



Annual Report 2005





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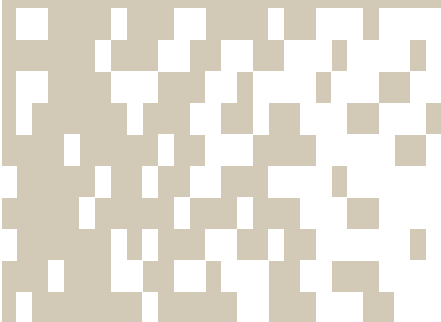
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MESSAGE FROM THE CHAIRMAN OF THE MANAGEMENT BOARD



A group
in a position to seize
new opportunities

In 2005, the Group had the opportunity of both proving the efficiency of its profitable growth model and asserting its development project for the coming years.

Group financial performances established new record levels: Group turnover increased by 6.4% to € 1,274.7 million (€ 1,079.9 million excluding TPS) while net profit grew by 21.3% to € 156.2 million.

2005 was marked by great audience successes. M6 progressed in all audience categories (4+ year-old individuals) and confirmed its status as France's 2nd most popular TV network for housewives under 50 years old, with an average audience share of 19.1% that significantly grew compared to 2004.

High audience ratings and the relevance of the network positioning have attracted over an increasing number of advertisers. The channel hosted 158 new brands in 2005. Gross advertising market share reached 23.2%, the historical record for the network since its creation. M6 succeeded in increasing its advertising revenues by 4.0% in a stable market.

M6 is moving toward a wider, more family oriented programming and offers more news, more French drama and more sport to its audience, as testified by the acquisition of the rights to 31 Football World Cup 2006 matches.

The strategy of content enhancement is being implemented within an audiovisual environment affected by profound changes, with increasing numbers of households getting access to an ever growing number of channels and the multiplication of distribution mediums. Cable TV and satellite TV are developing in parallel to DSL and DTT. The latter marks the end of the monopoly of pay TV on multi-channel offerings.

The Group was able to anticipate these developments by creating or acquiring new channels, in order to secure the Group's position. Thematic channels, such as Paris Première, Téva, M6 Music Hits/Black/Rock, Fun TV, TF6 and Série Club again registered growth in 2005, both in terms of audience levels and revenues, notably in advertising revenues (up 11.7%). In addition, M6 Group's free-to-air DTT channel, W9, will progressively become a second free-to-air core asset for the Group, thanks to the investments made and to the increased penetration of digital terrestrial television.

As regards TPS, 2005 was a decisive turning point. TPS and Canal+ Group shareholders took into consideration developments in the pay TV economic environment, such as the multiplication of distribution platforms and access mediums, as well as the emergence of new participants, and recognised the necessity of joining forces by signing an agreement for the combination of the two entities. The objective of this agreement, subject to approval by competition authorities, is to give new and better prospects to the pay TV market.

M6 Group diversification operations experienced a dynamic year 2005. The objective of the strategy implemented was to accelerate the development of operations, product distribution and content broadcasting channels, by focusing on capitalising on the M6 brand, Group's skills and know-how, while at the same time strengthening the interactivity relationship with viewers, subscribers, net surfers and customers.

Therefore, new growth drivers were launched or integrated in 2005. M6 Mobile by Orange marks the first steps of the Group in the mobile phone industry, under the form of a highly successful partnership. Subscriber numbers reached 227,000 at 31 December 2005, which was double the initial forecast. This development is an opportunity for the Group to get into a new industry, to position itself on a promising market and build a new source of growth and profitability.

The Group created a Home Shopping business with a critical size, following the acquisition of Mistergooddeal.com, a leading French e-commerce website. This multi-channel branch is an original combination of television and internet, present on all powerful broadcasting and distribution mediums, and is ideally positioned to benefit from the fast-growing e-commerce industry.

As for all other diversification operations, the growth recorded by M6 Web reflected the relevance of the Group's strategy built around its brand, by combining a powerful channel with proximity and interactivity. In addition, the Group focused on strengthening the development prospects of the Interaction business, notably with the acquisition of the *Citatio* newspaper and the launch of the *Auto Turbo* magazine. In terms of audiovisual rights, the Group pursued its strategy of "full rights" acquisition of films, thereby guaranteeing the control of content and distribution. Finally, efforts made in 2004 in relation to Football Club Girondins de Bordeaux bore fruits, enabling the return to financial profitability. The Club is now equipped to fulfil its sports ambitions.

2005 was a good year for the Group, both in terms of results and of successful investments that will generate future profits, in an extremely rapidly changing audiovisual environment. The Group was primarily able to anticipate changes in its environment and to establish the basis for strong, profitable and lasting growth thanks to three of its strengths, which do not immediately come across in the figures of this annual report, but that I would like to highlight here: our management culture, that leads us to take calculated risks; the unwavering support of a wider shareholder base; and last but not least, the total involvement of the Group's teams. These three strengths should enable us to take up the numerous challenges facing the Group and its competitors in the coming years, including the opening up of the advertising market to distribution in 2007, the development of new broadcasting mediums and technological and competitive developments. More than ever, the Group is now in a position to seize new opportunities and valorise the significant growth margins and levers at its disposal.

Nicolas de Tavernost



CORPORATE GOVERNANCE



Management Board

Nicolas de Tavernost <i>Chairman</i>	Thomas Valentin <i>Deputy-Chairman Head of Programming</i>	Catherine Lenoble <i>Head of Advertising</i>	Éric d'Hotelans <i>Deputy-Chairman Head of Administration</i>	Jean d'Arthuys <i>Head of Digital TV Operations</i>
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Supervisory Board

Albert Frère <i>Chairman</i>	Bernard Arnault Vincent de Dorlodot Axel Ganz Constantin Lange Jean Laurent	Guy de Panafieu Remy Sautter Yves-Thibault de Silguy Ignace Van Meenen Gerhard Zeiler
Gérard Worms <i>Deputy-Chairman</i>		

Executive Committee

Nicolas de Tavernost

Thomas Valentin

Éric d'Hotelans

Catherine Lenoble

Jean d'Arthuys

Philippe Bony

Deputy Head of Programming

Gilles Boyer

Director of Institutional Relations

Delphine Cazaux

Director of Organisation and Human Resources

Nicolas Coppermann

Deputy Head of Programming

Jérôme Dillard

Director of Diversification operations

Michelle Garrigues-Fredet

Director of Information Systems

Jean Golvan

Director of Research and Marketing

Jérôme Lefébure

Director of Finance and Administration

Nathalie-Camille Martin

Director of Legal Affairs

Émilie Pietrini

Director of Communication

Régis Ravanis

Deputy Head of Programming

Michel Rey

Deputy Head of Administration and Secretary General

Marc Roussel

Director of Logistics and Technical Resources

GROUP STRUCTURE AND MANAGEMENT



M6 Free To Air	ADVERTISING	M6 Publicité	Catherine Lenoble
	PRODUCTION	C. Productions	Frédéric Mercier
		Métropole Production	Nicolas Coppermann
		W9 Productions	Alexis de Gemini
		Studio 89 Productions	Florence Duhayot
		M6 Films	Philippe Bony
Digital Channels		M6 Thématique	Jean d'Arthuys
		Paris Première	Jean d'Arthuys
		Téva (51%)	Catherine Comte
		W9	Pierre Robert
		M6 Music Hits/Black/Rock	Nicolas Gicquel
		Fun TV	Pierre Robert
		TF6 (50%)	Frédéric de Vincelles / Fabrice Bailly
Diversification and Audiovisual Rights		Série Club (50%)	Frédéric de Vincelles / Fabrice Bailly
	PUBLICATION, DISCS AND VIDEO	M6 Interactions	Jérôme Dillard
		M6 Événements	François Vincent
	INTERACTIVITY	M6 Web	Xavier Marvaldi
	AUDIOVISUAL RIGHTS	Soc. Nouv. de Distribution (SND)	Thierry Desmichelle
		Mandarin/SNC	Philippe Bony
		TCM Droits audiovisuels	Anne Boudard
		M6 Studio	Natalie Altmann
	DISTANCE SELLING	Home shopping Service	Jérôme Dillard
		Mistergooddeal.com	Nicolas Berloty / Guillaume Clavel
	FOOTBALL	M6 Foot (F. C. Girondins de Bordeaux)	Jean-Louis Triaud / Alain Deveseleer
TPS	TPS (34 %)		Emmanuel Florent

M6 Group history: key dates

- **1987** - Métropole Télévision is granted the authorisation to exploit France's 6th analogue TV channel on 1 March. At 11:15 am, M6 broadcasts its 1st image.
- **1989** - 1st local news station at Bordeaux, broadcast at 8:54 pm. The 1st of a long series of local news station openings at Grenoble, Lille, Lyon, Marseille, Montpellier, Nancy, Nantes, Nice, Rennes and Toulouse.
- **1992** - Creation of M6 Interactions, which commercialises derived products. M6 concludes its 1st profitable year of operation.
- **1994** - M6 shares are launched on the Second Marché of the Paris Stock Exchange.
- **1996** - M6 sets up its Internet site: www.m6.fr. TPS, television by satellite, is launched.
- **1999** - M6 takes over the Football Club des Girondins de Bordeaux, with 66% of the capital (increased to 100% in 2002).
- **2000** - Record growth in advertising with an increase of over 20% of advertising revenues.
- **2001** - Launch of *Loft Story*, 1st French venture into reality TV.
- **2002** - With the 2nd season of *Loft Story*, M6 sets an all time record prime time network viewing audience of 8.2 million.
- **2004** - Suez disengages itself from the M6 group, maintaining a 5% shareholding.
- **2005** - M6 becomes the leading free to air broadcaster for the FIFA 2006 World Cup (in number of matches). M6 becomes the majority shareholder in the free magazine *Citao* and launches, as co-publisher, the *Auto Turbo* magazine. Acquisition of mistergooddeal.com, one of the leaders in e-commerce in France.

SHAREHOLDERS' NOTEBOOK

Stock market listing

Company Name : Métropole Télévision

ISIN code : FR0000053225

Reuters code : MMTPPA

Bloomberg code : MMT: FP

Share capital : € 52,755,476 comprising 131,888,690 same class and fully subscribed and paid-up shares with a par value each of € 0.40.

Stock market listing : Compartiment A of Euronext Paris Eurolist (companies whose average stock market capitalisation is more than a billion Euros)

Date 1st listed : September 28 1994

Differed Settlement Eligibility (SRD) : yes

Indices

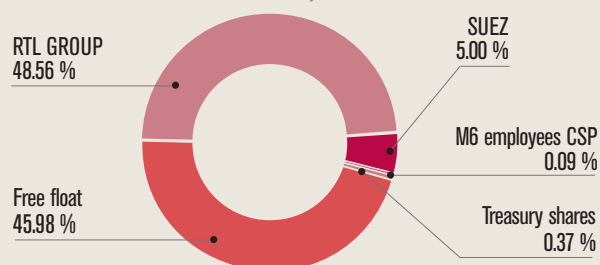
The M6 share is a component of the SBF 80, SBF 120, SBF 250, Euronext 100, IT CAC 50 and IT CAC indices.

Since their creation on 1 January 2005, the M6 share is a component of the new **CAC IT 20** index, comprising the 20 tech shares the most representative of the SBF 120 and the **CAC MID100** index since 1 September 2005.

The M6 share is also a component of 17 DJ STOXX® indices, in particular **DJ Euro Stoxx Media** and **DJ Stoxx 600 Media**, sector indices, respectively grouping the 23 and 41 most important European media shares.

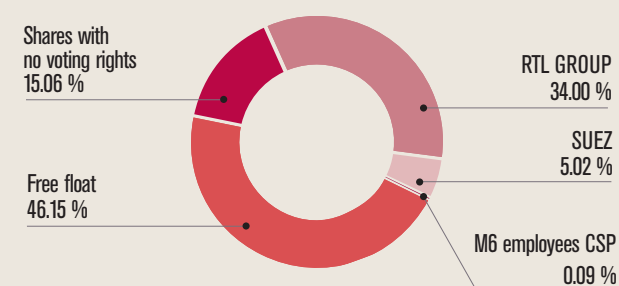
Share capital ownership at 31 December 2005

(based on Euroclear bearer share survey)



Voting rights ownership at 31 December 2005

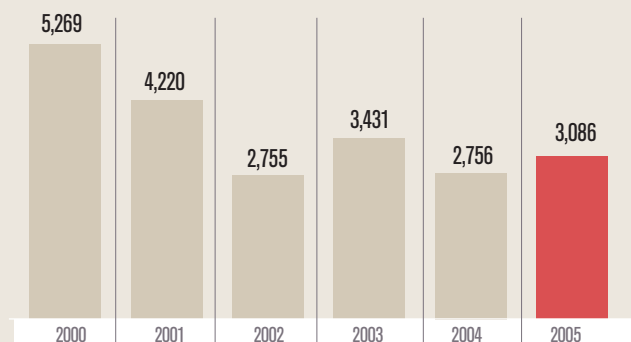
(based on Euroclear bearer share survey)



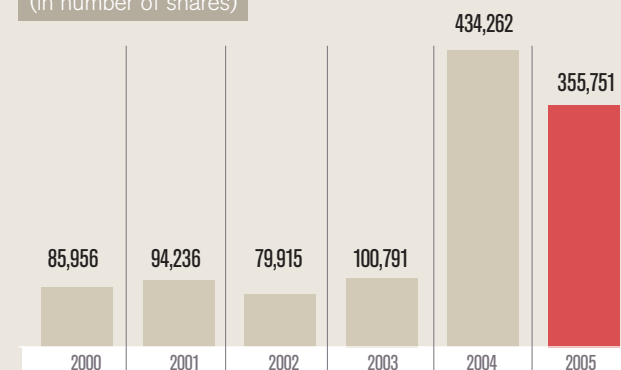
Stock performance since 2000

	2000	2001	2002	2003	2004	2005
Number of shares	131,888,690	131,888,690	131,888,690	131,888,690	131,888,690	131,888,690
Share price - high (€)	88.00	44.21	35.50	27.68	29.30	25.07
Share price - low (€)	36.00	13.75	19.50	14.25	18.94	19.12
Share price - closing (€)	39.95	32.00	20.89	26.02	20.90	23.40

Market capitalisation at 31 December (€ millions)



Daily average trading volumes (in number of shares)



Comparative change of the M6 stock and the Euronext 100 and DJ Euro Stoxx Media indices since 1 January 2005.



In 2005, M6 share recorded an increase of 12.0%, in line with the performance of the DJ EURO STOXX MEDIA sector index, which increased by 13.3% during the year.

Dividend in progression, high yield

	2002	2003	2004	2005 (*)
Cash dividend (€)	0.57	0.67	0.84	0.95
Annual growth rate (%)	-	17.5%	25.4%	13.1%
Yield, at 31 December closing price	2.73%	2.57%	4.02%	4.10%

* Cash dividend proposed to General Meeting of shareholders of 24 April 2006.

Information policy and documents available to the general public

In order to establish and maintain frequent communication with shareholders and the whole financial community, a large number of meetings were organised in 2005, as follows:

- annual and interim results presentation meetings,
- phone calls made at the occasion of quarterly turnover presentation, as well as phone conferences organised in order to comment the Mistergooddeal.com acquisition and the Vivendi Universal – TF1 and M6 agreement in terms of pay TV.

In addition, the Group has taken steps to meet the financial community in France and abroad at the occasion of road shows and investor conferences. Finally, numerous individuals meetings with analysts, investors and managers took place in 2005.

In order to improve the quality of information provided, a new version of our website dedicated to Group finance was put on line during the year. This site is regularly updated with our reference documents, latest publications, presentations, press releases, byelaws, etc. Our press releases and reference document are also available on the AMF website: www.amf-france.org

2006 shareholder agenda

(for information only)

- Monday 24 April 2006: Shareholders' Combined General Meeting
- Tuesday 25 April 2006: 2006 1st quarter turnover
- Friday 28 April 2006: Payment of cash dividend in respect of the 2005 financial year
- Thursday 27 July 2006: 2006 2nd quarter turnover
- Monday 28 August 2006: 2006 first year-half interim results
- Thursday 26 October 2006: 2006 3rd quarter turnover

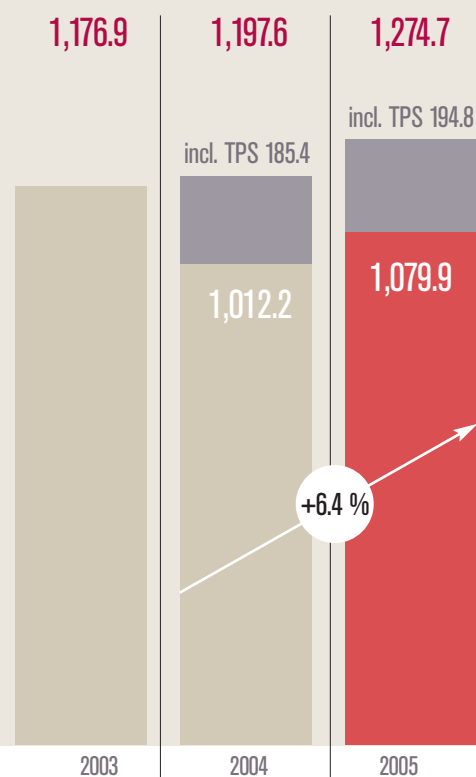
This agenda is for information only. Updates will be posted on our website.

