Another programme centred on the plight of the last big wild cat in

"No one can do everything, but everyone can do something."

Europe – Iberian Lynx numbers have dropped from 2,000 in the 1980s to around 100 now, and they face a serious threat of extinction. *Destination RTL* also travelled to Cyprus to report on the problems of drought, looking at solutions to the ongoing struggle to manage water resources on the island.

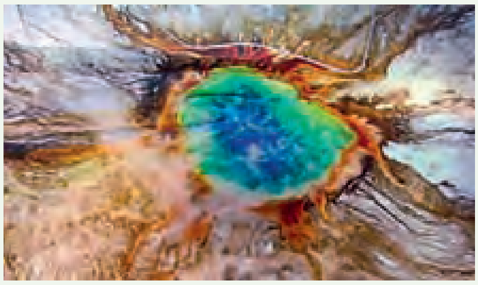
RTL Radio's summer nature programme *Elément Terre* also returned, marking World Environment Day, on 5 June. Over the following weeks guest personalities – including explorers, scientists and journalists – talked about their commitment to preservation and respect for the natural planet. Famous yachtswoman Ellen MacArthur was a guest, discussing her passion for nature, and the importance of looking to the future to understand the environmental needs of the planet. The programme encourages listeners to engage with the fundamental elements of earth, sea and air, and rediscover the emotions nature can awaken in them. Presenter Louis Bodin says, "To help the planet, one must first learn to look at it and love it."

German radio station 105.5 Spreeradio devoted an entire week to energy-saving tips and how to reduce home heating and electricity costs. Vox ran a 12-hour broadcast of documentaries, reports and feature films all highlighting the dangers of climate change on *Vox Planet Blue*. They also joined forces with the German Nature and Biodiversity Conservation Union in fundraising campaigns aimed at protecting rare species of bird.

German news channel N-TV dedicated a day's programming to energy and its production, particularly debating nuclear power. They also aired several features on alternative power supplies such as hydro, wind, solar and geothermal, the importance of developing effective storage technologies, and renewable energy sources and production.

Destination RTL revealed how the Iberian Lynx is under threat of extinction

Destination RTL also explored the continuing environmental impact of the Chernobyl disaster…



…while *Vox Planet Blue* highlighted the dangers of climate change

In France, leading channel M6 continued to examine environmental issues on *Capital Terre,* their successful investigative documentary magazine programme. Over the year they looked into our over-reliance on oil, the ecological consequences of oil exploration, and how we must plan for when it runs out. Former presenter, journalist Guy Lagache, reported the dangers of overconsumption of cotton, its effects on the global population, and issues arising from recycling plastics and high-tech equipment.

RTL Group continues to highlight the global environmental issues that affect us all, informing, educating and empowering its audience to make the changes needed for the future.

OPERATIONS

	TELEVISION		
	FREE-TV	**PAY-TV**	**NON-LINEAR TV**
GERMANY	**RTL Television** 100% **Vox** 99.7% **RTL II** 35.9% **Super RTL** 50% **N-TV** 100%	**RTL Crime** 100% **RTL Living** 100% **Passion** 100%	**RTL Now** 100% **Vox Now** 99.7% **RTL II Now** 35.9% **Super RTL Now** 50%
FRANCE	**M6** 48.6% **W9** 48.6% **RTL 9**[1] 35%	**Paris Première** 48.6% **Téva** 48.6%	**M6 Replay** 48.6% **W9 Replay** 48.6% **M6 VOD** 48.6%
NETHERLANDS	**RTL 4**[1] 100% **RTL 5**[1] 100% **RTL 7**[1] 100% **RTL 8**[1] 100%	**RTL Lounge**[1] 100%	**RTL XL** 100%
UNITED KINGDOM			
BELGIUM	**RTL-TVI**[1] 66% **Club RTL**[1] 66% **Plug RTL**[1] 66%		**RTL à l'infini** 66%
LUXEMBOURG	**RTL Télé Lëtzebuerg** 100% **Den 2. RTL** 100%		
CROATIA	**RTL Televizija** 100% **RTL 2** 100%		**RTL Sada** 100%
SPAIN	**Antena 3** 21.7% **Neox** 21.7% **Nitro** 21.7% **Nova** 21.7%		**Antena 3 Modo Salón** 21.7%
HUNGARY	**RTL Klub** 100%	**Cool** 100% **Film Plus** 100% **Film Plus 2** 100% **Reflektor** 100% **Prizma** 100% **Sorozat Plus** 100% **Muzsika TV** 100%	**RTL Most** 100%
NORTH AMERICA			
AUSTRALIA			
ITALY			
SCANDINAVIA			

This chart illustrates the structure of RTL Group's principal businesses and undertakings as at 31 December 2011. The name of each company is followed by an indication of the percentage held directly or indirectly by RTL Group.

	RADIO	CONTENT	
TV SERVICES		**PRODUCTION**[2]	**RIGHTS**
CBC 100% Info Network 100%	104.6 RTL Berlins Hit-Radio 100% 105.5 Spreeradio 100% RTL Radio – Die besten Hits aller Zeiten[1] 100% Hit-Radio Antenne Niedersachsen 49.9% Antenne Bayern 16% Radio Hamburg 29.2%	UFA Film & TV Produktion[3] 100% Grundy LE[3] 100% Grundy UFA[3] 100% Phoenix Group[3] 51% Teamworx[3] 100% UFA Cinema[3] 100% UFA Entertainment[3] 100%	Universum Film 100% UFA Sports 75.1%
	RTL[1] 100% RTL 2 100% Fun Radio 100% RTL L'Equipe 50%	FremantleMedia France[3] 100% TV Presse[3] 100% 20h50 Television[3] 100%	SND 48.6%
	RTL Lounge 100%	Blue Circle[3] 100% Four One Media[3] 100% Fremantle Productions[3] 50%	FremantleMedia Operations[3] 100%
		FremantleMedia UK[3] 100%	FremantleMedia Worldwide[3,4] 100%
	Bel RTL 44.2% Radio Contact 44.2%	FremantleMedia Belgium[3] 100%	
BCE 100% Enex 76.4%	RTL Radio Lëtzebuerg 100%		CLT-UFA International[4] 100%
		Fremantle Produkcija[3] 100%	
	Onda Cero 21.7% Europa FM 21.7%	La Competencia de Producciones[3] 100%	
		FremantleMedia North America[3] 100% Original Productions[3] 75% Radical Media[3] 62.5% Ludia[3] 80% Fremantle Productions Latin America[3] 100%	
		FremantleMedia Australia[3] 100%	
		Grundy Productions Italy[3] 100%	
		Blu, Denmark[3] 100% Fremantle Entertainment, Finland[3] 100% Fremantle Sverige, Sweden[3] 100%	

Principal businesses – extended list on pages 222 to 227. (1) Programmes broadcast by CLT-UFA under a Luxembourg license. (2) FremantleMedia has operations in 22 countries, including Brazil, Canada, China, India, Indonesia, Japan, Mexico, Poland, Portugal, Russia, Switzerland, and Turkey. (3) A FremantleMedia company. (4) Global.

HOW WE WORK

TV and radio are local businesses, and RTL Group's profit centres exist to serve different cultures, traditions and identities across Europe and further afield. For that reason, each profit centre is autonomous, led by its own CEO, an entrepreneurial approach that ensures each can act flexibly in its local market, build its own local soul and identity, and benefit from one of the most important success-factors: proximity to its audience.

But it doesn't mean that being part of RTL Group is not an advantage. "Each profit centre has much to gain by exchanging knowledge, ideas and experience with colleagues at other profit centres," says Elmar Heggen, Group Chief Financial Officer, "whether about new business ideas, programmes, sales-techniques or new technology." There's a belief that open communication and open minds work better together, and this collaboration is more valuable than any centralised structure and decision-making.

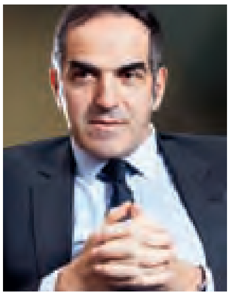
As well as providing a number of central business functions, the RTL Group Corporate Centre in Luxembourg, exists to facilitate this co-operation, and ensure that, while people work in independent operations, they also see themselves as part of the whole. "It's a balance," says Elmar Heggen. "Autonomy means our profit centres can react quickly to local market conditions, but the ability to talk to colleagues with similar problems and opportunities in parallel markets generates a lot of confidence and reassurance."

The Centre provides the platform for this dialogue, and, in September 2011, organised a successful RTL Group Management Congress, in Cologne. "We hosted 250 people from all over the Group for a pretty intensive two days," says Elmar Heggen, "and I believe it really paid off. People returned to their businesses freshly motivated, full of new ideas and with an enhanced contact network." On day one delegates exchanged views on programming, advertising sales, radio and diversification. On the second day they discussed the future of television, aided by presentations from external experts.

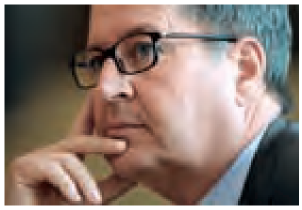
During the year, the Operations Management Committee (OMC), comprising the profit centre CEOs and the Corporate Centre's top executives, discusses all issues pertinent to the business. Many of these are then researched and discussed further by a series of Synergy Committees (Sycos). For Elmar Heggen, this Group-wide activity is showing ever-greater signs of the desire to exchange and collaborate. "Rather than waiting to be invited, as used to be the case, people are proposing ideas for meetings, or new committees. And people are seeing tangible benefits on the P&L, and experiencing international projects which go beyond the traditional."

One such is action series *Transporter*, based on the popular movies of the same name. M6 and RTL Television have joined forces with HBO and HBO Canada for an international co-production, the biggest in RTL Television's history. Another is RTL Interactive's *Gamechannel.de*, established among gamers in Germany, which is now launching in France through M6 Web.

Among the Sycos' major discussions this year: the Sales & Online Sales Syco looked at the future role of online, and the power of the media agencies; the Programming Syco looked at new buying strategies, anticipating the next trends, making use of international knowledge, and how to keep long-running formats fresh and attractive; the New Media Syco looked at the challenges of connected TV and the opportunities in non-linear activities; and a special Kids Syco was a particular area of focus for the year.





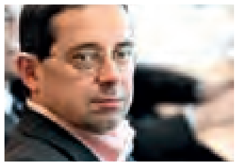


“Autonomy means our profit centres can react quickly to local market conditions.”

ELMAR HEGGEN, CHIEF FINANCIAL OFFICER OF RTL GROUP





OPERATIONS MANAGEMENT COMMITTEE (OMC)

GERHARD ZEILER	Chief Executive Officer, RTL Group; Member of the Bertelsmann AG Executive Board (until 18 April 2012)
GUILLAUME DE POSCH	Chief Operating Officer, RTL Group; Designated Chief Executive Officer, RTL Group (with effect from 19 April 2012)
ANKE SCHÄFERKORDT	Chief Executive Officer, Mediengruppe RTL Deutschland and RTL Television; Designated Chief Executive Officer, RTL Group (with effect from 19 April 2012)
DAWN AIREY	President, CLT-UFA UK TV
CHRISTOPHER BALDELLI	Chief Executive Officer, RTL Radio (France)
ALAIN BERWICK	Chief Executive Officer, RTL Lëtzebuerg
TONY COHEN	Chief Executive Officer, FremantleMedia
PHILIPPE DELUSINNE	Chief Executive Officer, RTL Belgium
VINCENT DE DORLODOT	General Counsel, RTL Group
DIRK GERKENS	Chief Executive Officer, RTL Klub
ALEXANDER GLATZ	Executive Vice President, Strategy & Controlling, RTL Group
BERT HABETS	Chief Executive Officer, RTL Nederland
ELMAR HEGGEN	Chief Financial Officer, Head of the Corporate Centre, RTL Group
OLIVER HERRGESELL	Executive Vice President, Corporate Communications, Public Affairs and Marketing, RTL Group
HANS MAHR	Consultant, RTL Group
CHRISTOPH MAINUSCH	Chief Executive Officer, Alpha TV
ROMAIN MANNELLI	Executive Vice President, Corporate HR, RTL Group
ANDREAS RUDAS	Executive Vice President, Regional Operations & Business Development CEE and Asia, RTL Group
NICOLAS DE TAVERNOST	Président du Directoire, Groupe M6
GERT ZIMMER	Chief Executive Officer, RTL Radio Deutschland
EDUARDO ZULUETA	Consultant, Managing Director, Mabuat (Spain)
JOHANNES ZÜLL	Chief Executive Officer, RTL Hrvatska

THE BOARD

EXECUTIVE DIRECTORS

GERHARD ZEILER
Chief Executive Officer
(until 18 April 2012)

Gerhard Zeiler, born in 1955 in Vienna (Austria), joined RTL Group in November 1998 when he was appointed Chief Executive Officer (CEO) of RTL Television in Cologne. In this capacity, Zeiler was responsible for the German RTL family of channels (RTL Television, Vox, RTL II, Super RTL, N-TV). In March 2003 Gerhard Zeiler was additionally appointed CEO of RTL Group. He handed over the management of RTL Television to Anke Schäferkordt in September 2005 to fully concentrate on RTL Group's international entertainment network. In his function as CEO of RTL Group, Gerhard Zeiler is a member of the Supervisory Boards of Groupe M6 in France and RTL Television in Germany. He has been a member of the Bertelsmann AG Executive Board since October 2005.

Gerhard Zeiler began his career as a freelance journalist and then became press spokesman for the Austrian Minister for Education and the Arts, Dr Fred Sinowatz, whom he eventually followed to the Federal Chancellor's Office in 1983. Later he continued working in the same capacity for Federal Chancellor Dr Franz Vranitzky. In 1986 he became Secretary-General of the Austrian public broadcaster, ORF, in Vienna. After a two-year period as CEO of Tele 5 and a further two-year period as CEO of RTL II, he was elected Chief Executive Officer of ORF in 1994 and stayed in this position until November 1998.

FIRST APPOINTED: 4 MARCH 2003
RE-ELECTED: 20 APRIL 2011

GUILLAUME DE POSCH

Designated Chief Executive Officer
(with effect from 19 April 2012)

Guillaume de Posch, born in 1958, started his career at the international energy and services company Tractebel (1985 to 1990) and then joined the global management consulting firm McKinsey & Company (1990 to 1993). He began his career in the media industry at the Compagnie Luxembourgeoise de Télédiffusion (CLT) as assistant to the Managing Director (1993 to 1994) and then became Head of CLT's TV operations in French-speaking countries (1995 to 1997). From 1997 to 2003, he was Deputy General Manager and Programming Director of the French pay-TV company TPS, before he joined the publicly listed ProSiebenSat1 Media AG in August 2003, first as Chief Officer and then as Chairman of the Executive Board and CEO (2004 to 2008).

Guillaume de Posch was appointed Chief Operating Officer and a new member of the RTL Group Executive Committee with effect from 1 January 2012.

It will be proposed at the Annual General Meeting of the shareholders (AGM), to be held on 18 April 2012, that Guillaume de Posch joins the RTL Group Board of Directors as Executive Director with immediate effect. Guillaume de Posch is then expected to become CEO of RTL Group.

FIRST APPOINTED: 18 APRIL 2012

ANKE SCHÄFERKORDT

Designated Chief Executive Officer
(with effect from 19 April 2012)

Anke Schäferkordt, born in 1962, has been CEO of RTL Television since September 2005. In November 2007, the German RTL family of channels adopted the brand name Mediengruppe RTL Deutschland. In her capacity as CEO of RTL Television, Anke Schäferkordt is also CEO of Mediengruppe RTL Deutschland.

After studying business administration, Anke Schäferkordt began her career at Bertelsmann AG in 1988. In 1991 she went to Cologne to become an executive assistant for sales controlling and strategic planning at RTL plus (today RTL Television). The following year, she took over the Controlling Department. From 1993 to 1995 Anke Schäferkordt was a Director in charge of the Corporate Planning and Controlling Division at RTL Television. In 1995 she moved to the TV broadcaster Vox, where she was CFO, and in 1997 she was also named Programme Director. From 1999 to 2005 Anke Schäferkordt was CEO of Vox. In February 2005 she was appointed Chief Operating Officer and Deputy CEO of RTL Television. In this capacity she was responsible for Finance, Technical Services, Information and Media Policy as well as the General Secretariat, the advertising sales unit IP Deutschland, the Vox channel, and RTL Group's holdings in the German channels N-TV and Super RTL.

It will be proposed at the AGM, to be held on 18 April 2012, that Anke Schäferkordt joins the RTL Group Board of Directors as Executive Director with immediate effect. Anke Schäferkordt is then expected to become CEO of RTL Group.

Mandates in listed companies: Member of the Supervisory Boards of BASF SE, Ludwigshafen, and of Software AG, Darmstadt

FIRST APPOINTED: 18 APRIL 2012

ELMAR HEGGEN

Chief Financial Officer
and Head of the Corporate Centre

Elmar Heggen, born in 1968, holds a diploma in business administration from the European Business School, and graduated as Master of Business Administration (MBA) in finance. In 1992, he started his career at the Felix Schoeller Group, becoming Vice President and General Manager of Felix Schoeller Digital Imaging in the UK in 1999. Elmar Heggen first joined the RTL Group Corporate Centre in 2000 as Vice President Mergers and Acquisitions. In January 2003, he was promoted to Senior Vice President Controlling and Investments. From July 2003 until December 2005 he was Executive Vice President Strategy and Controlling.

Since January 2006, Elmar Heggen has served on the RTL Group Executive Management team, and since 1 October 2006 he has been CFO and Head of the Corporate Centre of RTL Group.

It will be proposed at the AGM, to be held on 18 April 2012, that Elmar Heggen joins the RTL Group Board of Directors as Executive Director with immediate effect.

Mandates in listed companies: Member of the Board of Directors of Regus PLC, London

FIRST APPOINTED: 18 APRIL 2012

NON-EXECUTIVE DIRECTORS

SIEGFRIED LUTHER
Chairman

Siegfried Luther, born in 1944, was Chief Financial Officer (since 1990) and Deputy Chairman of the Executive Board (since 2002) of Bertelsmann AG, Gütersloh. He retired at the end of 2005. Between 1974 and 1990 he held various senior positions at Bertelsmann AG in taxes, group accounting and treasury, and corporate finance.
He graduated as a doctor of law from the University of Münster (Germany)

Committee membership:
Audit, Nomination and Compensation
Mandates in listed companies:
Non-executive member of the Board of Directors of Compagni Nationale à Portefeuille SA, Loverval (until June 2011)

FIRST APPOINTED: 24 JULY 2000
RE-ELECTED: 20 APRIL 2011

MARTIN TAYLOR
Vice-Chairman/Independent Director

Martin Taylor, born in 1952, began his career as a financial journalist with Reuters and the *Financial Times*.
He then joined Courtaulds PLC, becoming a director in 1987, and then Chief Executive of Courtaulds Textiles PLC on its demerger in 1990.
He moved to Barclays PLC in 1993 as Chief Executive, a post he held until the end of 1998. From 1999 to 2003 he was Chairman of WH Smith PLC, and from 1999 to 2005 International Advisor to Goldman Sachs. Currently he is Chairman of the Board of Syngenta AG. He has worked on various projects for the British Government and served for five years as a member of its Council for Science and Technology. Appointed as independent, non-executive director in July 2000 (when RTL Group was created), he took over the responsibilities of Vice-Chairman of the Board in December 2004.

Committee membership:
Audit, Nomination and Compensation (Chairman)
Mandates in listed companies:
Chairman of the Board of Syngenta AG (CH)

FIRST APPOINTED: 25 JULY 2000
RE-ELECTED: 20 APRIL 2011

GÜNTHER GRÜGER
Executive Vice President
Corporate Controlling and Strategy of Bertelsmann AG (until 31 December 2011)

Günther Grüger, born in 1951, was, until the end of 2011, Executive Vice President Corporate Controlling and Strategy of Bertelsmann AG.
He retired at the end of 2011.
From 1983 until 1997 he held various positions at Bertelsmann. Before joining Bertelsmann he worked in the Corporate Controlling Department of Oetker Group. He holds a diploma and a doctorate in economics from the University of Münster (Germany).

FIRST APPOINTED: 29 AUGUST 2006
RE-ELECTED: 20 APRIL 2011

THOMAS HESSE

Member of the Bertelsmann AG
Executive Board

Thomas Hesse, born in 1966, holds a doctorate in economics and began his career in 1991 as a consultant with McKinsey, leaving in 1996 to join what is now RTL Group, and subsequently taking on various executive positions within Bertelsmann until 2008.

Following the 2004 merger between BMG and Sony Music, Thomas Hesse served as head of the worldwide digital business and chief strategist at Sony BMG, now Sony Music Entertainment, from 2005 to 2010. In this position he was also responsible for US sales.

In November 2011, Thomas Hesse was appointed to the Bertelsmann AG Executive Board. His tasks are to advance the group's business development, build new businesses for Bertelsmann, and facilitate the digital transformation of the core businesses. In this role he is responsible for the growth platforms Bertelsmann Digital Media Investments (BDMI) and Bertelsmann Asia Investments (BAI), for the Education business, and for the holding in the BMG music rights company.

FIRST APPOINTED: 12 DECEMBER 2011
(EFFECTIVE 1 JANUARY 2012)

HARTMUT OSTROWSKI

Chairman of the Executive Board
and CEO, Bertelsmann AG
(until 31 December 2011)

After having studied business administration at the University of Bielefeld, Hartmut Ostrowski, born in 1958, joined Bertelsmann in 1982 as Executive Assistant in what was then Bertelsmann Distribution. A year later, he was head of the credit management division. In 1988, he became Managing Director of a German subsidiary of Security Pacific, at the time the fourth-largest bank in the United States.

In April 1990, he returned to Bertelsmann Distribution as head of a business unit. In July 1992, he was appointed Managing Director, and in July 1995, he became CEO of the newly formed Bertelsmann Services Group.

Hartmut Ostrowski was appointed to the Arvato Executive Board in 1996, and became CEO of Arvato AG and a member of the Bertelsmann AG Executive Board in September 2002. He was Chairman and CEO of Bertelsmann AG from 1 January 2008 to 31 December 2011.

Committee membership:
Nomination and Compensation

FIRST APPOINTED: 7 DECEMBER 2007
(EFFECTIVE 1 JANUARY 2008)
RE-ELECTED: 20 APRIL 2011
RESIGNED ON 31 DECEMBER 2011

THOMAS RABE

Chairman of the Executive Board
and CEO, Bertelsmann AG
(since 1 January 2012)

Thomas Rabe, born in 1965, holds a diploma and a doctorate in economics from the University of Cologne (Germany). He started his career in 1989 at the European Commission in Brussels. From 1990 to 1996 he held various senior positions at Forrester Norall & Sutton (now White & Case) in Brussels as well as the state privatisation agency Treuhandanstalt and a venture capital fund in Berlin. In 1996, he joined Cedel International (Clearstream, following the merger with Deutsche Börse Clearing) where he was appointed Chief Financial Officer and member of the Management Board in 1998.

In 2000, Thomas Rabe became Chief Financial Officer and member of the Executive Committee of RTL Group. In March 2003 he was also appointed Head of the Corporate Centre with responsibility for the Luxembourgish activities of RTL Group. He was Chief Financial Officer and Head of the Corporate Centre of Bertelsmann AG from 1 January 2006 to 31 December 2011. Since 1 January 2012, Thomas Rabe has been Chairman and CEO of Bertelsmann AG.

Committee membership:
Audit, Nomination and Compensation
Mandates in listed companies:
Chairman of the Supervisory Board of Symrise AG, Holzminden

FIRST APPOINTED: 12 DECEMBER 2005
(EFFECTIVE 1 JANUARY 2006)
RE-ELECTED: 20 APRIL 2011

NON-EXECUTIVE DIRECTORS

ONNO RUDING

Chairman of the Board of the
Centre for European Policy Studies;
Independent Director

Born in 1939, Onno Ruding served as the Minister of Finance of The Netherlands for the Christian Democratic Party (CDA) from November 1982 until November 1989. In July 1990, he became Vice-Chairman of Citicorp, and in March 1992, he was appointed Vice-Chairman of Citicorp/Citibank in New York. He retired in September 2003.

In January 2002, he became Chairman of the Board of the Centre for European Policy Studies (CEPS) in Brussels, the largest independent think-tank in Europe, addressing subjects related to European integration.

Committee membership:
Audit (Chairman)
Mandates in listed companies:
Member of the Board of Directors of Corning

FIRST APPOINTED: 12 SEPTEMBER 2000
RESIGNED ON 20 APRIL 2011

JACQUES SANTER

Chairman of the Board of CLT-UFA;
Independent Director

Before Jacques Santer, born in 1937, became Chairman of the Board of CLT-UFA in May 2004, his distinguished career covered a variety of political roles including Member of the European Parliament (1974 to 1979 and 1999 to 2004), Prime Minister of Luxembourg (1984 to 1995) and President of the European Commission (1995 to 1999).

FIRST APPOINTED: 9 DECEMBER 2004
RE-ELECTED: 20 APRIL 2011

JAMES SINGH

Member of the Nestlé SA Executive
Board and Chief Financial Officer
of Nestlé SA; Independent Director

James Singh, born in 1946, joined Nestlé Canada as Financial Analyst in 1977 and served the company in various executive positions until 2000 when he was appointed Senior Vice President, Acquisitions and Business Development, in Nestlé SA's headquarters in Vevey, Switzerland. James Singh has been Member of the Executive Board and Chief Financial Officer of Nestlé SA since 2008.

He serves as Chairman of the Finance Committee of the European Round Table as well as member of the International Integrated Financial Reporting Standard Committee.

Committee membership:
Audit (Chairman)

FIRST APPOINTED: 20 APRIL 2011

EXECUTIVE COMMITTEE

GERHARD ZEILER
Chief Executive Officer (until 18 April 2012)

Further to his roles as Executive Director and CEO of RTL Group, Gerhard Zeiler is in charge of programme and synergies throughout all operations. He oversees the operations in Germany (television), France (television) and FremantleMedia. RTL Group Corporate Communications & Marketing also reports to him, as does Human Resources, which also reports to the CFO.

GUILLAUME DE POSCH
Designated Chief Executive Officer
(with effect from 19 April 2012)

In his capacity as Chief Operating Officer of RTL Group, Guillaume de Posch is in charge of the Corporate Strategy and Business Development team at RTL Group's headquarters and oversees the company's broadcasting operations in the Netherlands and Belgium, and radio operations in France.

In his future capacity as co-CEO of RTL Group, he will take over responsibility for the Group's broadcasting operations outside Germany, and the company's production business.

ANKE SCHÄFERKORDT
Designated Chief Executive Officer
(with effect from 19 April 2012)

Anke Schäferkordt will become a member of the RTL Group Executive Committee with effect from 19 April 2012. In addition to her new role as co-CEO of RTL Group, she will continue to manage RTL Group's German TV business.

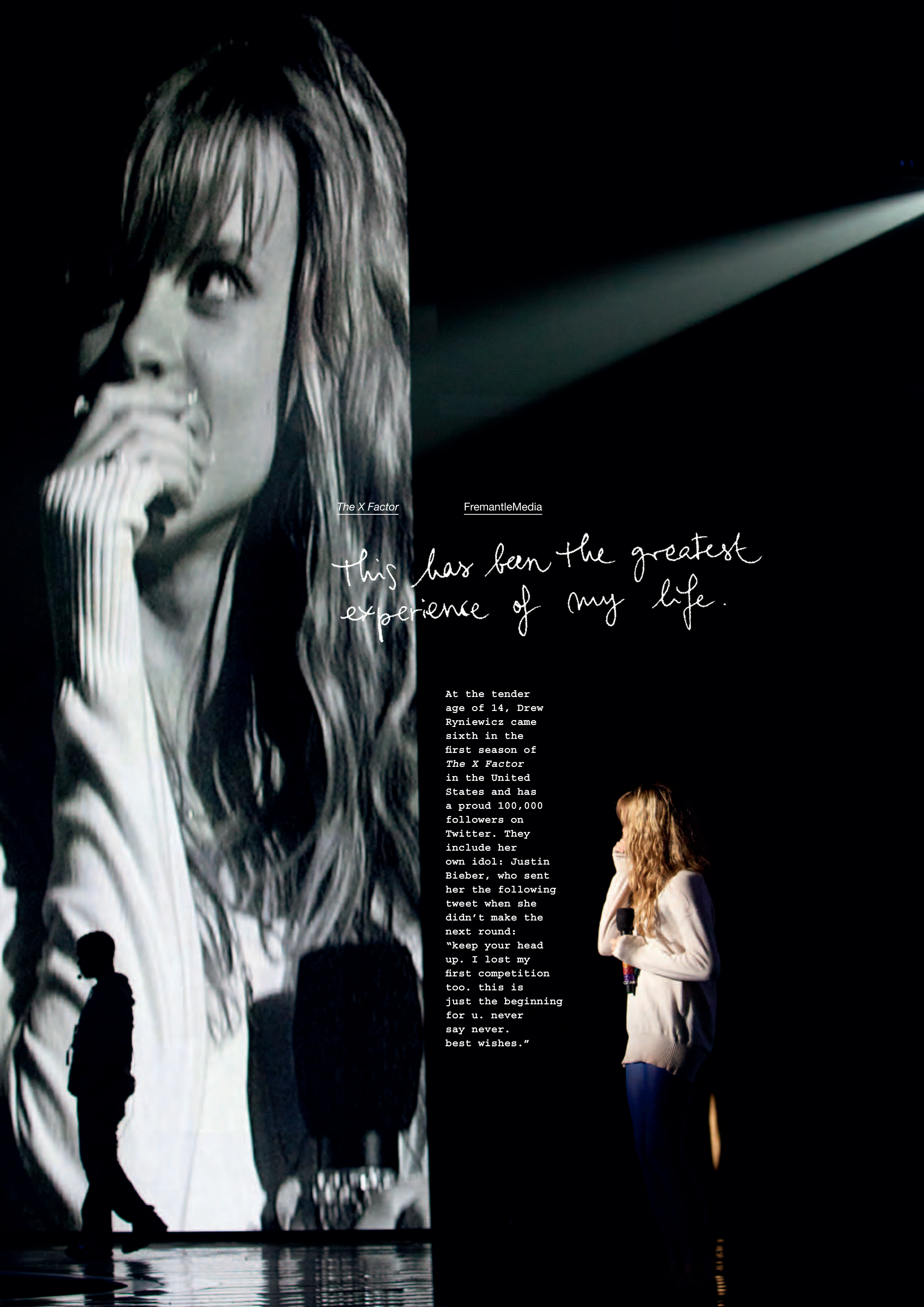
ELMAR HEGGEN
Chief Financial Officer
and Head of the Corporate Centre

In his capacity as CFO and Head of the Corporate Centre of RTL Group, Elmar Heggen controls Finance and Legal. He also oversees the operations in Luxembourg and Spain, and UFA Sports.

ANDREAS RUDAS
Executive Vice President,
Regional Operations & Business Development
CEE and Asia

Andreas Rudas, born in 1953, worked with the Austrian public broadcaster ORF from 1986 to 1997, as Secretary-General from 1994 to 1997. In this role, he was responsible for business planning, media politics, marketing and satellite broadcasting. Starting in 2000, he held various positions at Magna International Europe, and was a member of the Management Board from 2001 to 2005. Since December 2005, Andreas Rudas was Executive Director of WAZ Ost Holding (a subsidiary of WAZ Media Group), responsible for Austria, South Eastern Europe and Vietnam. Andreas Rudas was appointed a new member of the RTL Group Executive Committee with effect from 1 January 2009. In this capacity, he oversees RTL Group's operations in Croatia, Hungary, Russia, and Germany (radio), and explores business opportunities in Central and Eastern Europe, and in Asia.

The Executive Committee keeps the Board of Directors informed on the results of the Group and its main profit centres on a regular basis. The compensation of the members of the Executive Committee is determined by the Nomination and Compensation Committee, and is composed of a fixed and a variable part (see note 10.3. to the consolidated financial statements).



The X Factor FremantleMedia

This has been the greatest experience of my life.

At the tender age of 14, Drew Ryniewicz came sixth in the first season of *The X Factor* in the United States and has a proud 100,000 followers on Twitter. They include her own idol: Justin Bieber, who sent her the following tweet when she didn't make the next round: "keep your head up. I lost my first competition too. this is just the beginning for u. never say never. best wishes."

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DIRECTORS' REPORT

HIGHLIGHTS

The Directors are pleased to present their report to the shareholders, with details on the businesses and the development of the Group, together with the consolidated financial statements for the year ended 31 December 2011 on pages 164 to 227.