• In order to follow M6 financial information, please visit our website: <http://www.m6finances.com>

Investor relations:
actionnaires@m6.fr

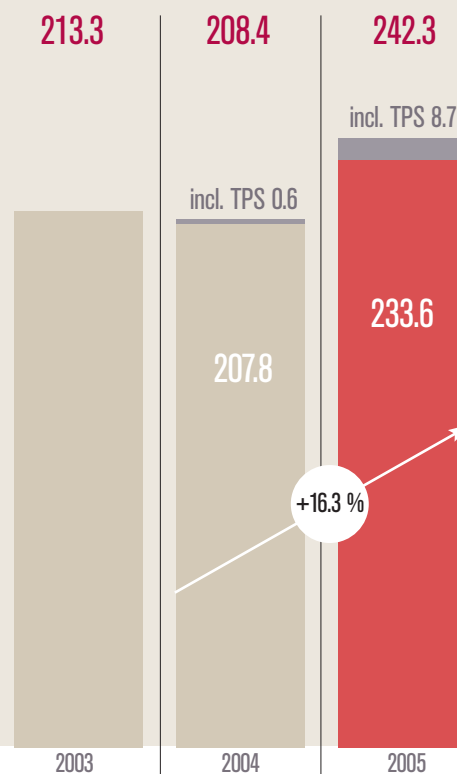
KEY FIGURES

Consolidated Turnover (€millions)



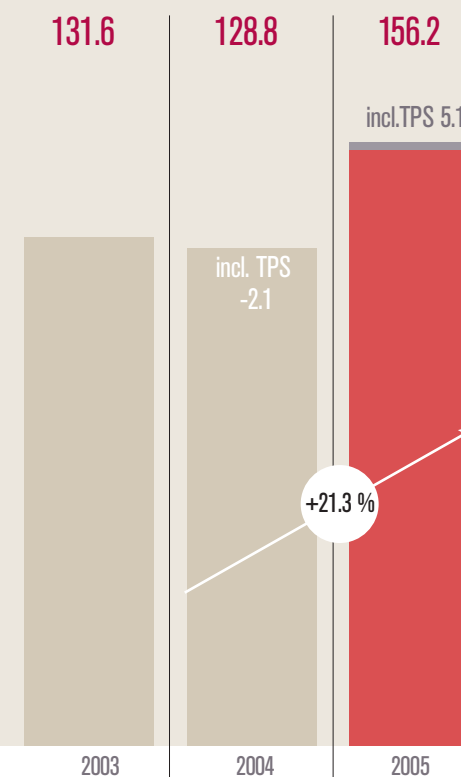
€1,274.7 million
in consolidated turnover

Operating Profit (€millions)



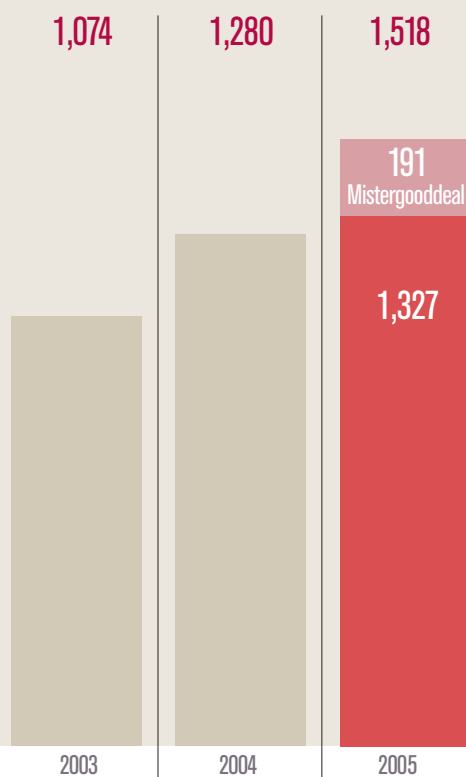
19.0 %
operating profit margin

Consolidated Net Profit (€millions)



12.3 %
net profit margin

Permanent Workforce



1,518
permanent staff

Analysis of turnover by segment (€millions)

M6 Free to Air	635
Digital channels	64.6
Diversification and Audiovisual rights	380.3
Operations being disposed (TPS)	194.8
Total	1,274.7

M6 Free to Air
49.8 %

Diversification and audiovisual rights
29.8 %

TPS
(held for disposal)
15.3 %

Digital channels
5.1 %

Financial structure (€millions)

	2003	2004	2005*
Group equity	420	440.9	504.3
Financial debt	46	8.3	0.3
Gross cash & cash equivalents	253.6	211.5	243.1

(*) continuing operations

The 2003 figures are under French GAAP while the 2004 and 2005 figures are under IFRS

THE YEAR IN REVIEW



2005

JANUARY

2 January : M6 rallies to the aid of the South Asia tsunami survivors.

3 January : Launch of *Kamelott*, a new short drama with a different tone.

10 January : Launch of M6 Music Rock and M6 Music Black

FEBRUARY

3 February : all time record audience levels set for the TV series *Les 4400*, co-produced by Francis Ford Coppola, with 6.2 million viewers

10 February : M6 concludes a mobile phone agreement with Orange: M6 Mobile by Orange.

17 February : The singers, Chimène Badi and Amel Bent discovered through M6 music shows, are the top selling artists in terms of albums and singles in the same week.

MARCH

21 March : The Ilona Mitrecey song, *Un monde parfait*, becomes n°1 singles sales, an achievement confirmed in the whole year 2005.

31 March : M6 Music is launched on DTT under the name W9 on channel 9.

31 March : Launch of M6 Music Hits.

APRIL

6 April : The film *Brice de Nice* is released. It was co-produced by M6 (4.4 million in box office ticket sales in 2005).

26 April : *Indiana Jones and the Temple of Doom* attracts nearly 6.1 million viewers

MAY

3 May : M6 innovates by broadcasting the documentary: *Hitler, la folie d'un homme*, a new documentary in colour retracing the dark Nazi era.

9 May : M6 makes the headlines when broadcasting, for the first time, *Star Wars'* double trilogy, following the story chronologically.

16 May : Purchase by SND of the copyrights catalogue of Société Nouvelle de Cinématographie (SNC) for the release in cinemas, video and television of over 450 films, including the *Gendarmes* series.

JUNE

9 June : Launch of the 1st commercial offer of M6 Mobile by Orange: a innovative fixed price subscription aimed at the 15 to 25 year olds.

17 June : Ricardo Gomez Raymundo becomes the new manager of Girondins de Bordeaux.

30 June : Laurent Boyer and M6 Group work in collaboration with Road Safety for the broadcast of an advertising spot on prevention concerning wearing a seat belt in the back seat at holiday times.

JULY

2 July : M6 is the exclusive French broadcaster of *Live 8*, 8 free concerts organised worldwide by Bob Geldof for the fight against poverty in Africa.

27 July : release in cinemas of the film *M⁶ et M⁶ Smith*, starring Brad Pitt and Angelina Jolie, co-produced by M6 .

AUGUST

30 August : M6 Interactions becomes the majority shareholder in the monthly free news magazine *Citato*, designed to introduce 15 to 20 year old to the press.

SEPTEMBER

4 september : Launch of *100% foot*, the new weekly magazine presented by Estelle Denis.

28 september : M6 broadcasts the 1st episode of a new French drama *Merci les enfants vont bien* telling the trials and tribulations of a large family (5.4 million viewers).

OCTOBER

7 October : M6 announces that it will be the leading free to air broadcaster for the football World Cup (in number of matches) by broadcasting live and in High Definition 31 of the 64 matches.

19 October : M6 successfully runs French dramas with a comedy theme with the broadcast of *On ne*

prête qu'aux riches bringing together Michèle Bernier and Axelle Laffont (5.4 million viewers).

NOVEMBER

9 November : Launch of the *Auto Turbo* magazine, the new automobile magazine, co-published with Motor Presse and M6 Editions.

15 November : M6 Group, via its Home Shopping Service subsidiary, acquires mistergooddeal.com, one of the leading French players in e-commerce, the leader in inventory liquidation of major brands on the Internet.

21 November : Launch of Paris Première on pay DTT.

DECEMBER

12 December : Opening of the first M6 Boutique shop in Paris.

15 December : turbo.fr, the leading automobile publishing site, celebrates its 5th anniversary with new ergonomics and new articles focused on service.

16 December : Vivendi Universal, TF1 and M6 announce that they are in negotiations leading to an industrial agreement in the area of pay television.

21 December : M6 Mobile by Orange crosses the 200,000 subscribers threshold.

2006

JANUARY

23 January : Launch of *12:50* presented by Anne-Sophie Lapix

FEBRUARY

22 February : M6 Mobile attracts over 300,000 subscribers



Mistergooddeal.com



On ne prête qu'aux riches



11 matches broadcasted in prime time on M6 in 2005



M6 Mobile

ZOOM SUR...



Prizes and awards

24 March : The French Senate awarded its radio and television entertainment prize to *Caméra café* as well as a mention in the Society category for *Pensionnat de Chavagnes*.

6 June : *Kaamelott* launched in January is voted as the best TV programme at the time of the CBS News 2005 media grand prix.

25 October : *M6 Kid*'s rewarded with a prize in the youth category as part of the media prize of the Foundation for childhood for their report "*Comment ne pas fumer la 1^{re} cigarette*" (*How not to smoke the first cigarette*).

26 November : *Enquête exclusive* is awarded the Jean-Louis Calderon Best Prize at the Angers Festival International du Scoop et du Journalisme for its documentary "*Dans l'enfer de Bagdad*".

13 December : Calt (Jean-Yves Robin) received a special mention, given to producers whose programmes touched the public this year, for *Kaamelott* by Alexandre Astier.

19 February 2006 : Véronique Mounier and Alexandre Astier, are rewarded for best presenter and best comedian respectively, at the first Trophées des Jeunes Talents by the Judging Panel.

AUDIENCES

The year 2005 was marked by record audience levels for all viewers. M6 remains the 2nd channel for housewives under 50 years old and has never had so many evenings that appealed to everyone.



The 4400 have fascinated an average of 6.2 million viewers

A year of progress

In 2005, M6's audience grew by 2.2% among all viewers and audience share grew by 0.1% to 12.6%. A performance marked particularly by prime time which attracted an additional 200,000 viewers to an average of 3.2 million every night.

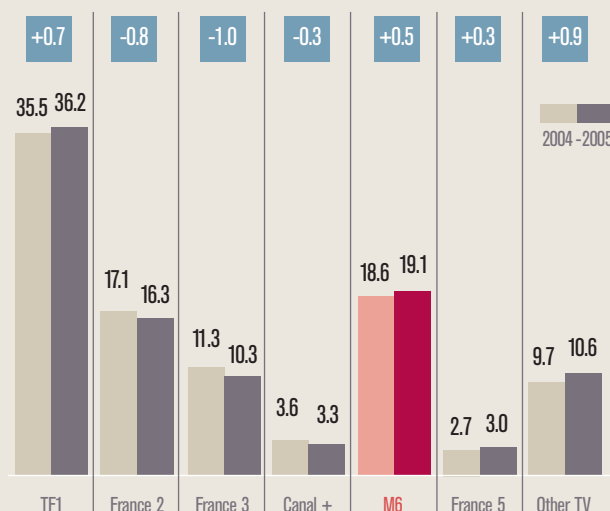
M6 has stronger and stronger evenings: 26 evenings with over 5 million viewers in 2005 compared to 17 in 2004, and 90 evenings with over 4 million viewers compared to 66 in 2004.

Records among a privileged public

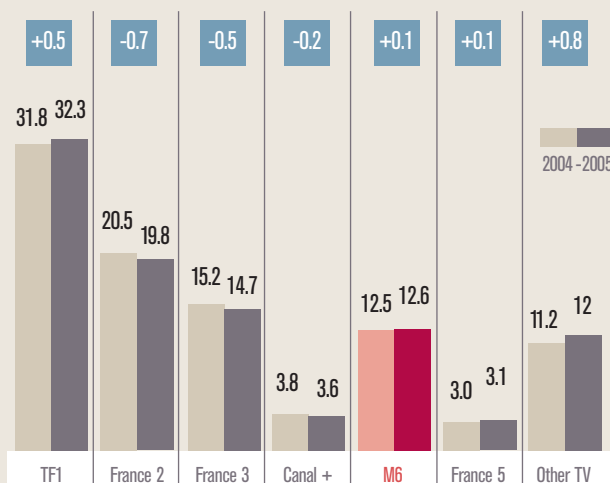
M6 grew in the under 50 years old public with an audience share of 18.4% compared to 18% in 2004 while the competition from "Other TV" has never been stronger.

Housewives under 50 years old have never watched M6 as much (with a daily average of 41 minutes watching the channel). With a 19.1% audience share among this public (compared to 18.6% in 2004), M6 achieved a record (equal to 2001 and 2002). Young people also remain loyal to the channel as M6 has recorded its best performance on this target group since its launch: 21.5% audience share among the 15 to 34 year olds.

2004/05 all channels performance among the housewives under 50 years old (Audience share in %)



2004/05 all channels performance among the over 4 years old (Audience share in %)



(Source : Mediametrie)

Success for all types of programmes

All types of programmes were well received by the public. Magazine, drama and sports, symbols for the programming diversity, the flagship of the channel as well as new programmes attracted record audiences. The benchmark information magazines continue to progress: 200,000 additional viewers followed *Capital* and *Zone interdite* on Sunday nights and *Six minutes* remains the second information programme of the evening most watched by the under 50 year olds.

M6 attracted viewers with new scripts that put in perspective society and daily life in an educational and amusing way. *Super Nanny* attracted up to 5 million viewers and *C'est du propre* attracted up to 4.6 million viewers. M6 created an event in 2005 with broadcasts that had a great impact on the public: the third season of *Nouvelle Star* achieved a historic record with 6.5 million viewers, the documentary *Hitler, la folie d'un homme* attracted 4.6 million viewers and *Oui Chef!* had an average of 4.3 million viewers.

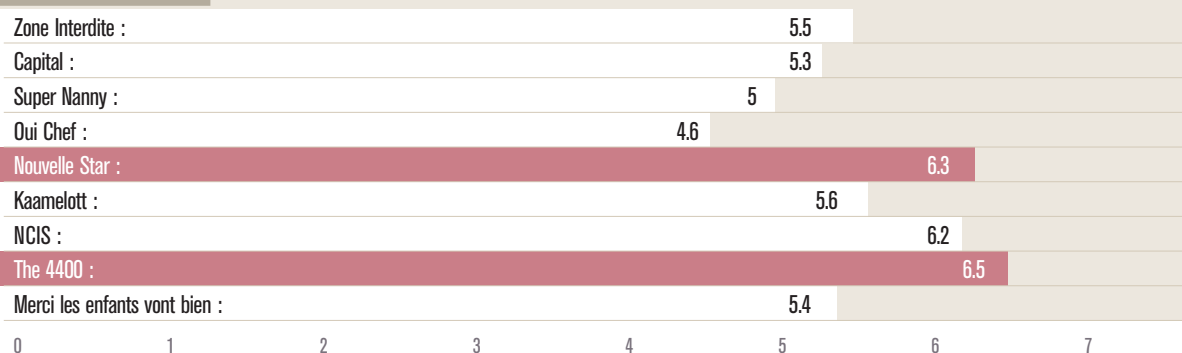
Original French dramas brought the whole family together: *On ne prête qu'aux riches* and *Merci les enfants vont bien* drew 5.4 million viewers.

M6 also confirmed once again its position as the benchmark channel for foreign series with the launch of 13 new series such as *4400* and *NipTuck*. For *NCIS Enquêtes spéciales*, it beat its own record this year with 6.2 million viewers. M6 also recorded its best historical audience for a series with the evening of the launch of season 1 of *4400* (6.3 million viewers).

In cinemas, M6 created an event with the *Star Wars* saga and achieved record performances: 6.5 million viewers on average for the 5 episodes.

Also, in 2005, M6 increased its involvement in football with the broadcast of *Olympique de Marseille's* progress in the UEFA Cup and the launch of a magazine *100% Foot*. 4 million viewers followed the last match of *Olympique de Marseille* pool and 500,000 viewers on average watched *100% Foot* presented by Estelle Denis at midnight on Sundays.

Best audiences in 2005 by broadcast
(in viewers millions)



(Source : Mediametrie)

3h26

Historic record individual viewing time.

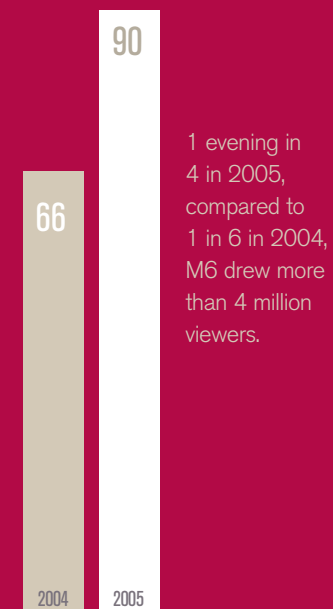
The French have never watched so much television.

216 min.

Housewives viewing time increased by 7 minutes (216 minutes versus 209 minutes in 2004)

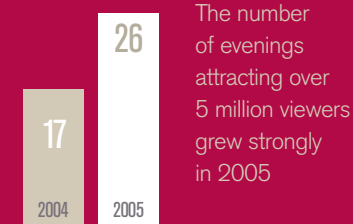
Powerful evenings

Number of prime time programmes attracting more than **4 million** viewers



1 evening in 4 in 2005, compared to 1 in 6 in 2004, M6 drew more than 4 million viewers.

Number of prime time programmes attracting more than **5 millions**



The number of evenings attracting over 5 million viewers grew strongly in 2005

(Source : Mediametrie)

THE ADVERTISING YEAR

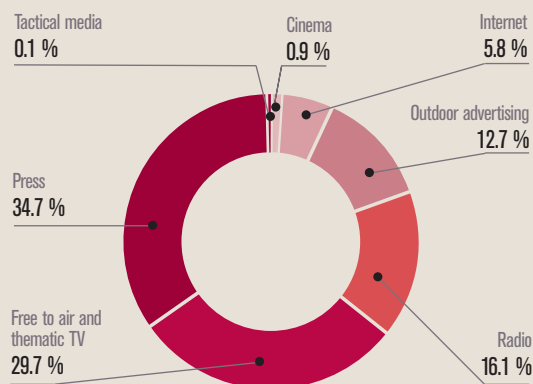
All-media advertising investments

In 2005, gross investment in France in major media increased by 5.8% to € 19,499 million.

The year was marked by the strong increase in internet advertising investments, whose market share rose to 5.8% from 3.5% in 2004. All media recorded an increase in advertising investments in 2005. Television increased by 1.3% (including free-to-air and thematic TV).

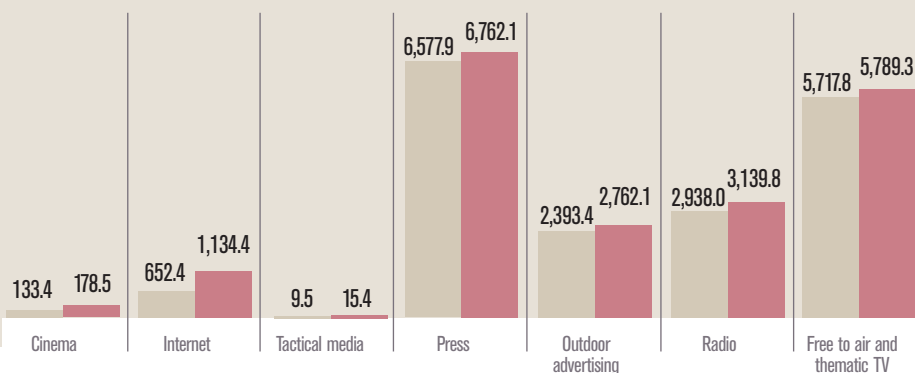
Analysis of 2005 gross investment by media (€ millions)

(Source : Media Explorer / TNS Media Intelligence)



Gross all-media investments (€ millions)

(Source : Media Explorer / TNS Media Intelligence)



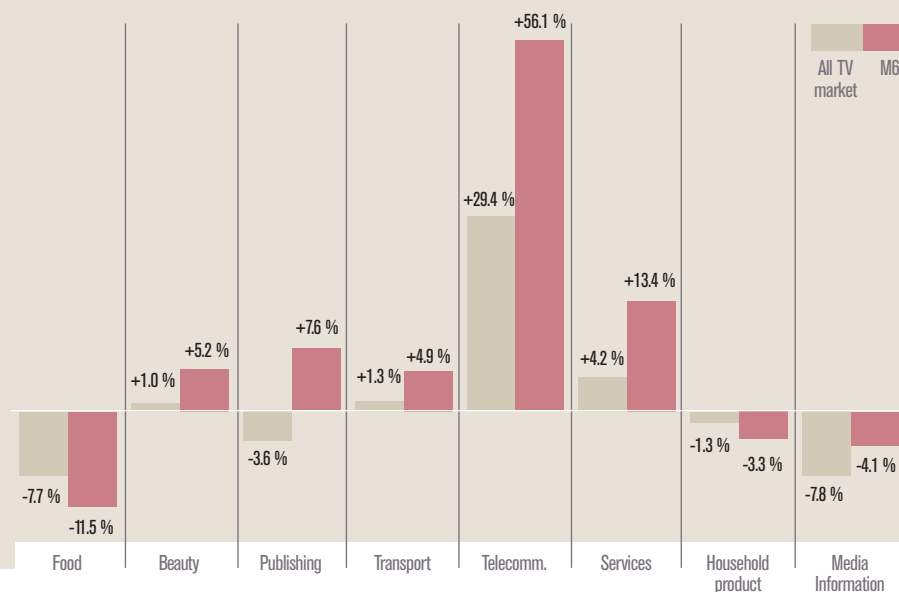
Advertising investments – Free-to-air TV

Television (free-to-air and thematic channels) is the second media in terms of investments with a market share of 29.7% and advertising expenditure of € 5,789 million. Within a sluggish economic environment featuring low household expenditure and a complex regulatory environment for mass consumption sector advertisers, gross advertising investments grew by a limited 0.3% for all free-to-air channels.

The Food sector, which remains the leading TV advertiser, thus recorded a 7.7% decrease in advertising investments. However, the Telecommunication sector, Services (Banks, Insurance, Temporary Work), and, to a lesser extent, the Car Industry continued to use TV advertising extensively, with investment growth rates of 29.4%, 4.2 % and 1.3%, respectively. M6 registered significant growth on these dynamic sectors, in particular with a 56.1% increase in investments from the Telecommunication industry and 13.4% in Service industry investments.

Analysis of 2005 changes in the top 8 TV advertising sectors

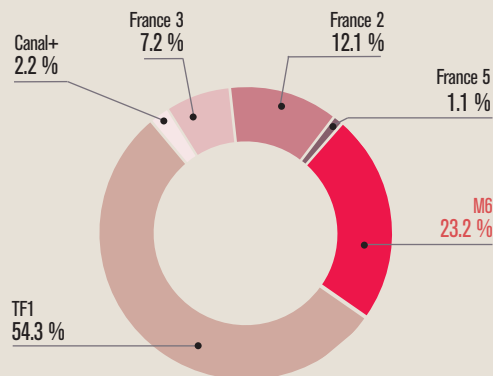
(Source : TNS Media Intelligence)



A strengthened advertising market share

Analysis of 2005 advertising market shares

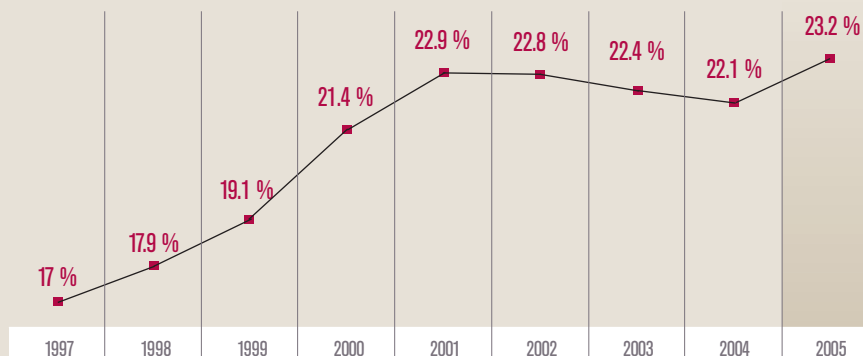
The M6 channel confirms its position as the second channel in terms of advertising investments with a gross market share of 23.2% that grew by 1.1 basis point. In 2005, the channel achieved its highest market share since its creation.



Evolution of M6 gross advertising market share

Thanks to higher audience ratings and more unifying nights by reaching out to a wider audience, M6 channel strengthened its position with advertisers, enabling advertising revenues to increase by 4.0 % in a market experiencing very little growth.

M6 benefits from significant structural growth drivers related to available time slots, sector market share and a favourable price difference. Therefore, the channel is optimistic with respect to the next milestone, the opening up of the advertising market to mass distribution at 1 January 2007.



Advertising investments – complementary TV offer

According to data published by the CSA for 2004, net advertising investments applied to thematic channels amounted to € 139.9 million, that is 4.5% of net advertising investments realised on all channels (free-to-air and thematic channels).

Extended service channels (primarily comprised of thematic channels) benefited in 2005 from a 10.5% increase in gross advertising investments.

Within the limited Cable – Satellite – DTT environment, gross advertising investments were primarily applied to cable and satellite TV channels. However, the 9 new free-to-air DTT channels achieved good results since their respective launch, from:

- 31 March 2005 (France 4, NRJ12, NT1, TMC, W9),
- 14 October 2005 (>Télé)
- 7 October 2005 (Europe2 TV)
- 18 November 2005 (Gulli)
- 28 November 2005 (BFMTV)

The M6 Group channel W9 ranks 3rd in terms of gross advertising investments among the new channels of the free DTT offering.

For the full year, advertising revenue of the Group's thematic channels increased by 26.6% (11.7% on a comparable basis).

M6, A RESPONSIBLE GROUP

The M6 Group is fully committed to sustainable development in its business, corporate and society at large responsibilities.





M6 Free to air

Digital channels

Diversification

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Economic development

Economic responsibility of the M6 Group is to ensure its development by exploiting the substantial growth reserves in the various businesses within the group.



A model of profitable growth for today and tomorrow.

Conscious of delivering continuously better financial performance year on year, the Group seeks also to enlarge and consolidate the bases of its future growth in a competitive and technological environment undergoing rapid change.

Thus in 2005, the M6 Group successfully completed an aggressive strategy across all its operations, by:

- strengthening the force of the M6 channel,
- a stronger position in the thematic channels,
- and the aggressive approach in the area of diversification with the launch or acquisition of new areas of growth.

In addition, taking account of the changes in the economic environment for pay TV, the shareholder of TPS and the Canal+ Group, acted on the necessity to pool their forces and signed an agreement to bring together these two entities.

This new year of revenue growth (+6.4%) produced a record profit of € 156.2 million, an increase of 21.3%. It will be proposed at the Combined General Meeting called for 24 April 2006 to distribute a dividend of € 0.95 per share, corresponding to an 80% distribution rate of the consolidated net profit.

A job generator, the Group had at 31 December 2005 a permanent workforce of 1,518 people compared to 1,280 at 31 December 2004, due to growth in business and the acquisition of Mistergoodeal.com.

The M6 Group today has a number of strengths to respond to the challenges and opportunities of its market, and to value its own margins and levers. The Group thus states its chosen strategy particularly in the area of acquisitions of content, its ambitious positioning on free DTT with the W9 station, and its ability to capitalise on its brand for the new supports with M6 Mobile by Orange.

Ensure conditions for growth

To ensure conditions for its economic growth, the Group as content producer, must guarantee its editorial policy in developing the ability to detect and hold on to the talent of tomorrow. The other challenge of scale is also to preserve the environment in which the Group operates by encouraging cultural diversity, by helping artistic creation and by working to respect intellectual property rights.

Work to respect intellectual property rights

Respect for intellectual property rights is one of the great challenges for the future to preserve cultural diversity and artistic creation. The M6 Group, within its various businesses, plays an important role in creating awareness, particularly among the youth, the target audience of the channel.

M6 thus acts in favour of legal downloads for music on line, particularly via its m6music.fr site and due to awareness campaigns calling on well known artists such as Lisa Stansfield, Kyo, Mylo, etc.

The multimedia subsidiary of the Group, M6 web, also made young internet users aware of these problems in a one our chat session organised with the Minister for Culture, Renaud Donnedieu de Vabres.

Detect and retain talent

M6, via its internal production companies, has chosen a policy of seeking out promising talents. This role of tele-seeking feeds its editorial policy that provide the greatest space for innovation and creativity. Thus Studio 89 enabled the arrival of a new generation of presenters such as Max, Magloire, Zuméo or Maëva Berthelot. The digital channels of the Group are also for M6 a breeding ground for young talent. Casting and entertainment programmes are also opportunities to discover talents for tomorrow, thus Laura, Chimène Badi or Amel Bent discovered in *Nouvelle Star*, and Sandra Lou in *Le Bachelor* are leading examples.

This quest for new talents extends to all Group businesses: many producers or directors had their first TV drama with M6 such as Eddy Charbit (ALV) for *On ne prête qu'aux riches*, or Alexandre Astier (Calt) for *Kamelott*. Many comedians also had their first part on television with the channel.

Assist artistic creation and promote cultural diversity

M6 is committed to develop artistic creation and add value to diversity by focusing on young talents as part of its financial and broadcasting requirements.

Thus in cinema: of 13 new films produced or co-produced in 2005, 9 were the first or second films such as *Ne le dis à personne* by Guillaume Canet, *On va s'aimer* by Ivan Calberac, or *Fair Play*, the first film by Lionel Bailliu.

This policy is particularly evident in music, M6 is committed to develop a very varied programme to sustain all forms of music: musical diversity of programmes for the channel is twice as great as the major radio musicals. Also, the channel is committed to the promotion of young artists:

- by reserving transmission time for clips: of 150 clips dedicated to French artists coproduced by M6 and broadcast by it, 74 were reserved for new talents. M6 allocated in 2005 32% of clips to new talents with no quantified requirement in this respect.
- by supporting artists such as Pearl, Myrtille Julie Reims or Chris Still who have little or no exposure on other media.



FOCUS ON . . .

Always listening

The evolution of technologies, the consumption fashions and services offered by the various divisions of the Group strengthen the links with its customers and viewers. Every Group unit has a customer service section and responds to the demand for quality. The m6.fr site is ranked among the 50 most visited sites in 2005 (3rd media site*) due to an

effective on line and convivial relationship. The best illustration of this desire to listen and the service quality is the viewers' call centre. This specific structure handles telephone contacts, post and e-mails from the viewers. It responds to these requirements: response time is optimised at 48 hours from reception of the call. In 2005, 104,314 requests were dealt with

of which 76% related to M6, 20% for general information and 4% for equipment problems. This procedure is interactive: every day an analysis is made of the various requests received and this is then transferred to the programming teams.

*(Source Cocal Conseil, survey Qualiweb 2005)

Social responsibility

The impact of a multimedia group on society at large is significant, the M6 Group assumes this social responsibility by guaranteeing its public the best content. Involved in this good citizen commitment, the Group encourages initiatives on various subjects covering sustainable development.



The M6 Group and Laurent Boyer are associated in Road Safety to produce and broadcast an advertising spot on prevention.

Quality of information and public awareness

M6 fully assumes its social responsibility by demonstrating it in terms of quality of information: clarity in subjects handled, respect for pluralism and independence.

The M6 Group is an efficient mean of passing messages dedicated to the challenges of sustainable development (environment, health, solidarity, children's rights, etc.):

- **by mobilising the channel and its editorial staff:** M6 uses all its resources to ensure the best information on humanitarian projects and to give the best information on sensitive subjects such as the recent catastrophes in South Asia, the bombing in London last July or during Sidaction, M6 showed on that occasion its support for the most disadvantaged by paying over to certain organisations the income from the *Nouvelle Star* or *Tubissimo* votes, for example.

- **By being associated with major awareness campaigns :** the M6 Group was a partner in a number prevention measures particularly for the dangers of the internet. ("*Sur la Toile, méfie toi des pièges*" with the National Education Ministry). Clips of charitable organisations are given great exposure in all musical events. In the field, M6 reviews every year its partnerships with, among others, in 2005 the Solidays and the Neck'airs (celebration of music for sick children in hospital), or *Live 8*

(worldwide concert of solidarity for the debt of African countries).

- **By broadcasting free advertising spots for NGOs, charitable associations, etc.:** in 2005, 391 advertising spots (with a value of € 3.4 million) were offered to the Red Cross, Action against Hunger, Aids Solidarity, etc. The Métropole Télévision Group and Laurent Boyer also created, together with Road Safety, a prevention spot on the wearing of the seat belt in the back seat. This was broadcast at the start of the summer holidays.

Programmes accessible to all

In order to improve access to programmes by the deaf and the hard of hearing, television stations are required to sub-title 800 hours of programmes per year. M6, who has participated since 1998 in assisting those with hearing difficulties, sub-titled 1,116 hours in 2005, thus exceeding the quota indicated by the CSA.

Supervised programmes

M6 seeks to protect young people: the station was the first to propose in 1989 a rating symbol system serving to specify what type of audience the films and made for TV films are addressed. The CSA took on the idea to impose it on all stations in 1996. Today, a mother committee review all dramas and TV films as well as sensitive series. The conclusions of this committee resulted in a recommended symbol



FOCUS ON...

Environmental responsibility

Although the Métropole Télévision Group's business does not present a significant impact on the environment, it has adopted an active policy of recycling waste generated by its operations (batteries, neon lights, etc.) as well as a policy of energy control (consumption of water, electricity, etc.). In addition, the responsibility of a group that produces and broadcasts content is based also on a desire to make the general public aware of the challenges of sustainable development.

Thus, M6 acted in 2005 in an educational role via broadcasts such as the evening event of November 29 on the tsunami, the transmission of docu-dramas such as *Super Volcan*, or *E=M6, Climat, l'État d'urgence* (attracting 3.2 million viewers). Other magazines demonstrated this desire such as *Capital* dedicated to renewable energy (5.3 million viewers and the best audience for the magazine in 2 years).

(general public, under 10s, under 12s, under 16s) proposed to programming management, as well as the timing of programmes revised to avoid upsetting this sensitive public.

For the cinema, the CNC rating system is used as a reference but M6, the party responsible for the broadcast, reserving the right to increase the rating for feature films.

The station also broadcast in 2005 the CSA campaign for the protection of minors by applying its logo. The musical clips with excessive violence are subject to the same precautions.

Promotion of cultural diversity and representation of French society

The media and particularly television, as a mass market media, play a fundamental role where it reflects the multi-cultural reality that characterises French society: M6 has decided to show that one in ten French people are non-European immigrants via its musical programme, entertainment, drama or also the selection of presenters, potential comedians as well as nar-

rators. This year again the M6 Group took initiatives and specific steps to allow the representation of cultural plurality and the diversity of the components of the French population. The Group was a partner and broadcaster of the "*Tous égaux, tous en scène*" concert, making people aware of the battle against discrimination.

Corporate responsibility

The corporate responsibility of the M6 Group is expressed in its adherence to the rules inherent in business life and in its ability to ensure staff compliance. The Group every day employs them in its human resources policy that values the diversity and richness of its businesses.



More Group employees

The principal strength of the M6 Group is the dynamism and expertise of its people, aged 34 on average, who work for it every day. The development of the different areas of operations led to an increase in the workforce in 2005 to 1,298 permanent employees in the various Group companies*.

The Group, a stakeholder in Syndicat des Télévisions Privées (STP), has a policy in favour of occasional workers seeking to stabilise such employment and reduce the level of insecurity.

The Group is very attentive to gender equality (52% women). This equality extends to senior positions: 46% women in Group senior management, or 54% excluding the Football Club des Girondins de Bordeaux.

Employee training: transmission and development of expertise

The monitoring of employees' career is essential. They are looked after, from the moment they join the Group. To ensure the transfer of expertise and their integration into the culture of the business, every new recruit is invited to an integration seminar that explains the Group's various businesses, as well as its strategy.

Thereafter, internal mobility is sustained by evaluation and training such as the annual interview or the publication on the Intranet of positions vacant (the Group ensures priority for

* excluding Mistergooddeal

Respect for moral and ethics

An ethics code is given to every new arrival.

It sets the rules to be followed by every employee in their behaviour, to make choices in the action they take.

internal candidates). The training of employees is another major challenge. Internal training represented 30% of all training carried out in 2005.

It was mainly dedicated to trainings in the development of their business, the management or control of new technologies, languages or personal development. In addition, M6 is involved with its adherence to STP in the negotiation of two industry agreements protocol in the area of training.

The example of the digitalisation of the national editorial office is the best illustration of this policy: in order to work with the employees in this new organisation over 70 people, permanent and part-time, received training in new tools and acquired new skills.



Social advances

The Group is attentive to social advances by granting profit sharing to employees: the Group savings plan, renewed in December 2005, and a profit-sharing plan that links employees to an improvement in the Group's performance. It enables the Group to share with its employees, gains realised as a result of their efficiency and their involvement. As concerns social dialogue, the Group seeks to involve, in all its major decisions, employee representatives and union officials. Social dialogue is a priority, over 100 meetings were held in 2005. A number of agreements were also concluded in the area of health.



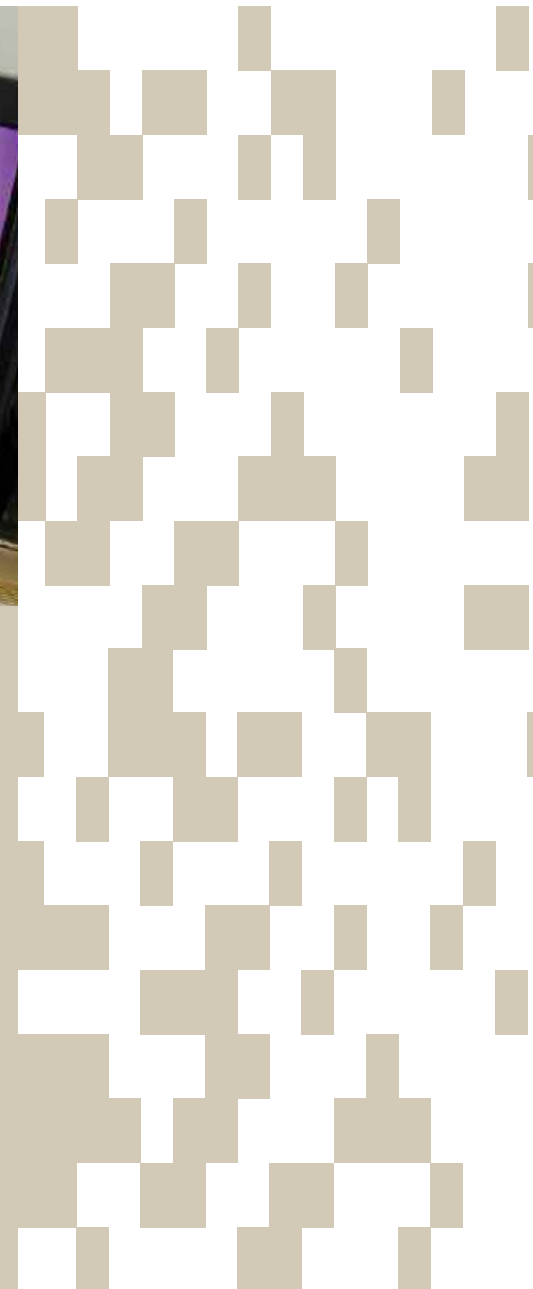
FOCUS ON...