	Year to December 2011 €m	Year to December 2010[1] €m	Per cent change
Revenue	**5,765**	**5,532**	**+4.2**
Underlying revenue[2]	**5,664**	**5,520**	**+2.6**
Reported EBITA[3]	**1,134**	**1,132**	**+0.2**
Reported EBITA margin (%)	**19.7**	**20.5**	
Reported EBITA	**1,134**	**1,132**	**+0.2**
Impairment of investment in associates and amortisation and impairment of fair value adjustments on acquisitions of subsidiaries and joint ventures	(19)	(13)	
Gain/(Loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	107	(7)	
EBIT	**1,222**	**1,112**	**+9.9**
Net financial income	(29)	16	
Income tax expense	(302)	(263)	
Profit for the year from continuing operations	**891**	**865**	**+3.0**
Loss for the year from discontinued operations	(96)	(135)	
Profit for the year	**795**	**730**	**+8.9**
Attributable to:			
– Non-controlling interests	99	119	
– RTL Group shareholders	**696**	**611**	**+13.9**
Basic EPS continuing operations (in €)	**5.01**	**4.80**	
Basic EPS discontinued operations (in €)	(0.48)	(0.82)	
Reported EPS (in €)	**4.53**	**3.98**	**+13.8**
Proposed/paid total dividend per share (in €)	**5.10**	**5.00**	

1 Re-presented following application of IFRS 5 to Alpha Media Group (discontinued operations)
2 Adjusted for Radical Media, Ludia and other minor scope changes and at constant exchange rates
3 EBITA (continuing operations) represents earnings before interest and taxes excluding impairment of goodwill and of disposal group, and amortisation and impairment of fair value adjustments on acquisitions of subsidiaries and joint ventures, impairment of investment in associates, and gain or loss from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree

RTL Group headlines

- Reported Group revenue up 4.2 per cent to €5,765 million, mainly based on higher revenue from FremantleMedia and RTL Nederland
- Following an exceptional 2010, RTL Group's profitability remained very high: reported EBITA was €1,134 million, while return on sales decreased slightly to 19.7 per cent
- Net profit attributable to RTL Group shareholders up 13.9 per cent to €696 million
- Net cash from operating activities was €1,044 million, resulting in an operating cash conversion of 104 per cent and a net cash position of €1,238 million at the end of 2011
- Proposed dividend for 2011 of €5.10 per share, based on RTL Group's continued strong financial performance and robust treasury position (2010: €5.00 per share)
- European TV advertising markets reflect a mixed picture in 2011: rather flat developments in Western Europe, with the exception of Belgium and the Netherlands, which were up. The markets in Southern and Eastern Europe reported lower advertising revenue compared to 2010. RTL Group continued to outperform its peers, especially in France and the Netherlands
- Exit of Alpha Media Group, treated as discontinued operations; unwind of Talpa transaction completed

Profit centre highlights

- With RTL Television reporting significantly higher audience ratings, Mediengruppe RTL Deutschland continued to increase its clear audience leadership over its main competitor, P7S1 Group, to 6.1 percentage points. With an EBITA of €529 million, the profit centre achieved its second-best result ever – by a large margin – despite a challenging German TV advertising market and higher investments in programming

- In France, M6 was the only major French channel to increase its audience share year-on-year, while digital channel W9 reported significant growth, both in terms of advertising revenue and audience ratings. EBITA of Groupe M6 was up 1.6 per cent to €249 million

- RTL Nederland scored its best ratings since 1997 and succeeded in capitalising them into double-digit growth of TV advertising revenue. EBITA increased 21.8 per cent to €134 million for both TV and radio operations

- RTL Group's production arm FremantleMedia reported revenue growth of 12.3 per cent, driven by higher revenue in North America and the first-time full consolidation of recent acquisitions Radical Media and Ludia. FremantleMedia's EBITA was up 2.1 per cent to €143 million, despite general pressure on margins and volumes from broadcasters

- RTL Radio in France reported EBITA growth of 25.0 per cent, at €30 million

RTL Group strengthens its portfolio

- Full control of RTL Nederland: following the exercise of a put option, RTL Group exchanged its 73.7 per cent interest in Radio 538 for Talpa Media Holding's 26.3 per cent minority shareholding in RTL Nederland

- Building a family of channels in Hungary: RTL Group acquired a portfolio of seven Hungarian cable channels plus a further 31 per cent shareholding in the country's number one channel, RTL Klub. This acquisition, plus a separate smaller deal, brings RTL Group's shareholding in RTL Klub to 100 per cent, and provides the ideal platform on which to build a complementary family of channels, and to safeguard market leadership in Hungary

- Full control of the Croatian broadcasting operation: RTL Group acquired the respective 13 per cent shareholdings of its local business partners in RTL Hrvatska (RTL Televizija and RTL 2, launched in January 2011)

- Decision to exit the Greek broadcasting market: in the light of the country's serious and ongoing economic and financial crisis, RTL Group sold its 70 per cent majority shareholding in Alpha Media Group to the Greek entrepreneur Dimitris Contominas

- In May 2011, RTL Group and Reliance Broadcast Network Limited signed a joint venture agreement to launch thematic TV channels in India. The initial scope of the investment comprises two channels

- In June 2011, RTL Group swapped its 30 per cent shareholding in Ren TV for a 7.5 per cent shareholding in the Russian media company National Media Group (NMG), as part of an agreement with the current shareholders of NMG

- Mediengruppe RTL Deutschland will launch a new free-TV channel, RTL Nitro, on 1 April 2012

RTL Group's new media activities continue to grow strongly

- In 2011, RTL Group's online platforms and on-demand offers across Europe collectively generated 1.9 billion video views of professionally produced content – up 35 per cent year-on-year

- Total online advertising revenue was up 23 per cent year-on-year, driven by video advertising

- RTL Group companies have launched 125 mobile applications, registering 38 million downloads to date

- Mobile live TV services are now available in Germany, France, the Netherlands, Belgium and Luxembourg

- Pay-TV channels in Germany, France and the Netherlands are operating at a profit

REVENUE

European TV advertising markets reflect a mixed picture in 2011: rather flat developments in Western Europe, with the exception of Belgium and the Netherlands, which were up. The markets in Southern and Eastern Europe reported lower advertising revenue compared to 2010. RTL Group continued to outperform its peers, especially in France and the Netherlands.

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

	2011 net TV advertising market growth rate (in per cent)	**RTL Group advertising market share 2011 (in per cent)**	RTL Group advertising market share 2010 (in per cent)	**RTL Group audience share in main target group 2011 (in per cent)**	RTL Group audience share in main target group 2010 (in per cent)
Germany	(0.4) [4]	44.0	43.9	35.0 [5]	35.0 [5]
France	+1.0 [6]	23.5	23.3	23.0 [7]	21.7 [7]
Netherlands	+4.0 [4]	47.7	44.5	35.2 [8]	33.0 [8]
Belgium	+2.6 [4]	71.3	70.9	37.8 [9]	38.3 [9]
Spain	(10.0) [10]	30.6	27.9	18.4 [11]	16.9 [11]
Hungary	(7.5) [4]	47.9	48.6	29.8 [12]	29.1 [12]
Croatia	(3.6) [4]	41.4	40.6	25.5 [13]	24.5 [13]

4 Industry/IREP and RTL Group estimates
5 Target group: 14–49
6 Source: Groupe M6 estimate
7 Target group: housewives under 50 (including digital channels)
8 Target group: 20–49, 18–24h
9 Target group: shoppers 18–54, 17–23h
10 Source: Infoadex and Grupo Antena 3 estimate
11 Target group: 16–54 (including digital channels)
12 Target group: 18–49, prime time
13 Target group: 18–49 (including digital channel RTL 2, launched in January 2011)

Revenue increased by 4.2 per cent to €5,765 million (2010: €5,532 million). On a like-for-like basis (adjusting for portfolio changes and at constant exchange rates) revenue was up 2.6 per cent, or €144 million, to €5,664 million.

EBITA

Reported EBITA increased by 0.2 per cent to € 1,134 million (2010: € 1,132 million) thanks to improved levels of profitability in several business units, with notable performances from RTL Nederland, RTL Radio in France and RTL Belgium.

Group operating expenses were up 4.9 per cent at € 4,715 million in 2011 compared to € 4,494 million in 2010. On a constant scope basis, costs were up € 113 million, or 2.5 per cent.

REVIEW BY SEGMENTS

Revenue	Year to December 2011 €m	Year to December 2010* €m	Per cent change	Per cent of total 2011
Mediengruppe RTL Deutschland	1,912	1,892	+1.1	33.2
Groupe M6	1,421	1,459	(2.6)	24.6
FremantleMedia	1,429	1,272	+12.3	24.8
RTL Nederland	491	429	+14.4	8.5
RTL Belgium	216	219	(1.4)	3.8
French radio	184	182	+1.1	3.2
Other segments	330	293	+12.6	5.7
Eliminations	(218)	(214)	+1.9	(3.8)
Total revenue	**5,765**	**5,532**	**+4.2**	**100.0**

EBITA	Year to December 2011 €m	Year to December 2010* €m	Per cent change	Per cent of total 2011
Mediengruppe RTL Deutschland	529	551	(4.0)	46.6
Groupe M6	249	245	+1.6	22.0
FremantleMedia	143	140	+2.1	12.6
RTL Nederland	134	110	+21.8	11.8
RTL Belgium	46	45	+2.2	4.1
French radio	30	24	+25.0	2.6
Other segments	3	17	(82.4)	0.3
Reported EBITA	**1,134**	**1,132**	**+0.2**	**100.0**

EBITA margins	Year to December 2011 per cent	Year to December 2010* per cent	Percentage point change
Mediengruppe RTL Deutschland	27.7	29.1	(1.4)
Groupe M6	17.5	16.8	+0.7
FremantleMedia	10.0	11.0	(1.0)
RTL Nederland	27.3	25.6	+1.7
RTL Belgium	21.3	20.5	+0.8
French radio	16.3	13.2	+3.1
Other segments	0.9	5.8	(4.9)
RTL Group	**19.7**	**20.5**	**(0.8)**

* *Re-presented as Alpha Media Group shown as a discontinued operation due to the application of IFRS 5*

MEDIENGRUPPE RTL DEUTSCHLAND

RTL INTERACTIVE

Financial results

In 2011, Mediengruppe RTL Deutschland continued to outperform the German TV advertising market – which was estimated to be down 0.4 per cent – and maintained its combined net share (including RTL II) at 44.0 per cent (2010: 43.9 per cent).

Overall revenue of Mediengruppe RTL Deutschland increased slightly to €1,912 million (2010: €1,892 million), while EBITA was down 4.0 per cent to €529 million (2010: €551 million). This was the profit centre's second best result ever, by a large margin, despite a challenging TV advertising market and higher investments in programming. At 27.7 per cent, the profit margin remained high (2010: 29.1 per cent).

	Year to December 2011 €m	Year to December 2010 €m	Per cent change
Revenue	**1,912**	**1,892**	**+1.1**
EBITA	**529**	**551**	**(4.0)**

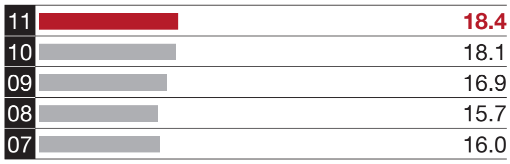
Audience ratings

The combined average audience share of Mediengruppe RTL Deutschland in the key 14 to 49 target group remained stable at the previous year's record level of 35.0 per cent. The RTL family of channels increased its market leadership over its main commercial competitor, ProSiebenSat1, from 5.3 to 6.1 percentage points.

This development was mainly driven by the flagship channel **RTL Television**, which was the number one choice among young viewers by far, and for the 19th consecutive year. With an 18.4 per cent audience share (2010: 18.1 per cent) in its main target group, the channel achieved its best full-year ratings since 1997, coming in 6.7 percentage points ahead of the number two commercial channel, ProSieben (11.7 per cent). Of the 100 programmes most watched by the target group of viewers aged 14 to 49, 67 were aired on RTL Television. The general-interest channel also remained the market leader in terms of total audience share (14.1 per cent).

RTL Television **TV audience share**

Source: GfK. Target: 14–49 **2007–2011 (%)**



RTL Television continued to score high ratings across all genres, from entertainment and comedy shows, news, live sporting events and daily soaps, to factual entertainment and fiction formats, while its big TV events continued to reach mass audiences.

The channel's most-watched programme in 2011 was the live broadcast of the boxing match between Wladimir Klitschko and David Haye on 2 July 2011, which attracted 15.56 million viewers and proved to be the channel's most popular boxing broadcast, with one of the Klitschko brothers, ever. Live broadcasts of the 19 Formula 1 races in the reporting period reached an average audience of 5.94 million viewers, representing an average total audience share of 38.5 per cent.

RTL Television remained particularly successful in prime time (20:15 to 23:15), where it continued to lead the market in nearly every time slot, thanks to its big entertainment shows and strong line-up of factual entertainment formats and drama series. Overall, the channel achieved an average prime time audience share of 18.1 per cent in the 14 to 49 target group (2010: 18.4 per cent).

At the beginning of the year, the fifth season of *Ich bin ein Star – Holt mich hier raus!* (I'm A Celebrity… Get Me Out Of Here!) was the most successful yet, both in terms of average total audience (7.65 million viewers) and average share among viewers aged 14 to 49 (42.0 per cent). In February, an average 7.53 million viewers watched the two-part event movie *Hindenburg*, representing a total audience share of 20.8 per cent, and 27.1 per cent among young viewers. The eighth season of *Deutschland sucht den Superstar* (Idols) scored an average audience share of 32.4 per cent in the 14 to 49 age group, while the fifth season of *Das Supertalent* (Got Talent) reached 31.0 per cent.

German fiction series also performed well, including the third season of *Doctor's Diary* (average audience share 14 to 49: 19.2 per cent) and the second season of *Countdown – Die Jagd beginnt* (average audience share 14 to 49: 17.3 per cent). The newly launched real-life format *Undercover Boss* scored an average audience share of 22.5 per cent in the target group. The most popular US series on German television were again broadcast by RTL Television, including *Dr. House* and *CSI: Miami*. Other audience favourites in prime time included real-life formats such as *Bauer sucht Frau* (The Farmer Wants A Wife) and *Rach, der Restauranttester*, comedy shows such as *Cindy aus Marzahn & Die jungen Wilden* and *Die Bülent Ceylan Show*, plus the long-running quiz show *Wer wird Millionär?* with Günther Jauch.

For the 17th consecutive year, RTL Television's main news programme, *RTL Aktuell*, was way ahead of the competition among young viewers, with an average audience share of 19.8 per cent. The show also scored a higher average total audience (3.91 million viewers) than the main news programme of the public channel ZDF, *Heute* (3.52 million viewers), for the fourth consecutive year.

Vox — **TV audience share**

Source: GfK. Target: 14–49 — 2007–2011 (%)

11	7.3
10	7.7
09	7.5
08	7.5
07	7.9

Vox's audience share in the target group of 14 to 49-year-old viewers was 7.3 per cent (2010: 7.7 per cent).

The channel's prime time line-up of US series on Monday, Wednesday and Friday evenings continued to perform strongly, featuring quality series such as *CSI: NY*, *Law & Order: Criminal Intent, Law & Order: Special Victims Unit, Leverage*, *Life* and *Lie To Me*. The docu-soap *Daniela Katzenberger – Natürlich blond* moved from late night to prime time where it reached an average audience share of 9.3 per cent among viewers aged 14 to 49, while *Auto Mobil* on Sunday afternoons became Germany's most popular TV car magazine (average audience share 14-49: 8.2 per cent).

The second season of the music talent show *X Factor* scored an average audience share of 10.2 per cent among young viewers aged 14 to 49, exceeding the channel's average share by 39.7 per cent. *X Factor* was particularly popular with the young female audience (average share among female viewers aged 14 to 29: 18.3 per cent). It also brought Vox many website hits, and around 17 million online and mobile video views of *X Factor* content alone.

Vox's blockbuster movies again proved popular in 2011, attracting 18.5 per cent of 14 to 49-year-old viewers for *The Lord of the Rings: The Return of the King* and 17.7 per cent for *The Lord of the Rings: The Two Towers*. In 2011, the channel began to accompany popular movies such as *Dirty Dancing* and *The Devil Wears Prada* with thematically related documentaries – a strategy that proved successful among the target group.

"In 2011 we managed once again to keep our ratings on a record level, leaving our competitors, private and public, far behind. We used the strength of our TV brands to develop and extend our digital offers across all platforms, and our financial key figures remain strong on a high level. Congratulations to my team"

ANKE SCHÄFERKORDT,
CEO, MEDIENGRUPPE RTL DEUTSCHLAND
AND RTL TELEVISION

The daily docu-soap *Mieten, kaufen, wohnen* (Renting, Buying, Living) scored an average audience share of 8.8 per cent in the target group. Broadcast in the 18:00 time slot, the format is a powerful lead-in to access prime time, followed by audience favourite *Das perfekte Dinner* (Come Dine With Me) and the daily edition of the celebrity news magazine *Prominent*.

On Saturday 30 April, Vox's all-day documentary experiment *Ein Tag schreibt Geschichte – 30 April 1945* earned the channel a daily market share of 7.0 per cent in the 14 to 49-year-old demographic. Vox joined forces with Spiegel TV and DCTP TV to run 12 hours of documentaries and hourly protocols about the day Adolf Hitler committed suicide in 1945. *Ein Tag schreibt Geschichte – 11. September 2001*, the documentary strand about the terrorist attacks on the World Trade Center, also achieved excellent ratings, with an average audience share of 9.5 per cent of the target group during the 12 hours it was broadcast.

RTL II **TV audience share**

Source: GfK. Target: 14–49 **2007–2011 (%)**

11	**5.6**
10	6.0
09	6.2
08	6.1
07	6.3

RTL II achieved a 5.6 per cent audience share in the 14 to 49 target group (2010: 6.0 per cent). After successfully introducing the scripted reality format *X Diaries – love, sun & fun* in 2010, the channel launched another daily hit format in access prime time, *Berlin – Tag & Nacht*. The format more than doubled its average audience share in just a few weeks, from 4.4 per cent for the first episode in September 2011 to 9.1 per cent in December. The series, which follows extraordinary people in a shared flat in Berlin, has also become very popular online, with more than 825,000 Facebook fans at the end of the year, and up to 4 million online video views each week.

During 2011, RTL II continued its strategy to launch new show and quiz formats. The four-part talent show *My Name Is* and the clip show *Klick-Stars* proved particularly popular among young viewers, attracting average audience shares of 7.9 per cent and 7.1 per cent respectively.

Other key elements of the channel's programme grid were popular docu-soaps in prime time such as *Die Geissens – Eine schrecklich glamouröse Familie*, with average audience shares of 8.7 per cent, *Das Messie-Team – Start in ein neues Leben* and *Teenie-Mütter – Wenn Kinder Kinder kriegen* (8.2 per cent and 8.0 per cent respectively). In addition, established cornerstone formats such as *Zuhause im Glück – Unser Einzug in ein neues Leben*, *Extrem schön*, *Die Kochprofis – Einsatz am Herd* and *Frauentausch* enjoyed continued success.

Movie highlights on RTL II, scoring high audience shares among young viewers on Friday evenings, included *From Dusk Till Dawn* (14.0 per cent), the family film *Nanny McPhee* (13.3 per cent) and popular action film *Demolition Man* (11.2 per cent).

The channel's contribution to RTL Group's EBITA was €13 million (2010: €14 million).

Super RTL **TV audience share**

Source: GfK. Target: 3–13 (6–20:15h) **2007–2011 (%)**

11	**24.1**
10	22.8
09	24.2
08	23.2
07	26.3

With an audience share of 24.1 per cent in the target group of 3 to 13-year-olds between 6:00 and 20:15, **Super RTL** significantly increased its ratings compared to 2010 (22.8 per cent), remaining well ahead of its two competitors, Kinderkanal (19.9 per cent) and Nickelodeon (13.3 per cent). The channel has been the clear leader in the German children's television market for 13 consecutive years, and currently reaches over 95 per cent of children aged 3 to 13 years in Germany. In 2011, Super RTL significantly increased its advertising revenue and also reported a considerably higher EBITA.

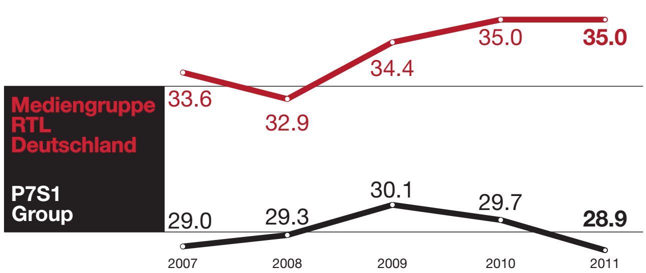
Super RTL's pre-school strand, *Toggolino*, scored high average audience shares in the target group with formats such as *Die Oktonauten* (37.4 per cent). In access prime time, live-action formats such as *Meine Schwester Charlie* (23.7 per cent) performed well.

Asterix movies were particularly successful in prime time, with an average audience share of 7.1 per cent in the target group of 14 to 49-years-olds, while the fourth season of *Merlin* was watched by 3.5 per cent of the target group.

The news channel **N-TV** increased its average audience share among viewers aged 14 to 49 to 1.2 per cent (2010: 1.0 per cent) – its best full-year ratings ever – as many people tuned in to follow the channel's extensive coverage of the tsunami and nuclear

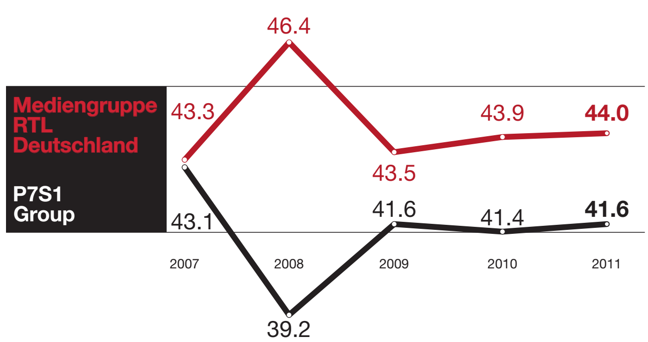
TV audience share

Source: GfK. Target: 14–49 **2007–2011 (%)**



TV advertising share

Source: RTL Group estimates **2007–2011 (%)**



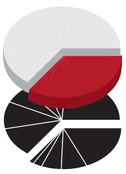
disaster in Japan, and of the Middle East and Euro crisis. In March alone, N-TV produced around 400 shorter news specials and 130 special broadcasts on the events in Japan. As a result, the channel achieved its highest ever monthly audience shares, both in terms of total audience share (1.6 per cent) and among young viewers (2.0 per cent). The channel's website also registered record figures.

N-TV's morning news and business line-up is particularly popular with viewers. Between 9:00 and 13:00 Monday to Friday, the news channel's total audience share of 1.6 per cent puts it clearly ahead of its direct competitor N24 (1.2 per cent). In prime time, N-TV slightly increased its ratings with documentaries, magazines and knowledge formats.

The profit centre's three special-interest digital channels – **RTL Crime**, **RTL Living** and **Passion** – continued to grow steadily and are among the leading pay-TV channels in Germany, Austria and Switzerland, with over 3 million subscribing households.

National audience breakdown

Source: GfK. Target: 14–49



	2011 (%)
RTL Television	**18.4**
Vox	**7.3**
RTL II	**5.6**
Super RTL	**2.5**
N-TV	**1.2**
Pro 7	11.7
Sat 1	10.6
ARD	6.6
ZDF	6.2
Kabel 1	6.1
Others	23.8

New media and diversification activities

RTL Interactive is responsible for diversification activities within Mediengruppe RTL Deutschland, including digital content and services. During 2011, consumption of TV content across new platforms such as on-demand services and mobile applications continued to grow strongly.

The catch-up TV services RTL Now, Vox Now and Super RTL Now registered 247 million views of long-form videos – complete episodes of series or shows – up 18 per cent year-on-year. Combining these on-demand platforms with the clip portal *Clipfish.de* and Mediengruppe RTL Deutschland's channel and thematic websites, the number of video views of professionally produced content increased by 30 per cent to 776 million. Proving that popular TV content is a major growth driver on the internet, *Deutschland sucht den Superstar* (Idols) alone increased the number of video views across all portals by 43 per cent to 124 million, while *Ich bin ein Star – holt mich hier raus!* registered 14.6 million video views in just two weeks. Video views on the channel website *RTL.de* increased by 26 per cent year on year. With an average of up to 11.27 million unique users per month, *RTL.de* remained the undisputed leading TV portal, and one of Germany's most popular infotainment sites.

Including all mobile portals and applications of the portfolio of Mediengruppe RTL Deutschland, mobile page impressions more than tripled to 3.15 billion, while mobile video views increased by 165 per cent to 75 million. As part of these figures, apps from the news channel N-TV, together with *Mobil.N-TV.de*, collectively generated 1.43 billion mobile page impressions in 2011 (2010: 424 million).

In total, Mediengruppe RTL Deutschland's mobile apps were downloaded 6.9 million times during 2011. The apps provide 24-hour live access to RTL Television's broadcast schedule via the RTL app, time-shifted viewing of entire programmes with the RTL Now app, and short video clips of TV and music highlights from the Clipfish app.

In August 2011, Mediengruppe RTL Deutschland acquired Netzathleten Media, a leading operator of verticals – specialised thematic websites covering sport, entertainment, health, food and business – in German-speaking countries. The Netzathleten sites are editorially independent, and guarantee advertisers access to their respective target demographic in selected environments. The acquisition has strengthened Mediengruppe RTL Deutschland's position in the German online advertising market.

In February 2011, RTL Interactive launched a new browser games portal, *Gamechannel.de*, which offers gamers a wide range of high-quality browser games from all the relevant genres, such as strategy, action, business and sports simulators. The portal's social gaming and community features allow members to network with other players, see what games they are active in, and track their successes.

At the end of 2011, the social network *Wer-kennt-wen.de* had more than 9.5 million registered members, up from 9.0 million at the end of 2010.

GROUPE M6

Financial results

Groupe M6's television activities reported revenue growth in 2011. Advertising revenue at the M6 main channel increased slightly by 0.9 per cent, while other advertising revenue (digital channels and internet activities) rose by 10.0 per cent, mainly driven by the strong performance of the free digital channel, W9.

While the overall net TV advertising market in France was estimated to be slightly up by 1.0 per cent in 2011, Groupe M6 clearly outperformed the market, increasing its estimated net share to 23.5 per cent (2010: 23.3 per cent).

Groupe M6's diversification and audiovisual rights revenue decreased by 10.1 per cent, for two key reasons: its football club, Girondins de Bordeaux, didn't qualify for the Uefa Champions League 2010/11, and the audiovisual rights business had profited from extraordinary DVD sales with the Twilight franchise in 2010. Consequently, overall revenue of Groupe M6 was down 2.6 per cent to € 1,421 million (2010: € 1,459 million).

Based on significantly higher profit contributions from its television channels, reported EBITA of Groupe M6 was up 1.6 per cent to € 249 million (2010: € 245 million), resulting in an improved operating margin of 17.5 per cent (2010: 16.8 per cent).

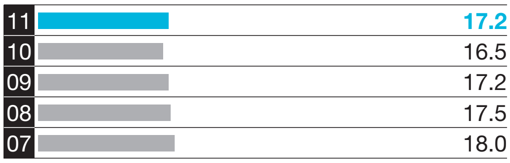
	Year to December 2011 €m	Year to December 2010 €m	Per cent change
Revenue	**1,421**	**1,459**	**(2.6)**
EBITA	**249**	**245**	**+ 1.6**

Audience ratings

Thanks to its complementary family of channels, Groupe M6's combined total audience share increased to 15.2 per cent (2010: 14.3 per cent) over the period. In the main commercial target group of housewives aged under 50, the combined audience share was also up, to 23.0 per cent (2010: 21.7 per cent).

M6 **TV audience share**

Source: Médiamétrie. Target: housewives < 50 **2007–2011 (%)**



M6 remained the second most popular channel in France in the target group, with an audience share of 17.2 per cent (2010: 16.5 per cent). M6 was the only major channel to increase its ratings, in an environment characterised by ongoing audience fragmentation, and consequently reduced the gap to the market leader, TF1. Over the past ten years, this gap has reduced from 16.4 to 9.5 percentage points.

M6 was also the only major channel to increase its total audience share (10.8 per cent), and achieved its objective of overtaking public broadcaster, France 3, to become the third most popular channel.

M6 particularly increased its ratings in access prime time, with the factual entertainment show *Un dîner presque parfait* (Come Dine With Me) and the magazine *100% Mag*. These programmes precede the main news show, *Le 19:45*, and the short sketches comedy *Scènes de Ménages*.

On average, *Le 19:45* gained more than 800,000 viewers in the commercial target group year-on-year (average audience share: 27.0 per cent), making it the news show with the biggest audience increase. *Le 19:45* has become the second most popular weekday news format among housewives aged under 50. Humorous French fiction series *Scènes de Ménages* increased its average audience from 2.2 million viewers in the first season to 2.9 million for the second season. Series three launched in November 2011 and took ratings to another level – drawing 5.2 million viewers on the first day, then breaking its own record in January 2012 with 5.9 million. This was M6's best ever rating in the 20:00 time slot. Across all episodes aired in 2011, *Scènes de ménages* scored an average audience share of 23.1 per cent in the target group.

M6's most popular prime time format was the sixth season of the romantic docu-soap *L'amour est dans le pré* (The Farmer Wants A Wife) which achieved an outstanding average audience share of 37.0 per cent in the commercial target group, making M6 the market leader among all target groups on Monday evenings. Since its second season, the format has consistently improved its ratings and was the most watched summer programme in 2011.

Other established brands in prime time include *Top Chef*, *Pékin Express*, factual entertainment formats with a focus on lifestyle such as *D&Co* and *Maison à vendre* (House For Sale), US series such as *NCIS* and *Desperate Housewives* and the long-running information magazines *Capital*, *Zone Interdite* and *Enquête Exclusive*. The entertainment show *La France a un incroyable talent* (Got Talent) achieved its best season ever, with an average audience of 4.3 million viewers (2010: 3.6 million viewers).

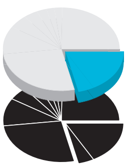
M6's most watched programme in 2011 – and the channel's highest-rated film ever – was the French movie *Le Petit Nicolas*, which drew 7.6 million viewers on 2 September 2011.

Groupe M6's main digital channel, **W9**, continued to increase audience share, both in terms of total audience and in the commercial target group. With an average audience share of 4.3 per cent among housewives aged under 50 (2010: 3.9 per cent), W9 was again the most watched DTT channel in the key commercial target group. W9 scored high ratings in various genres – including US series such as *Glee* and *Spartacus*, the magazine *Enquête d'action*, factual entertainments formats, movie and sports, with live broadcasts of Uefa Europa League football matches and the Masters ATP World Tour – underlining its positioning as a 'mini-generalist' channel. W9 achieved its highest ratings with the US movie *Die Hard With A Vengeance*, broadcast on 13 December 2011 (2.1 million viewers). During the year, W9 aired 43 of the 100 highest-rated programmes across DTT channels.

In the pay-TV environment, Groupe M6's channels confirmed their leading positions in their key target groups. Among the 89 thematic channels in the Médiamétrie survey, *Médiamat Thématik* – which measures TV audiences among French households with cable, satellite or ADSL TV, **Paris Première** ranked first, with 15 million viewers tuning in each month (2010: 13 million viewers per month), while **Téva** was again the top choice of housewives aged under 50 (audience share: 1.4 per cent, up from 1.0 per cent in 2010).

National audience breakdown

Source: Médiamétrie. Target: housewives < 50



	2011 (%)
M6	**17.2**
W9	**4.3**
TF1	26.7
France 2	10.9
France 3	5.1
TMC	3.9
Canal Plus	2.8
France 4	2.3
France 5	2.2
Others	24.6

New media and diversification activities

The catch-up TV service, **M6 Replay**, registered 344 million online video views in 2011, while **W9 Replay** reported 29 million online video views. Both services enable viewers to re-watch the channels' flagship programmes at no cost, for seven to 15 days after their initial broadcast. They are available on both computer and television via virtually all cable, IPTV and satellite packages in France, further increasing the number of total video views on all platforms to over 500 million in 2011.

During the year, M6 Web reached an average audience of 12.5 million unique users per month across its network of 40 internet sites (2010: 11.3 million).

The M6 app for I-Pad and I-Phone offers the channel live at no cost, plus catch-up TV services and behind-the-scenes videos. By the end of 2011, the app had registered more than 2.4 million downloads, making it one of the top free apps available from the App Store. In May 2011, the app was enriched with new community and interactive features. Viewers can now enjoy free information on their favourite programmes, and can comment and interact with the show's fan community through social networks, directly from the application.

The **M6 Mobile by Orange** service had reached 2.05 million customers by the end of 2011 – up 4 per cent year-on-year – while the M6-branded payment card (Mozaïc M6 card) had over 1.4 million customers (end of 2010: 850,000 customers).

In the previous year, the audiovisual rights division benefited from the tremendous success of the *Twilight* movies, in terms of both box office and DVD sales. With fewer video releases in 2011, revenue of the business was down significantly. Groupe M6's mail-order and retail activities – bundled in the unit Ventadis – also had to operate in a challenging environment, marked by strong competition.

"Television operations once again drove growth in 2011 but untapped audiences for our channels and new challenges for our diversification activities remain. In 2012 we will demonstrate the same energy and entrepreneurial spirit that has driven us for the past 25 years."

NICOLAS DE TAVERNOST,
PRÉSIDENT DU DIRECTOIRE,
GROUPE M6

FREMANTLEMEDIA

Financial results

Revenue of FremantleMedia – RTL Group's production and brand exploitation arm – increased significantly by 12.3 per cent to € 1,429 million (2010: € 1,272 million), driven by higher revenue in North America and the first-time full consolidation of both the commercials production and branded-entertainment company, Radical Media, and casual games developer, Ludia.

Despite continued general pressure on margins and volumes from broadcasters, EBITA was slightly up year-on-year, at € 143 million (2010: € 140 million). In the first half of 2010, FremantleMedia still had the benefit of the ITV series The Bill, and of the Australian productions Biggest Loser and So You Think You Can Dance. The loss of these formats was more than compensated by higher profit contributions from Original Productions and the launch of The X Factor in the US in the second half of 2011, as well as the consolidation of Radical Media and Ludia.

	Year to December 2011 €m	Year to December 2010 €m	Per cent change
Revenue	**1,429**	**1,272**	**+ 12.3**
EBITA	**143**	**140**	**+ 2.1**

Production businesses

In 2011, FremantleMedia's global network of pro duction companies was responsible for nearly 9,200 hours of TV programming across 58 countries, making it one of the largest creators of award-winning international programme brands. RTL Group's content arm continued to produce the highest-rated entertainment shows for broadcasters in the biggest TV markets worldwide – including the US, the UK, Germany, France, the Netherlands and Australia – and distributed its programmes to more than 150 countries.

FremantleMedia entertainment formats continued to travel well in 2011. *The X Factor* added eight territories to its roster, with launches in India, China and the US, making a total of 29. *Got Talent* rolled out to six new territories, including Romania, South Korea and Vietnam, totalling 45 territories. *Total Blackout* went to nine territories, taking its total to ten.