Dynamic internal communication

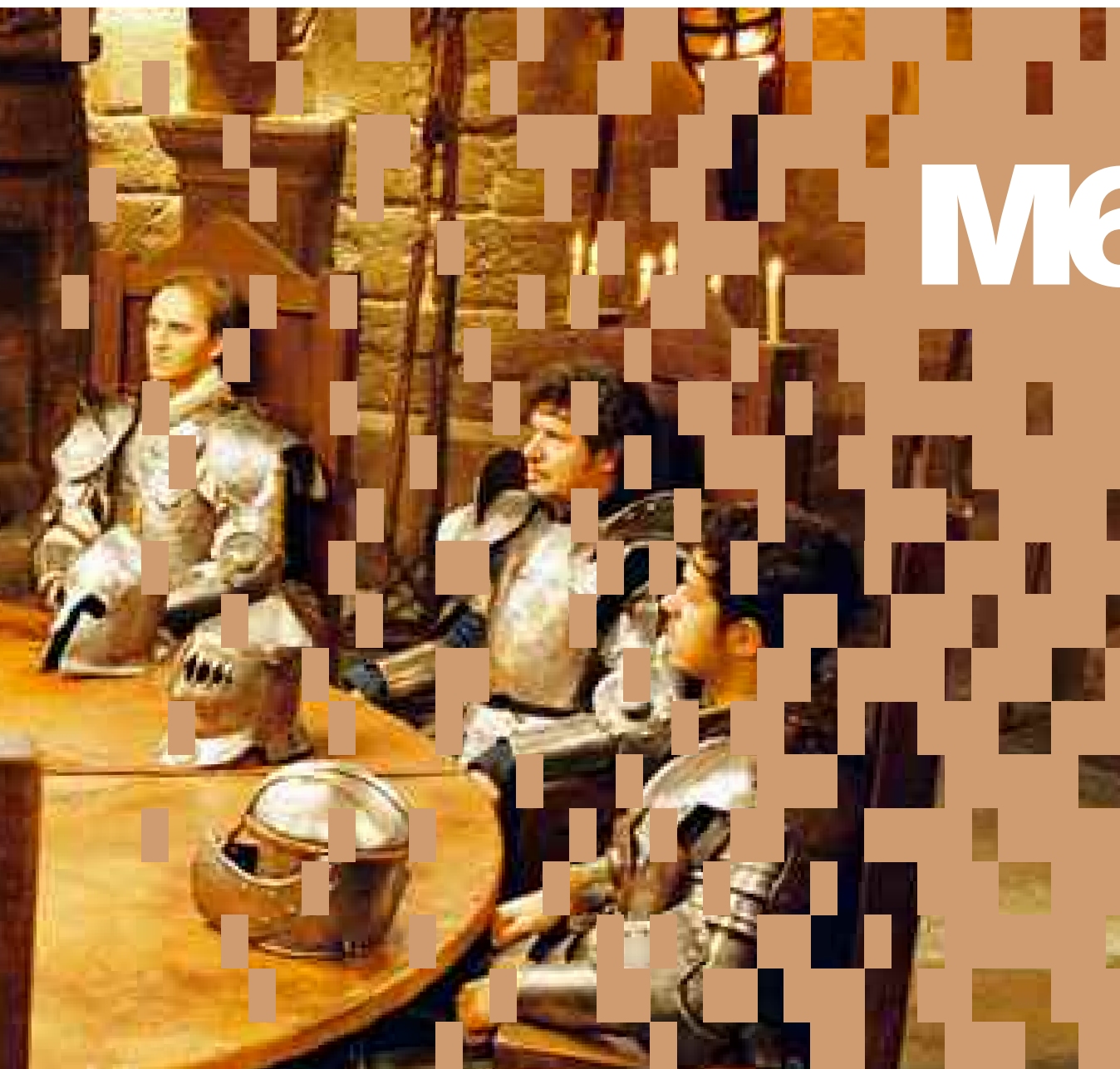
The Group has greatly enhanced its internal communication and now has a selection of tools to carry its values and ensure the sharing of information. Every month, an internal televised journal and an information letter are available to all employees via the Internet and the internal television network. These summarise the news of the Group's various

businesses. In addition, each major business has a real window on the internet. Essential information is in this space: documentary resources of tools that facilitate the daily life in the business such as notes of holidays, expense forms, etc. A space is also dedicated to news of the Group, which is updated daily, to enable everyone's involvement.

To facilitate the knowledge of the various businesses of the Group, every month a detailed description of an employee outlines their career, their business, files on their department, etc. Internal communication is completed with in-house displays, where the conception of specific programmes is broadcast on screen in the lifts.







M6 Free to Air

31.7 %
operating margin

M6 Free to air

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MESSAGE FROM THE HEAD OF PROGRAMMING



2005 was an excellent year for M6, consolidating its position as a challenger in the world of television. M6 has retained its title of 2nd most watched channel by the under 50 years old for the 7th year in a row, with 19% of the audience share in this category. Another significant figure: 4 million viewers watched M6 one evening in three in 2005 versus one evening in five in 2004, while keeping an increase in programming costs limited to 3.9%.

Our ambition is to attract an increasingly wide public around more and more innovative programmes while safeguarding our traditional core target market, young people. Who would have imagined that *Six Minutes*, all in images, would make room for *12:50*, a completely new personified news programme that attracts 1,500,000 viewers every day? Who would have thought that the 1998 channel '0% football' would be the first free to air broadcaster of the Football World Cup in 2006?

Innovating also means taking risks and giving new talents a chance. Replacing *Caméra Café* with its famous actors after four years of success with *Kaamelott*, a medieval series played by unknown actors, was a real gamble! A gamble that has paid off handsomely.

We have also greatly advanced the editorial line of our French drama by developing the comedies *Merci, les enfants vont bien*, *Élodie Bradford*, *Trois pères à la maison*, as well as successful and unifying French comedies which give M6 a new status in this world. In 2006, M6 will launch its first summer saga *Laura*, with a young and yet unknown comedienne: Delphine Chanéac.

Always on the look-out for new themes and new faces, M6 this year again knew how to make real talents emerge: Amel Bent in singing, recently rewarded with a "Victoire de la musique", Cyril Lignac in catering, Anne-Sophie Lapix for the news and successfully relit took on the flagship magazine *Zone Interdite* and launched the mid-day newscast, or even Estelle Denis, who hosts *100% Foot*, a magazine primarily aimed at men.

M6 knew how to revive the docu-reality show category: *On a échangé nos mamans*, *Nouveau look pour une nouvelle vie*, *Super Nanny*, *C'est du propre* etc. Every episode, which responds directly to all of our daily lives, asks real questions, gives solutions and shows a society on the move.

Whether this is through documentaries such as *l'Hôpital des enfants*, which unveils life on a daily basis over the weeks at the Robert Debré Hospital in Paris that specializes in the care of children, or such as *Pékin Express*, which tells an unusual human adventure in the form of a game, M6 pursues its development while keeping its daily fighting spirit in mind: "innovating and bring together".

In 2006, we would like more than ever to offer a television of our times, the prime strengths of which are quality, creativity and independence.

Thomas Valentin



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Internal productions

The independent and creative M6 production companies won many successes in the year's awards

KEY FIGURES

34

W9 Productions produced 34 broadcasts in prime time in 2005

Studio 89

developed about ten totally original concepts

24.1% housewives under 50 years old have followed the dilemmas of Karl the Bachelor.



A safeguarded independence

With its internal production companies, M6 controls the whole process of producing a broadcast (from creation of the concept to broadcast on air). A strong point which extends across all types of programmes: news magazines with C.Productions and Métropole Télévision and entertainment with W9 Productions and Studio 89 Productions specializing in streaming broadcasts. In 2005, the number of hours produced by each of its companies gives them an enviable position in the French audiovisual market.



New presenters and a new concept for the early hours on M6: *Le Morning Café* from 7 to 9 am.

C.Productions

News in all its forms

C.Productions has produced 168 formats, 154 of which are original informations, an area of expertise of the company as it produced one prime time in seven in 2005. The recurring Sunday evening programmes, *Capital* and *Zone Interdite*, not forgetting *Secrets d'actualité*, have reached excellent performances. New magazines have come into being such as *100% Foot*, *Enquête exclusive* and several special programmes (the tsunami, the suburbs, Europe in question...) have highlighted the channel's responsiveness to current events. C.Productions also produces major documentaries: *Hitler la folie d'un homme*, *Le jour où la France s'est arrêtée*, the trilogy *Ma vie aux urgences d'Ajaccio*, which brought an innovative expression to the news.

W9 Productions

Entertainment in prime time and internationally

Four reality TV programmes including the third season of *Bachelor, le gentleman célibataire* and five entertainment programmes: *Duels de stars* broadcast live, the disco *Grands classements*, Coluche and De Funès as well as 15 years of *Frequenstar* have dotted a flourishing year. Apart from home-grown programmes, W9 will from now on develop and produce for foreign broadcasters: the 8th season of *The bachelor* for the ABC channel in the USA in partnership with Warner Bros and *Le match des étoiles* broadcast on Radio Canada. Finally, W9 hallmarks one of the finest successes of the start of 2006 with the adventure game *Pékin Express*, presented by Stéphane Rotenberg.

Studio 89 Productions

Developer of talents

Studio 89 is at the source of about ten new original concepts in 2005 such as e-classement (on Fun TV then W9), *Jour J* (M6) and *En quête d'action* (W9). Many presenters came from the reservoir of talents discovered by Studio 89 : Zuméo, Magloire, Jenny del Pino, Jérôme Anthony. The new form of *Morning Café* attracts more than 300,000 regular viewers every morning and *Classé confidentiel*, presented at 8:10 pm on a Saturday by Virginie Efira, achieved a record score in this case: 2.1 million viewers attracted by the secrets of the world of cinema and music.

FOCUS ON...



STUDIO 89 : Lightning growth

Studio 89 Productions is renowned for the diversity and creativity of its concepts. 26 programmes were produced this year for M6 and the Group digital channels, ie 8 more than last year. With 997 hours of programmes, Studio 89 has doubled its activity in two years only by seizing many expansion opportunities: significant creativeness in the M6 Group's service is the accompaniment of new channels on DTT (W9),

the integration of existing broadcasts such as *Ciné 6* and *Grand Écran* into its business, and expertise in the adaptation of foreign formats (*The Swan 1 and 2*, *Celebrities bootcamp*, broadcast on TF6). Studio 89, present in prime time as well as in day time, mastering extremely varied formats (daily, weekly, monthly and single broadcasts), now largely dominates the classification of production subsidiaries of audiovisual groups.

Programme times produced by Studio 89

2003	680 h
2004	854 h
2005	997 h

Anne-Sophie Lapix,
new face of the
news presenter
12:50 and
Zone Interdite

KEY FIGURES

150

journalists are employed
in Paris and the eleven
local stations.

4.1 million

An average of 4.1 million
viewers followed *Capital*
in 2005

Information

Responsiveness,
deciphering, simplicity
of tone, new magazine and
daily formats: in 2005
M6 affirmed its wish to be
present on all types of
information programmes.

Sunday evening magazines

The three Sunday magazines, *Capital* and *Zone Interdite* alternating in the first half of the night and *Secrets d'actualité*, three weeks out of four, continue to stand out as leading broadcasts in the channel. With an increase of 300,000 viewers compared with 2004, *Capital* presented by Guy Lagache is becoming the most watched prime-time information programme.

Since September, two new broadcasts have been added to the three Sunday successes: *Enquête Exclusive*, in the second half of the night one Sunday in four, and the weekly *100% Foot*, presented by Estelle Denis in the third part of the night. *Enquête Exclusive*, magazine covering major events hosted by Bernard de la Villardière, clearly stands in investigation ground and reveals the hidden face of major world conflicts. Gripping images and exclusive revelations have been recognised with two prizes this year: The great Jean-Louis Calderon prize at the "Festival International du Scoop et du Journalisme d'Angers" and the Patrick Bourrat prize at the "Lauriers du Sénat" for *Six semaines à Bagdad, la vie quotidienne dans l'enfer de la guerre* by Paul Comiti.

Within the context of developing its sporting programmes, M6 created *100% Foot*, a talk show with an innovative tone, which comments on the current events in soccer with an expert on set every week and a guest football fan. This programme attracts up to 800,000 viewers after midnight.

Information magazines have also responded to the urgency of current events through special broadcasts including an evening on the tsunami and exceptional documentaries on September 11, Hurricane Katrina and the Paris suburbs crisis.

Major documentaries

M6 has also continued to explore new television scripts, which rely on situations filmed on a real time basis. With a second trilogy of *Ma vie aux urgences à Ajaccio*, M6 broadcast *Ma vie au commissariat* from Mulhouse followed by 3.6 million viewers and the docu-drama *Le jour où la France s'est arrêtée*.

In total, between traditional magazines and these new projects, C.Productions produced 190 hours of programmes in 2005 on behalf of news management. It is in a completely different world where the destinies of mothers, babies and children become intermingled that Gilles de Maistre shot *L'hôpital des enfants* over a year, a documentary series with no voice-off at the heart of the Robert Debré Hospital. This documentary broadcast in March 2006 was a real success, particularly among women.



Secrets
d'actualité,
with Laurent
Delahousse

FOCUS ON...

12:50

Relying on the success of *Six Minutes* at 7:50 pm, 2nd most watched newscast by the under 50 year old, daily news has stood out in 2005. National news has experienced a real technological revolution: the change to all digital. M6 is equipped with resources perfectly adapted to the techniques and business of modern television. Daily news viewings are flashes every half hour between 7 am and 9 am within the context of the *Morning Café* broadcast, national news bulletins at 12:50 pm and 7:50 pm

and local 7 minute bulletins at 8:40 pm in eleven cities. A great development in 2005 was the midday edition firstly change of timing from 11:50 am to 12:50 pm doubling the number of viewers, and then it was broadcast for the whole summer for the first time. Finally, at the beginning of January 2006, *Six' midi* became *12:50* and changed from the "all-image" format to that of a personified newscast, presented by Anne-Sophie Lapix, who has noticeably increased the number of regular viewers since her beginning.

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FOCUS ON...

Information – weekend leisure

Turbo and *Grand Écran* and also *E=M6*, as real pillars of weekend leisure news since M6 started, continue to attract a growing number of viewers. The car programme *Turbo* celebrated its 9000th broadcast in 2005, attracting an average of almost 4 million regular viewers to the Saturday and Sunday episodes. This year Dominique Chapatte concentrated on practical advice (fuel economy, good ideas) and special broadcasts dedicated to large car showrooms and car rallies across the world.

Grand Écran, presented by Véronique Mounier and *Ciné six* reveals the secrets of the cinema and directs film buffs towards the best current films, trailers, making-of and interviews in support thereof. Finally, Mac Lesggy continues to astonish and share his scientific discoveries with over 3 million viewers in an educational and interactive *E=M6* thanks to the quiz offered every Sunday at 8:05 pm.



Lifestyle magazines

Closest to the daily lives of viewers, lifestyle magazines go beyond the acknowledgement of difficulties encountered by families by opening the dialogue between generations and proposing solutions. On Tuesdays, *Super Nanny* gives useful advice to parents and to children. *Il faut que ça change* follows relationship problems, the lack of self confidence or introversions of many individuals who week after week have regained hope of a normal life. Whether it is *C'est du propre*, *Nouveau look pour une nouvelle vie*, *Recherche maison ou appartement*... M6 is broadening the fields of investigation in 2005 by putting on a more involving and participative television.



Docu-reality TV

At the start of the year, the docu-reality *Oui Chef !* followed the journey of a very young chef, Cyril Lignac, who gave an opportunity to 10 young people with no training, who he trained over several months and with whom he opened his first restaurant. This prime time programme attracted an average of 4.3 million viewers. Every week in 2006, Cyril Lignac in *Chef la recette* gives his trade secrets, his "little tricks" with humour and simplicity, while explaining his recipes. At the start of 2006, the game *Pékin Express* followed the adventures of ten applicant teams every Sunday, the aim of the game being to get to Peking with only €1 per day. A challenge with surprises demanding resourcefulness.

KEY FIGURES

3.5 million

viewers followed *Pékin Express* presented by Stéphane Rotenberg



Pékin Express teams at the start of their adventure

M6 Free to air

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Entertainment

Event-driven programming at 8:50 pm, new formats but also the return of *Nouvelle Star*, an ideal springboard for singing talents, was the main entertainment highlight of 2005.





La Nouvelle Star
broadcast live
attracted up to
6.5 million viewers

Prime time hits and humour

Laurent Boyer, Virginie Efira and Benjamin Castaldi together present the channel's entertainment with a common goal: to discover while enjoying the stars of French and international singing.

As a specialist in musical entertainment and nostalgia years, Laurent Boyer has presented *Les grands classements*, *Les surprises de stars*, not forgetting *Frequenstar* dedicated to Élie Semoun, Gérard Jugnot or even Éric & Ramzy. Virginie Efira is dedicated among others to the new version of *Classé Confidentiel* which reveals secrets of success to everyone (music, television, people personalities). This show every Saturday at 8:05 pm attracts more than 2 million viewers, which is almost 30% of 15-34 year olds.

As for Benjamin Castaldi, this year he presented and produced the second edition of *la Coupe du Monde du Rire* and *Ça les fait rire*. Benjamin Castaldi also presents *Nouvelle Star* which is recognised as the preferred musical broadcast, which discovers tomorrow's talents. In 2005, the 3rd edition of *Nouvelle Star* beat its own record with an average of 4.2 million viewers. With over 25,000 candidates auditioned, *La Nouvelle Star* is the largest song contest ever organised in France. In 2005, this leading event M6 show revealed Myriam Abel whose single "Donne" reached no. 2 in sales not forgetting Amel Bent, one of the finalists from the previous season, who became a fully-fledged artist... at the 2005 Victoires de la Musique.

Comprehensive musical programming

M6 confirms its support for musical talents through day-time shows. 32% of clips broadcast on air are "discoveries". *Hit Machine*, *Fan de*, and also *the Morning Café*, *Star Six* and *Tubissimo* are some of the musical windows offered every week to viewers, who of course find favourite songs and also the new faces of the French music industry.

In 2005, M6 launched 3 innovative projects in particular in this field: the Talents 2005 campaign, which saw the dedication of the artist Gage, as well as the launch of two mini-series *D comme Découverte* on a Wednesday night and *F comme Focus* on a Saturday night.

FOCUS ON...



Youth: M6 Kid

With its unbeaten results in 2005, M6 Kid confirms that its cocktail of humour, practical advice and cartoons captivates a large audience. Every Sunday morning at 9:20 am on an originally decorated set, the two presenters teach children how to dance and sing, obtain information, or even cook simple and delicious dishes. The M6 Kid reporter answers all questions relating to daily life: How do you get to school on time? How do you learn grammar rules, convince your parents? In 2005, M6 Kid kept its 3 weekly shows, which is 5 hours of programmes and new cartoons broadcast on

Wednesdays, Saturdays and Sundays. Viewers were able to discover the 2nd season of success from the previous year in the 13 and 26 minute formats: *Martin Mystère*, (Marathon animation), *Kid Paddle* (Dupuis audiovisual) and *Atomic Betty* (Atomic cartoon) in which M6 actively participated in the production as well as the return of *Barbapapa*, *Yu Gi Oh* and *The New Adventures of the Invisible Man*.