In the **US**, *American Idol* – co-produced and co-owned by FremantleMedia North America (FMNA) and 19 Entertainment – was again the country's most watched series. Season ten of the show, broadcast by the Fox network, achieved an average audience share of 21.4 per cent among viewers aged 18 to 49 – more than double the network's prime time average. *American Idol* has been the number one series in the US for the past eight years. Returning once again to US screens in the summer, *America's Got Talent* (co-produced with Syco), was the most successful series on NBC for 2011, attracting an average audience of 12.4 million viewers and an 11.0 per cent total audience share.

Newly launched in the US, *The X Factor* (co-produced with Syco) premiered on 21 September 2011 to an audience of 12.5 million viewers, making it Fox's most watched new autumn series launch for five years. The first season of the US version of the talent show won an average audience of 11.1 million viewers and a 9.4 per cent total audience share – 36 per cent higher than the network's prime time average.

On air since 1972, *The Price is Right* remained the highest-rated daytime entertainment show in the US with an average audience of 4.7 million viewers in 2011.

Original Productions' new series, *Storage Wars*, was an instant success on the cable channel A&E. The format achieved its highest audience to date on 29 November 2011, when 5.6 million viewers tuned in, making it the number one show on A&E for 2011.

Storage Wars has become the channel's number one series of all time among the commercial target group of viewers aged 18 to 49, attracting an average audience share of 4.9 per cent across the two seasons aired in 2011.

The Wedding Band, executive produced by Mike Tollin – with whom FremantleMedia Enterprises has a first-look deal – was the first drama series sold to the United States (TBS), and to broadcasters in the UK, Europe, Canada, Latin America, the Middle East and Australia.

In **Germany**, season eight of the talent show *Deutschland sucht den Superstar* (Idols), produced by Grundy Light Entertainment, was the most popular since its first season and RTL Television's second most watched entertainment series of the year for viewers aged 14 to 49 (average audience share: 32.4 per cent). Season five of *Das Supertalent* (Got Talent) – on air from September to December 2011 – was RTL Television's third highest-rated show, with an average audience share of 31.0 per cent among young viewers. Meanwhile, the seventh series of *Bauer sucht Frau* (The Farmer Wants A Wife) drew an average audience of 7.9 million viewers, and a 24.5 per cent total audience share. The second season of *X Factor* on Vox gained an average share of 10.2 per cent among viewers aged 14 to 49 – 31 per cent higher than the channel's prime time average.

Event movies continued to prove popular in 2011. The Teamworx production, *Schicksalsjahre*, was the most watched TV movie during 2011, winning an average audience of 8.4 million viewers across its two parts. Another Teamworx production, *Hindenburg*, was the highest-rated TV movie on RTL Television since *Die Sturmflut* (The Stormtide, February 2006), with an average audience of 7.5 million viewers across its two parts.

In the **UK**, both the first and second highest-rated entertainment shows of 2011 were FremantleMedia productions. Season eight of *The X Factor* (co-produced by Thames – the entertainment label of FremantleMedia UK – and Syco TV) was the highest-rated entertainment series of the year, with an average audience of 12.0 million viewers, and an average share of 57.6 per cent among young viewers aged 16 to 34 – three times higher than ITV 1's prime time average – while series five of *Britain's Got Talent* (co-produced by Thames and Syco TV) continued to prove popular, scoring an average total audience share of 41.7 per cent, making it ITV 1's second highest-rated entertainment series of the year.

"Our creative programming continued to inspire audiences worldwide in 2011, and our diversified business operations have meant we have continued to grow despite challenging market conditions."

TONY COHEN,
CEO, FREMANTLEMEDIA

Returning to UK screens in the spring, series seven of *The Apprentice* (from Mark Burnett Productions) was the most popular yet, attracting an average audience share of 43.1 per cent among young viewers aged 16 to 34 – 155 per cent above BBC 1's prime time average.

Airing two series in 2011, *Celebrity Juice* achieved an average audience share of 21.2 per cent among adults aged 16 to 34, exceeding ITV 2's prime time average by 550 per cent. On 27 October, *Celebrity Juice* won a peak audience of 3.1 million viewers, making it the highest-rated entertainment show across all UK multi-channels since 2002, and the most watched show ever on ITV 2.

Number of hours produced

Programmes	2011	2010
New	2,269	2,388
Returning	6,922	7,109
Total	9,191	9,497

Breakdown of hours produced by main markets

	2011	2010
USA	918	872
Germany	866	1,252
France	599	684
Italy	418	247
UK	347	355
Spain	41	249

In **Australia**, the fifth series of *Australia's Got Talent* on Network 7 significantly improved its performance year-on-year, attracting an average commercial share of 38.8 per cent for all viewers. *The X Factor*, also on Network 7, launched its second series in August 2011, attaining an average commercial share of 39.1 per cent for the target group of viewers aged 16 to 39. The third series of *Masterchef* retained its popularity with an average audience share of 33.5 per cent. Peaking with an audience of 2.7 million viewers for the season finale, *Masterchef* was the number one show on Network Ten in 2011.

The Farmer Wants A Wife had its most successful series to date in **France** and was the number one entertainment series on M6 for 2011, scoring an average audience share of 36.0 per cent in the commercial target group of housewives aged under 50. In the **Netherlands**, the most recent season of the show was the country's highest-rated entertainment show since 1995, with an impressive average total audience share of 57.9 per cent.

Elsewhere, the Danish version of *The X Factor* continued its ratings dominance with an average audience share of 66.8 per cent of the target group of viewers aged 15 to 50, while in Italy, the fifth series of *The X Factor* moved to Sky Uno and became the broadcaster's highest entertainment show ever, attaining an average share that exceeds Sky Uno's prime time average by over 20 times for the commercial target group of viewers aged 15 to 34.

FremantleMedia Enterprises (FME)

FremantleMedia Enterprises (FME) works with FremantleMedia's own brands and those of third parties to create additional revenue opportunities through international content distribution, licensing, new media and home entertainment.

FME's **drama** strategy continued to prove successful with new commissions and development deals from Europe, the United States and Australia. In Europe, the company's development relationship with Abbot Vision resulted in the commissioning of new drama, *Hit and Miss*, by Sky Atlantic HD, and a sale to Direc TV in the US.

Just two years since its launch, FME's **Kids & Family Entertainment** division has 15 titles in production, across four continents. The company is currently working on three co-productions with the BBC: *Tree Fu Tom*, due to launch in spring 2012, *Strange Hill High*, which will launch in the autumn, and *Aliens Vs Wizards*. FME signed a deal with Nickelodeon for worldwide broadcast rights to *Monsuno* – which will air in the US from February 2012 and in the UK from April – acquired *Really Me* from Fresh TV, and signed a global distribution and licensing deal for a new show, *Grojband*. A second series of *My Babysitter's A Vampire* was confirmed with Disney, following a successful launch earlier in the year.

FME and the US network Fox announced a partnership with Twitter, which allowed US fans of *The X Factor* to vote for their favourite contestant via the social network. Fans could also audition for the show online, via Youtube. In the UK, the Tap-to-Clap app, which allowed viewers to clap or boo along with the performances in the show, was especially successful with more than 1 million downloads. A record-breaking 122.4 million votes were cast following the *American Idol* performance show on 24 May 2011 – the highest number of votes in the show's history.

FME secured a number of deals for **brands outside television**. In the US, the company formed a partnership with Condé Nast for lifestyle brands *Self*, *Golf Digest* and *Epicurious*, and acquired representation rights for *The Endless Summer*, a beach culture and travel lifestyle brand. Meanwhile, a global rights deal with Bellator Fighting Championships will see FME exclusively representing the brand's international TV distribution rights, and handling the licensing, digital and ancillary rights for the US and international markets. Finally, FME has also become the licensing agent for Doodle Jump, one of the most popular I-Phone apps ever, seeking partners across consumer products, live events and publishing.

RTL NEDERLAND

Financial results

Total revenue at RTL Nederland increased significantly by 14.4 per cent to €491 million (2010: €429 million), reflecting higher advertising and non-advertising revenue for the profit centre's TV activities. Total EBITA rose by a massive 21.8 per cent to €134 million (2010: €110 million), due to higher profit contributions from both TV and radio activities.

The Dutch TV advertising market[14] was estimated to be up 4.0 per cent during 2011. Following strong performance in 2010, RTL Nederland continued to significantly outperform the market, with an estimated 47.7 per cent market share, up from 44.5 per cent in 2010. Once again, the company successfully translated its high audience shares into significantly higher shares of the advertising market.

In July 2011, RTL Group announced that it had exercised its put option towards Talpa Media Holding, and the transaction closed in December 2011. Following this put option, RTL Group exchanged Talpa Media's 26.3 per cent minority shareholding in RTL Nederland for the Group's 73.7 per cent interest in Radio 538, Radio 10 Gold and Slam FM. The impact of these transactions are described below under "Main portfolio changes".

The asset deal with Talpa Media, signed and closed in 2007, created significant value for RTL Group and also strengthened RTL Nederland. The profit centre's family of TV channels has reached new levels of profitability, with EBITA up from €68 million in 2006 to an exceptional €108 million in 2011.

	Year to December 2011 €m	Year to December 2010 €m	Per cent change
Revenue			
TV, Online & other	430	373	+15.3
Radio	61	56	+8.9
Total	**491**	**429**	**+14.4**
EBITA			
TV, Online & other	108	89	+21.3
Radio	26	21	+23.8
Total	**134**	**110**	**+21.8**

"We have reached the highest point ever with RTL Nederland. Our stations broke record upon record and our digital activities showed strong results as well. We have broadened our horizons succesfully and have ventured into new markets. We thank this achievement to our entrepreneurship, creativity and ambition. An accomplishment every RTL colleague can be proud of."

BERT HABETS,
CEO, RTL NEDERLAND

14 Spot and non-spot revenue

Audience ratings

RTL Nederland recorded the best viewer ratings since 1997: the profit centre's four free-TV channels achieved a combined prime time audience share of 35.2 per cent among viewers aged 20 to 49 (2010: 33.0 per cent). RTL Nederland remained clearly ahead of its main commercial competitor, SBS group (22.8 per cent), and the public broadcasters (25.3 per cent).

RTL 4 **TV audience share**
Source: SKO. Target: shoppers 20–49 (18–24h) 2007–2011 (%)

11	**20.1**
10	18.3
09	17.0
08	14.9
07	14.8

As in the previous two years, the ratings increase was driven by the flagship channel **RTL 4**, which grew its average prime time audience share from 18.3 to 20.1 per cent in the target group of shoppers aged 20 to 49. This was RTL 4's best full-year audience rating in 14 years, making it the market leader on all days except Sunday, when, among others, the Dutch version of *The Farmer Wants A Wife* was broadcast on the public channel, Nederland 1.

In January, the finale of the first season of interactive talent show *The Voice Of Holland* attracted an audience share of 58.4 per cent in the target group of shoppers aged 20 to 49. The second series started end of September 2011, and the 14 episodes aired until the end of 2011 scored an average audience share of 56.4 in the key target group, up 19 per cent on the previous season. Episode six of the second series topped the rankings by audience share, attracting 61.9 per cent of the target demographic.

Series three of *X Factor*, produced by Blue Circle (a FremantleMedia company), won an average audience share of 29.7 per cent. Other audience favourites in prime time were new launches such as *Hotter Than My Daughter*, *Iedereen Is Gek Op Jack*, *De Jongens Tegen De Meisjes*, and established formats such as *De TV Kantine, Ik Hou Van Holland* (I Love Holland), *All You Need Is Love* and *Holland's Got Talent*.

In access prime time, RTL 4's key programmes – including *RTL Boulevard*, *RTL Nieuws* and the long-running daily soap *Goede Tijden, Slechte Tijden* (Good Times, Bad Times) – continued to perform strongly.

RTL 5 finished 2011 with a 9.4 per cent audience share among 20 to 34-year-olds (up from 8.8 per cent in 2010) making it third in this demographic, behind RTL 4 and Nederland 1. The channel achieved its highest rating on Thursdays, with the reality soaps *Echte Meisjes In De Jungle* and *Oh Oh Tirol*. RTL 5 also performed well on Mondays, with

RTL 5 **TV audience share**
Source: SKO. Target: 20–34 (18–24h) 2007–2011 (%)

11	**9.4**
10	8.8
09	9.6
08	9.1
07	10.1

fashion and lifestyle programmes such as *Holland's* and *America's Next Top Model* and *Project Runway*, while *The Ultimate Dance Battle*, broadcast on Sundays, scored an average audience share of 14.1 per cent in the target group. In access prime time, cooking show *Topchef* continued to reach large audiences, with an average audience share of 13.9 per cent in the target demographic.

RTL 7 **TV audience share**
Source: SKO. Target: men 20–49 (18–24h) 2007–2011 (%)

11	**7.8**
10	7.1
09	6.7
08	6.9
07	6.7

RTL 7 had another record year, increasing its audience share in its main target group (men aged 20 to 49) to 7.8 per cent, from 7.1 per cent in 2010. Key pillars of the channel's schedule are the weekly football talk show *Voetbal International* – which had its best year ever, achieving a new ratings record in November with 919,000 viewers – sport shows such as *RTL 7 Tour du Jour*, *Life After Football* or *Leven Als Een Prof*, and movies for men. Live broadcasts of Europa League football matches, Formula 1 races, boxing fights and darts tournaments also attracted large audiences (up to 55 per cent in the target group). RTL 7's daytime line-up, RTL Z, improved its ratings by 16 per cent in 2011. An average 8.8 per cent of the target demographic tuned in to RTL Z between 8:30 and 18:00 (2010: 7.6 per cent).

RTL 8 **TV audience share**
Source: SKO. Target: women 20–49 (18–24h) 2008–2011 (%)

11	**3.3**
10	3.2
09	3.3
08	3.4

Meanwhile, the female-oriented **RTL 8** reported a prime time audience share of 3.3 per cent among women aged 20 to 49 in 2011 – stable compared to 2010 (3.2 per cent) and 2009 (3.3 per cent). The most popular programmes were the world's longest running soap opera, *As The World Turns* (average audience share among women aged 20 to 49: 7.3 per cent), and movies, some of which attracted audiences of more than double the channel's average.

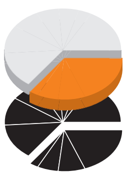
The children's line-up on RTL 8, *RTL Telekids,* achieved an average audience share of 5.4 per cent among 3 to 8-year-olds. At the end of September 2011, *RTL Telekids* expanded its programming with an extra half hour in the morning and an entirely new afternoon block on weekdays.

RTL Nederland's digital pay-TV channels regularly attract a large audience. In 2011, **RTL Lounge** reached nearly 5 million viewers above the age of 6, and 2.4 million female viewers aged 13 and older. On a monthly basis, RTL Lounge was regularly among the top five most watched thematic channels in its core target group of female viewers aged 13 and older. **RTL Crime** – launched in September 2011 – reached 4.1 million viewers and 2.1 million viewers in the 20 to 49-year-old demographic.

Hit radio station **Radio 538** plays a range of contemporary and recent chart music, plus dance music and R&B, presented by the most popular DJs in the Netherlands. In 2011, Radio 538 increased its average audience share among listeners aged 20 to 49 to 17.7 per cent (2010: 16.2 per cent), making it the country's leading radio station.

National audience breakdown

Source: SKO. Target: 20–49 (18–24h)



	2011 (%)
RTL 4	**19.2**
RTL 5	**7.6**
RTL 7	**5.9**
RTL 8	**2.5**
Nederland 1	13.9
SBS 6	10.7
Nederland 3	7.7
Veronica	6.6
Net 5	5.4
Nederland 2	3.7
Others	16.8

New media and diversification activities

RTL Nederland's network of websites – including the general portal, *RTL.nl*, the centralised platform for on-demand services, *RTLXL.nl*, thematic portals and a variety of websites dedicated to popular formats – increased its average number of unique users per month by a massive 115 per cent to 15.4 million (2010: 7.1 million). In April 2011, RTL Nederland acquired Buienradar, the country's most popular weather site. Thanks to this acquisition, RTL Nederland's digital reach increased by 50 per cent, making the company one of the biggest digital players in the Netherlands in December 2011. In June and August, Buienradar was the country's most visited website, with 7.3 and 7.1 million unique visitors respectively.

The number of video views grew by 44.3 per cent to 378 million in 2011 (2010: 262 million). The most popular streams were episodes of the soaps *Goede Tijden, Slechte Tijden* and *As The World Turns*, and clips from the talent shows *The Voice Of Holland* and *X Factor*, from *Dames En Heren In De Dop*, and from the *RTL Nieuws* website.

In March 2011, RTL Nederland launched a new dating site called Pepper. After just nine months, Pepper has become the strongest growing dating platform in the Netherlands and a top four player in the market.

The online restaurant reservation service, Couverts, acquired by RTL Nederland in September 2010, has become the country's market leader in terms of the number of restaurants offering real-time online reservations. The number of online reservations made via the Couverts system grew by 242 per cent year-on-year.

The mobile phone product Sizz – aimed at female consumers, and jointly designed by RTL Nederland and Vodafone Nederland – was launched in February 2011. In June, Sizz launched a free mobile application for all platforms, offering exclusive RTL Nederland content to subscribers. The application, which has registered more than 75,000 downloads, gives 24-hour access to numerous video clips and a range of RTL Nederland programmes, including *Goede Tijden, Slechte Tijden*, *The Voice Of Holland* and *As The World Turns*.

Throughout 2011, RTL Nederland launched a series of mobile apps for its most popular shows, including *The Voice Of Holland* (ThuisCoach app), *So You Think You Can Dance*, *Topchef* and *Wie Is De Chef?* The apps play an important part in involving consumers beyond the live viewing experience.

RTL Nederland was also involved in the production of various feature films in 2011. 1.9 million people saw the cinema version of the RTL 4 TV series *Gooische Vrouwen*, making it the country's most popular film of 2011.

RTL BELGIUM

Financial results

Although RTL Belgium's TV and radio activities generated higher advertising revenue, total revenue at the Belgian profit centre decreased slightly to €216 million (2010: €219 million), solely due to the deconsolidation of Belga Films (sold at the end of June 2010).

The net TV advertising market in French-speaking Belgium was estimated to be up 2.6 per cent, with RTL Belgium outperforming the market. Total EBITA of the profit centre increased to a new record of €46 million (2010: €45 million), reflecting a higher profit contribution from its radio activities.

	Year to December 2011 €m	Year to December 2010 €m	Per cent change
Revenue			
TV, Online & other	165	171	(3.5)
Radio	51	48	+6.3
Total	**216**	**219**	**(1.4)**
EBITA			
TV, Online & other	25	29	(13.8)
Radio	21	16	+31.3
Total	**46**	**45**	**+2.2**

"In 2011, RTL Belgium renewed its commitment to investing in strong content for its entire media portfolio – TV, radio and internet. This strategy once again paid off, resulting in a record EBITA for our company.""

PHILIPPE DELUSINNE,
CEO, RTL BELGIUM

Audience ratings

After record highs in 2009 and 2010, the combined prime time audience share of the RTL family of TV channels in the target group (shoppers aged 18 to 54) decreased to 37.8 per cent (2010: 38.3 per cent). Nevertheless, its lead over the public channels increased slightly to 20.9 percentage points (2010: 20.1 percentage points). In terms of total audience, the RTL family aired 85 of the top 100 programmes in the reporting period.

RTL-TVI **TV audience share**

Source: Audimétrie. Target: shoppers 18–54 (17–23h) **2007–2011 (%)**

11	**29.6**
10	30.0
09	28.9
08	26.3
07	26.8

RTL-TVI – the market-leading channel in French-speaking Belgium – achieved a prime time audience share of 29.6 per cent in the target group (2010: 30.0 per cent), 11.7 percentage points ahead of the second highest-rated channel, the French commercial broadcaster, TF1. RTL-TVI was again the clear market leader in terms of total audience share in prime time (27.0 per cent).

The channel's most watched programme of 2011 was the special news edition on the Liège shooting and grenade attack on 13 December 2011, with 943,302 viewers and a 50.9 per cent total audience share.

RTL-TVI's news programmes remained the clear favourite among viewers in French-speaking Belgium. With a total audience share of 45.0 per cent, the midday news again scored the highest ratings every day in 2011, while *Le Journal de 19 heures* was number one on all but three evenings, with an average total audience share of 46.1 per cent – 15.4 percentage points ahead of its direct competitor, *JT*, on the public channel La Une. RTL-TVI also continued to draw large audiences with its early-evening information programmes, including *Tout s'explique*, *Images à l'appui*, *Coûte que Coûte, Enquêtes* and the emblematic *Place Royale*, with all of the seven magazines being revamped in 2011, including new set designs and logos.

In access prime time, the factual entertainment show *Un dîner presque parfait* (Come Dine With Me) achieved an average audience share of 25.9 per cent in the main commercial target group of shoppers aged 18 to 54.

In prime time, the second season of *Top Chef* scored an average audience share of 34.2 per cent among shoppers aged 18 to 54, closely followed by the third season of the Belgian version of the romantic docu-soap *L'amour est dans le pré* (The Farmer Wants A Wife) with a 39.0 per cent share in this target group. In September, RTL-TVI successfully launched a new game show in prime time, *60 Secondes Chrono*, which achieved an average share of 32.6 per cent in the commercial target group. The highest rated US series were once again aired by RTL-TVI, including *Dr House*, *Desperate Housewives* and *Criminal Minds.* On Thursday evenings, traditionally reserved for films, RTL-TVI recorded an average audience share of 32.1 per cent in its main target group.

Club RTL **TV audience share**

Source: Audimétrie. Target: men 18–54 (17–23h) **2007–2011 (%)**

11	**5.5**
10	5.5
09	7.1
08	7.2
07	7.1

Club RTL ended the year with a prime time audience share of 5.5 per cent in its main target group of male viewers aged 18 to 54 – stable compared to 2010. The channel's morning schedule includes children's programmes, while its afternoon and access prime time line-up features shows for 'accompanied viewing' (programmes watched by adolescents with their parents) and includes *Les Simpson* (The Simpsons), one of the channel's signature programmes. During the year, RTL Belgium reinvigorated the Club RTL brand with a major marketing campaign, and gradually modernised the channel's programme schedule, with, among other changes, the launch of a new local magazine format, *100% Club*, broadcast weekdays at 18:30. Club RTL's evening programming includes major sporting events, such as Uefa Champions League football, and evenings of themed fiction programming. On 3 June 2011, the qualifying match for the 2012 European football championship – featuring Belgium vs Turkey – became the channel's most watched programme of 2011, attracting a total audience share of 46.5 per cent.

Plug RTL **TV audience share**

Source: Audimétrie. Target: 15–34 (17–23h) **2007–2011 (%)**

11	**3.4**
10	3.8
09	4.8
08	4.4
07	3.7

Plug RTL reported a prime time audience share among young viewers aged 15 to 34 of 3.4 per cent (2010: 3.8 per cent). The channel's flagship formats include popular entertainment programmes from Groupe M6 such as *D&Co* and *Pékin Express*, plus repeats of hit US series such as *CSI: New York*, *Lost* and *Heroes*.

According to the CIM audience survey covering April to June 2011, the Belgian radio family had a

Bel RTL — **Radio audience share**

Source: CIM Radio (Spring Wave). Target: 12+ — 2007–2011 (%)

11	16.6
10	18.8
09	17.2
08	19.5
07	19.6

Radio Contact — **Radio audience share**

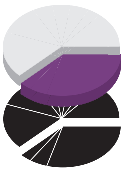
Source: CIM Radio (Spring Wave). Target: 12+ — 2007–2011 (%)

11	15.6
10	16.8
09	17.9
08	15.1
07	13.6

combined audience share of 32.2 per cent (January to June 2010: 35.6 per cent), with **Bel RTL** being the number one radio station in the French community (audience share: 16.6 per cent) and **Radio Contact** being the leading music radio station (audience share: 15.6 per cent). The two Belgian RTL stations remained far ahead of the third ranked radio station, Viva Cité RTBF, with an audience share of 12.5 per cent. Bel RTL and Radio Contact achieved a combined audience share of 34.2 per cent in the commercial target group of 12 to 54-year-olds, compared to 25.7 per cent for the five RTBF public stations combined.

French-speaking Belgium audience breakdown

Source: Audimétrie. Target: shoppers 18–54 (17–23h) — 2011 (%)



RTL-TVI	**29.6**
Club RTL	**5.1**
Plug RTL	**3.1**
TF1	17.9
La Une	11.4
La Deux	5.5
AB 3	5.1
France 2	5.1
France 3	3.6
Others	13.6

New media and diversification activities

Over the year, **RTL New Media** – the profit centre's digital unit – launched several new services to strengthen its online market position. A new general interest website, *RTL.be*, which went online in April, unites the existing websites of RTL Belgium's TV channels and radio stations, thematic sites *RTLinfo.be* and *RTLsport.be*, and three new sites – RTL People, RTL Loisirs and RTL Services.

RTL.be has quickly become a standard in French-speaking Belgium. The number of unique visitors per month increased from 1.13 million in April 2011 to 1.74 million in December 2011, making it the most rapidly growing website in Wallonia. In October, *RTL.be* expanded its services with games (RTL Jeux) and regional daily news (*Ma Commune*).

In June, RTL Belgium's New Media team launched an I-Pad app that allows users to access the entire content of *RTL.be*. The app was downloaded 170,000 times between its launch and the end of the year. In October, the profit centre launched a 'second screen' app for I-Phone and I-Pad that makes it possible to watch TV programmes in a synchronised fashion. These new apps give viewers the chance to discover more about the shows they love, to interact with others through chat features and to vote or participate in contests.

As a result of this activity, the number of video views across RTL Belgium's websites increased by 27 per cent to 36.1 million in 2011.

RTL RADIO (FRANCE)

Financial results

In a net radio advertising market estimated to be stable year-on-year, the French radio profit centre reported a revenue of € 184 million (2010: € 182 million). As the leader in its market, the French RTL radio family continued to pursue its strategy of preserving its airtime value, increasing listener loyalty, and attracting new advertising clients to radio. As a result of this strategy, the profit centre's net advertising share increased to 26.3 per cent (2010: 25.9 per cent).

Due to this fact, and to the cost reduction plan implemented from 2009 to 2011, reported EBITA increased by 25 per cent to €30 million (2010: €24 million).

	Year to December 2011 €m	Year to December 2010 €m	Per cent change
Revenue	**184**	**182**	**+ 1.1**
EBITA	**30**	**24**	**+ 25.0**

Audience ratings

As in previous years, RTL Radio in France confirmed strong audience leadership. RTL Radio, RTL 2 and Fun Radio achieved a combined average audience share of 19.2 per cent, almost stable compared to 2010 (19.3 per cent). The RTL radio family increased its lead on its main commercial competitors – the radio families of NRJ (14.5 per cent, down 0.3 percentage points on 2010) and Lagardère (12.6 per cent, down 1.0 percentage point on 2010).

RTL Radio — **Radio audience share**

Source: Médiamétrie. Target: 13+ — **2007–2011 (%)**

11	12.1
10	12.4
09	12.4
08	13.0
07	12.8

Despite a competitive environment for the major general-interest radio stations, **RTL** remained the clear number one station in France for the ninth consecutive year. With an average audience share of 12.1 per cent (2010: 12.4 per cent), RTL was the only radio station in France with an audience share of over 10 per cent. The flagship station was also again the clear leader on all other key ratings criteria, delivering an average cumulated audience of 6.4 million daily listeners (down 0.1 million on 2010) and an average daily time spent listening of 141 minutes (up 1 minute on 2010).

The station's ability to produce popular broadcasts remained undisputed. In September 2011, RTL Radio launched a humorous late morning show, *A la bonne heure*, hosted by Stéphane Bern. Combined with the station's popular traditional formats – including *Ca peut vous arriver*, and the legendary afternoon hit show, *Les Grosses Têtes* – plus the two shows launched in 2010 – Jacques Pradel's *L'heure du Crime* and Flavie Flament's new interactive talk show *On est fait pour s'entendre* – RTL achieved its highest ratings in ten years for an autumn schedule, with an average of 6.43 million listeners a day during September and October 2011.

RTL is also a leading provider of news, delivering extensive coverage of all domestic and international events, plus sports coverage. During 2011, the station attracted 3.9 million listeners each day for its prime time news programme (2010: 4 million), representing a total audience share of 13.8 per cent (2010: 14.1 per cent).

Unlike other general-interest stations in France, music remains another anchor of RTL Radio's programming schedule, with shows such as *Stop ou encore* broadcasting a range of music from pop to classical. In 2011, international stars from a range of genres performed live intimate showcases on the station, including Lady Antebellum, James Blunt, French icon Johnny Halliday, American crooner Tony Bennett and Chinese piano prodigy Lang Lang.

Fun Radio **Radio audience share**

Source: Médiamétrie. Target: 13+ 2007–2011 (%)

11	**4.2**
10	4.1
09	3.8
08	3.8
07	3.8

Fun Radio had its best ever year, gathering more than 4.0 million listeners a day. In a musical radio segment that continued to decline by 0.6 percentage points in 2011, the station once again increased its audience share to 4.2 per cent (2010: 4.1 per cent), its highest rating since 2001. The station was the number one or two music radio station in 44 major French cities. Nationwide, it was the second highest rated music radio station from January to March and November to December 2011, according to the Médiamétrie audience survey. A new morning show launched in September 2011 – *Bruno dans la radio*, hosted by Bruno Guillon – attracted 1.8 million listeners, exceeding the ratings of its predecessor.

RTL 2 **Radio audience share**

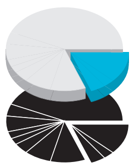
Source: Médiamétrie. Target: 13+ 2007–2011 (%)

11	**2.9**
10	2.8
09	2.9
08	3.0
07	3.0

Offering the best of domestic and international pop–rock, **RTL 2** delivered a strong audience performance in 2011. Despite operating in a depressed segment, RTL 2 increased its audience share slightly to 2.9 per cent in 2011 (2010: 2.8 per cent). With a popular format of news, music and games, the morning show, *Le Grand Morning*, hosted by Christophe Nicolas and Agathe Lecaron, beat its previous records, gathering 2.5 million listeners a day (2010: 2.4 million). The pop–rock station went on tour in 2011, bringing its music closer to listeners in Lyon, Rennes, Lille, Bordeaux and Marseille with live shows and concerts.

National audience breakdown

Source: Médiamétrie. Target: 13+ 2011 (%)



General-interest radio networks	
RTL	**12.1**
France Inter	9.8
Europe 1	7.5
Music radio networks targeting adults	
RTL 2	**2.9**
Nostalgie	4.2
Chérie FM	2.6
RFM	2.8
Music radio networks targeting young listeners	
Fun Radio	**4.2**
NRJ	6.0
Skyrock	4.6
Other formats	43.3

New media and diversification activities

RTL Net – the profit centre's dedicated digital subsidiary – increased its audience in 2011 by a massive 35 per cent, with almost 10 million unique visits per month.

RTL Radio's website, *RTL.fr*, reinforced its position as market leader among the websites of the general-interest radio stations, with 2.6 million unique visitors per month (2010: 2.7 million). The website continued to develop its offering in a variety of fields, ranging from consumer advice to horse racing and astrology. These thematic websites attracted more than 850,000 unique visitors each month, representing an increase of 56 per cent.

In line with the profit centre's digital strategy, RTL podcast downloads increased by 42 per cent over the year to 4.2 million. As a result, RTL reached second place in the Catch-Up Radio Médiamétrie survey during September 2011, and top of the survey in December 2011.

Social networking communities are a top priority in the profit centre's digital strategy. During 2011 efforts focused on making Fun Radio the highest-ranking French media brand on Facebook. This resulted in over 1.1 million fans for the station at the end of the year. Meanwhile, general-interest radio station RTL gained popularity on Twitter, with more than 110,000 followers.

Finally, 2011 was the year of mobile applications for RTL Net, with the aim of making all RTL stations available on all platforms, including I-Phone, Android and Blackberry. RTL was the first French radio station to launch an I-Pad app, in May 2011. The launch resulted in over 60,000 downloads, and the app was selected by Apple for its I-Pad 2 advertising campaign on French TV. A total of 15 apps were launched during 2011, bringing the profit centre's total to 21, and representing around 2.7 million downloads.

RTL Special Marketing, the diversification branch of the RTL French radio family, worked with Groupe M6 channels to hold its third *Starfloor* live dance event in Paris, in November 2011. The event culminated in a sold-out concert at which 17,000 people enjoyed performances from acts such as David Guetta, Pitbull and Flo Rida.

Despite the music market in France being estimated to have fallen by 3.9 per cent in 2011, four dance compilation CDs launched by RTL Special Marketing reached the top of the French charts in 2011, selling a total of 430,000 copies during the year, up 23 per cent on 2010 (350,000 copies).

"RTL Radio – leader on air, and now also leader on digital."

CHRISTOPHER BALDELLI,
CEO, RTL RADIO (FRANCE)

OTHER SEGMENTS

This segment comprises the fully consolidated businesses RTL Klub (Hungary), RTL Hrvatska (Croatia), and RTL Group's Luxembourgish activities, the German radio business, UFA Sports and the at-equity participation in Grupo Antena 3 (Spain).

"In another challenging year in terms of advertising and audience fragmentation, RTL Klub managed to maintain its leadership position in terms of both audience and commercial share. Through its recent cable acquisition, RTL Klub has secured a family of channels that will help improve its audience share as the market moves towards full digitalisation."

DIRK GERKENS,
CEO, RTL KLUB

RTL Klub — **TV audience share**

Source: AGB Hungary. Target: 18–49 (prime time) — 2007–2011 (%)

11	29.8
10	29.1
09	30.7
08	32.6
07	34.8

RTL Klub in Hungary: The advertising market in Hungary was down by an estimated 7.5 per cent with RTL Klub slightly under-performing, due to the strong growth of the cable channels, resulting in a decrease in share to 47.9 per cent (2010: 48.6 per cent). Consolidated revenue of RTL Klub decreased to €99 million (2010: €105 million), while EBITA was €15 million (2010: €19 million).

At the end of 2011, more than 88 per cent of Hungarian households had access to multichannel services, while the total number of Hungarian-speaking channels increased to more than 100. Despite this increasing audience fragmentation, RTL Klub's prime time audience share in the key demographic of 18 to 49-year-old viewers increased to 29.8 per cent (2010: 29.1 per cent). This was driven by audience favourites such as the reality show *Való Világ*, the talent shows *X-Faktor* and *Csillag születik*, the daily soap *Barátok közt* (Between Friends) and RTL Klub's news and information programmes. Consequently, the channel extended its lead over its closest rival, TV2, from 6.5 to 10.5 percentage points in prime time – the biggest gap since the launch of commercial TV in Hungary. RTL Klub was the most-watched channel in the target group on 348 out of 365 evenings, and aired all of the 100 most-watched TV programmes of the year.

The channel's catch-up TV service, RTL Most, registered 66.8 million long-form video views in 2011, up 80 per cent year-on-year (2010: 37.1 million), while other online video views more than doubled to 113 million.

In December 2011, RTL Group acquired seven Hungarian cable channels, plus additional shares in the country's market-leading channel, RTL Klub, taking the Group's holding to 100 per cent. The new portfolio – which includes strong brands Film Plus and Cool TV – provides the ideal platform on which to build a complementary family of channels and maintain leadership in the highly competitive Hungarian market.

National audience breakdown

Source: AGB Hungary. Target: 18–49 (prime time) 2011 (%)

	2011 (%)
RTL Klub	**29.8**
TV 2	19.3
Viasat	4.7
MTV 1	4.3
Others	41.9

RTL Hrvatska in Croatia: In a TV advertising market that continued to decline – by an estimated 3.6 per cent in 2011 – revenue of RTL Hrvatska was almost stable at €37 million (2010: €38 million). The profit centre's net TV advertising market share increased to 41.4 per cent (2010: 40.6 per cent). EBITA improved from minus €3 million in 2010 to a break-even position, following cost savings in all areas. The profit centre's operating free cash flow was positive for the second consecutive year and amounted to €2 million (2010: €4 million).

In January 2011, the profit centre launched its second channel, RTL 2. During the year, the channel achieved an average audience share of 4.9 per cent in the main commercial target group of viewers aged 18 to 49. RTL 2 is positioned to complement the general-interest channel RTL Televizija, and has already become the most-watched second-generation channel. Among its most popular programmes were sitcoms *The King Of Queens*, *Raymond*, *How I Met Your Mother* and *Malcolm In The Middle*.

RTL Televizija **TV audience share**

Source: AGB Nielsen Media Research. Target: 18–49 2007–2011 (%)

11	**20.6**
10	24.5
09	26.2
08	26.4
07	28.3

The audience share of the flagship RTL Televizija was 20.6 per cent among young viewers, down from 24.5 per cent in 2010. This decrease was more than compensated by the launch of RTL 2. As a result, the RTL family's overall audience share in the target group increased by 1.0 percentage point to 25.5 per cent.

Local programmes, or local adaptations of international hit formats, continued to be a vital part of

"The new small family of channels helped us to grow our audience despite fragmentation."

JOHANNES ZÜLL,
CEO, RTL HRVATSKA

RTL Televizija's schedule throughout 2011. In March, *Big Brother* returned to RTL Televizija after a three-year break and scored excellent ratings, with an average audience share of 30.2 per cent in the target group. It was the first transnational edition of the reality show, gathering a total of 16 candidates from five countries. Other successful prime time programmes were the third season of the talent show *Hrvatska traži zvijezdu* (Idols) and the factual entertainment format *Jezikova juha* (Kitchen Nightmares).

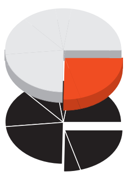
In autumn 2011, RTL Televizija introduced a new access prime time line up, significantly increasing the airtime of local formats. The afternoon programme now starts with a 15-minute news summary, *RTL 5 do 5* (RTL 5 To 5), followed by *Vecera za 5* (Come Dine With Me), celebrity magazine *Exkluziv Tabloid* and the main news format, *RTL Danas*, which reached an average audience of 33.0 per cent of the target group (2010: 32.1 per cent).

At 19:00, the newly launched scripted reality series *Krv nije voda* (Family Affair) achieved an average audience share of 24.2 per cent among viewers aged 18 to 49, while the new daily drama *Ruza vjetrova* (Rose of the Winds) – produced locally by FremantleMedia – has been scheduled for prime time at 20:00, marking its growing popularity since its launch in August.

Throughout 2011, RTL Hrvatska continued to expand its digital services with the redesign of its website, *RTL.hr*, in July, and the launch of the catch-up TV service RTL Sada (RTL Now) in September, as well as mobile apps for Android smartphones.

National audience breakdown

Source: AGB Nielsen Media Research. Target: 18–49 2011 (%)



	2011 (%)
RTL Televizija	**20.6**
RTL 2	**4.9**
Nova	22.9
HTV 1	15.1
HTV 2	9.4
Doma	4.5
Others	22.6

"RTL Lëtzebuerg is a complementary media family, reaching 82.4 per cent of all Luxembourgers every day."

ALAIN BERWICK,
CEO, RTL LËTZEBUERG

In 2011, RTL remained the number one media brand in the Grand Duchy of Luxembourg. Combining its TV, radio and internet activities, the **RTL Lëtzebuerg** media family achieved a daily reach of 82.4 per cent of all Luxembourgers aged 12 years and over (2010: 81.6 per cent).

When it comes to news and entertainment, RTL Radio Lëtzebuerg continues to be the station inhabitants turn to, with a new record of 200,000 listeners each weekday. Meanwhile, RTL Télé Lëtzebuerg scored a prime time audience share of 47.7 per cent (Luxembourgish viewers aged 12 and over, Monday to Friday, 19:00 to 20:00).

RTL Télé Lëtzebuerg now broadcasts its entire content in HD and has enriched its news services, with a newly launched 10-minute investigative magazine, *Magazin – De Reportage*, airing weekdays at 19:00. In access prime time, *20vir Spezial* deals with topics such as recreation, gastronomy and consumer advice. RTL Télé Lëtzebuerg has brought the famous US animated series, *The Simpsons*, to viewers in Luxembourgish every Sunday in access prime time, and launched the first Luxembourgish sitcom, *Weemseesdet*, in September 2011.

RTL Lëtzebuerg's portal, *RTL.lu*, is the country's most visited website, with a daily reach of 19.5 per cent among Luxembourgers aged 12 and over. RTL launched several mobile apps for the I-Phone, I-Pad and Android devices during the year. The apps feature news, cultural calendars, catch-up TV services and live radio. All applications are free of charge, and are among the most downloaded applications in Luxembourg, recording over 200,000 downloads.

In 2011, **BCE**, RTL Group's technical services provider, continued the engineering project for the French-German public broadcaster Arte in Strasbourg, and the multimedia installation for the Kirchberg European Centre in Luxembourg. The company provided Viasat MTG in Latvia with two new channels, worked on projects in Morocco and the United Arab Emirates, and launched a new channel – RTL Crime – for RTL Nederland and AIR, a French-speaking TV station. BCE upgraded Luxembourg's Parliament channel to 16:9 in autumn 2011, produced promotional videos for the Luxembourg government, and helped RTL Group prepare for the launch of its first channel in India. Other IT projects supported Talkback Thames, FremantleMedia France and FremantleMedia's headquarters in London. Finally, BCE installed a new high-power long-wave transmitter for RTL Radio in France, covering over 60 per cent of the French population, and reducing energy costs by 30 per cent.

RTL Lëtzebuerg — **Daily reach**

Source: TNS-ILRes Plurimedia 2011. Target: Luxembourgers 12+

	2011 (%)
RTL Radio Lëtz.	58.1
RTL Télé Lëtz.*	37.9
RTL.lu	19.5
RTL Lëtzebuerg	82.4

*Including Den 2. RTL

"2011 was a positive year for us in many ways. As well as being financially successful, we developed our portfolio, and our stations continued to increase their ratings and to significantly outperform the German radio market. These successful ratings provide a strong foundation for the forthcoming year."

GERT ZIMMER,
CEO, RTL RADIO DEUTSCHLAND

In 2011, **RTL Radio Deutschland** – RTL Group's German radio holding company – achieved an EBITA of €11 million (2010: €9 million). Revenue grew due to scope changes to €52 million (2010: €41 million).

While commercial radio in general grew its average hourly reach by 1.3 per cent year-on-year in the key 14 to 49-year-old demographic, the stations of RTL Radio Deutschland's portfolio significantly outperformed the market with an increase of 8.2 per cent.

In Berlin – Germany's most competitive radio market with more than 30 FM stations – 104.6 RTL once again defended its market leadership. For the first time in the station's history, and just in time for its 20th anniversary in September 2011, the station also became the overall market leader in Berlin and Brandenburg. The station increased its audience share from 15.6 per cent to 17.2 per cent among 14 to 49-year-olds, and from 10.5 per cent to 11.8 per cent among listeners aged 10 and over. RTL Radio Center Berlin's second station, 105.5 Spreeradio, also maintained its large audience of recent years. With a market share of 9.5 per cent among listeners aged 10 and over, the station continued to be one of the three most listened-to radio stations in Berlin.

In Saxony, Hitradio RTL Sachsen recorded the steepest audience growth of any radio station in Germany, climbing from a market share of 6.9 per cent among listeners aged 10 and over to 12.1 per cent. Never before in recent years have so many people in the federal state tuned in to the RTL station. In Saxony-Anhalt, the Funkhaus Halle broadcasting centre also managed to increase its market share, from 17.9 per cent to 18.6 per cent among listeners aged 10 and over, with its two radio stations, 89.0 RTL and Radio Brocken. In Hamburg, Radio Hamburg once again set standards and remained the undisputed market leader with a market share of 23.1 per cent among listeners aged 10 and over (22.5 per cent in 2010).

Also in 2011, RTL Radio Deutschland launched The Wave – an original online radio station offering music beyond the mainstream. The programme provides listeners all over Germany with uninterrupted relaxing sounds ranging from smooth jazz to pop, and from singer/songwriter tunes to soul and lounge music. The Wave is a collaboration across RTL Group, with hourly news provided by N-TV in Cologne.

At the end of the year RTL Group's German radio portfolio comprised investments in 19 stations, most of which are minority holdings because of constraints in media ownership in Germany. All portfolio stations reach a total of 27.2 million listeners per day, and have a combined average audience of more than five million listeners per hour.

Following its re-establishment in 2008, sports marketing agency **UFA Sports** continued to grow its portfolio in 2011. UFA Sports signed new partnership agreements with second league football club Alemannia Aachen and the Bundesliga handball team Füchse Berlin, extended its deal to market the global TV rights for Eurasia's Kontinental Hockey League (KHL) until 2015, and was mandated to exclusively market all home matches of the current football world champion, Spain, in key Asian territories including China, India and Japan.

In May 2011, Match Hospitality AG appointed UFA Sports as its exclusive agent in Germany for the sale of the official hospitality programmes for the 2014 Fifa World Cup in Brazil and the Fifa Confederations Cup 2013. In November 2011, Uefa appointed UFA Sports as its authorised sales agent for the Uefa Euro 2012 corporate hospitality programme 'Club Prestige' in the Czech Republic, Slovakia and other Central and Eastern European countries. Mainly driven by strong sales of media rights for the 2011 Handball World Championships for men – which took place in Sweden in January 2011 – the company achieved a positive operating result.

Antena 3 — **TV audience share**

Source: TNS Sofres. Target: 16–54 — **2007–2011 (%)**

11	**11.7**
10	11.8
09	15.4
08	16.8
07	17.8

Grupo Antena 3 in Spain: After a strong recovery in 2010, the Spanish net TV advertising market declined by an estimated 10 per cent in 2011. Grupo Antena 3 again clearly outperformed the market, with the company's net TV advertising decreasing by 1.4 per cent. As a result, the channel's net share of the Spanish TV advertising market increased to 30.6 per cent (2010: 27.9 per cent).

On a 100 per cent basis, consolidated revenue of Grupo Antena 3 declined to €805 million (2010: €808 million), while operating profit (EBITDA) decreased to €124 million (2010: €157 million) and net profit was down to €93 million (2010: €109 million). The profit share of RTL Group was €20 million (2010: €24 million).

In 2011, the Grupo Antena 3 family achieved a combined audience share of 18.4 per cent in the commercial target group of viewers aged 16 to 54, up significantly from 16.9 per cent in 2010. This increase was driven by higher ratings of the company's digital channels, Neox, Nova and Nitro. The main channel, Antena 3, attracted an audience share of 11.7 per cent in the commercial target group of viewers aged 16 to 54, almost stable compared to 2010 (11.8 per cent), despite continued audience fragmentation.

Neox, aimed at young adults, was again the leading Spanish digital channel, with an audience share of 3.6 per cent in the commercial target group, up from 2.9 per cent in 2010. Nova, a female-skewed lifestyle channel, reported a stable audience share of 1.7 per cent, while Nitro, launched in 2010 for male viewers, increased its share from 0.5 per cent in 2010 to 1.4 per cent in 2011.

In December 2011, Grupo Antena 3 and La Sexta signed an agreement for the merger of the two broadcasting companies. La Sexta will be absorbed into Grupo Antena 3, whose Board of Directors approved the operation on 14 December 2011.

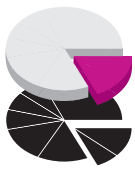
According to the agreements, La Sexta's shareholders will receive 7 per cent of the share capital of the new Grupo Antena 3, in exchange for the assignment of all assets and liabilities in the company. To enable this transaction, Grupo Antena 3 will first increase its capital by means of a new share issue. In addition, the agreement includes the allocation of an additional stake of up to 7 per cent to the shareholders of La Sexta in a graduated manner and subject to the achievement of a series of targets linked to the results of the new group in the period 2012 to 2016.

The execution of the merger and the supplementary agreements is pending the necessary regulatory and antitrust approvals. Moreover, Grupo Antena 3 will submit the transaction for approval at its next Ordinary General Shareholders' Meeting, to be held in April 2012.

By incorporating La Sexta's TV channels, the new Grupo Antena 3 augments its strong presence in other markets – such as radio, advertising and cinema – with a leading proposal in the TV business: a family of eight channels (Antena 3, La Sexta, Neox, Nova, Nitro, La Sexta 2, La Sexta 3 and Gol TV, the latter on a lease basis) will provide a complementary and varied offer to meet the needs of both viewers and advertisers. RTL Group owns a stake of 21.7 per cent in Grupo Antena 3 (2010: 21.5 per cent).

National audience breakdown

Source: TNS Sofres. Target: 16–54 — **2011 (%)**



Antena 3	**11.7**
Grupo Antena 3 digital channels	**6.7**
TVE (TVE 1 + La 2)	14.3
Telecinco	13.8
Cuatro	7.9
La Sexta	7.2
Forta	7.2
Others	31.2

Main portfolio changes

On 1 April 2011, RTL Group completed the acquisition of Buienradar. Buienradar is the largest internet site in The Netherlands providing real-time weather information. Through the acquisition of Buienradar, RTL Nederland will become the fourth biggest digital network and will help with the Group's strategy to become a top five player in the fast-growing online market.

On 1 June 2011, RTL Group acquired 100 per cent of Slam FM, a Dutch radio station.

On 10 June 2011, RTL Group swapped its 30 per cent stake in Ren TV for a 7.5 per cent shareholding in National Media Group (NMG). NMG's main assets are shareholdings in Channel 1, CTC, NMG TV including Ren TV and Channel 5, and newspaper *Izvestia.*

On 25 July 2011, RTL Group completed the acquisition of the remaining non-controlling interests in RTL Televizja taking the Group's stake to 100 per cent.

On 5 August 2011, the Group completed the acquisition of Netzathleten, the leading operator of vertical content networks in the German-speaking market.

On 28 July 2011, RTL Group exercised its put option towards Talpa Media Holding to regain Talpa Media's 26.3 per cent non-controlling shareholding in RTL Nederland (Dutch TV operations) in exchange for its interests held in the Dutch radios, Radio 538, Radio 10 Gold and Slam FM.

RTL Group and Talpa Media agreed on 1 September 2011 to accelerate the transfer of shares before 31 December 2011. On 29 December 2011, RTL Group and Talpa Media agreed on the final completion of the asset swap and the related payments. RTL Group recognised a capital gain on the disposal of the Dutch radio stations for an amount of €107 million, derived from the measurement at fair value of 26.3 per cent of RTL Nederland included in the consideration received.

The acquisition of the 26.3 per cent non-controlling shareholding in RTL Nederland qualified as an equity transaction with an impact of €(273) million on RTL Group owner's equity

On 28 July 2011, RTL Group signed an agreement with IKO and certain other entities to acquire its stake of 31 per cent in M-RTL and the control of a portfolio of seven Hungarian language cable channels. Once the approval of the Hungarian Competition Office was received, the transactions were completed on 20 December 2011. On 31 August 2011 RTL Group acquired an additional 2 per cent in M-RTL.

The acquisitions provide the opportunity for RTL Group to build a family of channels in the very fragmented Hungarian market and to develop synergies for reducing the cost basis.

On 16 December 2011, RTL Group concluded an agreement with Demco, non-controlling shareholder, to fully dispose of the shares held in Alpha Media Group (AMG). The deal was closed on 20 February 2012. At 31 December 2011, AMG is classified in disposal group and qualifies as a discontinued operation.

Share of results of associates

EBITA contribution	Year to December 2011 €m	Year to December 2010 €m	Per cent change
– Grupo Antena 3	20	24	(16.7)
– RTL II	13	14	(7.1)
Others	5	2	>100.0
Total	**38**	**40**	**(5.0)**

The total contribution of the associated companies decreased to €38 million (2010: €40 million). The main reason for this was the weaker results at Grupo Antena 3.

Interest income/(expense) and financial results other than interest

Net interest expense amounted to €2 million (2010: income of €12 million) and is primarily due to tax-related interest expenses compared to income in 2010.

The financial results other than interest include the re-measurement of put options at fair value at year-end and change in fair value on other financial assets.

Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries, joint ventures and associates

This heading includes the costs related to the amortisation of fair value adjustments on the acquisitions of M6 and Radio 538. The majority of the expense relates to M6.

Impairment of investment in associates

An impairment loss, mainly related to a Group production company, was recorded amounting to €6 million (2010: €3 million)

Gain/(Loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree

A non-cash net gain of €107 million from the sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree was recognised in 2011 (2010: loss of €7 million).

Income tax expense

In 2011, the tax expense was €302 million (2010: expense of €263 million).

Following the PLP agreement (see heading "Related party transactions"), which was approved by the

Board on 26 June 2008, a commission income of €69 million, representing 50 per cent of the tax benefit generated at the level of Bertelsmann AG, has been recorded in tax for the year (2010: €56 million).

Loss from discontinued operations

The loss from discontinued operations for the year of €96 million relates mainly to Alpha Media Group (2011: loss of €98 million which includes an EBITA loss of €23 million compared to €21 million in 2010).

Profit for the year attributable to RTL Group shareholders

The profit for the year attributable to RTL Group shareholders was €696 million (2010: €611 million).

Earnings per share

Reported earnings per share, based upon 153,618,853 shares, was €4.53 (2010: €3.98 per share).

Net cash position

The consolidated net cash position at 31 December 2011 was €1,238 million (31 December 2010: €1,456 million). The Group continues to generate significant operating cash flow with an EBITA cash conversion of 104 per cent (2010: 110 per cent).

	As at 31 December 2011 €m	As at 31 December 2010 €m
Gross balance sheet debt	(53)	(188)
Less: loans receivable[15]	–	1
Gross financial debt	**(53)**	**(187)**
Add: cash and cash equivalents	701	841
Add: marketable securities and other short-term investments	–	8
Add: cash deposit and -pooling	590	794
Net cash position	**1,238**[16]	**1,456**

Own shares

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

RTL Group directly and indirectly holds 0.76 per cent (2010: 0.76 per cent) of RTL Group's shares.

Related party transactions

Financing

As at 31 December 2011 RTL Group had various deposits (overnight and up to three months) amounting to €589 million (2010: €794 million) with Bertelsmann AG. These deposits bear an interest rate of either EONIA or EURIBOR plus 10 basis points depending on the duration of the deposit. The overnight deposit has subsequently been rolled over. The total interest income on these deposits for the period ending 31 December 2011 amounted to €8 million (2010: €5 million).

Bertelsmann AG granted to RTL Group pledges on all shares of its wholly owned French subsidiary Media Communication SAS and of its wholly owned Spanish subsidiary Media Finance Holding SL as security for all payments due by Bertelsmann AG.

In October 2008, Bertelsmann AG granted to RTL Group a further pledge covering all the shares of its 73.4 per cent owned German subsidiary Gruner + Jahr AG & Co KG as security for all payments due by Bertelsmann AG.

In November 2008, Bertelsmann AG granted to RTL Group a further pledge covering all the shares of its wholly owned UK subsidiary Bertelsmann UK Limited as security for all payments due by Bertelsmann AG.

In December 2011, RTL Group Deutschland GmbH, a Group company, and Bertelsmann AG entered into an agreement related to the deposit of surplus cash by RTL Group Deutschland GmbH with Bertelsmann AG. Bertelsmann AG pledged to RTL Group Deutschland GmbH its aggregate current partnership interest in Gruner + Jahr AG & Co KG as well as all additional partnership interests in Gruner + Jahr it may create or acquire as security for all payments due by Bertelsmann AG. As at 31 December 2011 the three-month deposit of RTL Group Deutschland GmbH with Bertelsmann AG amounted to €50 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 Bertelsmann Capital Holding GmbH ("BCH"), a direct subsidiary of Bertelsmann AG.

To that effect, RTL Group, through 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 ("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

15 The loans receivable relate to TCM (via Groupe M6)
16 Of which €327 million held by Groupe M6 (2010: €379 million)

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 utilised 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.

These Agreements increase the Group's net profit. As at 31 December 2011, the balance payable to BCH amounts to €278 million (2010: €406 million) and the balance receivable from Bertelsmann AG amounts to €209 million (2010: €350 million).

The Commission recognised by CLT-UFA, a direct subsidiary of RTL Group, in 2011 amounts to €69 million (2010: €56 million).

Share option plan

In July 2000, RTL Group launched a share option programme for certain directors and employees. As no options were exercised before the expiry of the years from the date of the grant, the programme was closed during the year.

Significant litigations

RTL Group is party to legal proceedings in the normal course of its business, both as defendant and claimant.

Most of these 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 likely and when it is possible to make a reasonable estimate of the expected financial effect of a proceeding. The publication of this information on a case-by-case basis, however, would seriously prejudice the company's position in the ongoing legal proceedings or in any related settlement discussions.

The main legal proceedings to which RTL Group is a party are disclosed below.

RTL II filed, in November 2008, legal actions against IP Deutschland, a 100 per cent subsidiary of RTL Group, and Seven One Media ("SOM") as a result of the proceedings in 2007 of the German Federal Cartel Office against the discount scheme agreements ("share deals") offered by IP Deutschland and SOM. MTV Networks (Viacom) filed a similar action against IP Deutschland in August 2009 while Tele München TV (Tele 5) filed an action on 1 December 2009. RTL II, Viacom and Tele 5's claims are currently limited to access to information on the basis of which the claimants want to evidence that they suffered damages from these discount schemes. Courts in Munich and Düsseldorf decided in the first instance either to dismiss the claims or to order expert opinions.

In addition, in May 2010, the German Federal Cartel Office searched the offices of Mediengruppe RTL Deutschland, in connection with an investigation for an alleged coordination with ProSiebenSat1 Media AG of its strategy towards platform operators concerning both the encryption of the free-TV signal and signal protection measures. It is expected that the Federal Cartel Office will raise allegations of coordination between Mediengruppe RTL Deutschland and ProSiebenSat1 Media AG and will take a decision before the end of 2012.

Principal risks and uncertainties

Principal risks and uncertainties are disclosed in note 3. to the consolidated financial statements for the financial risks (pages 180 to 186) and in the section "Corporate Governance" on the *RTLGroup.com* website for the external and market risks.

Corporate governance statement

The RTL Group Board of Directors recognises the importance of, and is committed to, high standards of corporate governance. RTL Group has been applying the principles of good governance for years, even before the implementation of The Ten Principles of Corporate Governance issued by the Luxembourg Stock Exchange, principles to which RTL Group is in line with and submitted to. A section on the Company's website (*RTLGroup.com*) is fully dedicated to this topic and can be found in the "About us" section.

It contains the Company's corporate governance charter, and a regularly updated stream of information, such as the latest version of the Company's main governance documents (articles of incorporation, statutory accounts, minutes of shareholders' meetings, etc.), or information on the composition and the mission of the Board and its Committees. The "Investors" section also contains the financial calendar and other information that may be of interest to the Company's shareholders.

(1) Shareholders

The share capital of the Company is set at €191,900,551 divided into 154,787,554 shares with no par value, each fully paid up.

The shareholding structure of RTL Group as at 31 December 2011, excluding 0.76 per cent which is held collectively as treasury stock by RTL Group and one of its subsidiaries, is as follows: Bertelsmann AG holds 92.3 per cent, the remaining 7.7 per cent is publicly traded.

General Meetings of Shareholders shall be held at the registered office or any other place in Luxembourg indicated in the convening notice. A General Meeting of Shareholders must be convened upon request of one or more shareholders who together represent at least one fifth of the Company's capital, and the Annual General Meeting of Shareholders is held on the third Wednesday of the month of April at 15:00. If such day is a public holiday, the meeting shall be held on the next following business day at the same hour.

The resolutions shall be adopted by the simple majority of the votes validly cast without counting the abstentions. Any resolution amending the Articles of Incorporation shall be adopted by a majority of two thirds of the votes of all the shares present or represented.

The Annual General Meeting shall examine, in particular, the reports of the Board of Directors and the auditor and, if thought fit, approve the annual accounts. The meeting shall also determine the allocation of the profit and shall decide on the discharge of the directors and the auditor from any duties.

On 1 July 2011, a law adopted by the Luxembourg Parliament on 24 May 2011, which implements Directive 2007/36/EC of the European Parliament and of the Council of 11 July 2007 on the exercise of certain rights of shareholders of listed companies, the so-called "Shareholders' Rights Directive", came into force. The aims of the law are to enable shareholders, regardless of their residence, to exercise their voting rights, ensure that they can put items on the agenda as well as ask questions. RTL Group has been applying most of these rights for years, but is committed to endorsing the provisions of this new law.

An Extraordinary General Meeting of Shareholders is scheduled to convene on 18 April 2012 in order to adapt accordingly the by-laws of RTL Group.

(2) Board and management

Board of Directors

On 31 December 2011 the Board of RTL Group had eight members: one executive director, and seven non-executive directors. The non-executive directors elected at the General Meeting of Shareholders on 20 April 2011 were appointed for a period of one year. The executive director elected at the General Meeting of Shareholders on 20 April 2011 was appointed for a period of five years. The biographical details of the directors are set out on pages 120 to 124. Three of the non-executive directors – Jacques Santer, James Singh and Martin Taylor – are independent of management and other outside interests that might interfere with the exercise of their independent judgement.

Martin Taylor was appointed, prior to the adoption of The Ten Principles of the Luxembourg Stock Exchange, under the criteria of independence of the London Stock Exchange in force at that time. He also meets the criteria of The Ten Principles of the Luxembourg Stock Exchange. Jacques Santer and James Singh are independent directors and meet the current criteria of independence of The Ten Principles of the Luxembourg Stock Exchange.

The Board of Directors has to review, if requested with the assistance of an expert, that any transaction between RTL Group or any of its subsidiaries on the one hand and any of the shareholders or any of their respective subsidiaries on the other hand is at arm's length terms.

The responsibility for day-to-day management of the Company is delegated to the Chief Executive Officer ("CEO"), but the Board, which meets at least four times a year, has a formal schedule of matters reserved to it, including approval of the annual overall Group budget, significant acquisitions and disposals, and the Group's financial statements. The Board of Directors met four times in 2011 – with an average attendance rate of 97 per cent – and adopted some decisions by circular resolution. An evaluation of the Board of Directors' activities, as well as the activities of its committees, was performed in April 2011, and the findings were discussed by the Board.

The Board is also regularly informed by the Executive Committee (see opposite) on the group's activities and financial situation. At each meeting, representatives of the Executive Committee brief the Board further on ongoing matters and on possible upcoming investment or divestment decisions.

In 2011 a total of €0.53 million (2010: €0.53 million) was allocated in the form of attendance fees to the non-executive members of the Board of Directors and the Committees that emanate from it (see note 10.4. to the consolidated financial statements).

Neither options nor loans have been granted to Directors.

The Company has taken appropriate measures in order to ensure compliance with the provisions of the Luxembourg law on market abuse, as well as with the Circulars of the Commission de Surveillance du Secteur Financier (CSSF) concerning the application of this legislation.

The following Board Committees are established:

Nomination and Compensation Committee

The Nomination and Compensation Committee is made up of four non-executive directors, one of them being an independent director (who also chairs the meetings), and meets at least twice a year. The Nomination and Compensation Committee met four times in 2011, with an average attendance rate of 100 per cent.

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

Audit Committee

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

The Committee's plenary meetings are attended by the CEO, the Chief Financial Officer ("CFO"), the Head of Internal Audit, the external auditors and other senior Group finance representatives. The Audit Committee met three times in 2011, with an average attendance rate of 100 per cent.

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

The Head of Internal Audit and the external auditors have direct access to the Chairman of the Audit Committee, who is an independent director.

CEO

As mentioned, the responsibility for day-to-day management of the company is delegated to the CEO, who – on a regular basis and upon request of the Board – informs the Board of Directors about the status and development of the Company.

The CEO is responsible for proposing the annual overall budget to be approved by the Board of Directors. He is also responsible for the determination of the ordinary course of the business.

Executive Committee

The CEO may appoint or dismiss one or more executive managers forming an Executive Committee to assist him on the day-to-day management of the Company. As at 31 December 2011, the Executive Committee was composed of the CEO, the CFO and the Executive Vice President Regional Operations & Business Development CEE and Asia. The biographical details of the members of the Executive Committee are set out on page 125.

External auditor

In accordance with the Luxembourg law on commercial companies, the Company's annual and consolidated accounts are certified by an external auditor, appointed by the Annual General Meeting of Shareholders. On 20 April 2011, the shareholders retained PricewaterhouseCoopers S.à r.l. (PwC) for a year with a majority of 93.60 per cent. The mandate of PwC will expire at the Annual General Meeting on 18 April 2012.

Dealing in shares

The Company shares are listed on Euronext Brussels and on the Luxembourg Stock Exchange. Applicable Belgian and Luxembourg insider dealing and market manipulation laws restrict persons who have material non-public information about a company from dealing on its shares and from committing market manipulations.

A detailed Dealing in Shares Code contains restrictions on dealings by directors and certain employees of RTL Group and of RTL Group subsidiaries or associated companies.

The persons concerned by the restrictions are:

- The members of the Board of Directors
- All employees of RTL Group SA and directors and employees of any subsidiary or affiliated company of RTL Group who, because of their position or activities, may have access to unpublished price-sensitive information

(3) Internal controls over financial reporting

Internal controls over financial reporting aim to provide reasonable assurance regarding the reliability of external and internal financial reporting and their conformity with the applicable laws and regulations. Internal controls help ensure that financial reporting presents a true and fair value of the Group's net assets, financial position and results of operations.

Tone at the top

The Group's basic guidelines for its daily activities and decision-making processes are governed by the Group's Code of Conduct. The Code requires that financial reporting is prepared on the basis of integrity and transparency. The Group has a continuous training programme in place in order to ensure that new starters across our operations are systematically made aware of the Code.

Standards and rules

The rules governing the Group's financial reporting environment and critical accounting policies are described in the Group's Financial Accounting Manual (FAM). The FAM is regularly updated and made available to the members of the Group's finance community by way of circularisation and through the Group's intranet. Standards for a minimum control framework for key accounting processes at the level of our fully consolidated reporting units have recently been rolled out. Dedicated policies and procedures govern our centralised treasury and corporate finance activities. Hedging of exposure in non-Euro currencies is centralised at the Group's Treasury function on the basis of a strict policy. All internal and external financial reporting processes are organised by way of a centrally managed reporting calendar.

Systems and related controls

Local ("ERP") systems are largely monitored via central system platforms, thus ensuring a consistent set-up of system-embedded controls. Segregation of duties are reviewed by the Corporate Centre by way of dedicated software on a regular basis for all reporting units whose ERP is centrally maintained. All internal and external financial reporting is up-streamed through a centrally managed integrated finance system – from budgeting and trend year analysis, monthly internal management reporting and forecasting of financial and operational KPIs, to consolidation and external financial reporting, and finally risk management reporting (see opposite "How we manage risks"). Specific system-embedded controls support the key steps of the consolidation process, including the reconciliation of intercompany transactions. IT general controls surrounding the system are regularly assessed by external experts. The Group's consolidation scope is constantly updated both at the level of financial interests captured in the consolidation system and at the level of legal information through a dedicated legal scope system.

Analytics and reporting

All internal and external local financial and consolidated reporting is subject to systematic review, either by the local finance staff or by dedicated teams of the finance department within the Corporate Centre. Typical analyses include comparisons to previous year, budget and forecast, and focus on various financial and operational KPIs, flows of key captions on the income statement, statement of the financial position, changes in equity and cash flow statement. Constant communication between our operations and the Corporate Centre's finance department in the course of the various levels of the regular financial reporting ensures that any issue that would potentially impact the Group's financial reporting is immediately flagged and resolved. Quarterly reporting to the financial market is reviewed and approved by the Audit Committee.