Maeva Berthelot, a new presenter from September, along with Lucky makes an unmissable television duo for children... and parents.

M6 Kid has strong growth in these 3 broadcasting slots among the 4-10 year olds.

Wednesday	2004	11.2	2005	17.7	+ 6.5 %
Saturday		14	16.9	+ 2.9 %	
Thursday			18.6	22.6	+ 4.0 %

(Source : Mediametrie)

M6 Free to air

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Merci les enfants
vont bien or the
tribulations of
a big family.

Drama

French Drama is one of the main challenges of the year.

Between humour, family stories and police drama, M6 has greatly succeeded in its efforts. Whether it is detective films, overstretched parents or the king of Kaamelott, viewers are attached to the M6 heroes.

KEY FIGURES

6.2 million

viewers on average watched the first season of *4400*, an all time record audience for an M6 series.

5.4 million

viewers followed *Merci les enfants vont bien* and *On ne prête qu'aux riches*.

Humour à la carte

Humorous drama is the reliable value of 2005 and comes in a variety of formats. In prime time, *On ne prête qu'aux riches*, a comedy with Michelle Bernier and Axelle Laffont and *Merci les enfants vont bien* attracted 5.4 million viewers.

Kamelott was undoubtedly the most prize-winning programme of 2005 and is also a popular series with viewers. While introducing the general public to the adventures of King Arthur, Alexandre Astier, the one-man band of this off-beat drama, has won up to 5.6 million viewers in access prime time. Alain Chabat, another new M6 outrageous, has produced an animation series called *Avez vous déjà vu?* and introduces the most inappropriate situations in 50 seconds.

Recurring heroes

M6 has continued the development of series, which appeared in previous years such as *Jeff et Léo*, *flics et jumeaux*, *Trois Pères à la maison* etc. The success of these series is confirmed as the illustrious *Élodie Bradford* brought to life by Armelle Deutsch who captivated 4.7 million viewers. M6 will soon launch 5 police comedy pilots.

Foreign series

This year once again M6 demonstrated its leadership in terms of series from across the world by discovering the best new programmes in very varied categories. 2005 marked the enormous success of the Friday evening series line-up, which very quickly became a must see show particularly with *NCIS* and *NIH : alertes médicales*, as well as the sensational arrival of the *Nip-Tuck* series in the first half of the night. Another symbolic programme of the year *Les 4400*, 3 evenings of events in February 2005 with an average of 6.2 million viewers, an absolute record for an M6 series.

No fewer than 10 new foreign series and original series were offered on air in 2005. Among these the fantastic American series: *Lost*, *Stargate Atlantis*, *Tru Calling* etc., original English series: *Hex*, *Footballer's Wives* as well as a Belgian series with strong discussion on the scandal of women trafficking in Eastern Europe *Matrioshki : le trafic de la honte*. M6 has also offered new unpublished seasons of familiar channel series to viewers: *Alias*, *Smallville*, *Charmed*, *Un dos Tres*, *Stargate*, *Sex and the city*, *Dead Zone*. Many events are already listed in the 2006 programme, in particular 3 series, which are set in the United States: *Prison Break*, *Commander in chief* and *Desperate Housewives*.

FOCUS ON...

The new M6 series

Les Bleus, premiers pas dans la police, Grand Prize for the Series at the 8th Luchon Festival, was one of the first successes of 2006 to be recorded with 5.1 million viewers. All audiences followed the first episode of this detective series produced by Alain Tasma. Other comedy pilots of 52 to 90 minutes are being shot or in post-

production: *Alice et Charlie* (with Édouard Montoute and Anne Marivin), *Les Tricheurs* (Pascal Legitimé and Sara Martins), *Anna Meyer* (Marie Fugain and Stomy Bugsy), *Emman Sinclair* (Shirley Bousquet and Davy Sardou), *Martin Paris* (Jean-Marc Barr and Linda Hardy) or even *Mes chers parents* (with Roland Giraud and Fanny Cottençon).

But the most long-awaited event of 2006 is the first M6 summer saga *Laura*, with a devilish intrigue and prestigious casting: Christophe Malavoy, Sophie Duez, Christian Charmettant, Claire Nebout, Arthur Jugnot, Yannick Soulier, Aurelien Wiick and Philippe Lavil share the billboard with Delphine Chanéac, discovered in *Brice de Nice*.





The uncanny and the supernatural are definite values for M6 series. Here, *Les 4400*.

Star Wars, cinema event

In May, M6 created an event around the release of the *Star Wars Episode 3* film by proposing to review a whole generation of cult films for the first time in chronological order of the narration. On Monday 9 and 13 May, M6 broadcast *Episodes 1* and *2* of *Star Wars* (on air on free television for the first time), just before the release of *Episode 3* on 18 May in cinemas and then scheduled *Episodes 4, 5* and *6* for the following Mondays. This large-scale operation relayed by the whole of the channel allowed M6 to record increased audience scores (6.5 million viewers on average) and to demonstrate that it knew how to accompany the cultural highlights of its audience.

The 2005 cinema offer confirmed the channel's increased scale with very good results in eclectic categories: original comedy films such as *Shallow Hal* or *La Beuze*, thrillers such as *The Collector* or *Prophecy of the Shadows*, prestigious comedy dramas (*Vanilla Sky*) or romantic intimate comedies (*Irène, Filles uniques*).

M6 Films

M6 Films who manages the pre-purchase of television broadcasting rights for M6 also co-produces French and European films. This activity is included in its free television activity. In a situation where fewer people are going to cinemas (-10%*) in 2005, the films co-produced by M6 played their part well with 11.2 million box office ticket sales. 4 films were ranked in the top 10 French films of the year: *Brice de Nice*, second film by the director James Huth with Jean Dujardin, which took the lead in the 2005 French box office with 4.4 million sales, and the third place for all nationalities together, *Iznogoud*, a Patrick Braoudé comedy with Michael Youn, which attracted 2.5 million viewers, *Espace Détente*, first Bruno Solo and Yvan Le Bolloch' film (1.7 million box office ticket sales) and *Les Chevaliers du Ciel*, by Gérard Pirès, 1.3 million box office ticket sales. M6 Films will follow its policy of supporting young talent in the French film industry by accompanying the production of the second Guillaume Canet (*Ne le dis à personne*) and Ivan Calberac films (*On va s'aimer*).

*Source Estimations Baromètre FNCF



Yoda (above), a symbolic figure of *Star Wars*.

Brice de Nice (opposite) played by Jean Dujardin.



Cinema successes of the year broadcast on M6 in millions of viewers

Star Wars episode 1 / The Phantom Menace :	6.8
Star Wars episode 2 / Attack of the clones :	6.8
Star Wars :	6.5
Return of the Jedi :	6.3
The Empire strikes back :	6.2
Indiana Jones and the Temple of Doom :	6.1
Shallow Hal :	5.9
Indiana Jones and the last crusade:	5.8
Indiana Jones: The raiders of the lost ark:	5.8
The Collector :	5.6

(Source : Mediametrie)

Sport

2005 marked a decisive step for M6 in the acquisition of rights and broadcasting of sporting news and football in particular.

KEY FIGURES

11

matches were broadcast in 2005, 10 of which were in prime time



Alexandre Delpérier holds interviews live in the stadium

M6 acquired the broadcasting rights to the UEFA Cup Final for 2005 and 2006. It also exclusively and successfully broadcast the Olympique de Marseille matches at the time of the 2005 Intertoto Cup and the UEFA Cup. 4 million viewers followed the team's last tournament match. A success confirmed at the Sporting Lisbon – CSKA Moscow final: 3.5 million viewers and 21.9% of the audience share among men under 50. In order to reiterate its wish to become a major player in sport, M6 acquired the rights to 31 matches of the 2006 FIFA World Cup, including 4 from the round of 16 and 2 quarter finals.

100 % Foot : The experts' opinion

In order to prepare for this event, M6 has a team of outstanding columnists in the world of football. Since September 2005, M6 offers *100% Foot*, a magazine, which reviews all the soccer news in a lively manner every Sunday at around midnight, only a few hours from the final whistle of the weekend's sporting fixtures. The programme contains one hour of excerpts, summaries, reporting, special reports, surveys and the viewpoints of guests, experts and passionate people. Estelle Denis supported by Dominique Grimault and Pierre Menès attract almost 600,000 viewers, which is 18.9% of men under 50 years old. Another magazine started in July 2005, *100% Girondins*, produced directly in Bordeaux, enabled national exposition of the club's performances on the nights matches were held, with good audience levels. *100% Girondins* has been broadcast on W9 since January 2006.

Sport 6, one of the channel's traditional broadcasts, is on television every Sunday. An all image format sporting news magazine, *Sport 6* focuses on all disciplines and sportsmen, whether they are well known or not. *Sport 6* is a concise information magazine featuring sports results, image highlights and of course the famous *red card* for the sins of sports: doping, violence on the pitch...



FOCUS ON...

M6, first free to air broadcaster of the 2006 FIFA World Cup

With 31 matches broadcast at the 2006 Football World Cup in Germany, M6 is offering one of the best sporting events broadcast on television and gripping duels: Brazil/Croatia, England/Paraguay, Argentina/Serbia, Portugal/Mexico, Czech Republic/Italy. Estelle Denis will take charge of *100% Coupe du Monde*, a daily magazine. M6 will have 9 reporting teams available

and special correspondents available across Germany in order to offer interviews and speakers at the same time to news programmes (6 minutes and 12:50) and to the morning editions. Matches carried out on HD will be commented on by Thierry Roland, Christophe Dugarry, Frank Leboeuf and Christophe Josse.

M6 Free to air

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Digital channels

4.8 million

The Group's digital channels attract an average audience of 4.8 million every day

M6 Free to air

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COMPLEMENTARY TV OFFER

A fast-changing market

Migration of analogue subscriber households is accelerating towards 100% digital TV and complementary TV offer.

Complementary TV offer was analogue in its first years but market penetration is now progressing rapidly following the introduction of new digital free-to-air and DSL broadcast mediums.

Major extended service distributors do not market analogue packages anymore in all broadcasting media, except for Canal+, and have undertaken the transfer of their subscribers from analogue to digital broadcast.

Two new growth drivers for complementary TV offer:

– The successful launch of a free multi-channel offer for all, the Free DTT.

Complementary TV offer was historically for subscribers only but is becoming more widely available today following the successful launch in March 2005 of an extended, TV offer digitally broadcast free-to-air (DTT).

Viewers wishing to receive this free TV offer need only to equip their TV with a terrestrial digital adapter, subject to the area being covered.

– The success of multi-service High-Speed Internet Connection – Phone Services – Multi-Channel TV offers, the Multiplay offers.

Complementary TV offers were historically marketed on their own. They are now marketed with other communication services, such as High-Speed Internet Connection or unrestricted phone time in package deals.

To date, only the cable and DSL technologies can provide these offers.

A customer who subscribes to a high-speed internet access service benefits from a “free” complementary TV offer, subject to technical eligibility (note: 95% of France was covered in 2005 and 65% of the coverage area was technically eligible).

The development of “on demand” TV programme consumption is making complementary TV offer richer

TV programmes were historically “broadcast”. They can now be consumed on demand.

On-demand programme consumption services were launched on the internet for consumption on a computer screen. They are now also provided by DSL TV platforms. Customers can choose a programme (show, film...) in a catalogue of on-demand products and consume it as they would consume a DVD: watch it whenever they want, all in one go or in several parts...

The emergence of mobile TV reception gives a new dimension to complementary TV offers

Historically sedentary, TV consumption is also becoming mobile. Complementary TV offers are marketed by mobile phone operators on subscription or on demand.

A client who owns a multimedia mobile phone compatible with 3G and Edge networks can subscribe to a channel package or consume programmes on-demand.

These profound market changes result from the digitalisation of content, of the generalisation of the internet media and of the accompanying significant development of data transmission networks.

This new state of affairs is attracting new participants with great investment capacity, such as telecommunication operators and internet access providers, on the already highly competitive Complementary TV offers market.

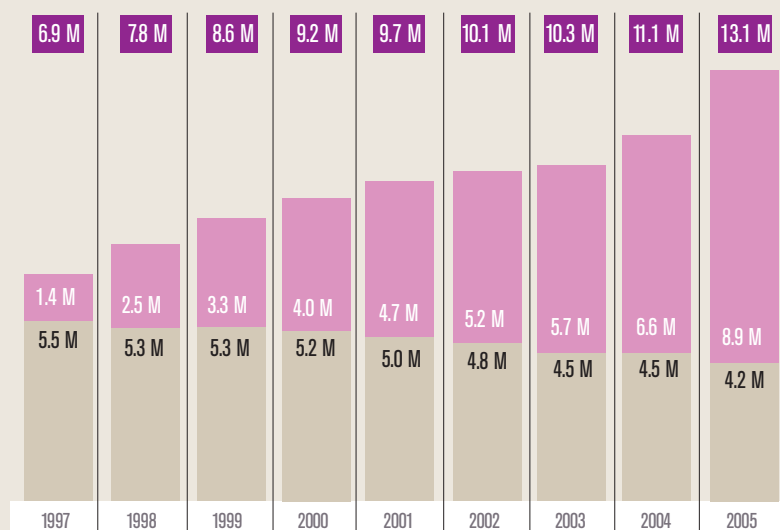


M6 Free to air

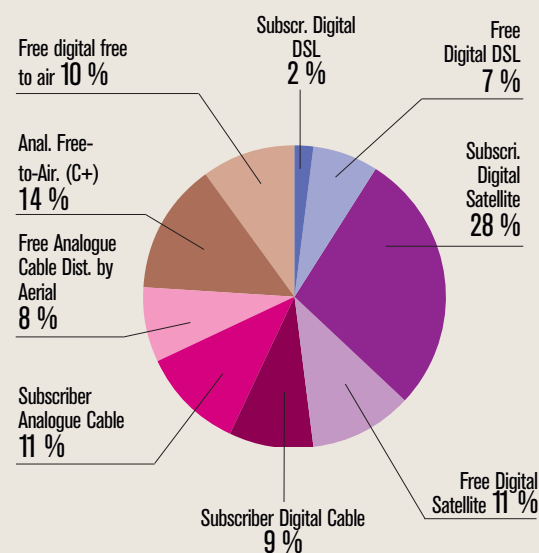
Digital channels

Households equipped with digital complementary TV offer

- equipped with analog complementary TV offer
- equipped with digital complementary TV offer

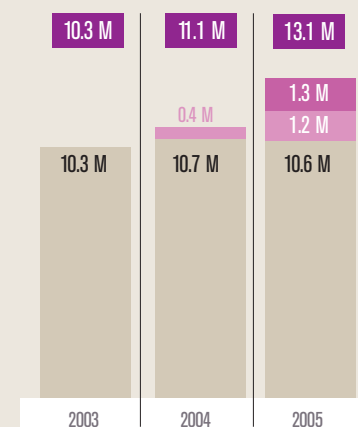


2005 analysis of households equipped with complementary TV offer by technology



Households equipped with complementary TV offer new growth drivers

- Free DTT
- Multiplay DSL
- Pay Multichannel CabSat Canal+ only, Sat. free and cable broadcast service



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Source: Operators, Aform, CSA, Access, M6 estimates

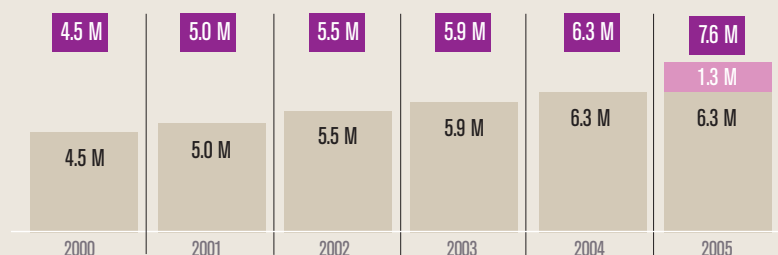
An ever increasing share of "All TV"

The All-TV audience share of "Other TV" increased by 0.8 basis point to 12% in 1 year.

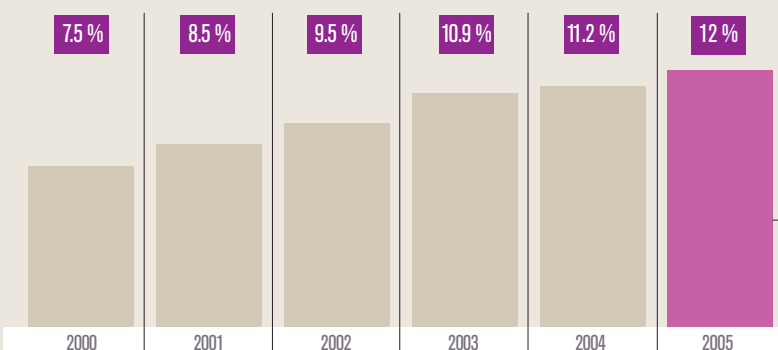
The audience share of the CABSAT environment is stable at about 36%. The growth of the "Other TV" share in the "All TV" audience share is driven by the new DTT measuring environment, whose growth in "Other TV" 4+ year old market share reached 26% in January 2006, and by the increase in the number of "Other TV"-equipped households.

Measured "Other TV" - equipped households

■ Equipped with CABSAT multichannel
■ Equipped with DTT multichannel

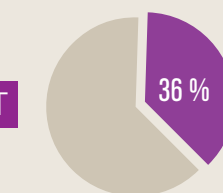


Share on "Other TV" In "All TV" for 4+ year old individuals



CABSAT

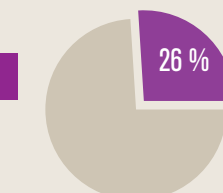
"Other TV" audience share for 4+ years old individual, CAB SAT environment



(source : MediaCabSat wave 10)

DTT

"Other TV" audience share for 4+ years old individual, DTT environment



(source : Médiamétrie, January 2006)

The top 20 channels of the complementary TV offer environment concentrate over 50% of the audience. 4 of the M6 Group channels rank among the top 12 channels.

Ranking of complementary TV offer channels

(as a % of the cable and satellite environment, for 4+ year old individuals)

(source: MediaCabSat wave 9, September 2005 – February 2006)

Eurosport	1.9 %
RTL9	1.8 %
TV Breizh	1.3 %
Canal J	1.2 %
TMC Monte Carlo	1.1 %
Paris Première	1.0 %
TF6	0.9 %
LCI	0.9 %
13° Rue	0.9 %
Tiji	0.9 %
Teva	0.6 %
TPS Star	0.6 %

Note: To date, Médiamétrie does not measure the DSL, Free Satellite and Cable TV by Aerial environments

(source : Médiamétrie)

M6 Group: an aggressive positioning

M6 Group is a reference participant in the complementary TV offer:

• **As regards the channel editor business**, the Group has built up a portfolio of 11 digital channels, complementary in terms of positioning and targets.

PARIS
PREMIERE

W9

téva

MUSIC
BLACK

MUSIC
ROCK

MUSIC
HITS

BOUTIQUE
FACILE

best shopping

FUN
TV

TF6

serleclub

• **As regards the subscriber TV distributor business**, the Group holds a 34% shareholding in the TPS platform. In addition, the Group edits 14 thematic channels of the TPS offer through this shareholding. (Télétoon, Télétoon+1, Eureka, Piwi, TPS cinétoile, TPS cinéculte, Infosport, TPS star, TPS cinefamily, TPS homecinema, TPS cinestar, TPS cinextreme)



The Group had an aggressive year 2005.

The year was marked by numerous events for the Group's channels:

- The launch of three new channels, M6 Music Black and M6 Music Rock, followed by M6 Music Hits
- The launch of W9 on free DTT
- The positioning on the mobile phone market
- Extended channel distribution
- The first break-even financial year for Paris Première since the acquisition and the restructuring of the channel in 2004
- Agreement among Vivendi Universal, TF1 and M6 concerning the combination of their pay TV activities

FOCUS ON...

Promising prospects for the M6 Group



M6 Group second free-to air channel, W9, as well as the unscrambled Paris Première air time will potentially be received by over 75% of TV-equipped French households within 5 years.

The Group subscriber channels would be potentially received by nearly 3 million additional French households within the next 5 years.

In the United Kingdom, which is a more mature country in terms of subscriber TV, 43% of the TV-equipped population has subscribed to a digital TV package (source: Ofcom - Q3 2005). In France, 37% of TV-equipped households pay a TV subscription (including analogue Canal+).

Mobile phone TV is an emerging market segment with a strong growth potential. This segment could be a real growth driver for the Group's digital channels.

Close to 50% of mobile phone subscribers could have access to TV offers and on-demand programmes. In addition, the development of the video walkmans and the deployment of the DVB-H digital standard (Digital Video Broadcasting: Handhelds) enabling the mobile reception of a digital hertzian signal could encourage mobile TV consumption.



Paris Première “You can turn the TV back on again”

In 2005, Paris Première kept all its promises, overcoming a triple challenge: retaining its identity, increasing its exposure and audience ratings while breaking even financially. Thus, the channel can safely celebrate its 20th anniversary in 2006.

KEY FIGURES

2 hours

Paris Première's daily unscrambled broadcast on DTT

3.3 million

The average daily audience of the channel

A very popular channel

Paris Première attracts a large audience. The channel can be accessed on all broadcasting networks: DTT, satellite, cable, DSL and mobile (Orange). It is available to 14.2 million viewers, ranking among the five most watched channels in France.

In one year, Paris Première's audience ratings increased by 24% on the 4 + year old segment* and the channel attracts a daily audience of 3.3 million**. Its broadcasting performance is reflected in its core target with a 30% increase in this category***. Paris Première is the third most viewed channel by the upper middle classes****.

The channel developed its Parisian identity, becoming one of the three most viewed thematic channels by the under 50 year-olds in Paris and its suburbs**.

Paris Première makes a point of being different

Paris Première focuses on developing an original and unique approach to reviewing current culture, art or economic events in all its iconic shows and recurring programmes:

Paris Première provides an innovative approach to getting to know celebrities, such as Thierry Ardisson who receives celebrities in his own apartment in *93 Faubourg Saint-Honoré*, Ariane Massenet who broadcasts from the lounge of Hôtel Crillon in *Petites confidences entre amis* or Frédéric Taddéi and his indiscreet camera in *Paris dernière*.

Laurent Ruquier in *Ça balance à Paris*, as well as Alexandra Golovanoff and Catherine Pégard in *Les femmes et les patrons d'abord*, who have both adopted a cheeky interview style and delivery.

Paris Première also invites viewers to escape everyday life through the IMAX documentaries presented by Priscilla Telmon.

An event driven channel must have exceptional shows, such as *Paris défile*, *Golden Globes*, or *Vive la télé* in which Philippe Gildas introduces gems from French TV archives.

*Source: Médiamétrie/MédiaCabSat, September 2005/ February 2006,

** Source: Médiamétrie/MédiaCabSat – Total daily audience

*** Increase of a quarter of an hour on average for wave 10 versus wave 9

**** Excluding Canal+ variations and free-to-air channels

Les femmes et les patrons d'abord will be one of the programmes broadcast unscrambled on pay DTT.

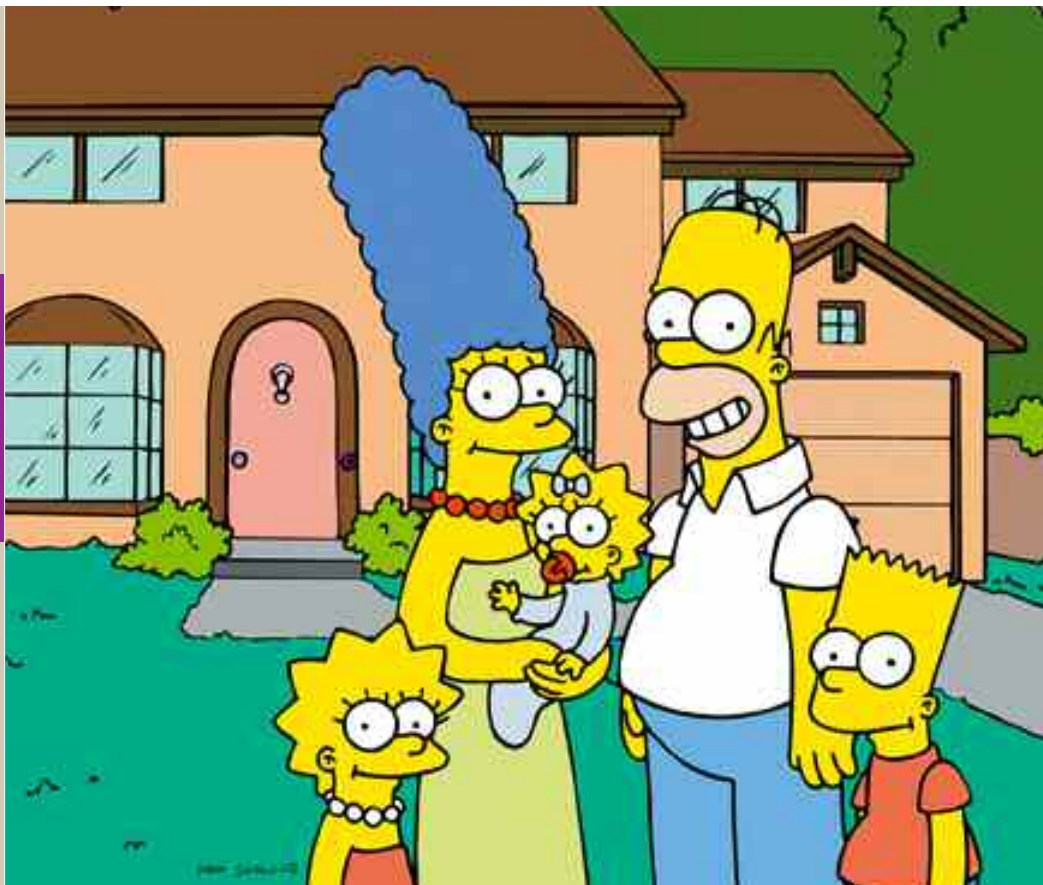


FOCUS ON...

A new rendez-vous: DTT

The CSA allowed Paris Première to be broadcast on pay DTT from 21 November 2005. This is a new broadcast channel for Paris Première, which is already available on cable TV, satellite TV, DSL and even by mobile phone. Paris Première benefits from

two hours of unscrambled air time on DTT, which gives the channel better exposure for its programmes, especially its iconic programmes. This new opportunity to be viewed by all households equipped with a DTT adapter should enable the channel to continue its development.



W9 «kick out the jam»

In a French television scene radically changed by the advent of DTT, W9 is asserting itself as a major participant in this new television offering.

W9, a major participant in DTT

In less than one year, W9 has asserted itself on DTT thanks to comprehensive and varied programming focused on music, action and relaxation.

W9 reached 2.7% audience ratings on the 4 year old + equipped with DTT* and attracts a weekly audience of 3 million**.

W9 is the most popular of all new DTT channels among young adults. 71.5% ⁽¹⁾ of 15-34 year-olds equipped with DTT watch W9 every week.

These early results prove the relevance of M6 Group channel offering and of W9 editorial choices. The channel has excellent prospects ahead due to the future spread of DTT throughout France.

A programming that combines quality, diversity and consistency

Following the launch of W9 on 31 March 2005, the channel confirmed an ambition to strengthen its position as a benchmark channel for the under 35 year-olds. At this significant stage in the development of the channel, W9 designed a programme offering based on three mainstays: quality, which is a major challenge for new free-to-air DTT channels, diversity, which is the primary feature of a rich offering, and consistency, which guarantees a well-balanced programming specifically targeting the under 35 year-olds.

These three principles are used extensively in channel programming, with original magazine and entertainment shows such as *Au cœur de l'action* or *W9 Live*; major events, from the *Grammy Awards* to *Made in Manga* or *École des Elites*; top box office successes (*Presumed innocent* or *There's something about Mary*), recent and original series (*Jonny Zero* or *Hex*, season 2), comedy series such as *The Simpsons*; cult series such as *Dead Zone*, sport, with the frantic action of the *World Rally Championship* or *100% Girondins*...

A completely different TV

W9 programmes and presenters match the audience of the channel: full of energy, enthusiastic and relaxed for completely different TV.

Frédérique Bedos in *Samedi Live* shares her passion for music in her live show; François Pécheux introduces us to the lives of today's adventurers and follows all thrill seekers in *En Quête d'Action*; Moon Daily presents the best of the internet sites and searches for the 50 most popular hit singles on the web in *E classement*; Vanessa Demouy is taking her first step as a presenter on W9, hosting *Made in Manga*.

Female narrators from all European countries symbolise this spirit and are making a comeback on W9. Everyday, these charming presenters guide viewers by bringing their personal touch and humour.

⁽¹⁾ IFOP study from 8 June to 20 June 2005 among households equipped with an adapter

*Source: Médiamétrie / Mediamat – DTT-equipped households (average Monday - Sunday / 3am – 3am)

**Source: Médiamétrie / Mediamat – W9 initialised households (average coverage –60 second threshold)



The magazine *En quête d'Action* describes the journey of those who lead very active lives, from A&E staff to extreme risk takers.

An interactive channel

W9 prioritises proximity to its audience and allows its viewers to express themselves and take part in programmes (by phone, internet or text messages): with *W9 Hits*, viewers can send their dedications and communicate everyday with the channel; in *Made in Manga*, viewers vote for the winning series; finally, the w9.fr website brings the channel to net surfers who can avail of exclusive content and video clips of the best moments.



FOCUS ON...

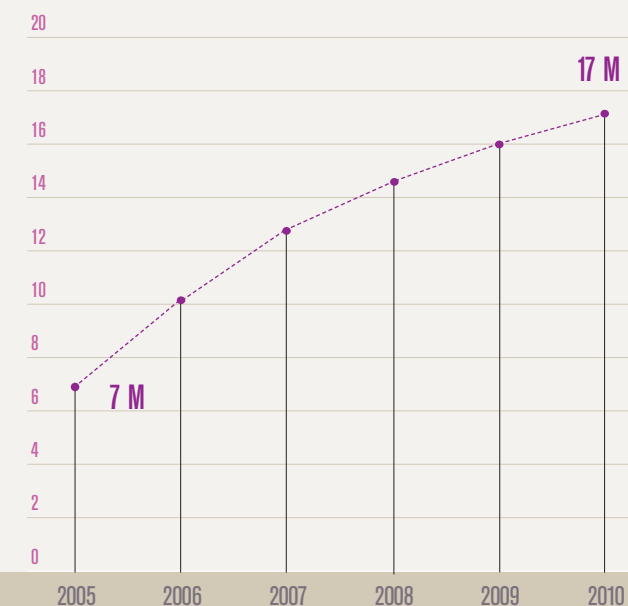
DTT broadcasting

W9 benefits from real broadcasting power, as it is present on all broadcasting networks (cable, satellite, DSL, DTT). It is the 4th most broadcast digital channel as 7 million or 25% of French households receive it. Estimates on DTT development forecast rapid

growth over the next 5 years, which would enable W9 to be received by 17 million, or 75 % of French households by 2010.

W9 is also available on mobile phone (Orange and Bouygues by 3G mobile phone).

17 million French households will be receiving W9 in 2010



(Source: M6 estimates)

M6 Free to air

Digital channels

Diversification

TPS

Financial Report

2005 was
a year of aggressive
marketing for the Group
as it launched
3 new channels.

Channel synergy for a powerful offering



TEVA

Since its creation in 1996, Téva has been one of the most widely broadcast channels. It is available to nearly 13 million subscribers on all existing mediums: satellite (TPS and Canal-Sat), cable (Noos, Upc, Numéricable), DSL (TPSL, CanalSatdsl, Free, 9 télécom, Alice) and mobile phone (Orange). Téva is the 4th most popular with subscribers under 50 year old housewives* and 64% of its audience is female**.

Téva is a generalist channel, oriented towards women, which reinforced its programmes in 2005 with cult and original series such as *Missing*, *Alias* or *Sex and the City*, iconic cinema or surprising and exclusive reality TV formats (*Top Models USA*, *Projet Haute Couture*, *Relooking Extreme*).

This rich and diversified programming is based on daring and identity magazines, such as *Les Dossiers de Téva*, presented in prime time by Marielle Fournier and *Téva Déco*, in which Cendrine Dominguez transforms the home of a viewer every week. 2005 was highlighted by the arrival of new presenters who symbolise the Téva spirit: Gwendoline Hamon, is *Gwendoline, assistante de stars*, while Sandrine Quétier, Frigide Barjot, Virgine Foucault and Karen Minier strive to lay bare a famous male personality in *Elles ont les moyens de vous faire parler*.

*Source Médiamétrie / MédiaCabSat Septembre 2005/ February 2006, excluding historic free-to-air channels

** 15 year old and over and wave 10 audience.

M6 MUSIC HITS, M6 MUSIC ROCK, M6 MUSIC BLACK

M6 Music Hits, M6 Music Rock and M6 Music Black were launched in 2005 and are the 3 must-have channels for music lovers. After one year of existence, their offering achieved 3.8% audience ratings among 15 to 24 year olds on TPS. M6 Music Hits is the 2nd music channel on cable and satellite TV for 15 to 34 year olds*.

Each of these 3 channels offers live performances, events and shows that include the best of today's music: all current hits on M6 Music Hits, rock and heavy metal on M6 Music Rock, urban music (French hip-hop, ragga, R'n'B, reggae) on M6 Music Black. Max et Charlie, Linda Lacoste, Ariane Pour and Francis Zégut are the representatives of these 3 channels broadcast by cable TV (Noos, Numéricable), satellite TV (TPS), DSL (TPSL, Free, 9 Télécom), and mobile phone (Orange, SFR). M6 Music Hits is also available on M6 Mobile by Orange and Bouygues Telecom.

*Source Médiamétrie / MédiaCabSat September 2005/ February 2006



FUN TV

Fun TV was launched in 1997 and is one of the 10 preferred channels for 15-24 year olds*. It brings together 1.8 million viewer on this subscriber segment and recorded 13% growth among 15-34 year olds** in only 6 months. Fun TV is more than ever a teenage idol. Its unique, impertinent and distinctive format matches the expectation of the channel's audience and offers programmes designed around humour, music or celebrities. The best examples are *Bouge ton Boule*, *Pelle et Râteau*, *Fun people*, *le Pensionnat Anglais*, as well as Michael Youn or Corneille special shows. Magloire and Jenny Del Pino are the emblematic presenters of the channel.

*(Source Médiamétrie / MédiaCabSat September 2005/ February 2006 – excluding historic free-to-air channels)

** (Increase of a quarter of an hour on average for wave 10 versus wave 9).



TF6

5.9 million individuals have subscribed to TF6 (TPS and cable TV). The channel is performing very well and is TPS first channel on nearly all audience segments.

In order to attract young adults, TF6 offers very ambitious programming: no less than 10 star presenters (Cauet and his team, Virginie Efira, Céline Balitran, Denis Brogniart, Karine Ferri, Flavie Flament, Élodie Gossuin, Vincent Mac Doom, etc.), nearly 200 great films (*Ransom*, *Hart's War* or *The Fast and The Furious*), prime time series (*24 Hours*, *Dr House*, *L.A. Dragnet*), the best of young adult series during the day (*Smallville*, *Angel*, *Newport Beach*, *Scott Brothers*, etc.) and reality TV formats broadcast in France for the first time (*Myriam et les garçons*, *Miss Swan*, *The Starlet*, *Miss Macho*, as well as *Britney & Kevin: Chaotic*).

Thanks to this editorial line and in spite of its low access to viewers, TF6 ranks among the first three channels for all 15 to 49 year old viewers, with 1.4% audience rating for under 50 year old housewives and 1.3% audience rating for the under 50 year old audience respectively. TF6 is also very popular with young adults: it is the third channel for 15 to 24 year olds with 1.4% audience ratings.

*(Source Médiamétrie / MédiaCabSat September 2005/ February 2006)

Série Club

Série Club has over 5.4 million subscribers and is broadcast on cable TV and satellite TV (TPS). It ranks 4th among subscriber under 50 year old housewives* and continues to attract the 15 to 49 year olds who constitute 51% of its audience, a 12 % increase over the past 6 months.

Its positioning is simple and clear: Série Club is the only 100% series channel. The series channel pursued its innovation policy in 2005 with new, never shown before series: *The king of Las Vegas*, *Pacific homicide* (n°1 series in Australia) and *Miracles*.