Transparency

Regular finance committees at the level of the business units ensure that any issues that would significantly impact the financial statements are brought to the attention of management in a timely fashion. A policy on incident reporting requires business units to immediately report fraud incidents to the Group. Identified control weaknesses that could impact the reliability of financial reporting – either reported by external or internal audit – are brought to the attention of management and the Audit Committee and are part of a follow-up process. The business units perform an annual self-assessment of the maturity level of their local system of internal controls over financial reporting. Results of this self-assessment are reported to the Audit Committee. At each meeting the Audit Committee is updated on the key accounting, tax and legal issues within the Group. The Corporate Centre constantly promotes the importance of soundly designed internal controls – not only over financial reporting but also for operational processes – through dedicated workshops with our business units and through the work of the Internal Audit department.

(4) How we manage risks

By their nature, media businesses are exposed to risk. Television and radio channels can lose audiences rapidly as new competitive threats emerge, with consequent loss of revenue. Broadcasters and producers are also exposed to legal risks, such as litigation by aggrieved individuals or organisations. Moreover, media businesses are more exposed than most to economic cycles – advertising is usually one of the first casualties in an economic downturn. RTL Group's international presence exposes it to further risks, such as adverse currency movements and debtors' default.

The Board of Directors bears the overall responsibility for ensuring that RTL Group maintains a sound system of internal controls, including financial, operational and compliance risks.

RTL Group has robust risk management processes in place, designed to ensure that risks are identified, monitored and controlled. The risk management system is founded on a specific policy and a clear set of procedures. Policies and procedures are reviewed on a regular basis by the Internal Audit Department and/or external consulting companies. Risk management reporting is coordinated by the Treasury Department and then reviewed by the Internal Audit Department.

The internal control system process is designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations and the optimal use of the Group's resources
- Integrity and reliability of financial and operational information
- Reliability of financial reporting

- Proper identification, assessment, mitigation and reporting of material risks
- Compliance with applicable laws, regulations, standards and contracts

Internal controls cannot provide an absolute guarantee that risks of misstatement, losses or human error have been totally eliminated.

Definition of risk
RTL Group defines a risk as the danger of a negative development arising that could endanger the solvency or existence of a business unit, or impact negatively on the income statement of the Group.

Risk reporting framework
We have developed a framework for the reporting of risks, in line with good corporate practice.

This framework is based on a number of key principles:

- Comprehensive scope of risk assessment: risks are assessed within a framework of defined key risk categories. Regular risk assessments are undertaken to include a description of the risk, an indication of the potential financial impact, and the approach taken to mitigate the risk. These steps are performed by all entities of RTL Group, consolidated by the Treasury Department, reviewed by the Internal Audit Department and ultimately described in a dedicated Risk Management Report. Results are presented to the Audit Committee.
- Regular reporting: RTL Group's system of internal controls ensures that risks will be addressed, reported and mitigated when they arise. Within the specific risk reporting framework all significant risks are comprehensively assessed and reported to RTL Group management on a bi-annual basis. This ensures that the necessary actions are undertaken to manage, mitigate or offset the risks within the Group.
- Bottom-up approach: we assess risks at the level where they arise – in our operations. All business units have to assess themselves in the three parts of the Risk Management Report:
  - Part A: Risk assessment and quantification of residual risks if applicable
  - Part B: Health-check (self-assessment on Internal Controls on processes in place)
  - Part C: Self-assessment questionnaire on risk management

The three parts are reviewed by both the Treasury and the Internal Audit departments as mentioned above.

- Harmonised reporting tool: our operations report on their risk assessment using a common GRC (Governance, Risk and Compliance) reporting tool, thus ensuring consistency in scope and approach.
- Consolidated Group matrix: we gain a comprehensive view of significant risks for the Group through the consolidation of the local risk assessments. A Risk Management Committee, chaired by the CFO and comprising senior Group management, prepares and reviews this consolidated Group risk matrix. Their role also extends to:
  - Advising on the control and reporting processes of any major risks identified, and addressing recommendations on how to mitigate these risks to the Group CFO
  - Monitoring follow-up of risks identified by entities and ensuring mitigation measures have been taken
  - Increasing risk awareness within the Group
  - Identifying potential optimisation opportunities in processes
- Audit approach: both the process of local risk assessments and the consolidated Group risk matrices are regularly reviewed by the internal audit function

Going forward
RTL Group's risk management framework is constantly challenged, at both operations and Group level, through the Risk Management Committee, in order to ensure it reflects the risk profile of the Group at any given moment.

In order to ensure a homogeneous implementation of the Risk Management process and consistency in the reporting throughout the entire Group, we organise, on a regular basis, workshop sessions with entities to present updates to the process and new tools available to assess their risks.

Profit appropriation (RTL Group SA)[17]

The statutory accounts of RTL Group SA show a net profit for the financial year 2011 of €170,055,129 (2010: €364,270,679). Taking into account the result brought forward at 31 December 2011 of €(4,053,487) (2010: €(4,053,487)), the share premium of €5,314,333,243 and the result for the year of €170,055,129, the amount available for distribution is €5,480,334,885.

The Board of Directors recommends to the Annual General Meeting on 18 April 2012 the distribution of a gross final dividend per share of €5.10 (2010: €5.00 per share).

If the Annual General Meeting accepts this proposal, RTL Group will distribute for the financial year 2011 a total dividend of €789 million.

Subsequent events

On 18 January 2012, Groupe M6 announced that it has disposed of its shares in the American film production and distribution company Summit Entertainment following the sale of the studio to Lions Gate on 13 January 2012. The transaction was valued at between USD 334 million and USD 412.5 million, corresponding to a maximum amount of USD 37.5 million for Groupe M6, which had acquired a 9.1 per cent shareholding in Summit Entertainment on 19 April 2007, for USD 15 million. The capital gain of this operation will be accounted for in the 2012 fiscal year. The exclusive distribution deal between Summit Entertainment and Groupe M6's subsidiary SND will continue despite the change in the shareholder structure.

On 7 February 2012, Gerhard Zeiler, Chief Executive Officer of RTL Group, announced that he will leave the company on his own request with effect from the Annual General Meeting on 18 April 2012. Guillaume de Posch and Anke Schäferkordt will succeed him as co-CEOs. Guillaume de Posch, currently Chief Operating Officer of RTL Group, will take over responsibility for the Group's broadcasting operations outside Germany, and the company's production business. Anke Schäferkordt will continue to manage the German TV business in addition to her role as CEO of RTL Group. Elmar Heggen – RTL Group CFO and Head of the Corporate Centre in Luxembourg – Guillaume de Posch and Anke Schäferkordt are expected to join the RTL Group Board of Directors as Executive Directors.

The sale of RTL Group's majority shareholding in Alpha Media Group (see "Main portfolio changes") was subject to approval by the Greek Competition Commission. This clearance was obtained on 9 February 2012 and the transaction was completed on 20 February 2012.

On 23 February 2012, Mediengruppe RTL Deutschland announced that it will launch a new free-TV channel in Germany – RTL Nitro – on 1 April 2012.

Outlook

RTL Group sees different developments in the various countries the company operates in. Looking at January and February 2012 it can be noted that the negative development many had feared did not happen. If this macro-economic development continues for the whole year, RTL Group expects a stable result for 2012.

5 March 2012
The Board of Directors

17 Amounts in € except where stated

Management Responsibility Statement

We, Gerhard Zeiler, Chief Executive Officer, and Elmar Heggen, Chief Financial Officer, confirm, to the best of our knowledge, that the consolidated financial statements which have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of RTL Group and the undertakings included in the consolidation taken as a whole, and that the Directors' report includes a fair review of the development and performance of the business and the position of RTL Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Luxembourg, 5 March 2012

Gerhard Zeiler
Chief Executive Officer

Elmar Heggen
Chief Financial Officer

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2011

	Notes	2011 €m	2010 €m
Continuing operations			
Revenue	5. 7. 1.	**5,765**	5,532
Other operating income		**40**	51
Consumption of current programme rights		**(1,791)**	(1,711)
Depreciation, amortisation and impairment		**(178)**	(192)
Other operating expenses	7. 2.	**(2,746)**	(2,591)
Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries and joint ventures		**(13)**	(10)
Gain / (loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	7. 3.	**107**	(7)
Profit from operating activities		**1,184**	1,072
Share of results of associates	8. 4.	**38**	40
Earnings before interest and taxes ("EBIT")		**1,222**	1,112
Interest income	7. 4.	**23**	35
Interest expense	7. 4.	**(25)**	(23)
Financial results other than interest	7. 5.	**(27)**	4
Profit before taxes		**1,193**	1,128
Income tax expense	7. 6.	**(302)**	(263)
Profit for the year from continuing operations		**891**	865
Discontinued operations			
Loss for the year from discontinued operations	4.	**(96)**	(135)
Profit for the year		**795**	730
Attributable to:			
RTL Group shareholders		**696**	611
Non-controlling interests		**99**	119
Profit for the year		**795**	**730**
EBITA* (continuing operations)		**1,134**	1,132
Impairment of investments in associates	8. 4.	**(6)**	(3)
Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries and joint ventures		**(13)**	(10)
Gain / (loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	7. 3.	**107**	(7)
Earnings before interest and taxes ("EBIT")		**1,222**	1,112
Earnings per share from continuing operations (in €)			
– Basic		**5.01**	4.80
– Diluted		**5.01**	4.80
Earnings per share from discontinued operations (in €)			
– Basic		**(0.48)**	(0.82)
– Diluted		**(0.48)**	(0.82)
Earnings per share (in €)			
– Basic	7. 7.	**4.53**	3.98
– Diluted	7. 7.	**4.53**	3.98

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

** EBITA represents earnings before interest and taxes excluding impairment of goodwill and of disposal group, and amortisation and impairment of fair value adjustments on acquisitions of subsidiaries and joint ventures, impairment of investments in associates and gain or loss from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2011

	Notes	2011 €m	2010 €m
Profit for the year		**795**	730
Other comprehensive income			
Foreign currency translation differences		**(3)**	21
Foreign currency translation differences – associates		**1**	19
Effective portion of changes in fair value of cash flow hedges	8. 14. 4.	**54**	26
Income tax	8. 6.	**(15)**	(14)
		39	12
Change in fair value of cash flow hedges transferred to profit or loss	8. 14. 4.	**(9)**	6
Income tax	8. 6.	**3**	(2)
		(6)	4
Fair value losses on available-for-sale financial assets		**(1)**	(1)
Income tax	8. 6.	**(12)**	–
		(13)	(1)
Defined benefit plan actuarial losses	8. 13.	**(1)**	(5)
Income tax	8. 6.	**–**	1
		(1)	(4)
Other comprehensive income for the year, net of income tax		**17**	51
Total comprehensive income for the year		**812**	781
Attributable to:			
RTL Group shareholders		**706**	653
Non-controlling interests		**106**	128
Total comprehensive income for the year		**812**	781

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2011

	Notes	2011 €m	2010 €m
Non-current assets			
Programme and other rights	8. 1.	**119**	124
Goodwill	8. 1. 8. 2.	**2,671**	2,708
Other intangible assets	8. 1.	**192**	216
Property, plant and equipment	8. 3.	**358**	373
Investments in associates	8. 4.	**356**	358
Loans and other financial assets	8. 5.	**249**	271
Deferred tax assets	8. 6.	**361**	415
		4,306	4,465
Current assets			
Programme rights	8. 7.	**927**	913
Other inventories		**34**	38
Income tax receivable		**57**	61
Accounts receivable and other financial assets	8. 8.	**2,130**	2,506
Cash and cash equivalents	8. 9.	**701**	841
		3,849	4,359
Assets classified as held for sale	4.	**31**	–
Current liabilities			
Loans and bank overdrafts	8. 10.	**42**	92
Income tax payable		**100**	115
Accounts payable	8. 11.	**2,156**	2,250
Provisions	8. 12.	**240**	206
		2,538	2,663
Liabilities directly associated with non-current assets classified as held for sale	4.	**57**	–
Net current assets		**1,285**	1,696
Non-current liabilities			
Loans	8. 10.	**11**	96
Accounts payable	8. 11.	**317**	313
Provisions	8. 12.	**114**	113
Deferred tax liabilities	8. 6.	**56**	42
		498	564
Net assets		**5,093**	5,597
Equity attributable to RTL Group shareholders		**4,596**	5,013
Equity attributable to non-controlling interests		**497**	584
Equity	8. 14.	**5,093**	5,597

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital €m	Share premium €m	Treasury shares €m	Currency translation reserve €m	Hedging reserve €m	Revaluation reserve €m	Retained earnings €m	Equity attributable to RTL Group share-holders €m	Equity attributable to non-controlling interests €m	**Total equity €m**
Balance at 1 January 2010		**192**	**6,454**	**(44)**	**(205)**	**4**	**97**	**(1,603)**	**4,895**	**635**	**5,530**
Total comprehensive income:											
Profit for the year		–	–	–	–	–	–	611	611	119	**730**
Foreign currency translation differences	8. 14. 3.	–	–	–	57	–	–	(25)	32	8	**40**
Effective portion of changes in fair value of cash flow hedges, net of tax	8. 14. 4.	–	–	–	–	11	–	–	11	1	**12**
Change in fair value of cash flow hedges transferred to profit and loss, net of tax		–	–	–	–	4	–	–	4	–	**4**
Fair value losses on available-for-sale financial assets, net of tax	8. 14. 5.	–	–	–	–	–	(1)	–	(1)	–	**(1)**
Defined benefit plan actuarial losses, net of tax		–	–	–	–	–	–	(4)	(4)	–	**(4)**
		–	–	–	57	15	(1)	582	653	128	**781**
Capital transactions with owners:											
Dividends	8. 14. 6.	–	–	–	–	–	–	(538)	(538)	(182)	**(720)**
Equity-settled transactions net of tax	8. 14. 7.	–	–	–	–	–	–	3	3	3	**6**
Transactions on non-controlling interests without a change in control	8. 14. 8.	–	–	–	–	–	–	2	2	(1)	**1**
Transactions on non-controlling interests with a change in control	8. 14. 8.	–	–	–	–	–	–	–	–	3	**3**
Derivatives on equity instruments	8. 14. 9.	–	–	–	–	–	–	(2)	(2)	(2)	**(4)**
		–	–	–	–	–	–	(535)	(535)	(179)	**(714)**
Balance at 31 December 2010		**192**	**6,454**	**(44)**	**(148)**	**19**	**96**	**(1,556)**	**5,013**	**584**	**5,597**
Total comprehensive income:											
Profit for the year		–	–	–	–	–	–	696	696	99	**795**
Foreign currency translation differences	8. 14. 3.	–	–	–	(2)	–	–	–	(2)	–	**(2)**
Effective portion of changes in fair value of cash flow hedges, net of tax	8. 14. 4.	–	–	–	–	39	–	–	39	–	**39**
Change in fair value of cash flow hedges transferred to profit and loss, net of tax		–	–	–	–	(6)	–	–	(6)	–	**(6)**
Fair value losses on available-for-sale financial assets, net of tax	8. 14. 5.	–	–	–	–	–	(20)	–	(20)	7	**(13)**
Defined benefit plan actuarial losses, net of tax		–	–	–	–	–	–	(1)	(1)	–	**(1)**
		–	–	–	(2)	33	(20)	695	706	106	**812**
Capital transactions with owners:											
Dividends	8. 14. 6.	–	–	–	–	–	–	(769)	(769)	(128)	**(897)**
Equity-settled transactions net of tax	8. 14. 7.	–	–	–	–	–	–	3	3	4	**7**
Transactions on non-controlling interests without a change in control	8. 14. 8.	–	–	–	–	–	–	(354)	(354)	(38)	**(392)**
Transactions on non-controlling interests with a change in control	8. 14. 8.	–	–	–	–	–	–	–	–	(30)	**(30)**
Derivatives on equity instruments	8. 14. 9.	–	–	–	–	–	–	(1)	(1)	(1)	**(2)**
Transactions on treasury shares of associates		–	–	–	–	–	–	(2)	(2)	–	**(2)**
		–	–	–	–	–	–	(1,123)	(1,123)	(193)	**(1,316)**
Balance at 31 December 2011		**192**	**6,454**	**(44)**	**(150)**	**52**	**76**	**(1,984)**	**4,596**	**497**	**5,093**

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

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2011

	Notes	2011 €m	2010 €m
Cash flows from operating activities (including discontinued operations)			
Profit before taxes from continuing operations		**1,193**	1,128
Loss before taxes from discontinued operations		**(99)**	(130)
		1,094	998
Adjustments for:			
– Depreciation and amortisation		**175**	196
– Value adjustments, impairment and provisions		**232**	134
– Equity-settled share-based payments expenses		**7**	6
– Loss / (gain) on disposal of assets		**(116)**	32
– Financial results including net interest expense and share of results of associates		**19**	(29)
Use of provisions	8. 12.	**(79)**	(62)
Working capital changes		**(1)**	148
Income taxes paid		**(287)**	(293)
Net cash from operating activities		**1,044**	1,130
– thereof from discontinued operations Five Group	4.	***3***	*2*
– thereof used in discontinued operations Alpha	4.	***(20)***	*(29)*
Cash flows from investing activities (including discontinued operations)			
Acquisitions of:			
– Programme and other rights		**(79)**	(96)
– Subsidiaries and joint ventures net of cash acquired	6. 4.	**(134)**	(30)
– Other intangible and tangible assets		**(120)**	(131)
– Other investments and financial assets		**(38)**	(18)
Current deposit with shareholder	8. 8. 10. 1.	**(50)**	(254)
		(421)	(529)
Proceeds from the sale of intangible and tangible assets		**22**	19
Disposal of:			
– Discontinued operations, net of cash disposed of	4.	**(1)**	108
– Other subsidiaries and joint ventures, net of cash disposed of	6. 6.	**(5)**	4
Proceeds from the sale of associates, other investments and financial assets	8. 8.	**29**	403
Current deposit with shareholder	8. 8. 10. 1.	**256**	–
Interest received		**18**	22
		319	556
Net cash from / (used in) investing activities		**(102)**	27
– thereof from / (used in) discontinued operations Five Group	4.	***(1)***	*99*
– thereof used in discontinued operations Alpha	4.	***(2)***	*(2)*
Cash flows from financing activities (including discontinued operations)			
Interest paid		**(15)**	(13)
Transactions with non-controlling interests	8. 14. 8.	**(111)**	(1)
Proceeds from loans		**54**	64
Repayment of loans		**(102)**	(43)
Net change in bank overdraft		**(2)**	(1)
Dividends paid		**(902)**	(721)
Net cash used in financing activities		**(1,078)**	(715)
– thereof used in discontinued operations Five Group	4.	***–***	*(2)*
– thereof from / (used in) discontinued operations Alpha	4.	***(44)***	*26*
Net increase in cash and cash equivalents		**(136)**	442
Cash and cash equivalents at beginning of year		**841**	395
Effect of exchange rate fluctuation on cash held		**–**	4
Effect of cash in disposal group held for sale	4.	**(4)**	–
Cash and cash equivalents at end of year		**701**	841

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

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 2011 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 541 companies. The Group mainly 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 2011 is set out in note 13.

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 5 March 2012.

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 income statement 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 the Group entities and are consistent with those used in the previous year, except as follows:

(1) New and amended standards and interpretations adopted by the Group

The following amendments to standards, new interpretations and amendments to interpretations are mandatory for the first time for the financial year beginning 1 January 2011, but are not currently relevant or have a very limited impact on the Group:

- IAS 32 (amendment), "Classification of rights issues" – effective from 1 February 2010;
- IFRIC 19, "Extinguishing financial liabilities with equity instruments" – effective from 1 July 2010;
- IFRS 1 (amendment), "Financial instrument disclosures" – effective from 1 July 2010;
- IFRIC 14 (amendment), "IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction";
- IAS 24 (revised), "Related party disclosures";
- Improvements to International Financial Reporting Standards 2010.

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

The following new standard has been published but is not effective for the Group's accounting year beginning on 1 January 2011:

- IFRS 9, "Financial instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2013 (1).

The following new standards and amendments to standards have been published but are not effective for the Group's accounting year beginning on 1 January 2011 and are expected to have a very limited impact for the Group:

- IAS 19, "Employee benefits" (amendments published in June 2011) – effective from 1 January 2013 (1);
- IAS 1, "Financial Statement presentation" regarding other comprehensive income (amendments published in June 2011) – effective from 1 July 2012 (1);
- IFRS 10, "Consolidated financial statements" – effective from 1 January 2013 (1);
- IFRS 11, "Joint arrangements" – effective from 1 January 2013 (1);
- IFRS 12, "Disclosures of interests in other entities" – effective from 1 January 2013 (1);
- IFRS 13, "Fair value measurement" – effective from 1 January 2013 (1);
- IAS 27, "Separate financial statements" (revised 2011) – effective from 1 January 2013 (1);
- IAS 28, "Associates and joint ventures" (revised 2011) – effective from 1 January 2013 (1);
- 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 for annual period beginning on or after 1 July 2011;
- IAS 12 (amendment), "Deferred tax: recovery of underlying assets" – effective from 1 January 2012 (1);
- IFRIC 20, "Stripping costs in the production phase of a surface mine" – effective from 1 January 2013 (1).

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

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

Accounting for business combinations

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 value 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 interests 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 value 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 value 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 taking control over the entity, the interests previously held in that entity were re-valued on the basis of the fair value 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 the 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 €291 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 on-going 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 sports 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 a worldwide operation.

No goodwill is recognised on the acquisition of non-controlling interests.

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

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 separately accounted for, 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 designated at fair value through profit or loss if they contain one or more embedded derivatives which cannot be measured separately or when they are managed and their performance is evaluated on a fair value basis. 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 and 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:

- Free television thematic channels: programme rights are consumed on a straight line basis over a maximum of six runs;
- Free television other channels:
  - Blockbusters (films with high cinema ticket sales), 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: at least 67 per cent upon the first transmission, with the remainder upon the second transmission;
  - Soaps, in-house productions, quiz and game shows, sports and other events, documentaries and music shows are fully consumed upon the first transmission;
  - Children's programmes and cartoons are consumed over a maximum of 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 ("PLP") 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 paper, bank deposits and marketable securities, all of which 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 and 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 accounts payable 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 on-going 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 spouses and children's benefits. The costs associated with these benefits are recognised when an employee has rendered service in exchange for the contributions due by the employer.

1. 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.

When a share option is granted, 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, 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 government 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 systematic 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 Group'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 a 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 income statement 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 by 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 revenue and incur expenses, including revenue 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 account receivable from the shareholder in relation to the PLP and Compensation agreements, 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 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 originally planned. 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 and investments in associates

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

The Group tests annually whether investments in associates have suffered any impairment and if any impairment should be reversed.

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/liabilities at fair value through profit or loss

The Group has used discounted cash flow analysis for various available-for-sale investments and financial assets/liabilities 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 flows 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 2011, deferred tax assets on losses carry-forwards (mainly in Germany, €39 million; 2010: €44 million) and on temporary differences (mainly in Germany, €297 million; 2010: €294 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 takes account of inflation, seniority, promotion and supply and demand in the employment market.

2. 8.

Disposal groups

The determination of the fair value less costs to sale requires management judgement as it relates to estimates of proceeds of the disposal, residual obligations and direct disposal costs.

2. 9.

Contingent liabilities

Contingent liabilities are disclosed unless management consider that the likelihood of an outflow of economic benefits is remote.

3. FINANCIAL RISK MANAGEMENT

Management carry 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 foreign 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 hedging instruments that qualify as cash flow hedges.

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 the 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 (commitments for future cash flows) and highly probable forecast transactions (USD 166 million as at 31 December 2011, USD 17 million as at 31 December 2010).

Management of the foreign exchange exposure

The management of RTL Group's foreign exchange exposure is carried out centrally by Group Treasury, who 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, accounts receivable, accounts payable, loans receivable and borrowings denominated in currencies other than the functional currency. In total, Group companies hedge around 72 per cent of known cash flows which constitute firm commitments or highly probable forecast transactions. The Group guideline 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, intercompany accounts) of on-balance sheet items, and the underlying deals and maturities of off-balance sheet items, as well as the corresponding hedging ratios. A specific report showing the global USD exposure (representing the main exposure) is provided to 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.

When hedge accounting is applied, the effective portion of the changes in the fair value of the hedging instruments is recognised net of deferred tax in the hedging reserve as presented in the “Consolidated statement of changes in equity” (see note 8.14.4.). 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 2011, the amount of ineffectiveness (see note 7.5.) that has been posted to the income statement during the period is €(5) million (€1 million in 2010).

Hedges

The impact of forward foreign exchange contracts is detailed as follows:

	2011 €m	2010 €m
Net fair value of foreign exchange derivative assets (see notes 8.8. and 8.11.)	**80**	36
Operating foreign exchange gains	**9**	1
Cash flow hedges ineffectiveness gains/(losses) (see note 7.5.)	**(5)**	1

	2011 €m	2010 €m
Less than 3 months	**9**	4
Less than 1 year	**21**	8
Less than 5 years	**50**	24
Net fair value of derivative assets (see notes 8.8. and 8.11.)	**80**	36

The split by maturities of notional amounts of forward exchange contracts at 31 December 2011 is, for the main foreign currencies, as follows:

	2012 £m	2013 £m	2014 £m	2015 £m	>2015 £m	**Total £m**
Buy	172	21	18	–	2	213
Sell	(264)	(17)	(8)	(2)	–	(291)
Total	**(92)**	**4**	**10**	**(2)**	**2**	**(78)**

	2012 $m	2013 $m	2014 $m	2015 $m	>2015 $m	**Total $m**
Buy	830	286	199	127	106	1,548
Sell	(201)	(20)	(13)	–	(5)	(239)
Total	**629**	**266**	**186**	**127**	**101**	**1,309**

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)
Total	**(118)**	**13**	**3**	**6**	**–**	**(96)**

	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)
Total	**546**	**252**	**135**	**72**	**43**	**1,048**

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 had no material impact for the Group (2010: €5 million), and in an additional pre-tax €81 million income (respectively expense) (2010: €64 million) 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 had no material impact for the Group, and in an additional pre-tax €2 million expense (respectively income) (2010: €1 million) recognised in equity;
- If other currencies had been 10 per cent stronger compared to € (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 the parent company. 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 cross border cash pooling has been set up. The interest rate strategy defined by RTL Group depends on the net cash position of the company. The company has defined a targeted fixed versus floating rate ratio (i.e. 20 per cent fixed/80 per cent floating) when the Group needs to borrow. This percentage can be reviewed at the discretion of the Treasury Committee until the optimum mix between fixed and floating rates has been achieved. At 31 December 2011 the fixed/floating rate ratio was: 0 per cent/100 per cent (4 per cent/96 per cent in 2010). The Group considers if the predominance of floating rate debt is appropriate in view of the overall state of the economy, short-term interest rates and the Group's results. When RTL Group has excess cash, the Treasury Committee defines the appropriate average tenor of the short-term placements based on business seasonality and regularly reviewed cash flow forecasts. Interest income depends on the evolution of floating interest rates and can potentially, in a low interest rate environment, generate a shortfall of income against interest expense.

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 2011, the interest income would subsequently drop (respectively increase) by €12 million (€15 million in 2010).

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 – floating rate	8. 5.	0.7	7	3	4	–	–	–
Current deposit with shareholder – floating rate	8. 8.	1.4	588	588	–	–	–	–
Cash and cash equivalents (earning assets)	8. 9.	1.1	658	658	–	–	–	–
Bank loans – floating rate	8. 10.	4.7	(8)	(8)	–	–	–	–
Bank overdrafts	8. 10.	2.0	(1)	(1)	–	–	–	–
Leasing liabilities – fixed rate	8. 10.	3.6	(3)	–	(1)	(1)	(1)	–
Loans payable – floating rate	8. 10.	1.3	(35)	(34)	(1)	–	–	–
At 31 December 2011			**1,206**	**1,206**	**2**	**(1)**	**(1)**	**–**
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. 10.	3.5	(116)	(55)	(61)	–	–	–
Bank overdrafts	8. 10.	0.5	(3)	(3)	–	–	–	–
Leasing liabilities – fixed rate	8. 10.	5.6	(12)	(9)	(1)	(1)	(1)	–
Loans from other financial institutions – floating rate	8. 10.	4.3	(6)	(6)	–	–	–	–
Current debt with shareholder – floating rate	8. 10.	1.8	(9)	(9)	–	–	–	–
Loans payable – floating rate	8. 10.	2.3	(35)	(31)	(4)	–	–	–
At 31 December 2010			**1,511**	**1,505**	**8**	**(1)**	**(1)**	**–**

(1) Excluding accrued interests

Credit risk

RTL Group's exposure to credit risk primarily arises through sales made to customers. Hence this risk mainly 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 2011, the combined television and radio advertising revenue contributed 60 per cent of the Group's revenue. 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 that are sold or licensed to state-owned and commercial television channels. In 2011, these activities contributed 26 per cent of the Group's revenue. 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 €106 million) at 31 December 2011:

	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 <= 1 month €m	2–3 months €m	3–6 months €m	6–12 months €m	Over 1 year €m	Gross amount impaired €m
Loans and other non-current financial assets	142	138	–	–	–	–	–	4
Trade accounts receivable	1,062	751	118	71	17	19	27	59
Accounts receivable from associates	22	22	–	–	–	–	–	–
Current deposit with shareholder	589	589	–	–	–	–	–	–
Other accounts receivable and current financial assets	517	508	2	2	–	–	–	5
Cash and cash equivalents	701	701	–	–	–	–	–	–
At 31 December 2011	**3,033**	**2,709**	**120**	**73**	**17**	**19**	**27**	**68**

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 <= 1 month €m	2–3 months €m	3–6 months €m	6–12 months €m	Over 1 year €m	Gross amount impaired €m
Loans and other non-current financial assets	162	156	–	–	–	–	–	6
Trade accounts receivable	1,044	728	118	46	30	28	29	65
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	–	–	–	–	–	–
At 31 December 2010	**3,585**	**3,253**	**122**	**47**	**30**	**28**	**29**	**76**

(1) At 31 December 2011, cumulated valuation allowance amounted to €64 million of which €6 million on collective basis. The latter are not taken into account in the presentation above

(2) At 31 December 2010, cumulated valuation allowance amounted to €82 million of which €6 million on collective basis. The latter are not taken into account in the presentation above

The top ten trade accounts receivable represent €99 million (2010: €110 million) while the top 50 trade accounts receivable represent €266 million (2010: €304 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 significantly 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, management aim to maintain flexibility in funding by keeping committed credit lines available despite the total net cash situation. Management monitor, on a monthly basis, the level of the "Liquidity Head Room" (total committed facilities minus current utilisation through bank loans and guarantees).

2011	€m	Under 1 year €m	1–5 years €m	Over 5 years €m
Credit facilities – banks				
Committed facilities	**285**	215	70	–
Headroom	**120**	60	60	–
2010				
Credit facilities – banks				
Committed facilities	**452**	348	104	–
Headroom	**186**	136	50	–

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**
Liabilities				
Loans and bank overdrafts	43	11	1	**55**
Accounts payable (deferred income excluded)	2,050	133	188	**2,371**
At 31 December 2011	**2,093**	**144**	**189**	**2,426**
Liabilities				
Loans and bank overdrafts	97	102	–	**199**
Accounts payable (deferred income excluded)	2,116	126	203	**2,445**
At 31 December 2010	**2,213**	**228**	**203**	**2,644**

Financial instruments by category

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

	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**
Assets						
Loans and other financial assets (surplus of the defined benefit plans excluded)	8. 5.	132	–	6	106	**244**
Accounts receivable (prepaid expenses excluded)	8. 8.	–	96	1,953	–	**2,049**
Cash and cash equivalents	8. 9.	–	–	701	–	**701**
At 31 December 2011		**132**	**96**	**2,660**	**106**	**2,994**

(1) As part of an agreement signed on 10 June 2011 with the current shareholders of National Media Group ("NMG"), RTL Group swapped its 30 per cent shareholding in the Russian TV channel Ren TV for a 7.5 per cent shareholding in NMG. NMG holds interests in three major Russian TV channels (First Channel, Ren TV and TRK Petersburg), the daily newspaper Isvestija, and the radio station Russian News Service. Put and call option agreements have been concluded with rights exercisable in 2013. The non-cash transaction resulted in:
– the disposal of Ren TV, which was classified in 2010 in financial assets at fair value through profit or loss without recognition of any capital gain; and
– the recognition of the investment in NMG in accordance with IAS 39 for an amount of € 76 million at 31 December 2011.
NMG performance is evaluated on a fair value basis. This financial asset is presented in level 3 according to the IFRS7 guidance.

	Notes	Liabilities at fair value through profit or loss €m	Derivatives used for hedging €m	Other financial liabilities (1) €m	**Total €m**
Liabilities					
Loans and bank overdrafts	8. 10.	–	–	53	**53**
Accounts payable (deferred income excluded)	8. 11.	–	16	2,343	**2,359**
At 31 December 2011		**–**	**16**	**2,396**	**2,412**

(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
Assets						
Loans and other financial assets (surplus of the defined benefit plans excluded)	8. 5.	151	–	5	111	**267**
Accounts receivable (prepaid expenses excluded)	8. 8.	–	53	2,357	–	**2,410**
Cash and cash equivalents	8. 9.	–	–	841	–	**841**
At 31 December 2010		**151**	**53**	**3,203**	**111**	**3,518**

(1) Includes Ren TV Group

	Notes	Liabilities at fair value through profit or loss €m	Derivatives used for hedging €m	Other financial liabilities (1) €m	Total €m
Liabilities					
Loans and bank overdrafts	8. 10.	–	–	188	**188**
Accounts payable (deferred income excluded)	8. 11.	–	17	2,407	**2,424**
At 31 December 2010		**–**	**17**	**2,595**	**2,612**

(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 2011 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
Assets				
Financial assets at fair value through profit or loss	**132**	–	56	76
Available-for-sale investments	**106**	6	50	50
Derivatives used for hedging	**96**	–	96	–
At 31 December 2011	**334**	**6**	**202**	**126**
Liabilities				
Derivatives used for hedging	**16**	–	16	–
At 31 December 2011	**16**	**–**	**16**	**–**
Assets				
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	–
At 31 December 2010	**315**	**7**	**167**	**141**
Liabilities				
Derivatives used for hedging	**17**	–	17	–
At 31 December 2010	**17**	**–**	**17**	**–**

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 date, 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.

The following table presents the change in level 3 instruments for the year ended 31 December 2011:

	Financial assets at fair value through profit or loss €m	Available-for-sale investments €m	**Total €m**
Balance at 1 January	72	69	**141**
Purchase	72	2	**74**
Disposal	(72)	–	**(72)**
Transfer into level 2 (1)	–	(11)	**(11)**
Gains and losses recognised in other comprehensive income	–	(9)	**(9)**
Gains and losses recognised in profit or loss (“Financial results other than interest”, see note 7.5.) (2)	4	(1)	**3**
Balance at 31 December	76	50	**126**
Total gains / (losses) for the period included in profit or loss for assets held at the end of the reporting period	**4**	**(1)**	**3**

(1) Summit available-for-sale investment, presented in level 3 in 2010, has been transferred to level 2 following the acquisition on 13 January 2012 of Summit by Lions Gate Entertainment

(2) A loss of € 1 million, related to an available-for-sale investment, was recognised in discontinued operations (see note 4.)

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**
Balance at 1 January	384	69	**453**
Purchase	–	3	**3**
Transfer from “Investments in associates” (see note 8.4.)	67	–	**67**
Gains and losses recognised in other comprehensive income	–	(1)	**(1)**
Gains and losses recognised in profit or loss (“Financial result other than interest”, see note 7.5.)	5	(2)	**3**
Decrease (sales and settlement)	(384)	–	**(384)**
Balance at 31 December	72	69	**141**
Total gains / (losses) for the period included in profit or loss for assets held at the end of the reporting period	**5**	**(2)**	**3**

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

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

Alpha

Following the decision of the Board of Directors of RTL Group SA in December 2011 to fully dispose of the shares held in Alpha Media Group Ltd, RTL Group concluded an agreement with the non-controlling shareholder of Alpha. The transaction was subject to approval by the Greek Competition Commission at 31 December 2011. Once the competition clearance was obtained on 9 February 2012, the transaction was completed on 20 February 2012.

The terms of the share purchase agreement stipulate that, prior to the disposal, RTL Group will recapitalise and fund Alpha, enabling it to fully reimburse the loans and facilities to third parties and for covering working capital requirements for December 2011 and January 2012. In this respect, €53 million was unilaterally contributed in December 2011 by RTL Group through a capital increase in an Alpha group company. Alpha will continue to benefit from a loan of €22.5 million owed to RTL Group after its exit.

Prior to the classification in discontinued operations, Alpha was included in "Other segments". Alpha was not a discontinued operation or classified as held for sale at 31 December 2010. The comparative income statement has been re-presented to show the discontinued operation separately from continuing operations.

The loss from discontinued operations related to Alpha of €98 million (2010: €78 million) is attributable to the owners of the Group for €76 million (2010: €69 million).

The results of Alpha are presented below.

	2011 €m	2010 €m
Revenue	**49**	59
Other operating income	**5**	3
Consumption of current programme rights	**(16)**	(20)
Depreciation, amortisation and impairment	**(6)**	(3)
Other operating expenses	**(55)**	(60)
Impairment of goodwill and of disposal group and amortisation and impairment of fair value adjustments on acquisitions of subsidiaries and joint ventures	**(72)**	(50)
Loss from operating activities	**(95)**	**(71)**
Earnings before interest and taxes ("EBIT")	**(95)**	**(71)**
Net interest expense	**(4)**	(2)
Financial results other than interest	**1**	–
Loss before taxes	**(98)**	(73)
Income tax expense	**–**	(5)
Loss for the year from discontinued operations	**(98)**	**(78)**
EBITA (discontinued operations)	**(23)**	(21)
Impairment of goodwill of subsidiaries and joint ventures and of disposal group	**(64)**	(49)
Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries and joint ventures	**(8)**	(1)
Earnings before interest and taxes ("EBIT")	**(95)**	**(71)**

Other comprehensive income of Alpha disposal group relating to actuarial gains on defined benefit plans amounts to €0.4 million at 31 December 2011.

Non-current assets classified as held for sale, disposal group:

	2011 €m
Non-current assets	
– Other intangible assets	**8**
– Property, plant and equipment	**11**
Current assets	
– Programme rights	**20**
– Income tax receivable	**4**
– Accounts receivable and other financial assets	**55**
– Cash and cash equivalents	**4**
Impairment of disposal group (1)	**(71)**
	31

(1) Including impairment of non-current assets for €(19) million, of which impairment of fair value adjustments on acquisitions of subsidiaries and joint ventures for €(7) million

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

	2011 €m
Current liabilities	
Loans and bank overdrafts	**20**
Income tax payable	**1**
Accounts payable	**23**
Non-current liabilities	
Accounts payable	**8**
Provisions	**5**
	57

The commitments and contingencies of Alpha are disclosed in note 9.

Five Group

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 (€59 million) provided by RTL Group, on behalf of Five, in prior years (2010: €91 million).

The results of Five Group are presented below.

	2011 €m	2010 €m
Revenue	**–**	158
Consumption of current programme rights	**–**	(97)
Depreciation, amortisation and impairment	**–**	(5)
Other operating expenses	**–**	(62)
Amortisation of fair value adjustments on acquisitions of subsidiaries and joint ventures	**–**	(1)
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	**(1)**	(42)
Loss from operating activities	**(1)**	**(49)**
Earnings before interest and taxes ("EBIT")	**(1)**	**(49)**
Net interest expense	**–**	(8)
Loss before taxes	**(1)**	(57)
Income tax income	**3**	–
Profit/(loss) for the year from discontinued operations	**2**	**(57)**
EBITA (discontinued operations)	**–**	(6)
Amortisation of fair value adjustments on acquisitions of subsidiaries and joint ventures	**–**	(1)
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	**(1)**	(42)
Earnings before interest and taxes ("EBIT")	**(1)**	**(49)**

The loss from discontinued operations of €96 million (2010: €135 million) and related to Alpha and Five is attributable to the owners of the Group for €74 million (2010: €126 million). Of the profit from continuing operations of €891 million (2010: €865 million), €770 million is attributable to the owners of the Group (2010: €737 million).

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 14 business units, each one led by a CEO. They manage operations in television, radio and diversification businesses in nine countries in which the Group owns interests in 45 TV channels and 29 radio stations; FremantleMedia and UFA Sports operate an international network in the content business.

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, free-to-air channels Vox, Super RTL and N-TV, thematic pay channels RTL Crime, RTL Living and Passion, and an equity participation in free-to-air channel 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, RTL Lounge and RTL Crime, and are the leading family of channels in the Netherlands. The radio activities disposed of in 2011 (see note 6.2.) comprise Radio 538, one of the country's leading radio stations, Radio 10 Gold and Slam FM;
- 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, €99 million) and RTL Hrvatska (Croatia, €37 million). Group headquarters provides services, initiates development 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's accounting policies and primary statements.

5. 1. Segment information

	Mediengruppe RTL Deutschland 2011 €m	Mediengruppe RTL Deutschland 2010 €m	Groupe M6 2011 €m	Groupe M6 2010 €m
Revenue from external customers	**1,909**	1,890	**1,414**	1,453
Inter-segment revenue	**3**	2	**7**	6
Total revenue	**1,912**	1,892	**1,421**	1,459
Profit/(loss) from operating activities	**508**	533	**238**	238
Share of results of associates	**21**	18	**–**	1
EBIT	**529**	551	**238**	239
EBITA (continuing operations)	**529**	551	**249**	245
Impairment of investments in associates	**–**	–	**–**	–
Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries and joint ventures	**–**	–	**(11)**	(8)
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	**–**	–	**–**	2
EBIT	**529**	551	**238**	239
Interest income				
Interest expense				
Financial results other than interest				
Income tax expense				
Profit for the year from continuing operations				
Segment assets (assets classified as held for sale and associates excluded)	**1,458**	1,504	**1,486**	1,454
Investments in associates	**60**	56	**–**	–
Assets classified as held for sale and assets related to discontinued operations	**–**	–	**–**	–
Segment assets	**1,518**	1,560	**1,486**	1,454
Segment liabilities (liabilities directly associated with non-current assets classified as held for sale excluded)	**776**	652	**656**	641
Liabilities directly associated with non-current assets classified as held for sale and liabilities related to discontinued operations	**–**	–	**–**	–
Segment liabilities	**776**	652	**656**	641
Invested capital	**742**	908	**830**	813
Segment assets				
Deferred tax assets				
Income tax receivable				
Other assets				
Cash and cash equivalents				
Total assets				
Segment liabilities				
Deferred tax liabilities				
Income tax payable				
Other liabilities				
Total liabilities				
Capital expenditure (1) (2)	**26**	28	**93**	107
Depreciation and amortisation (3)	**(20)**	(23)	**(87)**	(106)
Impairment losses excluding goodwill	**–**	–	**(7)**	(9)
Impairment of goodwill of subsidiaries and joint ventures and of disposal group	**–**	–	**–**	–

(1) Capital expenditure includes additions in "Programme and other rights", "Other intangibles assets" and "Property, plant and equipment", new goodwill following acquisitions of subsidiaries and joint ventures and incremental fair value on identifiable assets following purchase accounting
(2) Including capital expenditure related to discontinued operations for € 1 million (2010: € 4 million)
(3) Including depreciation and amortisation related to discontinued operations for € 4 million (2010: € 9 million)

5. 2. Geographical information

Geographical areas are based on where customers (revenue) 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 2011 €m	Germany 2010 €m
Revenue from external customers	**2,012**	1,985
Non-current assets	**1,012**	1,015
Assets classified as held for sale	**–**	–
Capital expenditure	**57**	60

FremantleMedia		RTL Nederland		RTL Belgium		French radio		Other segments		Eliminations		Total Group	
2011 €m	2010 €m	2011 €m	2010 €m	2011 €m	2010 €m	2011 €m	2010 €m	2011 €m	2010 €m	2011 €m	2010 €m	2011 €m	2010 €m
1,263	1,108	**491**	426	**215**	218	**182**	180	**291**	257	**–**	–	**5,765**	5,532
166	164	**–**	3	**1**	1	**2**	2	**39**	36	**(218)**	(214)	**–**	–
1,429	1,272	**491**	429	**216**	219	**184**	182	**330**	293	**(218)**	(214)	**5,765**	5,532
143	145	**240**	109	**46**	45	**30**	24	**(21)**	(22)	**–**	–	**1,184**	1,072
(7)	–	**–**	–	**–**	–	**–**	–	**24**	21	**–**	–	**38**	40
136	145	**240**	109	**46**	45	**30**	24	**3**	(1)	**–**	–	**1,222**	1,112
143	140	**134**	110	**46**	45	**30**	24	**3**	17	**–**	–	**1,134**	1,132
(7)	–	**–**	–	**–**	–	**–**	–	**1**	(3)	**–**	–	**(6)**	(3)
–	–	**(1)**	(1)	**–**	–	**–**	–	**(1)**	(1)	**–**	–	**(13)**	(10)
–	5	**107**	–	**–**	–	**–**	–	**–**	(14)	**–**	–	**107**	(7)
136	145	**240**	109	**46**	45	**30**	24	**3**	(1)	**–**	–	**1,222**	1,112
												23	35
												(25)	(23)
												(27)	4
												(302)	(263)
												891	865
1,680	1,549	**342**	573	**172**	169	**179**	190	**548**	483	**(141)**	(138)	**5,724**	5,784
9	15	**–**	–	**–**	–	**–**	–	**287**	287	**–**	–	**356**	358
–	–	**–**	–	**–**	–	**–**	–	**23**	109	**–**	–	**23**	109
1,689	1,564	**342**	573	**172**	169	**179**	190	**858**	879	**(141)**	(138)	**6,103**	6,251
488	439	**123**	142	**117**	108	**76**	83	**283**	288	**(142)**	(137)	**2,377**	2,216
–	–	**–**	–	**–**	–	**–**	–	**33**	45	**–**	–	**33**	45
488	439	**123**	142	**117**	108	**76**	83	**316**	333	**(142)**	(137)	**2,410**	2,261
1,201	1,125	**219**	431	**55**	61	**103**	107	**542**	546	**1**	(1)	**3,693**	3,990
												6,103	6,251
												361	415
												57	61
												964	1,256
												701	841
												8,186	8,824
												2,410	2,261
												56	42
												100	115
												527	809
												3,093	3,227
53	105	**51**	10	**6**	6	**5**	5	**107**	31	**–**	–	**341**	292
(22)	(15)	**(10)**	(11)	**(5)**	(5)	**(4)**	(4)	**(27)**	(32)	**–**	–	**(175)**	(196)
(4)	–	**–**	–	**–**	–	**–**	–	**(3)**	–	**–**	–	**(14)**	(9)
–	–	**–**	–	**–**	–	**–**	–	**(72)**	(49)	**–**	–	**(72)**	(49)

France		Netherlands		UK		Other regions		Total	
2011 €m	2010 €m	2011 €m	2010 €m	2011 €m	2010 €m	2011 €m	2010 €m	2011 €m	2010 €m
1,611	1,642	**502**	448	**206**	232	**1,434**	1,225	**5,765**	5,532
933	932	**285**	442	**417**	415	**693**	617	**3,340**	3,421
–	–	**–**	–	**–**	–	**31**	–	**31**	–
99	112	**51**	15	**5**	6	**129**	99	**341**	292

The revenue generated in Luxembourg amounts to €54 million (2010: €42 million). The total of non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets located in Luxembourg amounts to €26 million (2010: €27 million).

6. ACQUISITIONS AND DISPOSALS

6. 1.
Acquisitions and increases in interests held in subsidiaries

Details of significant acquisitions in the year ended 31 December 2011 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 financial statements from the date that control has been transferred to the Group.

In aggregate, the acquired businesses contributed revenue of €6 million and profit attributable to RTL Group shareholders of €2 million for the post acquisition period to 31 December 2011. 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 €5,787 million and €697 million respectively.

6. 2.
Details of significant acquisitions and disposals, increases in interests held in subsidiaries

2011

Hungarian language cable channels and M-RTL

On 28 July 2011, RTL Group signed an agreement with IKO and certain other entities to acquire its stake of 31 per cent in M-RTL and the full control of a portfolio of seven Hungarian language cable channels. The transactions were completed on 20 December 2011 once the approval of the Hungarian Competition Office was received.

The acquisitions provide the opportunity for RTL Group to build a family of channels in the very fragmented Hungarian market and to develop synergies for reducing the cost base.

The final purchase price is contingent on working capital adjustments. In addition, the acquisition agreement provides for certain warranties and indemnities in favour of RTL Group.

On 31 August 2011, RTL Group paid €6 million for 100 per cent of KOS Beteiligungs- und Verwaltungsgesellschaft mbH ("KOS") holding a 2 per cent economic ownership and 20 per cent voting rights in M-RTL.

The acquisitions of KOS and of the 31 per cent stake in M-RTL from IKO are accounted for as equity transactions (see note 8.14.8.). The related consideration amounts to €64 million. In this context, RTL Group also reimbursed a loan payable for an amount of €6 million. The excess of consideration recognised in the equity attributable to RTL Group shareholders amounts to €(42) million.

The transactions related to the seven cable channels qualify as a business combination. The related purchase consideration, net of cash acquired, amounts to €91 million, resulting in the recognition of a provisional goodwill of €87 million. The goodwill is not expected to be tax deductible.

The acquisition-related costs of €0.6 million, mainly consisting of legal fees and due diligence costs, have been recognised in "Other operating expenses".

As the gain of control of the cable channels occurred at the end of the year, the revenue and profit included for the acquired operations in the consolidated income statement of RTL Group for the period 2011 is not significant.

Had the business combination occurred on 1 January 2011, the contribution to the consolidated revenue and to the Group's consolidated result would have been €17 million and €2 million, respectively.

Hungarian language cable channels and M-RTL 2011	**Carrying amount at date of gain of control €m**	**Incremental value €m**	**Fair value at date of gain of control €m**
Cash and cash equivalents	**(1)**	–	**(1)**
Other intangible assets	**3**	–	**3**
Current programme rights	**4**	–	**4**
Accounts receivable and other financial assets	**4**	–	**4**
Accounts payable	**(7)**	–	**(7)**
Net assets acquired	**3**	–	**3**
Goodwill			**87**
Total purchase consideration			**90**
Cash and cash equivalents in operations acquired			**1**
Cash outflow on acquisition			**91**

Dutch radios and RTL Nederland

On 28 July 2011, RTL Group has exercised its put option towards Talpa Media Nederland to get back Talpa Media's 26.3 per cent non-controlling shareholding in RTL Nederland (mainly Dutch TV operations) in exchange for its interests held in the Dutch radios Radio 538, Radio 10 Gold and Slam!FM. The exchange of the respective shareholdings was initially set to take place in 2012.

RTL Group and Talpa Media agreed on 1 September 2011 to accelerate the transfer of shares before 31 December 2011. On 29 December 2011, RTL Group and Talpa Media agreed on the final completion of the asset swap and the related payments.

The acquisition of the remaining non-controlling interest in RTL Nederland is accounted for as an equity transaction (see note 8.14.8.). The fair value of the 26.3 per cent of RTL Nederland amounts to €290 million. The valuation was based on discounted cash-flow approach and an analysis of comparable trading and transactions multiples. The equity transaction results in a decrease in equity of €273 million.

RTL Group recognised a capital gain on the disposal of the Dutch radios for an amount of €107 million derived from the measurement at fair value of 26.3 per cent of RTL Nederland included in the consideration received.

The terms of the agreement include the payment to Talpa of the put option cash settlement amount, net of representations and warranties received by Talpa (€(7) million), the reimbursement to Talpa Media of its contribution paid in 2007 (€(74) million), the reimbursement to RTL Group of the loan granted in 2007 (€74 million), and the payment to RTL Group of the purchase price following the acquisition of Radio 10 Gold and Slam!FM (€7 million). The disposal results therefore in an outflow, net of cash held by the Dutch radios disposed of, amounting to €(5) million.

In 2011, the Dutch radios have contributed €61 million and €13 million to the revenue and the profit attributable to the owners of Group, respectively.

Dutch radios and RTL Nederland	2011 €m
Cash and cash equivalents	(79)
Goodwill	(164)
Other intangible assets	(34)
Property, plant and equipment	(1)
Net deferred tax assets	(36)
Accounts receivable and other financial assets	(13)
Accounts payable	65
Loans	55
Non-controlling interests	24
Net assets disposed of	**(183)**
Total disposal proceeds	**297**
Less:	
Non-cash consideration received from non-controlling interests	(290)
Cash settlement amount	(7)
Reimbursement to RTL Group of the loan granted	74
Cash and cash equivalents in operations disposed of	(79)
Cash outflow on disposals of continuing operations	**(5)**

Other acquisitions and disposals, increases in interest held in subsidiaries

- On 1 April 2011, RTL Group acquired 100 per cent of the leading Dutch internet site Buienradar, which provides real-time weather information. The transaction qualified as a business combination since RTL Group gained the control of Buienradar BV. The purchase accounting led to no recognition of additional fair values directly attributable to the net assets acquired. The purchase consideration, net of cash acquired, amounted to € 15 million resulting in the recognition of a goodwill of € 11 million;
- On 19 April 2011, the Group acquired the remaining 50 per cent of the shares of the company TCM Droits Audiovisuels SNC ("TCM"), previously proportionate consolidated. The transaction qualified as a business combination since RTL Group gained the control of TCM. The re-measurement to fair value of the Group's existing 50 per cent (amounting to €0.4 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 the recognition of a fair value of € 1.7 million on the rights acquired subsequently fully impaired;
- On 28 April 2011, the Group acquired 50 per cent in Panorabanque SAS ("Panorabanque") through a capital increase and 34 per cent in Quicksign SAS (see note 8.4.), a technological platform devoted to financial services and implemented by Panorabanque. Jointly controlled, Panorabanque is proportionate consolidated. The purchase accounting led to no recognition of additional fair values directly attributable to the net assets acquired. A goodwill of €0.7 million was recognised;
- On 5 May 2011, the Group acquired 100 per cent of Les Films de la Suane Sàrl ("Les Films de la Suane"), a company that owns a catalogue of seven feature films. The transaction qualified as a business combination since the Group gained the control of Les Films de la Suane. The purchase accounting led to the recognition of a fair value of €2 million on deferred tax assets related to losses carried forward and on the catalogue of rights acquired, net of related deferred tax liability;
- On 1 June 2011, RTL Group acquired 100 per cent of the Dutch radio station Slam!FM BV ("Slam!FM"). The transaction qualified as a business combination since RTL Group gained the control of Slam!FM. The purchase accounting led to no recognition of additional fair values directly attributable to the net assets acquired. The purchase consideration, net of cash acquired, amounted to €6 million resulting in the recognition of a goodwill of €4 million. It was agreed that in case RTL Group would exercise its put option on Talpa, the shares in Slam!FM will be transferred to Talpa on the same terms and conditions as at the date of acquisition (see note "Dutch radios and RTL Nederland" on page 193);
- On 5 August 2011, the Group acquired 100 per cent of Netzathleten.net Media GmbH ("Netzathleten") and its 100 per cent controlled subsidiary Delta Advertising GmbH. Netzathleten is the leading operator of vertical content networks in the German-speaking market. The transaction qualified as a business combination since RTL Group gained the control of Netzathleten. The purchase accounting led to the recognition of a fair value of €3 million on the customer relationships and to a related deferred tax liability of € 1 million. The transaction resulted in the recognition of a goodwill of € 12 million. The purchase consideration, net of cash acquired, amounted in 2011 to € 7 million. At 31 December 2011, the deferred consideration payable based on a variable performance-related component amounted to €6 million;
- An additional fair value of the deferred consideration has been recognised in 2011 due to the outperformance of Original Productions. The goodwill has been accordingly increased for an amount of € 12 million to €63 million.

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 qualified as a business combination since the Group 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) had 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 conducted in 2011 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 €34 million. At 31 December 2011, contingent consideration and deferred payment amounted to € 12 million (2010: € 12 million) and nil (2010: € 1 million), respectively.

The acquisition-related costs of €0.5 million, mainly consisting of legal fees and due diligence costs had been recognised in 2010 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)
Interest-bearing loans payable and borrowings	(1)	–	(1)
Net assets acquired	**5**	–	**5**
Fair value of equity interest held before business combinations			(10)
Goodwill			34
Total purchase consideration			**29**

Less:	
Contingent consideration	(13)
Cash outflow on acquisition	**16**

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 had been recognised as a liability.

The transaction qualified as a business combination since RTL Group gained the control of Radical Media. The purchase accounting conducted in 2011 led to no recognition of additional fair values directly attributable to the net assets acquired. The purchase consideration, net of cash acquired, amounted to €30 million, resulting in the recognition of a goodwill of €39 million. At 31 December 2011, contingent consideration and deferred payments amounted to €12 million (2010: €19 million) and €1 million (2010: €1 million).

The acquisition-related costs of €1 million, mainly consisting of legal fees and due diligence costs had been recognised in 2010 in "Other operating expenses".

The goodwill that is expected to be tax deductible amounts to €22 million (2010: €15 million). Further goodwill will become eligible for a tax deduction as the deferred consideration and option payments will be cashed-out.

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.

Radical Media 2010	Carrying amount at acquisition date €m	Incremental value €m	Fair value €m
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)
Net assets acquired	**–**	–	**–**
Goodwill			39
Total purchase consideration			**39**

Less:	
Contingent consideration	(19)
Deferred payments	(1)
Cash and cash equivalents in operations acquired	(9)
Cash outflow on acquisition	**10**

Other acquisitions and disposals, increases in interest held in subsidiaries and joint ventures

- 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 purchase accounting conducted in 2011 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 €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 had been adjusted on the basis of a variable performance-related component (€(1.4) million). Earn-out paid in 2011 amounted to €3.5 million (2010: €3.9 million).

6. 3. Assets and liabilities acquired

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

	2011 €m	2010 €m
Purchase consideration:		
– Cash paid	**132**	44
– Payments on prior years' acquisitions	**(12)**	(4)
– Contingent consideration	**6**	33
– Deferred payments	**–**	2
– Net asset contributed	**–**	1
Total purchase consideration	**126**	76
Less:		
Fair value of net assets acquired	**(12)**	(8)
Fair value of equity interest held before business combinations	**1**	19
Goodwill	**115**	87

6. 4.
Cash outflow on acquisitions
The net assets and liabilities arising from the acquisitions are as follows:

	2011 Carrying amount at acquisition date / gain of control €m	2011 Incremental value €m	2011 Fair value €m	2010 Fair value €m
Cash and cash equivalents	**(2)**	**–**	**(2)**	14
Non-current programme and other rights	**3**	**1**	**4**	–
Other intangible assets	**3**	**3**	**6**	–
Property, plant and equipment	**–**	**–**	**–**	4
Loans and other financial assets	**–**	**–**	**–**	2
Net deferred tax assets	**1**	**–**	**1**	–
Current programme rights	**4**	**–**	**4**	8
Other inventories	**–**	**–**	**–**	9
Accounts receivable and other financial assets	**7**	**–**	**7**	36
Accounts payable	**(12)**	**–**	**(12)**	(57)
Other provision	**(1)**	**–**	**(1)**	–
Interest-bearing loans payable and borrowings	**(1)**	**–**	**(1)**	(5)
Non-controlling interests	**6**	**–**	**6**	(3)
Net assets acquired	**8**	**4**	**12**	8
Fair value of equity interest held before business combinations			**(1)**	(19)
Goodwill			**115**	87
Total purchase consideration			**126**	76
Less:				
Net asset contributed			**–**	(1)
Contingent consideration			**(6)**	(33)
Deferred payments			**–**	(2)
Payments on prior years' acquisitions			**12**	4
Cash and cash equivalents in operations acquired			**2**	(14)
Cash outflow on acquisitions			**134**	30

6. 5.
Assets and liabilities disposed of
Details of net assets disposed of and gain on disposal are as follows:

	2011 €m	2010 €m
Fair value of consideration received	**297**	4
Payment associated	**(7)**	–
Net assets disposed of	**(183)**	(4)
Net gain on disposal of subsidiaries (see note 6.2.)	**107**	–

6. 6.
Cash inflow / (outflow) on disposals of continuing operations

	2011 €m	2010 €m
Cash and cash equivalents	**(79)**	–
Goodwill	**(164)**	–
Other intangible assets	**(34)**	–
Property, plant and equipment	**(1)**	–
Net deferred tax assets	**(36)**	–
Accounts receivable and other financial assets	**(13)**	–
Assets classified as held for sale	**–**	(20)
Accounts payable	**65**	–
Interest-bearing loans payable and borrowings	**55**	–
Liabilities directly associated with non-current assets classified as held for sale	**–**	16
Non-controlling interests	**24**	–
Net assets disposed of	**(183)**	(4)
Total disposal proceeds	**297**	4
Less:		
Transaction with non-controlling interests	**(290)**	–
Cash settlement amount	**(7)**	–
Reimbursement to RTL Group of the loan granted	**74**	–
Cash and cash equivalents in operations disposed of	**(79)**	–
Cash inflow / (outflow) on disposals of continuing operations (see note 6.2.)	**(5)**	4

7. DETAILS ON CONSOLIDATED INCOME STATEMENT

7. 1. Revenue

	2011 €m	%	2010 €m	%
Spot advertising sales	**3,207**	**56**	3,180	58
Bartering advertising revenue	**53**	**1**	53	1
Other advertising sales	**199**	**3**	129	2
Advertising sales, net of agency commissions	**3,459**	**60**	3,362	61
Net films, programmes and other rights – sold or licensed	**1,491**	**26**	1,377	25
Sales of merchandise and consumer services	**564**	**10**	616	11
Professional services	**251**	**4**	177	3
	5,765	**100**	5,532	100

7. 2. Other operating expenses

	Notes	2011 €m	2010 €m
Employee benefits expenses	7. 2. 1.	**914**	875
External cost of live programmes		**242**	224
Intellectual property expenses		**333**	283
Expenses for subcontract production		**177**	196
Consumption of other inventories		**270**	228
External cost of transmitting		**142**	142
Other marketing, promotion and public relations costs		**126**	124
Rental costs		**98**	91
Operating taxes		**79**	75
Audit, consulting and legal fees (1)		**56**	59
Marketing and promotion costs – barter		**50**	50
Repairs and maintenance		**46**	53
Other distribution expenses		**34**	37
Commissions on sales		**19**	24
Administration and sundry expenses		**160**	130
		2,746	2,591

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

	2011 €m	2010 €m	
	PwC	KPMG	PwC
Audit services pursuant to legislation	**2.4**	1.5	1.6
Other audit-related services	**0.7**	0.4	0.3
Other services relating to taxation	**0.2**	0.3	0.1
Other services	**0.5**	–	0.9
	3.8	2.2	2.9

The PwC fees related to the discontinued operations amounted to €0.1 million in 2011 (2010: €0.5 million).

7. 2. 1. Employee benefits expenses

	2011 €m	2010 €m
Wages and salaries	**710**	679
Social security costs	**149**	150
Share options granted to employees	**7**	6
Pension costs	**14**	9
Other employee expenses	**34**	31
	914	875

The amounts set out above exclude personnel costs of €194 million (2010: €197 million), that are capitalised and that represent costs of employees directly allocated to the production of assets.

Pension costs relate to defined contributions for €7 million (2010: €5 million) and defined benefit plans for €7 million (2010: €4 million) (see note 8.13.).

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

	2011	2010
Employees of fully consolidated undertakings	**9,538**	9,198
Employees of joint ventures	**83**	88
	9,621	9,286
Employees of Alpha (1)	**482**	502
Employees of Five Group (1)	**–**	141

(1) Discontinued operations (see note 4.)

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

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:

2011

- Gain on disposal of Dutch radios (see note 6.2.): €107 million
- Gain on re-measurement of fair value of the Group's existing 50 per cent in TCM Droits Audiovisuels SNC (see note 6.2.): €0.4 million

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
- 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

7. 4. Net interest income/(expense)

	2011 €m	2010 €m
Interest income on loans and accounts receivable	**23**	21
Tax-related interest income	**–**	14
Interest income	**23**	35
Interest expense on financial liabilities	**(11)**	(8)
Tax-related interest expense	**(6)**	(6)
Interest on defined benefit obligation (1)	**(4)**	(5)
Interest expense on other employee benefit liabilities	**(4)**	(4)
Interest expense	**(25)**	(23)
Net interest income/(expense)	**(2)**	12

(1) Of which (see note 8.13.):
– Expected return on plan assets: €4 million (2010: €3 million)
– Unwind of discount on defined benefit obligations: €(8) million (2010: €(8) million)

"Interest income on loans and accounts receivable" includes an amount of €8 million (2010: €5 million) in respect of deposits to Bertelsmann AG (see note 10.1.).

7. 5. Financial results other than interest

	2011 €m	2010 €m
Impairment losses on available-for-sale investments	**–**	(3)
Cash flow hedges ineffectiveness (see note 3.)	**(5)**	1
Net gain on other financial instruments at fair value through profit or loss (1)	**(20)**	4
Other financial results	**(2)**	2
	(27)	4

(1) This amount includes the re-measurement of put options at fair value at year-end and change in fair value on other financial assets

7. 6. Income tax expense

	2011 €m	2010 €m
Current tax expense	**(288)**	(239)
Deferred tax expense	**(14)**	(24)
	(302)	(263)

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

	2011 €m	%	2010 €m	%
Profit before taxes (continuing operations)	**1,193**		1,128	
Income tax rate applicable in Luxembourg		**28.80**		28.59
Tax calculated at domestic tax rate applicable to profits in Luxembourg	**343**		323	
Effects of tax rate in foreign jurisdictions and German trade tax	**56**		54	
Tax calculated at domestic tax rate applicable to profits in the respective countries	**399**	**33.40**	377	33.40
Change in tax regulation and status	**(10)**		1	
Non deductible expenses	**17**		10	
Tax exempt revenue	**(40)**		(23)	
Commission received in relation to the Compensation Agreement (see note 10.1.)	**(69)**		(56)	
Tax incentives not recognised in the income statement	**(11)**		(13)	
Effect of tax losses for which no deferred tax assets are recognised	**1**		3	
Tax expense before adjustments on prior years	**287**	**24.10**	299	26.50
Current tax adjustments on prior years	**23**		(28)	
Deferred tax adjustments on prior years	**(8)**		(8)	
Income tax expense	**302**	**25.30**	263	23.30

The effect of the change in income tax rates in Germany resulted in an increase in deferred tax amounting to € 10 million.

Tax exempt revenue mainly relates to capital gains and fair value changes for € 27 million (2010: € 5 million) and to the share of results of associates for € 13 million (2010: € 13 million).

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

The tax adjustments on prior years mainly result from final tax assessments in Germany in 2011 and 2010.

7. 7. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to RTL Group shareholders of € 696 million (2010: € 611 million) and a weighted average number of ordinary shares outstanding during the year of 153,618,853 (2010: 153,618,853), calculated as follows:

	Continuing operations	Discontinued operations	2011	Continuing operations	Discontinued operations	2010
Profit/(loss) attributable to RTL Group shareholders (in € million)	**770**	**(74)**	**696**	737	(126)	611
Weighted average number of ordinary shares:						
Issued ordinary shares at 1 January (note 8.14.1.)	**154,787,554**	**154,787,554**	**154,787,554**	154,787,554	154,787,554	154,787,554
Effect of own shares held (note 8.14.2.)	**(1,168,701)**	**(1,168,701)**	**(1,168,701)**	(1,168,701)	(1,168,701)	(1,168,701)
Weighted average number of ordinary shares	**153,618,853**	**153,618,853**	**153,618,853**	153,618,853	153,618,853	153,618,853
Basic earnings per share (in €)	**5.01**	**(0.48)**	**4.53**	4.80	(0.82)	3.98
Diluted earnings per share (in €)	**5.01**	**(0.48)**	**4.53**	4.80	(0.82)	3.98

For 2011 and 2010, there is no dilutive impact of the share option plan as all options are out of the money.