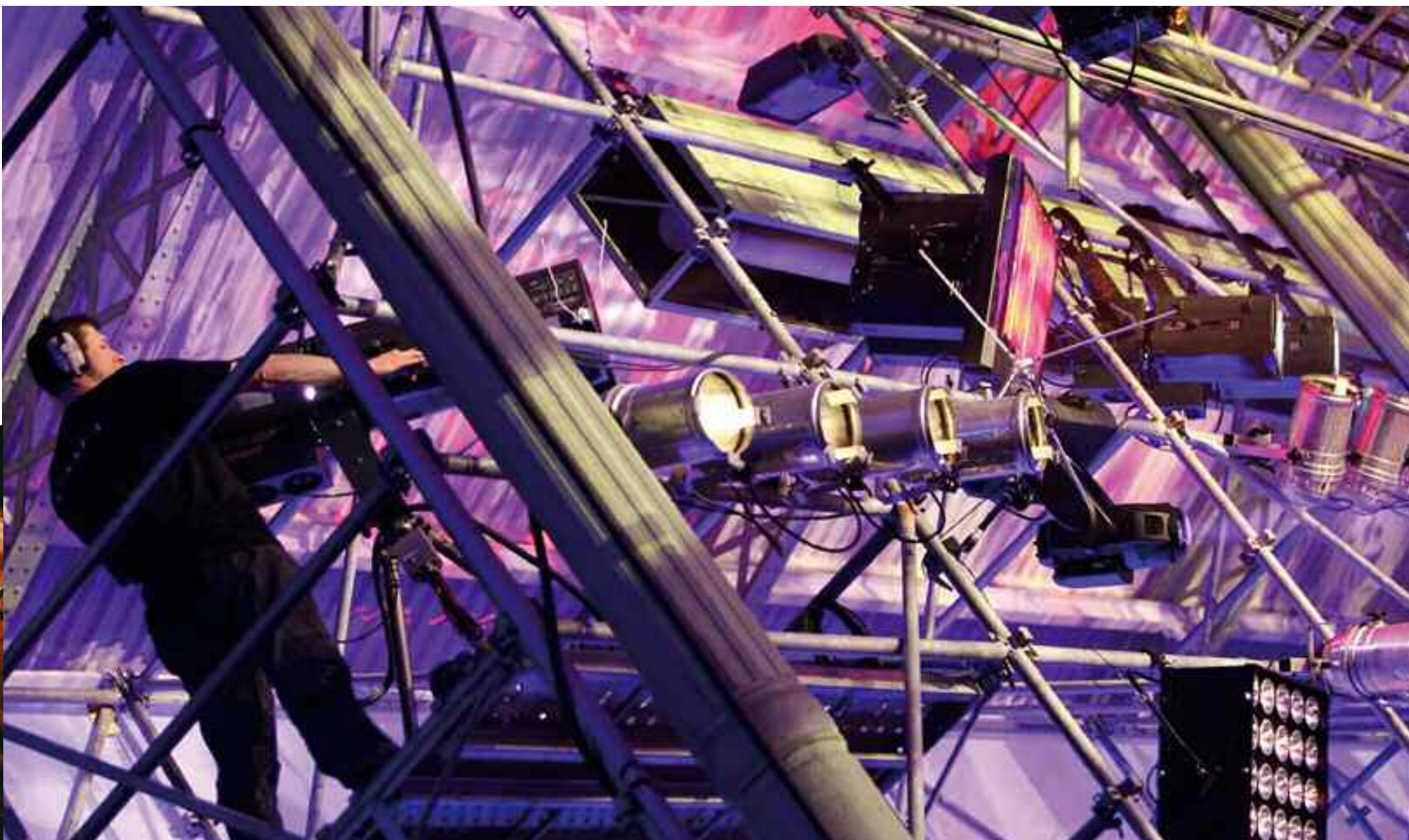
It also broadcast a large number of recent series that were awaited the audience, such as *Taken*, *Stargate Atlantis*, *Glory Days*, *Haunted* or *Mysterious ways*.

About once a month, Série Club makes big news with series such as *Emmy Awards*, *Screenings*, the *Taken special night* and the *Serial remake night*. Finally, Série Club has been developing a policy since September 2005 in terms of magazines dedicated to series, with 100% séries presented by Sandra Lou and *Hollywood séries*.

*(Source Médiamétrie / MédiaCabSat September 2005/ February 2006, excluding historic free-to-air channels)

** Wave 10 versus wave 9 audience.





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Diversification

29,8%

is the diversification and audiovisual rights
contribution to M6 Group revenues

M6 Free to air

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Publications, Discs and Events

With the establishment of M6 Interactions in 1992 and M6 Événements in 1997, M6 very quickly entered areas other than television by initiating new expertise in publishing (press, music, collections, etc.) and events.

KEY FIGURES

9 million

number of products sold
on newsstands by M6
Interactions

24 %

growth in Discs sales
volume in 2005 compared
to 2004





Publishing available on newsstands

Via its M6 Interactions subsidiary, M6 has now become an undisputed player in distribution on newsstands, as the 4th largest in the market. The Group sold around 9 million products in 2005.

Publishing includes collections, video games and CD Roms as well as DVDs including single items. The year 2005 was a year of considerable investments.

- **Collection** : 6 new collections were released in 2005 including major successes such as *Les miniatures Renault*, *La Grande Parade des Chevaux* and the Jean Gabin DVD collection. 2006 has started well with the launch in January of 3 new collections including *La Légende du Dakar* or *Les Légendes du Cinéma Français*.
- **Video games and CD Roms** : over 30 video games for PCs and Playstation were marketed in 2005, including the best known such as *Alexandra Ledermann 4*, *Driv3r*, *Medal of Honor* and *Crash TwinSanity*.
- **DVDs** : while continuing the exclusive sale in newsstands of successful films or series such as *Alexandre*, *Danny The Dog* or *Kaamelott*, the video business was enriched with cult offerings (*Star Wars*, *Indiana Jones*, *The Godfather*) and new or original programmes such as *Bruce Lee*, *Mike Tyson*, *Cerrone*, *La Légende de la Course Auto* etc.

Discs

In a difficult market, discs achieved a satisfactory year with volume growth of 24% for 10.3 million items sold in 2005. While newsstands sales fell by 48% (compilation and music DVDs), those in the traditional network grew by 30%. This performance is explained by the significant growth in the number of singles and compilations sold (up 56% and 8% respectively).

- **Discoveries** : M6 Interactions is known for its talent in discovering new artists: The main discovery of the year, just as O-Zone in 2004, was Ilona who achieved the best single sales in France in 2005 and held 1st place of Top Single for 15 consecutive weeks with *Un monde parfait*. The group Dezil from the Seychelles, with their single *San Ouh*, double platinum disc, was the summer's discovery. Finally, after Amel Bent, a terrific revelation to the public with a musical victory (her single *Ma Philosophie* held 3rd place among the best singles in France), Myriam Abel, the winner of *Nouvelle Star*, had an immediate success with *Donne* which went to n°2 on the first week of its release.
- **Real values** : M Pokora, a young French R&B star, followed since his debut by M6 Interactions, won this year 2 NRJ Music Awards. His 2nd album went straight to n°1 on its release. Lorie continued to ride her wave of success with her last album, *Rester la même*, a platinum disc.



FOCUS ON...

Events

M6 Événements business operates in two areas: firstly, the creation, promotion and co-production of shows and secondly corporate events. M6 Événements is co-producer of the show *Arrête de pleurer Pénélope* whose success is ongoing: almost 60,000 spectators saw this show in 2005. With this success, M6 Événements is co-producing, in 2006, *Arrête de pleurer Pénélope 2* and its equivalent "male" version *Des soucis et des hommes* (provisional title). This M6 event subsidiary is associated with a number of

shows such as *Holiday on ice*, Gary Kurtz and the musical comedies *Don Juan* and *Elvis Story* and also co-produced the long awaited return of the famous musical comedy *Notre Dame de Paris* as well as the show *Attention Mesdames et Messieurs*. In 2005, M6 Événements continued to extend its corporate business with the organisation of around thirty events during the year.

M6 Éditions

The year 2005 was a year of development for the Publishing business with additional titles

KEY FIGURES

7

number of
M6 Éditions titles

250,000

distribution of *Fan 2*,
the oldest M6 Éditions
title (1997) and the leader
of the youth press

Youth press

Editions is a significant player in the market for youth press with 3 titles with specific themes relevant to this population:

- news about stars: 1st magazine launched by M6 in 1997, **Fan 2** has become the leader of youth press with sales close to 250,000 copies
- music: set up in 2003, the monthly **Hit Machine Girl** has a print run of 150,000 copies
- mangas: **Manga Hits** launched in 2004 and offers its readers the best of manga news with its original and preview publications.

Women

At the beginning of 2006, M6 strengthened its position in free press and women's market by taking a shareholding of the free monthly **Femme en ville** (9 editions per year). *Femme en Ville* is the leading women's magazine at the top of the range for free press and is distributed across a network of partners with 500,000 copies (QJD free press 2004). In 2004, *Femme en ville* was voted the best free item in the CBNNews 2005 Grand Prix des Médias.

Men

Following the success of the *Turbo* programme, M6 launched its 1st magazine dedicated to the automobile, **Auto Turbo**, in November 2005, as a co-publication with the leader in the Motor Press sector. This is published monthly and 90,000 copies were distributed for the first 2 editions. The magazine seeks to be close to the reader and dedicates a lot of space to visuals, with each test covering a minimum of 6 pages. The added feature of *Auto Turbo* is also to focus on the scale of pleasure and entertainment with subjects such as Stars, Extrême, Actu and Shopping, within a very dynamic format. M6 also became the leading shareholder in the free monthly **Homme en ville**, with 300,000 copies distributed on average for each edition. A general top of the range magazine for men, *Homme en ville* is designed for urban socio-professional men aged 25 to 49 years old.

Books news

Inspired by programmes broadcast, M6 Éditions co-edited a number of books: advice, tips and hints from Super Nanny to help overwhelmed parents in her book *Prenez en main l'éducation de vos enfants*. Following *La cuisine de Cyril*, Cyril Lignac gave the benefit of its know-how to all would-be chefs with *Oui Chef! C'est moi qui cuisine*.

M6 Éditions also entered the world of comics by adapting the series *Léa Parker* and *Caméra Café* (3 volumes published and 300,000 copies sold), as well the *Barbapapa* cartoon.



FOCUS ON...

Citato, “the newspapers’ magazine”

M6 Interactions became majority shareholder in *Citato* during August 2005. Launched one year earlier, *Citato* provides an overview of the French press. It offers young, 15 to 20 year old people, a monthly selection of the leading features in the daily press and magazines. The purpose of this newspapers’ magazine is to help young people discover the press by relating major news topics (culture, sports, fashion, etc.) and by exposing the variety of points of view. Produced in partnership with the leading newspapers, *Citato* is issued free with 230,000 copies in schools, universities.



KEY FIGURES

2,200
distribution points

230,000
copies monthly

16.6 years
the readers average age

82 %
of readers are students

1h43
the average reading time
per magazine

71 %
of readers read *Citato*
monthly

(Source Ipsos Média – December
2005 Satisfaction survey)

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800,000 songs are
available on
legal downloads
on m6music.fr

Multimedia / Internet and Interactive devices

At the heart of a convergence strategy for the M6 Group, the multimedia subsidiary M6 Web, runs operations related to the internet, interactive devices and mobile phones.

Around fifty internet sites

With an average of 1.5 million unique visitors per month, m6.fr strengthened its 2nd place most visited media site. M6 also was among the top 30 most visited sites* in 2005. The expertise of M6 Web staff is based on the control and proposal of several specific editorial content. The turbo.fr site (3rd automobile site for all categories with 650,000 unique visitors) which celebrated its 5th anniversary this year is a good example with a number of exclusive reports on up to date automobile news. The portal m6.fr follows the news of the channel develops adapted and enriched content and offers a number of innovative and entertaining services for its surfers such as Habbo Hotel (close to 500,000 members in December), a virtual community targeting the 13 to 16 year olds. Another illustration of the dynamism of the internet site: the music download site M6music.fr which considerably extended its music offering during 2005: the number of titles available for legal download increased by 60% to 800,000.

In 2006, M6 Web will develop its community offering in all its forms: blogs, forums or virtual worlds to respond to the growing demand from surfers.

Interactive devices

M6 Web continues to innovate and renew interactive devices by rolling out a number of devices that enable television viewers to participate in quizzes, games, to vote, etc. These devices encourage closeness with the viewers of M6 programmes (*Nouvelle Star*, *Morning Café*, *Star Six Music*, *Tubissimo*, etc.) as well as on the Group's digital channels (games, SMS).

Production of mobile contents

M6 Web produces editorial content for the mobile phone: music, videos, games, contents of programmes accessible from Mobile Internet sites, myM6, Turbo and M6 mobile.

Exploration of new technologies in 2006

The year 2005 marked a turning point in the evolution of the French audiovisual market with the development of the internet, the growth in digital products, the increased penetration of high-tech equipment in households etc. As part of this dynamic, M6 Web will seek to develop new services for surfers on all the new supports in 2006: DVB-H broadcasting, video on demand, video on mobile, podcast, web 2.0 etc.

* Source Médiamétrie/NetRatings

** November 2005, source Nielsen Netrating

FOCUS ON...

M6 Mobile by Orange, a benchmark for 15 to 25 year olds*

The year 2005 was marked by the successful launch of M6 Mobile by Orange, a mobile phone offering launched in partnership with Orange France. The offer attracted close to 230,000 subscribers in a half year,

which was more than double the target set, against a background of increased competition marked by a multiplication of virtual mobile operators (MVNO) targeting younger people. This success is based on

Orange's expertise in mobile phones and that of M6 in the area of content, communication and distribution via distance selling; The two M6 Mobile offers, launched in June and November 2005 respectively, target the 15 to

25 year olds and offer an innovative formula combining the advantages of a fixed price and unlimited use*. M6 Mobile retains a privileged link with M6 with the M6 Mobile Club (games, personalisation, information

on broadcasts, the stars, etc.). The offering attracted subscribers: 96% of customers are willing to recommend M6 Mobile**, and 47% of buyers stated that the arrival of M6 mobile led to their purchase**.

* Unlimited calls in a period of hours on all the orange and M6 Mobile numbers.

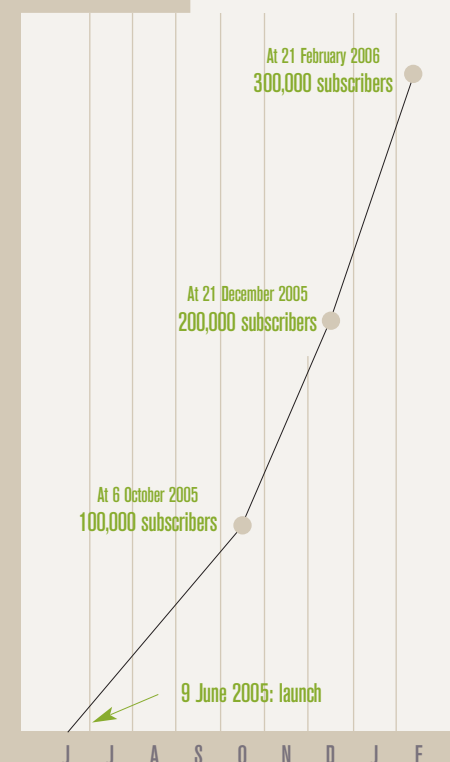
** Study of M6 Mobile by Orange customer knowledge, carried out in July and August 2005 by TNS Sofres



Mobile phone penetration among 11 to 19 year olds *



Evolution of subscriber numbers



* (Source 2006 Consojunior Study from TNS Média Intelligence)

(Source, Orange)

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13films distributed
by SND in 2005**500**

catalogue video titles

6Gendarmes (*Le gendarme à
Saint-Tropez...*) which were
included in the M6 catalogue

Cinema and audiovisual rights

Multi faceted player in the cinema arena, M6 strengthened its distribution operations in France and abroad, as well as its video business.



M & M^s Smith
recorded 3 million box
offices ticket sales,
a record for this acquisition of all the rights

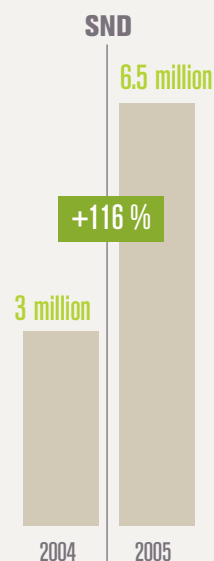
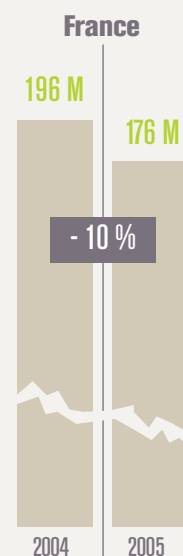
Film distribution: SND 12th largest distributor in France

In 2005, SND distributed 13 films in cinemas generating 6.5 million box office ticket sales. The company is classified as the 12th largest distributor in France. The cinema operations achieved success in a tight market, with *M & M^s Smith* attracting an audience of close to 3 million in France, a record for the company since it was established. Also noteworthy is the performance of *Vaillant*, the animated movie (audience of 1.15 million), *Il ne faut jurer de rien* (audience of 890,000) and *Shall we dance* (an audience of 620,000). Promising films are awaited for the cinema and in video in 2006, particularly *Lord of War*, and *Underworld 2*. In 2006, the international distribution business will see the release of *Astérix et les Vikings*.

Video: success for *Kaamelott* and *Vaillant*

There were 2.86 million copies sold in DVD and VHS format with success for the *Vaillant* video (305,000 copies sold), *Kaamelott* (224,000 copies), in all distribution channels together. The video catalogue is very varied, with over 500 titles coming from all-rights acquisitions, programmes from the M6 station, and acquisition of new catalogues. During 2005, SND continued with its policy of acquiring rights: 15 new movies with all-rights distributions, among them, movies with potential such as *The Guardian*, *Michael Clayton*. In 2005, SND also acquired the catalogue of Société Nouvelle de Cinématographie (SNC): an exceptional source of over 400 classical movies from the French and Italian cinema, including *Le Mur de l'Atlantique*, *La piscine*, *L'été meurtrier*, *Les pétroleuses* and 6 *Les Gendarmes* movies.

Evolution of box office
ticket sales in 2005



FOCUS ON...

M6 Studio: The Astérix adventure

M6 Studio produced its 1st animated feature film *Astérix et les Vikings*, co-produced with 2d3D Animations and Mandarin SAS and in association with A Film AS. This very ambitious project (€ 22 million), adapted from the book by René Goscinny and Albert Uderzo, has been in development since the end of 2002. Its release in cinemas in France is set for 12 April 2006. M6 Studio has been through all the steps in the making of this animated film, from its creation to its

distribution. In addition, the film's soundtrack bears the signature of Céline Dion with the single *Tous mes secrets*, co-produced with M6 Interactions. An integral part of our cultural heritage, a benchmark for all ages, Astérix and his friends will be distributed in every European country and other international markets: Germany, Spain, Benelux, Scandinavia, Portugal, Greece, Switzerland, Russia, Canada, Eastern Europe, Turkey, Indonesia, India, Taiwan, Brazil, etc.



(Source : Estimations baromètre FNCF)

Distance selling

In 2005, the distance selling business joined home shopping and e-commerce.



Home Shopping Service is the European leader in distance selling

Home Shopping Service : A distribution and multi-channel broadcast strategy

A 100% subsidiary since 1998, Home Shopping Service today dominates the sale on television with 55% of the French and Benelux markets, 700 hours of programmes broadcast per week, 2 million active customers and 2.5 million products sold in 2005.

Home Shopping Service pays particular attention to customer loyalty. They benefited in 2005 from the most recent technological advances: interactive remote control, SMS alerts when their product is ready, voice server, payment in 3 instalments, delivery facilities, etc. With the successful merger of television, the internet and the telephone, Home Shopping Service controls the complete distribution circuit by providing the best service. Home Shopping Service adapts to the changes in distance selling and develops an ambitious and rounded, distribution strategy.

The creation of programmes supplying 36 television channels

Home Shopping Service produces 230 hours of new programmes per month. Each programme is made and targeted depending on media used for distribution. 34 channels benefit from the filming of these programmes in France (including M6 Boutique la Chaîne, Téva, Série Club, Paris Première, Cuisine TV), 2 in Belgium (RTL-TV, AB4) and 2 in the Netherlands (Yorin and RTL4).

A 24-7 channel

Since 29 April 2004, M6 Boutique la Chaîne, a virtual large outlet on the small screen, broadcasts 8 hours live per day and offers 300 new products per week. The number of active customers in the last 12 months exceeded 100,000 to reach 112,000 at the end of December, a 25% increase in the year.