8. DETAILS ON 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 €m	Goodwill €m	Other intangible assets €m
Cost						
Balance at 1 January 2010	**537**	**919**	**22**	**1,478**	**5,606**	**569**
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 (3)	–	–	–	**–**	87	–
Subsidiaries and joint ventures disposed of (1)	–	–	–	**–**	(601)	(149)
Transfers and other changes (2)	14	115	(4)	**125**	6	18
Balance at 31 December 2010	**598**	**1,002**	**36**	**1,636**	**5,137**	**448**
Effect of movements in foreign exchange	7	2	–	**9**	3	(3)
Additions	12	34	37	**83**	–	56
Disposals	–	(41)	–	**(41)**	–	(29)
Subsidiaries and joint ventures acquired (3)	1	3	–	**4**	115	6
Subsidiaries and joint ventures disposed of (1)	–	–	–	**–**	(164)	(68)
Transfer to assets classified as held for sale (4)	–	–	–	**–**	(114)	(16)
Transfers and other changes (2)	7	26	(42)	**(9)**	9	(1)
Balance at 31 December 2011	**625**	**1,026**	**31**	**1,682**	**4,986**	**393**
Amortisation and impairment losses						
Balance at 1 January 2010	**(524)**	**(844)**	**–**	**(1,368)**	**(2,945)**	**(261)**
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 (1)	–	–	–	**–**	601	89
Transfers and other changes	(10)	(110)	–	**(120)**	–	(18)
Balance at 31 December 2010	**(578)**	**(934)**	**–**	**(1,512)**	**(2,429)**	**(232)**
Effects of movements in foreign exchange	(7)	(2)	–	**(9)**	–	2
Amortisation charge for the year	(16)	(60)	–	**(76)**	–	(31)
Impairment losses recognised for the year	(3)	(2)	(4)	**(9)**	–	(6)
Reversal of impairment	–	2	–	**2**	–	–
Disposals	–	41	–	**41**	–	24
Subsidiaries and joint ventures disposed of (1)	–	–	–	**–**	–	34
Transfer to assets classified as held for sale (4)	–	–	–	**–**	114	8
Balance at 31 December 2011	**(604)**	**(955)**	**(4)**	**(1,563)**	**(2,315)**	**(201)**
Carrying amount:						
At 31 December 2010	**20**	**68**	**36**	**124**	**2,708**	**216**
At 31 December 2011	**21**	**71**	**27**	**119**	**2,671**	**192**

(1) See note 4. and 6.2.
(2) "Transfers and other changes" on goodwill primarily relate to Cyréalis, Original Productions and Radical Media (see note 6.2.)
(3) See note 6.2. and 6.3.
(4) The fair value recognised at the time of the gain of control of Alpha by RTL Group has been reclassified to disposal group (see note 4.)

Other intangible assets include mainly Alpha TV (2010 only), Mistergooddeal, M6 and Radio 538 (2010 only) brands, for an amount of €125 million (2010: €139 million) and Alpha Media Group (2010 only), Groupe M6, Netzathleten.net (see note 6.2.) and M-RTL (see note 6.2.) customer relationships of €14 million (2010: €17 million).

No impairment loss has been recognised in 2011 regarding intangible assets recognised at fair value at the time of the gain of control by RTL Group.

The M6 brand is considered to have an indefinite useful life and was recognised for an amount of €120 million. At 31 December 2011, 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 2011 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 business units (see note 5.) and at the level at which cash inflows are generated.

All business units and cash-generating units mainly operate in one country, except FremantleMedia, Radical Media and UFA Sports which are worldwide operations.

	2011 €m	2010 €m
Mediengruppe RTL Deutschland	**881**	869
Groupe M6	**416**	417
FremantleMedia	**1,039**	1,026
RTL Nederland		
– TV, Online and other	**135**	124
– Radio	**–**	159
RTL Belgium	**31**	31
French radio	**65**	65
Other segments		
– Hungarian language cable channels and M-RTL	**87**	–
– German radio	**17**	17
Total goodwill on cash-generating units	**2,671**	2,708

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 credit premium, gearing ratio and specific risk);
- 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 was not used by the Group in determining the recoverable amount of cash-generating units at 31 December 2011.

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 below.

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;
- Specific firm premium;
- Credit spread due to the financial situation; and
- Gearing ratio of the CGU.

	2011		2010	
	Perpetual growth rate % a year	**Discount rate %**	Perpetual growth rate % a year	Discount rate %
Cash-generating units				
Mediengruppe RTL Deutschland	**2.0**	**7.9**	2.0	8.6
Groupe M6	**2.5**	**8.6**	2.5	8.6
FremantleMedia	**3.0**	**7.8**	3.0	7.8
RTL Nederland				
– TV, Online and other	**2.5**	**8.6**	2.5	8.6
– Radio	**–**	**–**	2.5	7.3
RTL Belgium	**2.5 and 2 (1)**	**8.6 and 6.5 (1)**	2.5	8.6 and 7.2 (1)
French radio	**2.0**	**6.5**	2.5	7.2
Other segments				
– Alpha Media	**–**	**–**	3.0	9.7
– German radio	**2.0**	**6.5**	2.5	8.9
– Hungarian language cable channels and M-RTL	**2.0**	**13.1**	3.0	14.9

(1) For television and radio, respectively

Management consider that, at 31 December 2011, 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, Hungarian language cable channels and M-RTL excepted.

For Hungarian language cable channels and M-RTL, if the estimated revenue growth for 2012 and each of the following years, the discount rate and the EBITA margin had been reduced by 1 per cent, this would have resulted in headroom reduced to nil but RTL Group would not have recognised an impairment loss against goodwill.

2011

No impairment loss on goodwill was recorded in 2011.

2010

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

8. 3. Property, plant and equipment

	Land, buildings and improvements €m	Technical equipment €m	Other €m	**Total €m**
Cost				
Balance at 1 January 2010	**430**	**310**	**228**	**968**
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
Balance at 31 December 2010	**365**	**294**	**208**	**867**
Effect of movements in foreign exchange	–	(1)	–	(1)
Additions	15	20	41	76
Disposals	(3)	(6)	(16)	(25)
Subsidiaries and joint ventures disposed of (2)	(1)	(2)	(3)	(6)
Transfer to assets classified as held for sale (3)	(18)	(19)	(6)	(43)
Transfers and other changes	(17)	3	(6)	(20)
Balance at 31 December 2011	**341**	**289**	**218**	**848**
Depreciation and impairment losses				
Balance at 1 January 2010	**(222)**	**(244)**	**(138)**	**(604)**
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)
Balance at 31 December 2010	**(160)**	**(202)**	**(132)**	**(494)**
Effect of movements in foreign exchange	–	–	–	–
Depreciation charge for the year	(16)	(30)	(22)	(68)
Impairment losses recognised for the year	(1)	–	–	(1)
Disposals	1	6	16	23
Subsidiaries and joint ventures disposed of (2)	1	2	2	5
Transfer to assets classified as held for sale (3)	11	16	5	32
Transfers and other changes	11	1	1	13
Balance at 31 December 2011	**(153)**	**(207)**	**(130)**	**(490)**
Carrying amount:				
At 31 December 2010	**205**	**92**	**76**	**373**
At 31 December 2011	**188**	**82**	**88**	**358**

(1) See note 6.2.
(2) See note 4 and 6.2.
(3) See note 4.

Net tangible assets held under finance leases at 31 December 2011 amount to €3 million (2010: €14 million). The decrease is mainly due to the end of finance lease of UFA Berlin (€8 million).

8. 4. Investments in associates

	2011 €m	2010 €m
Balance at 1 January	**358**	416
Effect of movements in foreign exchange	**1**	19
Share of results of associates	**38**	40
Dividend distribution	**(40)**	(33)
Change in ownership interest and other changes	**(1)**	(84)
Balance at 31 December	**356**	358

"Investments in associates" at 31 December 2011 include goodwill of €238 million (2010: €239 million), of which €195 million relates 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.).

Share of results of associates:

	2011 €m	2010 €m
Share of result after tax	**44**	43
Impairment of investments in associates	**(6)**	(3)
	38	40

Antena 3 De Television Group and RTL II contributed in 2011 to the "Share of results of associates" for €20 and €13 million respectively (2010: €24 and €14 million, respectively).

An impairment loss of €8 million, related to the associate Ad Society, has been recognised in 2011 and €2 million related to RTL 9 associate was reversed. (2010: AVE VI Vermögensverwaltungsgesellschaft associate for €3 million).

Investments in associates are tested for impairment.

Antena 3 is a quoted company and the value based on the share price at 31 December 2011 is €46 million below the carrying amount. Management has retained a fair value less costs to sell mainly on the basis of a discounted cash flow ("DCF") model. The model is calculated based on local management's business plan and in-line with the assumptions taken for the announced, but not yet approved, merger with laSexta without incorporating any potential synergy effects.

If the estimated revenue growth for 2012 and each of the following years, the discount rate and the EBITA margin had been reduced by 1 per cent, this would have resulted in an impairment loss of €22 million.

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

2011	Country of incorporation	Assets €m	Liabilities €m	Equity €m	Revenue €m	Profit for the year €m	Interest held %
Antena 3	Spain	783	489	294	805	93	21.7
RTL 2 GmbH & Co. KG	Germany	108	62	46	290	36	35.8

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	808	109	21.5
RTL 2 GmbH & Co. KG	Germany	98	51	47	279	39	35.8

Based on the published share price at 31 December 2011, the market capitalisation of 100 per cent of Antena 3 amounts to €982 million (2010: €1,467 million).

8. 5. Loans and other financial assets

	2011 €m	2010 €m
Available-for-sale investments (see note 8.14.5.)	**106**	111
Surplus of the defined benefit plans (see note 8.13.)	**5**	4
Loans and other financial assets	**138**	156
	249	**271**

No reversal of impairment losses has been recorded in 2011 and 2010.

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

	2011 €m	2010 €m
Balance at 1 January	**111**	111
Net acquisitions and disposals	**4**	2
Change in fair value	**(1)**	(1)
Impairment losses	**(8)**	(2)
Other changes	**–**	1
Balance at 31 December	**106**	111

8. 6. Deferred tax assets and liabilities

	2011 €m	2010 €m
Deferred tax assets	**361**	415
Deferred tax liabilities	**(56)**	(42)
	305	373

	2011 €m	2010 €m
Balance at 1 January	**373**	407
Income tax expense (continuing operations)	**(14)**	(24)
Income tax income/(expense) (discontinued operations)	**2**	(5)
Income tax credited/(charged) to equity (1)	**(20)**	(10)
Change in consolidation scope	**(36)**	5
Balance at 31 December	**305**	373

(1) Of which:
- *€1 million (2010: €2 million) related to derivatives on equity instruments;*
- *€3 million (2010: €3 million) related to share options granted to employees;*
- *€(15) million (2010: €(14) million) related to effective portion of changes in fair value of cash flow hedges;*
- *€3 million (2010: €(2) million) related to change in fair value of cash flow hedges transferred to profit or loss;*
- *€nil million (2010: €1 million) related to defined benefit plan actuarial gains/(losses); and*
- *€(12) million (2010: €nil million) related to change in fair value of available-for-sale investments.*

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

Unrecognised deferred tax assets amount to €1,523 million at 31 December 2011 (2010: €1,568 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 €5,297 million (2010: €5,504 million) to carry forward against future taxable income which only relate to Luxembourg and have no expiry date.

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

Deferred tax assets	Balance at 1 January 2011 €m	(Charged)/ credited to income statement €m	Charged to equity €m	Change in consolidation scope €m	Transfers and other changes €m	Balance at 31 December 2011 €m
Intangible assets	217	(24)	–	(35)	1	159
Programme rights	118	13	–	–	1	132
Property, plant and equipment	1	–	–	–	–	1
Provisions	70	(1)	–	–	6	75
Tax losses (see note 7.6.)	52	(7)	–	(2)	1	44
Others	22	18	(17)	1	(5)	19
Set off of tax	(65)	–	–	–	(4)	(69)
	415	**(1)**	**(17)**	**(36)**	**–**	**361**

Deferred tax liabilities	Balance at 1 January 2011 €m	(Charged)/ credited to income statement €m	Charged to equity €m	Change in consolidation scope €m	Transfers and other changes €m	Balance at 31 December 2011 €m
Intangible assets	(68)	(1)	–	1	(1)	(69)
Property, plant and equipment	(18)	1	–	–	–	(17)
Provisions	(6)	–	–	–	(1)	(7)
Others	(15)	(11)	(3)	(1)	(2)	(32)
Set off of tax	65	–	–	–	4	69
	(42)	**(11)**	**(3)**	**–**	**–**	**(56)**

8. 7. Current programme rights

	2011			2010		
	Gross value €m	**Valuation allowance €m**	**Net value €m**	Gross value €m	Valuation allowance €m	Net value €m
(Co-)productions	**344**	**(313)**	**31**	355	(311)	44
TV programmes	**55**	**–**	**55**	69	(1)	68
Other distribution and broadcasting rights	**793**	**(223)**	**570**	770	(223)	547
Sub-total programme rights	**1,192**	**(536)**	**656**	1,194	(535)	659
(Co-)productions and programmes in progress	**154**	**(6)**	**148**	124	(4)	120
Advance, payments on (co-)productions, programmes and rights	**123**	**–**	**123**	134	–	134
Sub-total programme rights in progress	**277**	**(6)**	**271**	258	(4)	254
	1,469	**(542)**	**927**	1,452	(539)	913

Additions and reversals of valuation allowance have been recorded for €(80) million and €64 million respectively in 2011 (2010: €(69) million and €66 million respectively).

8. 8. Accounts receivable and other financial assets

	2011 Under 1 year €m	2011 Over 1 year €m	2011 Total €m	2010 Under 1 year €m	2010 Over 1 year €m	2010 Total €m
Trade accounts receivable	**1,002**	**6**	**1,008**	969	5	974
Accounts receivable from associates	**22**	**–**	**22**	20	–	20
Prepaid expenses	**79**	**2**	**81**	95	1	96
Fair value of derivative assets	**96**	**–**	**96**	53	–	53
Current deposit with shareholder (1) (see note 10.1.)	**589**	**–**	**589**	794	–	794
Other current financial assets	**2**	**–**	**2**	80	–	80
Account receivable from shareholder in relation with PLP agreement (see note 10.1.)	**209**	**–**	**209**	350	–	350
Other accounts receivable	**120**	**3**	**123**	130	9	139
	2,119	**11**	**2,130**	2,491	15	2,506

(1) Including accrued interests

Additions and reversals of valuation allowance have been recorded for €(30) million and €21 million respectively in 2011 (2010: €(34) million and €27 million respectively).

The decrease in "other current financial assets" mainly results from a reimbursement by Talpa Media (see note 6.2.).

8. 9. Cash and cash equivalents

	2011 €m	2010 €m
Cash in hand and at bank	**133**	181
Fixed term deposits (under three months)	**175**	303
Other cash equivalents	**393**	357
	701	841

"Other cash equivalents" include money market funds for €293 million (2010: €357 million).

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

8. 10. Loans and bank overdrafts

Current liabilities	2011 €m	2010 €m
Bank overdrafts	**1**	3
Bank loans payable (1)	**8**	33
Leasing liabilities	**1**	10
Other current loans payable (2)	**32**	46
	42	92

Non-current liabilities	2011 €m	2010 €m
Bank loans payable	**–**	83
Leasing liabilities	**2**	2
Other non-current loans payable	**9**	11
	11	96

(1) Mainly relate to Alpha Media Group for €22 million in 2010
(2) Mainly relate to Alpha Media Group for €15 million in 2010

Term and debt repayment schedule:

2011	Under 1 year €m	1–5 years €m	Over 5 years €m	**Total carrying amount €m**
Bank overdraft	1	–	–	1
Bank loans payable	8	–	–	8
Leasing liabilities	2	1	–	3
Other loans payable	31	9	1	41
	42	**10**	**1**	**53**
2010				
Bank overdraft	3	–	–	3
Bank loans payable	33	83	–	116
Leasing liabilities	10	2	–	12
Other loans payable	46	10	1	57
	92	**95**	**1**	**188**

8. 11. Accounts payable

Current accounts payable	**2011 €m**	2010 €m
Trade accounts payable	**1,165**	1,084
Amounts due to associates	**2**	9
Employee benefits liability	**159**	159
Deferred income	**106**	138
Social security and other taxes payable	**67**	73
Fair value of derivative liabilities	**16**	17
Account payable to shareholder in relation with PLP agreement (see note 10.1.)	**278**	406
Other accounts payable	**363**	364
	2,156	2,250

Non-current accounts payable	**2011**			2010		
	1–5 years €m	**Over 5 years €m**	**Total €m**	1–5 years €m	Over 5 years €m	Total €m
Trade accounts payable	**46**	**8**	**54**	35	11	46
Employee benefits liability	**1**	**162**	**163**	1	144	145
Deferred income	**6**	**2**	**8**	1	–	1
Social security and other taxes payable	**–**	**–**	**–**	3	–	3
Other accounts payable	**79**	**13**	**92**	79	39	118
	132	**185**	**317**	119	194	313

8. 12. Provisions

	Post employment benefits €m	Restructuring €m	Litigations €m	Onerous contracts €m	Other provisions €m	**Total €m**
Balance at 1 January 2011	**94**	**6**	**83**	**100**	**36**	**319**
Provisions charged/(credited) to the income statement						
– Additions	19	2	49	65	4	139
– Reversals	–	–	(10)	(6)	(10)	(26)
Provisions used during the year	(15)	(4)	(5)	(51)	(4)	(79)
Gain of control	–	–	1	–	–	1
Transfer to liabilities directly associated with non-current assets classified as held for sale	(3)	–	(2)	–	–	(5)
Other changes	4	–	5	–	(4)	5
Balance at 31 December 2011	**99**	**4**	**121**	**108**	**22**	**354**

	2011 €m	2010 €m
Current	**240**	206
Non-current	**114**	113
	354	319

The provisions mainly relate to the following:

- "Post-employment benefits" comprise provisions for defined benefit obligations for €95 million (2010: €92 million) (see note 8.13.) and provision for other employee benefits for €4 million (2010: €2 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 €55 million for Groupe M6 (2010: €47 million) and €46 million for Mediengruppe RTL Deutschland (2010: €47 million). Out of €65 million of provisions recorded in 2011 (2010: €60 million), the most significant charge relates to obligations contracted on rights (€57 million; 2010: €49 million) which will not be broadcast or which will generate unavoidable costs;
- "Other provisions" primarily include provisions made by Groupe M6 for €15 million (2010: €28 million) and FremantleMedia for €5 million (2010: €5 million).

8. 13. 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 insurance 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, 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 insurance company. A guaranteed interest rate is provided by AXA.

Germany

Employees of UFA Berlin Group (including UFA Fernsehproduktion, UFA Entertainment, UFA Film & TV Produktion), Universum Film, Grundy Light Entertainment, Teamworx Television & Film, AVE Hörfunkbeteiligung, UFA Film & Fernsehen and RTL Group Deutschland participate in an unfunded common group retirement plan which is defined benefit in nature. The company Grundy UFA TV Produktions has a partly funded plan. Each employer which participates in this plan has separately identifiable liabilities.

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

RTL Television sponsors individual plans for two employees and two former 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 BCE set up provision for the unfunded retirement benefit plan. Death and disability are insured with Cardif Lux 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. Plan assets are held 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:

	2011 €m	2010 €m
Present value of funded obligations	**105**	96
Fair value of plan assets	**(85)**	(80)
	20	16
Present value of unfunded obligations	**70**	72
Net liability	**90**	88
Assets (see note 8.5)	**5**	4
Provisions (see note 8.12)	**95**	92

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

	2011 €m	2010 €m
Balance at 1 January	**168**	150
Current service cost	**7**	7
Interest cost (see note 7.4.)	**8**	8
Actuarial losses	**(1)**	9
Employee contributions	**1**	1
Benefits paid by employer	**(4)**	(4)
Benefits paid out of the plan assets	**(2)**	(2)
Settlements and curtailments	**–**	(3)
Foreign exchange differences	**1**	2
Transfer to liabilities directly associated with non-current assets classified as held for sale	**(3)**	–
Balance at 31 December	**175**	168

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

	2011 €m	2010 €m
Balance at 1 January	**80**	66
Expected return on plan assets (see note 7.4.)	**4**	3
Actuarial gains / (losses)	**(2)**	4
Employer contributions	**5**	6
Employee contributions	**1**	1
Benefits paid out of the plan assets	**(2)**	(2)
Settlements	**(2)**	–
Foreign exchange differences	**1**	2
Balance at 31 December	**85**	80

Plan assets are comprised as follows:

	2011 €m	2010 €m
Equity instruments	**48**	50
Debt instruments	**32**	25
Property	**2**	2
Other	**3**	3
Fair value of plan assets	**85**	80

The actual return on plan assets was €2 million (2010: €7 million).

Expected contributions to post-employment benefit plans for the year ending 31 December 2012 are €8 million.

The amounts recognised in the income statement are as follows:

	2011 €m	2010 €m
Current service cost	**7**	7
Settlements and curtailments	**–**	(3)
Total included in employee benefits expenses (see note 7.2.1.)	**7**	4

	2011 €m	2010 €m
Interest cost	**8**	8
Expected return on plan assets	**(4)**	(3)
Total included in net interest expense (see note 7.4.)	**4**	5

The cumulated amount of the actuarial losses recognised in equity at 31 December 2011 is €(14) million (2010: €(13) million).

The principal actuarial assumptions used were as follows:

	2011 % a year	2010 % a year
Discount rate	**4.75–5.10**	4.40–5.60
Expected return on plan assets	**3.50–4.50**	3.50–5.25
Long-term inflation rate	**1.80–2.50**	1.80–3.50
Future salary increases	**2.25–4.50**	2.25–4.50
Future pension increases	**1.80–3.05**	1.80–3.35

8. 14. Equity

8. 14. 1. Share capital

At 31 December 2011, the subscribed capital amounts to €192 million (2010: €192 million) and is represented by 154,787,554 (2010: 154,787,554) fully paid-up ordinary shares, without nominal value. All shares have the same rights and entitlements.

8. 14. 2. Treasury shares

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group. At 31 December 2011, the Group holds 1,168,701 own shares (2010: 1,168,701) at a cost of €44 million (2010: €44 million).

8. 14. 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. 14. 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 2010 and 31 December 2011, the hedging reserve increased by €45 million before tax effect. This consists of:

- Increase by €13 million due to foreign exchange contracts that existed at 2010 year end and which were still hedging off-balance sheet commitments at 31 December 2011;
- Decrease by €9 million due to foreign exchange contracts that existed at 2010 year end but which were incorporated in the cost of the hedged item and subsequently consumed and released in 2011 from the hedging reserve to income statement;
- Increase by €41 million due to foreign exchange contracts hedging new off-balance sheet commitments.

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 that 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 that existed at 2009 year end but which were incorporated in the cost of the hedged item and subsequently consumed and 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.

8. 14. 5.
Revaluation reserve

The revaluation reserve includes:

- The cumulative change net of tax in the fair value of available-for-sale investments (see note 8.5.) until the investment is derecognised or impaired for €21 million (2010: €42 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 and the acquisition of associates achieved in stages (2011: €54 million; 2010: €54 million).

8. 14. 6.
Dividends

At the Annual General Meeting of RTL Group SA on 18 April 2012, a dividend in respect of 2011 of €5.10 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 2011. The dividends in respect of 2010 amounted to €5.0 per share, or €773 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. 14. 7.
Share options

RTL Group Stock Option Plan

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

As no options were exercised before the expiry of ten years from the date of the grant, the programme was closed during the year.

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

Expiry date	Exercise price €	**Number of options 2011**	Number of options 2010
May 2011	85.24	**0**	1
		0	1

Movements in the number of share options are as follows:

In thousands of options	Average exercise price in € per share	**2011**	Average exercise price in € per share	**2010**
Options outstanding at the beginning of the year	85	**1**	87	**125**
Options expired/cancelled during the year	85	**(1)**	87	**(124)**
Options outstanding at the end of the year		**–**	85	**1**

The market price of RTL Group shares on the Brussels and Luxembourg Stock Exchanges was €76.99 at 31 December 2011 (€76.7 at 31 December 2010).

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)
Stock options plans					
	04–2004	861.50	–	4 years of service	7 years
	06–2005	635.50	368.50	4 years of service	7 years
	06–2006	736.75	445.75	4 years of service	7 years
	05–2007	827.50	576.00	4 years of service	7 years
	05–2008	883.83	702.48	4 years of service	7 years
Total		**3,945.08**	**2,092.73**		

	Grant date	Maximum number of free shares granted (in thousands) (2)	Remaining options (in thousands)	Vesting conditions
Free shares plans (*)				
	07–2009	398.70	–	2 years of service + performance conditions
	12–2009	58.00	–	2 years of service + performance conditions
	03–2010	22.00	22.00	2 years of service
	07–2010	377.78	372.03	2 years of service + performance conditions
	12–2010	48.00	33.05	2 years of service + performance conditions
	07–2011	367.82	359.72	2 years of service + performance conditions
	12–2011	37.50	37.50	2 years of service + performance conditions
Total		**1,309.80**	**824.30**	

(*) Re-presented
(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)
(2) The maximum number of free shares granted if the performance conditions are significantly exceeded. 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	2011	Average exercise price in € per share	2010
Options outstanding at the beginning of the year	22	**2,722**	22	3,339
Options exercised during the year	15	**(3)**	15	(3)
Options expired during the year	24	**(626)**	22	(614)
Options outstanding at the end of the year	21	**2,093**	22	2,722

Approximately 824,000 free shares are still exercisable at the end of the year against 862,000 at the beginning of the year which have been reduced by 12,000 due to the performance. 405,000 free shares were granted during the year with 413,000 being exercised and 18,000 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 2011**	Number of options 2010
Stock options plans				
	2011	24.97	**–**	495
	2012	19.94	**369**	391
	2013	24.60	**446**	475
	2014	27.52	**576**	614
	2015	14.73	**702**	747
			2,093	2,722
Free shares plans				
	2011		**–**	420*
	2012		**427**	442*
	2013		**397**	–
			824	862
Total			**2,917**	3,584
Out of which exercisable			**1,859**	2,020

(*) Re-presented

The market price of Métropole Télévision shares on the Paris Stock Exchange was €11.53 at 31 December 2011 (€18.10 at 31 December 2010).

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 cannot 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 **2011 €m**	Employee expense 2010 €m
Stock options plans:								
06/06/2006	24.63	24.60	43.1	4.02	3.81	6 years	**–**	0.1
02/05/2007	26.55	27.52	37.8	4.40	3.99	6 years	**0.2**	1.1
06/05/2008	15.22	14.73	40.0	4.39	6.30	6 years	**0.6**	0.7
							0.8	1.9
Free shares plans:								
06/05/2008	15.22	n.a.	n.a.	4.39	6.30	2 years	**–**	0.5
28/07/2009	13.00	n.a.	n.a.	2.49	4.90	2 years	**1.3**	2.1
23/12/2009	18.02	n.a.	n.a.	1.42	4.01	2 years	**0.4**	0.4
25/03/2010	18.84	n.a.	n.a.	1.00	5.04	2 years	**0.2**	0.1
27/07/2010	17.66	n.a.	n.a.	1.00	5.38	2 years	**2.6**	1.2
22/12/2010	18.22	n.a.	n.a.	1.13	5.49	2 years	**0.3**	–
26/07/2011	15.75	n.a.	n.a.	1.56	6.35	2 years	**1.0**	–
22/12/2011	11.40	n.a.	n.a.	1.02	9.60	2 years	**–**	–
							5.8	4.3
Total							**6.6**	6.2

8. 14. 8.

Transactions on non-controlling interests

These transactions mainly relate to:

2011

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

- On 25 July 2011, RTL Group acquired the remaining 26 per cent of the share capital of RTL Croatia from the non-controlling shareholders for an amount of €15.3 million. The transaction resulted in a cash-out in 2011 of €12.6 million and impact on equity attributable to RTL shareholders of €13 million;
- In December 2011, RTL Group unilaterally increased the capital of Alpha Media Group Ltd (see note 4.);
- M-RTL (see note 6.2.);
- RTL Nederland (see note 6.2.);
- Groupe M6 entered in 2011 into a share buyback programme. Approval was given to the company to buy back shares on the open market over a 24-month period up to a maximum of 5 per cent of the subscribed capital. For the period ended 31 December 2011, 2.577 million shares have been acquired and cancelled (of which 0.960 million by Bayard d'Antin S.A.);
- Groupe M6 has acquired own shares for its free share allocation plan and in respect of the liquidity programme. The related outflows amount for the Group to €20 million.

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

- Buienradar (see note 6.2.);
- Slam!FM (see Dutch Radios, note 6.2.).

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 under equity method (see note 6.2.).

8. 14. 9.

Derivatives on equity instruments

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

9. COMMITMENTS AND CONTINGENCIES

	2011 €m	2010 €m
Guarantees and endorsements given	**123**	117
Contracts for purchasing rights, (co-)productions and programmes	**2,171**	1,985
Operating leases	**527**	546
Purchase obligations in respect of transmission and distribution	**199**	308
Other long-term contracts and commitments	**298**	290
Of which discontinued operations Alpha	***18***	*25*

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 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	2011 Under 1 year €m	2011 1–5 years €m	2011 Over 5 years €m	2011 Total €m	2010 Under 1 year €m	2010 1–5 years €m	2010 Over 5 years €m	2010 Total €m
Leasing of satellite transponders	**19**	**38**	**11**	**68**	20	53	15	88
Other operating leases	**71**	**192**	**196**	**459**	70	174	214	458
	90	**230**	**207**	**527**	90	227	229	546

"Other operating leases" mainly relates to the rental of offices, buildings and equipment 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 €298 million at 31 December 2011 (2010: €290 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 six years in relation to sale and lease back transactions for an amount of €59 million (2010: €67 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 2011, the principal shareholder of the Group is Bertelsmann Capital Holding GmbH ("BCH") (92.3 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, and purchases of goods and services to Bertelsmann Group amounting to €7 million (2010: €10 million) and €20 million (2010: €22 million), respectively. At the year-end, the Group had trade accounts receivable and payable due from/to Bertelsmann Group amounting to €6 million (2010: €6 million) and €5 million (2010: €5 million), respectively.

Deposits Bertelsmann AG
With the view to invest its cash surplus, RTL Group SA 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 2011, the amount – principal deposited amounts to €113 million (2010: €43 million) on an overnight basis and €425 million (2010: €750 million) on a three-month basis. The interest income for the year amounts to €8 million (2010: €5 million).

On 22 December 2011, RTL Group Deutschland GmbH, a Group company, and Bertelsmann AG entered into an agreement related to the deposit of surplus cash by RTL Group Deutschland GmbH with the shareholder. To secure the deposit, Bertelsmann pledged to RTL Group Deutschland GmbH its aggregate current partnership interest in Gruner + Jahr AG & Co. KG as well as all additional partnership interests in Gruner + Jahr it may create or acquire. At 31 December 2011, the three-month deposit of RTL Group Deutschland GmbH with Bertelsmann amounted to €50 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 2011, the balance of the cash pooling payable amounts to €0.4 million (2010: cash pooling payable for €9 million). The interest income/expense for the year is below €1 million (2010: 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 2011, the balance payable to BCH amounts to €278 million (2010: €406 million) and the balance receivable from Bertelsmann AG amounts to €209 million (2010: €350 million).

For the year ended 31 December 2011, the German income tax in relation to the tax pooling with Bertelsmann AG amounts to €142 million (2010: €119 million). The Commission amounts to €69 million (2010: €56 million).

The UK Group relief of Five Group and FremantleMedia Group to Bertelsmann Group resulted in a tax income of €7 million (2010: €4 million).

10. 2. Transactions with associates and joint ventures

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

	2011 €m	2010 €m
Sales of goods and services to:		
Associates	**38**	36
Joint ventures	**23**	23
	61	59
Purchase of goods and services from:		
Associates	**3**	5
Joint ventures	**9**	9
	12	14

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:

	2011 €m	2010 €m
Trade accounts receivable from:		
Associates	**20**	19
Joint ventures	**4**	5
	24	24
Trade accounts payable to:		
Associates	**2**	2
	2	2

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:

	2011 €m	2010 €m
Short-term benefits	**6.3**	6.6
Long-term benefits	**1.2**	3.2
	7.5	9.8

10. 4. Directors' fees

In 2011, a total of €0.5 million (2010: €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 that emanate from it, with respect to their functions within RTL Group SA and other Group companies.

11. INTERESTS IN JOINT VENTURES

The main joint ventures are as follows:

	Country of incorporation	Consolidation rate in % 2011	2010
TCM Droits Audiovisuels SNC	France	**–**	50.00
RTL Disney Fernsehen GmbH & Co. KG	Germany	**50.00**	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:

	2011 €m	2010 €m
Non-current assets	**4**	6
Current assets	**50**	48
Non-current liabilities	**–**	(3)
Current liabilities	**(33)**	(33)
Net assets	**21**	18

	2011 €m	2010 €m
Income	**90**	90
Expenses	**(72)**	(73)

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

	2011 €m	2010 €m
Contracts for purchasing rights, (co-)productions and programmes	**2**	4
Operating leases	**–**	2
Other long-term contracts and commitments	**9**	9

12. SUBSEQUENT EVENTS

On 18 January 2012, Groupe M6 announced that it has disposed of its shares in the American film production and distribution company Summit Entertainment following the sale of the studio to Lions Gate on 13 January 2012. The transaction was valued at between USD 334 million and USD 412.5 million, corresponding to a maximum amount of USD 37.5 million for Groupe M6, which had acquired a 9.1 per cent shareholding in Summit Entertainment on 19 April 2007, for USD 15 million. The capital gain of this operation will be accounted for in the 2012 fiscal year. The exclusive distribution deal between Summit Entertainment and Groupe M6's subsidiary SND will continue despite the change in the shareholder structure.

On 7 February 2012, Gerhard Zeiler, Chief Executive Officer of RTL Group, announced that he will leave the company, on his own request, with effect from the Annual General Meeting on 18 April 2012. Guillaume de Posch and Anke Schäferkordt will succeed him as co-CEOs. Guillaume de Posch, currently Chief Operating Officer of RTL Group, will take over responsibility for all of the Group's broadcasting operations outside Germany, and the company's production business. Anke Schäferkordt will continue to manage the German TV business in addition to her role as CEO of RTL Group. Elmar Heggen – RTL Group CFO and Head of the Corporate Centre in Luxembourg – Guillaume de Posch and Anke Schäferkordt are expected to join the RTL Group Board of Directors as Executive Directors.

The sale of RTL Group's majority shareholding in Alpha Media Group (see 'Main portfolio changes') was subject to approval by the Greek Competition Commission. This clearance was obtained on 9 February 2012 and the transaction was completed on 20 February 2012.

On 23 February 2012, Mediengruppe RTL Deutschland announced that it will launch a new free-TV channel in Germany, RTL Nitro, on 1 April 2012.

13. GROUP UNDERTAKINGS

	NOTE	GROUP'S OWNERSHIP 2011	CONSOLIDATED METHOD (1)	NOTE	GROUP'S OWNERSHIP 2010	CONSOLIDATED METHOD (1)
LUXEMBOURG*						
RTL Group SA			M			M

BROADCASTING TV	NOTE	GROUP'S OWNERSHIP 2011	CONSOLIDATED METHOD (1)	NOTE	GROUP'S OWNERSHIP 2010	CONSOLIDATED METHOD (1)
AUSTRIA*						
IPA Plus (Österreich) Verm. für Fernsehwerbung GmbH		**49.8**	F		49.8	F
BELGIUM*						
Home Shopping Service Belgique SA	(2)	**57.2**	F	(2)	57.1	F
RTL Belgium SA		**65.8**	F		65.8	F
Société Européenne de Télévente Belgique GIE	(2)	**48.6**	F	(2)	48.4	F
Unité 15 Belgique SA	(2)	**48.6**	F	(2)	48.4	F
CROATIA*						
RTL Hrvatska d.o.o.		**99.7**	F		73.8	F
CYPRUS*						
Alpha Media Group Limited	(15)	**69.7**	F	(15)	69.7	F
FRANCE*						
33 FM SAS	(2)	**46.1**	F	(2)	46.0	F
C. Productions SA	(2)	**48.6**	F	(2)	48.4	F
DIEM 2 SA	(2)	**48.6**	F	(2)	48.4	F
Echo6 SAS	(13)	–	NC	(2)	48.4	F
Edit TV/W9 SAS	(2)	**48.6**	F	(2)	48.4	F
Football Club des Girondins de Bordeaux SASP	(2)	**48.5**	F	(2)	48.3	F
Girondins Expressions SASU	(2)	**48.6**	F	(2)	48.4	F
Girondins Horizons SASU	(2)	**48.6**	F	(2)	48.4	F
Home Shopping Service SA	(2)	**48.6**	F	(2)	48.4	F
Immobilière 46D SAS	(2)	**48.6**	F	(2)	48.4	F
Immobilière M6 SA	(2)	**48.6**	F	(2)	48.4	F
La boîte à News SARL	(13)	–	NC	(2)	48.4	F
Les Films de la Suane Sàrl	(2)	**48.6**	F		–	NC
Live Stage SAS	(2)	**48.6**	F	(2)	48.4	F
M6 Bordeaux SAS	(2)	**48.6**	F	(2)	48.4	F
M6 Boutique la Chaîne SNC *(former Club Téléachat SNC)*	(2)	**48.6**	F	(2)	48.4	F
M6 Communication SAS	(2)	**48.6**	F	(2)	48.4	F
M6 Créations SAS	(2)	**48.6**	F	(2)	48.4	F
M6 Développement SASU	(2)	**48.6**	F	(2)	48.4	F
M6 Diffusions SA	(2)	**48.6**	F	(2)	48.4	F
M6 Divertissement SAS	(2)	**48.6**	F	(2)	48.4	F
M6 Editions SA	(2)	**48.6**	F	(2)	48.4	F
M6 Evénements SA	(2)	**48.6**	F	(2)	48.4	F
M6 Films SA	(2)	**48.6**	F	(2)	48.4	F
M6 Foot SAS	(2)	**48.6**	F	(2)	48.4	F
M6 Génération SAS *(former Fun TV SNC)*	(2)	**48.6**	F	(2)	48.4	F
M6 Interactions SAS	(2)	**48.6**	F	(2)	48.4	F
M6 Numérique SAS	(13)	–	NC	(2)	48.4	F
M6 Publicité SASU	(2)	**48.6**	F	(2)	48.4	F
M6 Récréative SAS	(2)	**48.6**	F	(2)	48.4	F
M6 Studio SAS	(2)	**48.6**	F	(2)	48.4	F
M6 Thématique SA	(2)	**48.6**	F	(2)	48.4	F
M6 Toulouse SAS	(2)	**48.6**	F	(2)	48.4	F
M6 Web SAS	(2)	**48.6**	F	(2)	48.4	F
Mandarin SAS	(13)	–	NC	(2)	48.4	F
Métropole Production SA	(2)	**48.6**	F	(2)	48.4	F
Métropole Télévision – M6 SA	(2)	**48.6**	F	(2)	48.4	F

BROADCASTING TV	NOTE	GROUP'S OWNERSHIP 2011	CONSOLIDATED METHOD (1)	NOTE	GROUP'S OWNERSHIP 2010	CONSOLIDATED METHOD (1)
Mistergooddeal SA	(2)	**48.6**	F	(2)	48.4	F
Monalbumphoto SAS	(2)	**46.1**	F	(2)	46.0	F
Panorabanque SAS	(2)	**24.3**	P		–	NC
Paris Première SAS	(2)	**48.6**	F	(2)	48.4	F
Quicksign SAS	(2)	**16.5**	E		–	NC
SCI du 107	(2)	**48.6**	F	(2)	48.4	F
SEDI TV – Téva SAS	(2)	**48.6**	F	(2)	48.4	F
Série Club SA	(2)	**24.3**	P	(2)	24.2	P
Société Nouvelle de Cinématographie SAS	(2)	**48.6**	F	(2)	48.4	F
Société Nouvelle de Distribution SA	(2)	**48.6**	F	(2)	48.4	F
Studio 89 Productions SAS	(2)	**48.6**	F	(2)	48.4	F
TCM Droits Audiovisuels SNC	(2)	**48.6**	F	(2)	24.2	P
Télévente Promotion SA	(2)	**48.6**	F	(2)	48.4	F
TF6 Gestion SA	(2)	**24.3**	P	(2)	24.2	P
TF6 SCS	(2)	**24.3**	P	(2)	24.2	P
Unité 15 France SA	(2)	**48.6**	F	(2)	48.4	F

BROADCASTING TV	NOTE	GROUP'S OWNERSHIP 2011	CONSOLIDATED METHOD (1)	NOTE	GROUP'S OWNERSHIP 2010	CONSOLIDATED METHOD (1)
GERMANY*						
Ad Audience GmbH		**24.9**	E		24.9	E
CBC Cologne Broadcasting Center GmbH		**99.7**	F		99.7	F
Clipfish GmbH & Co. KG		**99.7**	F		99.7	F
Delta Advertising GmbH		**99.7**	F		–	NC
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		**99.7**	F		75.0	F
Netzathleten.net GmbH		**99.7**	F		–	NC
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		**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		74.8	F
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
Universum Film GmbH		**99.7**	F		99.7	F
Vox Holding GmbH		**99.7**	F		99.7	F
Vox Television GmbH		**99.4**	F		99.4	F
Wer-Kennt-Wen de GmbH		**99.7**	F		99.7	F

BROADCASTING TV	NOTE	GROUP'S OWNER-SHIP 2011	CONSOLI-DATED METHOD (1)	NOTE	GROUP'S OWNER-SHIP 2010	CONSOLI-DATED METHOD (1)
GREECE*						
Alpha Doryforiki Tileorasi SA	(15)	**69.7**	F	(15)	69.7	F
HUNGARY*						
Home Shopping Service Hongrie SA	(2)	**48.6**	F	(2)	48.4	F
Klub Interaktiv Kft. *(former Klub Publishing Kiado Kft)*	(5)	**99.7**	F	(5)	48.8	F
La Paz Média Hoding Zrt *(former IKO Média Holding Zrt)*	(5)	**99.7**	F		–	NC
Magyar RTL Televízió Zártkörûen Mükōdō Részvénytársaság	(5)	**99.7**	F	(5)	48.8	F
NetPiac Szamitastechnikai es Kereskedelmi Kft	(5)	**99.7**	F	(5)	48.8	F
R-Time Kft	(5)	**99.7**	F	(5)	48.8	F
RTL Kabeltelevizio Kft *(former IKO Televisions Kft)*	(5)	**99.7**	F		–	NC
LUXEMBOURG*						
Broadcasting Center Europe SA		**99.7**	F		99.7	F
RTL 9 SA		**34.9**	E		34.9	E
RTL 9 SA & Cie SECS		**34.8**	E		34.8	E
NETHERLANDS*						
Couverts Reserveren BV		**99.7**	F		73.4	F
RTL Nederland Broadcast Operation BV	(13)	**–**	NC		73.4	F
RTL Nederland BV		**99.7**	F		73.4	F
RTL Nederland Holding BV		**99.7**	F		73.4	F
RTL Nederland Interactief BV		**99.7**	F		73.4	F
RTL Nederland Ventures 1 BV		**99.7**	F		73.4	F
RTL Nederland Ventures 3 BV		**99.7**	F		73.4	F
RTL Nederland Ventures BV		**99.7**	F		73.4	F
Wentink Events BV		**99.7**	F		58.8	F
ROMANIA*						
Cable Channels SA		**99.7**	F		–	NC

BROADCASTING TV	NOTE	GROUP'S OWNER-SHIP 2011	CONSOLI-DATED METHOD (1)	NOTE	GROUP'S OWNER-SHIP 2010	CONSOLI-DATED METHOD (1)
SPAIN*						
Antena 3 Canarias SLU	(6)	**21.7**	E	(6)	21.5	E
Antena 3 de Television SA	(6)	**21.7**	E	(6)	21.5	E
Antena 3 Directo SAU	(6)	**21.7**	E	(6)	21.5	E
Antena 3 Eventos SLU	(6)	**21.7**	E	(6)	21.5	E
Antena 3 Films SLU	(6)	**21.7**	E	(6)	21.5	E
Antena 3 Juegos SAU	(6)	**21.7**	E		–	NC
Antena 3 Multimedia SLU	(6)	**21.7**	E	(6)	21.5	E
Antena 3 Television Digital Terrestre de Canarias SAU	(6)	**21.7**	E	(6)	21.5	E
Antena 3 de Television Colombia SA	(6)	**11.9**	E	(6)	11.8	E
Antena de Radiodifusion SAU	(13)	**–**	NC	(6)	21.5	E
Atres Advertising SLU	(6)	**21.7**	E	(6)	21.5	E
Canal 3 Television de Colombia, SA	(6)	**5.2**	E	(6)	5.2	E
Canal Media Radio Galicia SLU	(6)	**21.7**	E	(6)	21.5	E
Canal Media Radio SAU	(6)	**21.7**	E	(6)	21.5	E
Canal Radio Baleares SL	(13)	**–**	NC	(6)	21.5	E
Canal Radio Madrid SL	(13)	**–**	NC	(6)	21.5	E
Canal Radio Valencia SLU	(13)	**–**	NC	(6)	21.5	E
Cordina Planet SL	(6)	**10.9**	E		–	NC
Corporacion Radiofonica Castilla Leon SAU	(14)	**–**	NC	(6)	21.5	E
Estaciones Radiofonicas de Aragon SAU	(6)	**21.7**	E	(6)	21.5	E
Gestion Audiovisual de Canarias SL	(6)	**4.3**	E	(6)	4.3	E
Guadiana Producciones SAU	(6)	**21.7**	E	(6)	21.5	E
Hola TV América SL	(6)	**10.9**	E		–	NC
I3 Television SL	(6)	**10.9**	E	(6)	10.8	E
Ipar Onda SAU	(6)	**21.7**	E	(6)	21.5	E
Medipress Valencia SAU	(13)	**–**	NC	(6)	21.5	E
Movierecord Cine SAU	(6)	**21.7**	E	(6)	21.5	E
Musica Aparte SAU	(6)	**21.7**	E	(6)	21.5	E
Onda Cero SAU	(6)	**21.7**	E	(6)	21.5	E
Organizaciones Deportivas y Culturales Unipublic SAU	(6)	**11.1**	E	(6)	11.0	E
Uniprex SAU *(former Publicidad 3 SAU)*	(6)	**21.7**	E	(6)	21.5	E
Radio Media Aragon SL	(13)	**–**	NC	(6)	21.5	E
Radio Noticias noventa SAU	(13)	**–**	NC	(6)	21.5	E
Radio Sistemas Radiofonicos Cinco SLU	(13)	**–**	NC	(6)	21.5	E
Rkor Radio SLU	(13)	**–**	NC	(6)	21.5	E
Uniprex SAU	(13)	**–**	NC	(6)	21.5	E
Uniprex Television Digital Terrestre de Andalusia SLU	(6)	**16.1**	E	(6)	16.0	E
Uniprex Television SLU	(6)	**21.7**	E	(6)	21.5	E
Uniprex Valencia TV SLU	(6)	**21.7**	E	(6)	21.5	E
Unipublic SA	(6)	**11.1**	E	(6)	11.0	E
Videoreport Canarias SA	(6)	**6.5**	E	(6)	6.5	E
VNews Agencia de Noticias SLU	(6)	**21.7**	E	(6)	21.5	E
SWITZERLAND*						
Goldbach Media (Switzerland) AG		**22.9**	E		22.9	E
USA*						
SND USA Inc	(2)	**48.6**	F	(2)	48.4	F

CONTENT	NOTE	GROUP'S OWNERSHIP 2011	CONSOLIDATED METHOD (1)	NOTE	GROUP'S OWNERSHIP 2010	CONSOLIDATED METHOD (1)
ANTIGUA*						
Grundy International Operations Ltd		**100.0**	F		100.0	F
AUSTRALIA*						
Forum 5 Pty Limited		**100.0**	F		100.0	F
FremantleMedia Australia Holdings Pty Ltd	(11)	**100.0**	F	(11)	100.0	F
FremantleMedia Australia Pty Ltd	(11)	**100.0**	F	(11)	100.0	F
Grundy Organization Pty Ltd	(11)	**100.0**	F	(11)	100.0	F
Radical Media Pty Ltd	(17)	**100.0**	F	(17)	100.0	F
BELGIUM*						
Fremantle Productions Belgium NV		**100.0**	F		100.0	F
BRAZIL*						
FremantleMedia Brazil Produçâo de Televisâo Ltda		**100.0**	F		100.0	F
CANADA*						
FremantleMedia Canada Holdings Inc		**100.0**	F		100.0	F
Ludia LLC		**100.0**	F		100.0	F
CHINA*						
Radical Media Co Ltd	(17)	**100.0**	F	(17)	100.0	F
AdSociety Daye Advertising Co. Ltd		**33.0**	E		33.0	E
CROATIA*						
Fremantle Produkcija d.o.o.		**100.0**	F		100.0	F
CYPRUS*						
Bluescreen Ltd	(14)	**–**	NC		99.7	F
DENMARK*						
Blu A/S		**100.0**	F		100.0	F
FINLAND*						
Fremantle Finland Oy		**100.0**	F		100.0	F
FRANCE*						
20h50 Television SAS		**100.0**	F		100.0	F
Fremantle France SAS		**100.0**	F		100.0	F
TV Presse Productions SAS		**100.0**	F		100.0	F

CONTENT	NOTE	GROUP'S OWNERSHIP 2011	CONSOLIDATED METHOD (1)	NOTE	GROUP'S OWNERSHIP 2010	CONSOLIDATED METHOD (1)
GERMANY*						
Deutsche Synchron Filmgesellschaft mbH & Co. Karlheinz Brunnemann Produktions KG	(7)	**50.8**	F	(7)	50.8	F
Fremantle Licensing Germany GmbH		**99.7**	F		99.7	F
Grundy Light Entertainment 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	(3)	**99.7**	F	(3)	99.7	F
Objektiv Film GmbH	(4)	**99.7**	F	(4)	99.7	F
Phöbus Film GmbH & Co. Produktions KG	(13)	**–**	NC	(7)	50.8	F
Phoenix Film Karlheinz Brunnemann GmbH & Co. Produktions KG	(7)	**50.8**	F	(7)	50.8	F
Phönix Geschäftsführungs GmbH	(7)	**50.8**	F	(7)	50.8	F
Radical Media GmbH	(17)	**100.0**	F	(17)	100.0	F
RTL Group Licensing Asia GmbH		**99.7**	F		–	NC
RTL Group Services GmbH		**99.7**	F		99.7	F
Teamworx Television & Film GmbH		**99.7**	F		99.7	F
Trebitsch Produktion Holding GmbH	(4)	**99.7**	F	(4)	99.7	F
Trebitsch Produktion Holding GmbH & Co. KG	(4)	**99.7**	F	(4)	99.7	F
UFA – Fernsehproduktion GmbH	(3)	**99.7**	F	(3)	99.7	F
UFA – Filmproduktion GmbH	(3)	**99.7**	F	(3)	99.7	F
UFA Brand Communication GmbH	(3)	**99.7**	F	(3)	99.7	F
UFA Cinema GmbH		**99.7**	F		99.7	F
UFA Cinema Verleih GmbH		**99.7**	F		–	NC
UFA Entertainment GmbH	(3)	**99.7**	F	(3)	99.7	F
UFA Film & Medienproduktion GmbH	(13)	**–**	NC		100.0	F
UFA Film & TV Produktion GmbH	(3)	**99.7**	F	(3)	99.7	F
UFA Sports GmbH		**99.7**	F		99.7	F
GREECE*						
Fremantle Productions SA		**100.0**	F		100.0	F
Plus Productions SA	(15)	**69.7**	F	(15)	69.7	F
HONG KONG*						
Fremantle Productions Asia Ltd		**100.0**	F		100.0	F
HUNGARY*						
Magyar Grundy UFA Kft		**99.7**	F		99.7	F
INDIA*						
Fremantle India TV Productions Pvt Ltd		**100.0**	F		100.0	F
INDONESIA*						
PT Dunia Visitama		**100.0**	F		100.0	F
ITALY*						
FremantleMedia Italia Spa		**100.0**	F		100.0	F
JAPAN*						
FremantleMedia Japan KK		**100.0**	F		100.0	F

CONTENT	NOTE	GROUP'S OWNERSHIP 2011	CONSOLIDATED METHOD (1)	NOTE	GROUP'S OWNERSHIP 2010	CONSOLIDATED METHOD (1)
LUXEMBOURG*						
Duchy Digital SA *(former Hei Elei Film Productions SA)*		**99.7**	F		99.7	F
FremantleMedia SA		**100.0**	F		100.0	F
MEXICO*						
Grundy Productions SA de CV		**100.0**	F		100.0	F
NETHERLANDS*						
Benelux Film Investments BV		**49.8**	P		–	NC
Blue Circle BV		**100.0**	F		100.0	F
Four One Media BV		**100.0**	F		100.0	F
FremantleMedia Overseas Holdings BV		**100.0**	F		100.0	F
Grundy Endemol Productions VOF		**50.0**	P		50.0	P
Grundy Holdings (Netherlands) BV	(14)	**–**	NC	(10)	100.0	F
Grundy International Holdings (I) BV		**100.0**	F		100.0	F
RTL Nederland Film Venture BV		**99.7**	F		–	NC
RTL Nederland Producties BV		**99.7**	F		73.4	F
POLAND*						
FremantleMedia Polska Sp.Zo.o.		**100.0**	F		100.0	F
PORTUGAL*						
FremantleMedia Portugal SA		**100.0**	F		100.0	F
RUSSIAN FEDERATION*						
Fremantle Productions LLC		**100.0**	F		100.0	F
SINGAPORE*						
Fremantle Productions Asia Pte Ltd		**100.0**	F		100.0	F
UFA Sports Asia Pte Ltd		**75.1**	F		75.1	F
SLOVAKIA*						
UFA Slovakia s.r.o		**65.8**	F		65.8	F
SPAIN*						
Fremante de Espana SL	(8)	**95.0**	F	(8)	95.0	F
La Competencia Producciones SA *(former FremantleMedia Espana SA)*		**100.0**	F		100.0	F
SWEDEN*						
FremantleMedia Sverige AB		**100.0**	F		100.0	F
SWITZERLAND*						
Grundy Schweiz AG		**65.0**	F		65.0	F
TURKEY*						
FremantleMedia TV Film Yapim		**100.0**	F		100.0	F

CONTENT	NOTE	GROUP'S OWNERSHIP 2011	CONSOLIDATED METHOD (1)	NOTE	GROUP'S OWNERSHIP 2010	CONSOLIDATED METHOD (1)
UK*						
Arbie Production Ltd		**100.0**	F		75.0	F
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		**100.0**	F		100.0	F
RTL Group Support Services		**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	(12)	**100.0**	F	(12)	100.0	F
Talkback Thames Ltd	(12)	**100.0**	F	(12)	100.0	F
Thames Television Holdings Ltd		**100.0**	F		100.0	F
Thames Television Ltd		**100.0**	F		100.0	F
USA*						
All American Music Group	(9)	**100.0**	F	(9)	100.0	F
Allied Communications Inc		**100.0**	F		100.0	F
Amygdala LLC	(16)	**100.0**	F	(16)	100.0	F
Fremantle Goodson Inc	(9)	**100.0**	F	(9)	100.0	F
Fremantle Productions Inc	(9)	**100.0**	F	(9)	100.0	F
Fremantle Productions Latin America Inc		**100.0**	F		100.0	F
Fremantle Productions Music Inc	(9)	**100.0**	F	(9)	100.0	F
Fremantle Productions North America Inc	(9)	**100.0**	F	(9)	100.0	F
FremantleMedia Licensing Inc	(8)	**100.0**	F	(8)	100.0	F
FremantleMedia North America Inc	(9)	**100.0**	F	(9)	100.0	F
Good Games Live Inc	(9)	**100.0**	F	(9)	100.0	F
LBS Communications Inc	(9)	**100.0**	F	(9)	100.0	F
Leroy & Morton Productins LLC	(17)	**100.0**	F	(17)	100.0	F
Max Post LLC	(16)	**100.0**	F	(16)	100.0	F
Media Pie LLC	(17)	**100.0**	F	(17)	100.0	F
Music Box Library Inc	(9)	**100.0**	F	(9)	100.0	F
Neville LLC	(16)	**100.0**	F	(16)	100.0	F
O'Merch LLC	(16)	**100.0**	F	(16)	100.0	F
Op Services LLC	(16)	**100.0**	F	(16)	100.0	F
Original Fremantle LLC	(16)	**100.0**	F	(16)	100.0	F
Original Prod'ions LLC	(16)	**100.0**	F	(16)	100.0	F
Outpost Digital LLC	(17)	**100.0**	F	(17)	100.0	F
Radical Media LLC	(17)	**100.0**	F	(17)	100.0	F
Reg Grundy Productions Holdings Inc	(9)	**100.0**	F	(9)	100.0	F
Studio Production Services Inc	(9)	**100.0**	F	(9)	100.0	F
The Baywatch Productions Company	(9)	**100.0**	F	(9)	100.0	F
Thumbdance LLC		**100.0**	F		100.0	F

BROADCASTING RADIO

	NOTE	GROUP'S OWNERSHIP 2011	CONSOLIDATED METHOD (1)	NOTE	GROUP'S OWNERSHIP 2010	CONSOLIDATED METHOD (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		**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		49.7	E
AVE Gesellschaft 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		**47.2**	E		39.9	E
Funkhaus Halle GmbH & Co. KG		**57.0**	F		57.0	F
Hit Radio RTL Sachsen GmbH		**85.8**	F		72.5	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		**43.0**	E		42.0	E
UFA Radio-Programmgesellschaft in Bayern mbH		**99.7**	F		99.7	F
NETHERLANDS*						
Radio 10 Gold BV	(14)	**–**	NC		73.4	F
Radio 538 BV	(14)	**–**	NC		73.4	F
RTL FM BV		**99.7**	F		73.4	F

OTHERS

	NOTE	GROUP'S OWNERSHIP 2011	CONSOLIDATED METHOD (1)	NOTE	GROUP'S OWNERSHIP 2010	CONSOLIDATED METHOD (1)
AUSTRIA*						
RTL Group Austria GmbH		**99.7**	F		99.7	F
BELGIUM*						
Audiomedia Investments Bruxelles SA		**100.0**	F		100.0	F
FRANCE*						
IP Network SA		**99.7**	F		99.7	F
Société Immobilière Bayard d'Antin SA		**99.7**	F		99.7	F
GERMANY*						
Kos Beteiligungs- und Verwaltungsgesellschaft mbH		**99.7**	F		–	NC
RTL Group Central & Eastern Europe GmbH		**99.7**	F		99.7	F
RTL Group Deutschland GmbH		**99.7**	F		99.7	F
RTL Group Vermögensverwaltungs GmbH		**100.0**	F		100.0	F
UFA Film & Fernseh GmbH		**99.7**	F		99.7	F
LUXEMBOURG*						
B. & C.E. SA		**99.7**	F		99.7	F
CLT-UFA SA		**99.7**	F		99.7	F
IP Luxembourg Sàrl		**99.7**	F		99.7	F
IP Network International SA		**99.7**	F		99.7	F
Media properties Sàrl		**99.7**	F		99.7	F
Messino SA	(**)	**–**		(**)	–	
RTL Group Central & Eastern Europe SA		**99.7**	F		99.7	F
RTL Group Germany SA		**99.7**	F		99.7	F
NETHERLANDS*						
Buienradar BV		**99.7**	F		–	NC
RTL Group Beheer BV		**100.0**	F		100.0	F
UK*						
CLT-UFA UK Radio Ltd		**99.7**	F		99.7	F
CLT-UFA UK Television Ltd		**99.7**	F		99.7	F

(**) Consolidated as a Special Purpose Vehicle (SPV)

** 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) UFA Berlin Group
(4) Trebitsch Group
(5) M-RTL Group
(6) Antena 3
(7) Phönix Group
(8) Fremantle Licensing Group
(9) FremantleMedia North America Group
(10) FremantleMedia Productions Netherlands Group
(11) Grundy Organisation (Holdings) Group
(12) Talkback Productions Group
(13) Company absorbed by a company of the Group
(14) Company sold or liquidated
(15) Alpha Media Group
(16) Original Productions
(17) Radical Media

AUDITORS' REPORT

pwc

400, route d'Esch
B.P. 1443
L–1014 Luxembourg

Cabinet de révision agréé
Expert-comptable
(autorisation gouvernementale n°00123693)
R.C.S. Luxembourg B 65 477
Capital social EUR 516.950
TVA LU17564447

TO THE SHAREHOLDERS OF RTL GROUP S.A.

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of RTL Group S.A. and its subsidiaries (the "Group") which comprise the consolidated statement of financial position as at 31 December 2011, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 164 to 227.

BOARD OF DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

RESPONSIBILITY OF THE "RÉVISEUR D'ENTREPRISES AGRÉÉ"

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the "Réviseur d'entreprises agréé" including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the "Réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements set out on pages 164 to 227 give a true and fair view of the consolidated financial position of the Group as of 31 December 2011, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The consolidated Director's report, including the Corporate governance statement, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements and includes the information required by the law with respect to the Corporate governance statement.

Luxembourg, 5 March 2012

PricewaterhouseCoopers S.à r.l.

Represented by

Pascal Rakovsky *Marc Minet*

CREDITS

The X Factor
FremantleMedia

“I’ll come out and do it my way and enjoy every moment.”

Marcus Canty, who finished 4th in the first season of *The X Factor* in the United States

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45, Bd Pierre Frieden
L–1543 Luxembourg
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RTL Group
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4	Kania c/o Brigitta Horvat
6	Vic Fischbach, Luxembourg
8–13	Paul Schirnhofer
16–17	Stefan Gregorowius
18–19	Stefan Gregorowius (2)
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22–23	Jory Cordy (2)
24–25	Jory Cordy (5)
26–27	Isabella Rozendaal/*Unit.nl* (2)
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96–97	RTL Hrvatska, Paul Schirnhofer, Fox Broadcasting/Nino Muñoz, Groupe M6/Pierre Olivier
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Red Carpet Special Supplement

1	Getty Images/Paul Zimmerman, I-Stockphoto, Natpe/FremantleMedia
2	William Rutten, DDP Images, RTL Television, M6 Studio/Method Animation, Abaca Press/RTL Radio (France), Natpe/FremantleMedia (2), RTL Television (3), Getty Images/Andreas Rentz, Getty Images/Jordan Strauss, SRF/Daniel Ammann
3	Getty Images/Kevin Winter, FremantleMedia (2), ATAS/NATAS, Paris Première, DDP Images/Goran Gajanin, Getty Images/Eugene Gologursky
4	Action Press/Christopher Adolph, RTL Television/Willi Weber (3), DDP Images/DAPD, Peter Bischoff, RTL Television

FURTHER INFORMATION

FOR JOURNALISTS
Corporate Communications
Phone: +352 2486 5201

FOR ANALYSTS AND INVESTORS
Investor Relations
Phone: +352 2486 5074

RTLGroup.com

FULLY CONSOLIDATED PROFIT CENTRES AT A GLANCE

MEDIENGRUPPE RTL DEUTSCHLAND	**2011 €m**	2010 €m	2009 €m	2008 €m	2007 €m
Revenue	1,912	1,892	1,732	2,020	1,966
EBITA	529	551	366	414	329

GROUPE M6	**2011 €m**	2010 €m	2009 €m	2008 €m	2007 €m
Revenue	1,421	1,459	1,377	1,354	1,357
EBITA	249	245	195	196	237

FREMANTLEMEDIA	**2011 €m**	2010 €m	2009 €m	2008 €m	2007 €m
Revenue	1,429	1,272	1,183	1,203	1,132
EBITA	143	140	155	155	131*

** Restated*

RTL NEDERLAND

	2011 €m	2010 €m	2009 €m	2008 €m	2007 €m
Revenue	491	429	371	436	408
EBITA	134	110	72	70	85

RTL BELGIUM

	2011 €m	2010 €m	2009 €m	2008 €m	2007 €m
Revenue	216	219	203	216	210
EBITA	46	45	36	39	49

RTL RADIO (FRANCE)

	2011 €m	2010 €m	2009 €m	2008 €m	2007 €m
Revenue	184	182	174	189	190
EBITA	30	24	15	32	33

RTL KLUB

	2011 €m	2010 €m	2009* €m	2008 €m	2007 €m
Revenue	99	105	83	–	–
EBITA	15	19	18	10**	7**

** RTL Klub has been fully consolidated from April 2009   ** Group contribution*

RTL HRVATSKA

	2011 €m	2010 €m	2009 €m	2008 €m	2007 €m
Revenue	37	38	41	50	48
EBITA	0	(3)	(3)	2	2

FIVE-YEAR SUMMARY

	2011 **€m**	2010* €m	2009** €m	2008 €m	2007 €m
Revenue	5,765	5,532	5,156	5,774	5,707
– of which net advertising sales	3,459	3,362	3,062	3,656	3,615
Other operating income	40	51	43	37	71
Consumption of current programme rights	(1,791)	(1,711)	(1,673)	(2,095)	(2,048)
Depreciation, amortisation and impairment	(178)	(192)	(179)	(161)	(213)
Other operating expenses	(2,746)	(2,591)	(2,577)	(2,685)	(2,689)
Impairment of goodwill and fair value adjustments and amortisation of fair value adjustments on acquisitions of subsidiaries and joint ventures	(13)	(10)	(88)	(395)	(142)
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	107	(7)	–	(9)	76
Profit from operating activities	1,184	1,072	682	466	762
Share of results of associates	38	40	25	34	60
Earnings before interest and taxes ("EBIT")	1,222	1,112	707	500	822
Net interest income/(expense)	(2)	12	4	21	(4)
Financial results other than interest	(27)	4	23	7	26
Profit before taxes	1,193	1,128	734	528	844
Income tax income/(expense)	(302)	(263)	(234)	(232)	(170)
Profit for the year from continuing operations	891	865	500	296	674
Loss from discontinued operations	(96)	(135)	(202)	–	–
Profit for the year	795	730	298	296	674
Attributable to:					
RTL Group shareholders	696	611	205	194	563
Non-controlling interests	99	119	93	102	111
Profit for the year	795	730	298	296	674
EBITA	1,134	1,132	796	916	898
Impairment of goodwill (including disposal group) and fair value adjustments and amortisation of fair value adjustments on acquisitions of subsidiaries and joint ventures	(13)	(10)	(88)	(395)	(152)
Impairment of investments in associates	(6)	(3)	(1)	(12)	–
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	107	(7)	–	(9)	76
Earnings before interest and taxes ("EBIT")	1,222	1,112	707	500	822
Basic earnings per share (in €)	4.53	3.98	1.33	1.26	3.67
Ordinary dividend per share (in €)	5.10	5.00	3.50	1.40	1.30
Extraordinary dividend per share (in €)	–	–	–	2.10	3.70
Dividends paid (€ million)	789	774	541	541	774
Average number of full-time equivalent employees	9,621	9,286	9,608	9,191	8,894
Net assets (€ million)	5,093	5,597	5,530	5,871	6,448
Net cash (€ million)	1,238	1,456	789	876	1,059

Re-presented following the application of IFRS 5 to Alpha Media Group (discontinued operations)
**Re-presented following the application of IFRS 5 to Five (discontinued operations)*

RTL Group
Corporate Communications
45, boulevard Pierre Frieden
L-1543 Luxembourg
T: +352 2486 5201
F: +352 2486 5139
RTLGroup.com