Catalogues, infomercials and internet sites

Distance selling requires the development of a multitude of ways to best respond to customer needs: over 6 million mail order sales catalogues were distributed in 2005, 30 internet sites receive 450,000 visitors every month (close to 20% of sales) and the infomercial programmes are constantly growing.

A boutique

For 5 years, Home Shopping Service never stopped growing its business: a 24-7 channel, positioning on the Dutch market, etc. On 28 November, a new outlet was opened in the center of Paris. By opening an outlet, the M6 Boutique name thus satisfied the customers reluctant to purchase at a distance as well as the impatient customers who can now leave immediately with their purchase. A real shop window, the outlet offers, on close to 200m² over 2 levels, products for health, beauty, slimming, multi-media, houses sold exclusively on the M6 programme. The concept remains the same for all customers with presenters on site and around forty television screens broadcasting the method of use and advantages of each product.

FOCUS ON...

The development towards e-commerce with the acquisition of MisterGoodDeal

In 2005, the M6 group acquired the mistergooddeal.com site, one of the leading players in e-commerce, the leader in inventory liquidation for major brands on the internet. Driven by the increase in high-speed connections (over 44% increase in people with high-speed lines between 2004 and 2005) and the evolution in purchasing behaviour, (a 26% increase in purchases on line between the 4th quarters of

2004 and 2005)* Mistergooddeal.com is among the Top 10 French merchant sites in terms of visits. The acquisition of Mistergooddeal.com gives rise to a Television-Internet revolutionary combination in business, and constitutes an opportunity to accelerate growth and development of distance selling for the M6 Group. Sustained by strong complementary commercial and operational features, this alliance, which



combines the power of television, the experience of distance selling and the growth of the Internet, gives a new dimension to the home shopping and e-commerce business of the M6 group.

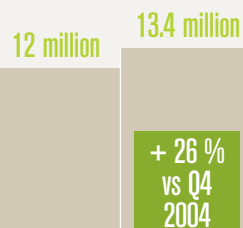
(*Source : Acsel, FEVAD, ARCEP)

MisterGoodDeal is the 1st on-line commercial site to have established its own national collection network with 11 pick up points.



Strong growth in the e-commerce market

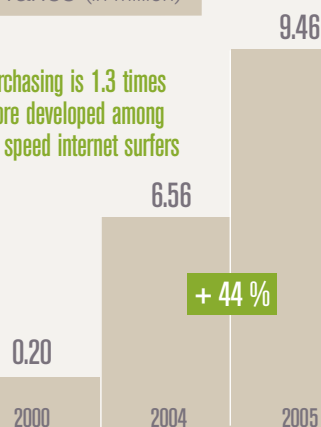
Number of on-line buyers in the 3rd and 4th quarter 2005



Scale of e-commerce market in 2005: 8.7 billion

High speed* internet penetration in France (in million)

Purchasing is 1.3 times more developed among high speed internet surfers





Girondins de Bordeaux Football Club

GIRONDINS DE BORDEAUX FOOTBALL CLUB IN FIGURES

5

players selected for
the national team

9

players in the
professional team from
the training centre

11%

increase in sales
by the Club between
2004 and 2005

A high level team and a club achieving
financial breakeven



A year of sporting changes

Although the 2004-2005 season was one of transition on the sporting level, the 2005-2006 season confirmed the status of FC Girondins as one of the great French clubs. The Club found a further impetus within the French championship (Ligue 1).

A South American flavour was added with the arrival of Ricardo Gomez Raymundo as a manager: he was previously a defender and coach with PSG. New players joined the team: the Brazilian world champion Denilson, Smicer, from Liverpool (2005 European champion), Cheyrou, formerly from Marseille, Henrique and Beto (In the winter transfer season). Several players were selected for their national team: Chamakh (Morocco), Smicer (Czech Republic), Juriatti (France), Mavuba and Faubert (French A Team)

A dynamic training centre

The Club successfully continues its strategy of increasing emphasis on training: 9 players in the professional team for 2005-2006 came from the training centre, including the goalkeeper Mathieu Valverde, Rio Mavuba and the striker Marouane Chamakh, one the club's best goal scorers. The training centre led to a number of selections in each age group. In addition, the reserve team trained by Patrick Battiston won the French championship for professional reserves.

In 2005, the Club developed with the creation of a boutique for derived products in the château du Haillan and the start-up of the *École Technique Privée* FC Girondins de Bordeaux which welcomes budding players.

Ligue 1 ranking on the 32th day of the 2005-2006 season

1 - (OL) Lyon	69 points
2 - (FCGB) Bordeaux	60 points
3 - (LOSC) Lille	53 points

FOCUS ON...



100 % Girondins : the best of the club every match night on W9 and TPS

The programme *100% Girondins* was launched on 30 July 2005. This programme is produced by the FC Girondins de Bordeaux and presented by Jean-Philippe Doux, a journalist at the M6 news desk, and Marius Trésor, French champion with the club in 1984. At the end of each of the Girondins de Bordeaux match in

Ligue 1, *100% Girondins* provides one hour summarising through images, followed by a magazine dedicated to meetings and to the Club (post match interviews, analyses, behind the scenes). The programme *100% Girondins* is broadcast on W9 and TPS on the night the matches are played since January 2006.

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TPS experienced a year of change with a stabilised number of subscribers, an enriched programme offering, the extension to new broadcasting mediums, numerous developments in terms of service provided and the conclusion of a combination project with the Canal+ Group.

An enriched programme offering: 23 new digital channels

In 2005, TPS offering was enriched with the launch of 23 new channels, including 7 on DTT. All themes were represented: music (M6 Music Hits, M6 Music Black and Rock, NRJ 12 and Europe2 TV), cinema (Ciné FX, Ciné Polar, TPS CinéComedy and TPS Ciné Club), small generalist channels (W9, NT1, TMC), discovery (Ushuaïa TV, exclusive to TPS), news (BFM TV), sport (Eurosport 2), programmes for adults (Spice Platinum), events (Star Academy 5), astrology (Astrocenter.TV) and children programmes (Baby TV, Gulli).

In addition, TPS reinforced its football offering:

- The greatest clubs' TV channels, such as OLTV, OM TV and Real Madrid TV broadcast match highlights, on-the-spot interviews, live training sessions, exclusive interviews of players and managers, etc.;
- TPS Foot, the 100% football channel broadcasts exclusive matches, original magazines, a selection of the best goals of the season, behind the scenes footage of the greatest European clubs, etc.;
- TPS Star also broadcast the Confederation Cup during the second half of June 2005.

In sport again, TPS signed an exclusive contract for all boxing fights organised by Don King until 2006. TPS Star will thus offer the most prestigious boxing nights every month live from the US, as well as a magazine dedicated to the greatest boxers.

New broadcasting mediums

TPS is banking on DSL and continues to extend this broadcasting medium with the majority of operators:

- with France Télécom: TPS pursued the rollout of television by phone line in 2005 by connecting new cities: Besançon, Angers, Le Mans, La-Roche-sur-Yon, Les Sables d'Olonne, Poitiers, Saint-André, Haubourdin, Menton, Mulhouse, Aix-en-Provence etc. Therefore, nearly 8.5 million households were able to access to MaLigne tv and TPS through their phone line (compared to 4.7 million at 31 December 2004). TPS ADSL market share of new subscribers gained through France Télécom is estimated at 48% for the whole of 2005;
- with Neuf Télécom: in May 2005, TPS launched 4 phone line packages for Neuf Télécom customers through Neuf's TV decoder;
- with Alice: the whole TPS offering was available on Alice TV in November 2005.

Development of new services

TPS innovated in 2005 in order to provide its subscriber with exclusive high-tech services:

High-definition TV

TPS optimises the broadcasting quality of its programmes by developing High Definition (HD). A TPS HD option was offered at the end of November and over 7,000 subscribers have taken it up. These subscribers should all be equipped with HD terminals by the end of March. Customers are very satisfied* with this service: 92% of subscribers declared that "the advent of HD programmes convinced them to stay with TPS" and 83% of subscribers are "very interested by future HD programmes". This new offering enhances TPS image and strengthens subscribing motivation. Thus, TPS is perceived by 95% of subscribers as being "ahead of the game in terms of technology".

On-demand video service

On 15 November 2005, TPS launched its video on-demand service (VOD), providing subscribers with a new alternative to access a selection of recent films, at any time and for every mood. There are two on-line shops, tpsvod.fr and multivision-vod.fr.

Mobile TV

In October 2005, TPS initiated mobile TV (Edge with Bouygues Télécom and DVB-H with Orange and Bouygues Télécom). At 31 December 2005, 13,239 early adopters could watch the TPS offering on their mobiles.

* (Source: Panel On The Web Study, from 10 to 20 February 2006, on 191 subscribers who booked a HD terminal).



FOCUS ON...

The TPS/Vivendi agreement

The M6 and TF1 Groups, holding 34% and 66% of TPS, respectively, as well as Vivendi Universal Group, shareholder of Canal+ Group, announced in December a project relating to the combination of their pay TV activities.

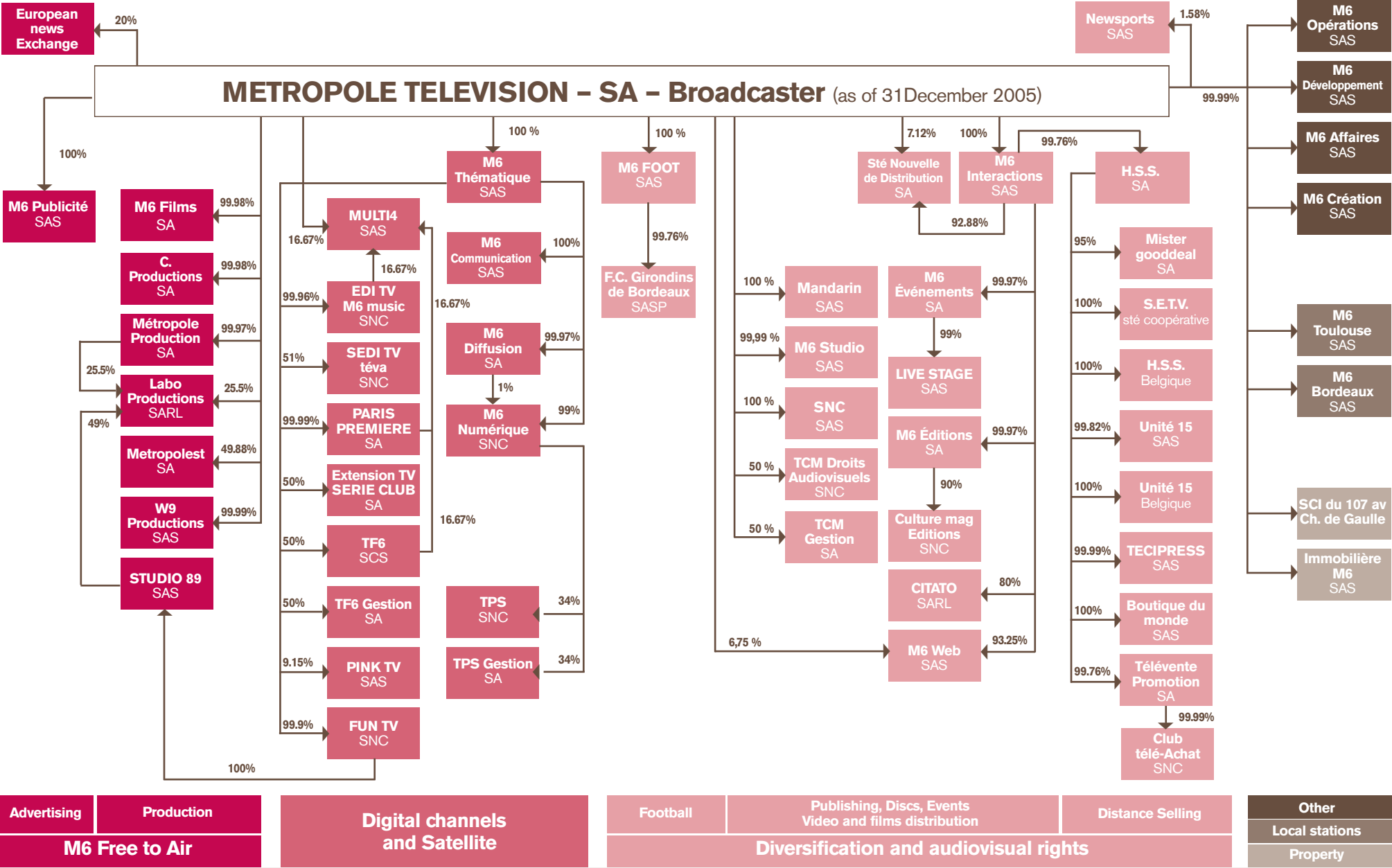
Until now, TPS and CanalSat, the 2 French distribution platforms were in a position of direct competition. The market background and equilibrium have now disrupted by a number of factors: rapid evolution of digital distribution technologies, development of free offers, entry of new powerful participants (telecommunication operators, internet access providers) on the pay TV market and a regulatory framework that does not apply the same way to all participants. The objective of the agreement is to constitute a new group with the critical size required to cope with the new competition, by developing an enriched and competitive pay TV offering to the consumers' benefit. The agreement signed on 6 January 2006 is subject to approval by French competition authorities.



Rapport financier

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1. M6 Group presentation in 2005

1.1. Group structure changes

In 2005, the Group strengthened its position in its Diversification operations, with the following impacts on Group structure:

Distance selling

On 15 November 2005, HSS acquired 95% of the share capital of Mistergooddeal, a leading French e-commerce participant and the leader in major brand inventory liquidation on the internet.

This acquisition is a major opportunity to support the development of the Group's distance selling operations. Mistergooddeal has been fully consolidated with effect from 15 November 2005.

The Group has signed an undertaking to purchase the remaining 5% of the share capital held by the management team.

In addition, during the financial year HSS disposed of its joint or minority shareholdings, in order to streamline its offering and investment portfolio, as follows:

- On 19 July 2005, HSS disposed of its 20% investment in RTL Shop, a home-shopping company operating in Germany, to RTL Interactive GmbH (RTL Group). The investment in RTL Shop was equity accounted up to 2004.
- On 14 October 2005, HSS sold its 50% investment in Home Travel Services, a company developed in conjunction with a travel agent, which was consolidated pro-rata until the disposal date.

Publishing

On 1 August 2005, M6 Interactions acquired 80% of Citato, which publishes a free magazine, printed in about 200,000 copies distributed to 15 to 20 year old readers. This magazine gives an overview of French press through a monthly selection of articles from large circulation newspapers.

Citato was fully consolidated in Group financial statements from 1 August 2005.

The Group is committed to purchase the remaining 20% held by the founders of the magazine in 2007.

Audiovisual rights

On 29 April 2005, M6 made the acquisition of 100% of Société Nouvelle de Cinématographie (SNC) from Bayard d'Antin (RTL Group).

SNC owns a catalogue of over 400 films, primarily comprised of very successful and classic French films. Thus, the Group significantly reinforced its audiovisual right management and distribution activities.

SNC has been fully-consolidated by the Group since 1 April 2005, since the transaction was based on SNC financial statements as of 31 March 2005.

Simplification in the Audiovisual Rights segment also resulted in the dissolution and merger of M6 DA into SND on 1 July 2005.

Digital channels

2005 also saw the launch of M6 Music (Edi TV) on the DTT on 31 March 2005, under the name of W9.

The programming of the young adult channel is primarily comprised of music, but also includes the broadcasting of series, films and entertainment programmes.

The Group also extended its portfolio of musical channels broadcast on cable and satellite networks with the launch on 10 January 2005 of M6 Music Rock and M6 Music Black, followed in March 2005 by M6 Music Hits. These three channels are carried by M6 Communication, a fully consolidated subsidiary since 1 January 2005.

Finally, the application of IFRS resulted in the extension of the consolidation scope to companies whose operations are insignificant or non-existent. The following companies were thus fully consolidated:

- M6 Création, M6 Opération, M6 Développement and M6 Affaires (fully held companies with no turnover),
- Labo Prod, a fully held production company since the purchase of the 49% minority interest during the second year-half,
- and Multiplex R4, a GIE (economic interest group) of which M6 Group holds 58.35% of the share capital and which is in charge of all technical operations necessary to the transmission and the broadcast in terrestrial free-to-air digital mode (DTT) of the programmes of six different channels (M6, W9, Paris Première, TF6, AB 1 and NT 1) on the R4 frequency allocated by the CSA.

However, as a consequence of the subscription TV combination between TPS and the Canal+ Group announced on 16 December 2005 and signed on 6 January 2006 and in application of IFRS 5 "Non-current assets held for disposal and discontinued operations", TPS is considered as an asset held

for sale in 2005. It was previously proportionally consolidated. TPS is thus the object of a specific presentation and its net contribution at 31 December 2005 is presented separately from continuing operations in the consolidated financial statements.

1.2. M6 Group in 2005

1.2.1. Highlights

In 2005, M6 Group experienced continued growth in its operations and results. The Group was able to anticipate the changes affecting its competitive environment, grasp opportunities of strengthening its positions and launch new growth-generating activities.

Growing audience levels

Despite stronger than ever competition from "Other TV channels", further enhanced by the arrival of new free channels within the framework of the launch of DTT, the M6 channel performed very well in 2005 in terms of audience levels.

The network's share of the individuals over the age of 4 audience is 12.6%, up by 0.1 basis point, while its share of the privileged target of under 50 year-old housewife segment increased to 19.1% from 18.6% in 2004. This significant 0.5 basis point increase enables M6 to equal its audience records of 2001 and 2002 and to confirm its rank of 2nd national channel on this segment.

M6 is establishing itself more and more as a generalist channel and was able to draw a wider audience in 2005. Thus, 26 nights attracted over 5 million viewers, compared to 17 in 2004 and 90 nights attracted over 4 million viewers, compared to 66 in 2004.

A unifying programming

These key nights reflect a programming that succeeded in mixing know-how, creativity, innovation, exclusivity and events to attract a family audience.

Numerous successes were recorded for all kinds of the following programmes:

News: even better performances by emblematic channel programmes

M6's expertise and different approach in terms of newscasts are heartily approved of by a wide public. Reference programmes such *Capital* and *Zone Interdite* continue to progress and brought together an average 200,000 additional viewers on Sunday nights in 2005, compared to 2004. *Six Minutes* is still the second most popular newscast for under 50 year-olds.

French drama: a record-breaking year

French drama is a significant development area of programme offering, thanks to their original and family emphasis. They were highly successful with 5.4 million viewers for *Merci les enfants vont bien* and *On ne prête qu'aux riches*. *Kaamelott*, which replaced *Caméra Café* on short formats, realised its best audience level of 5.6 million viewers for its second season.

Sport: stepped-up involvement

In 2005, M6 increased its involvement in football with the broadcasting of Olympique de Marseille's UEFA Cup matches and the launch of the magazine *100% Foot*. Thus, 4 million viewers watched OM's last group game and *100% Foot* attracted an average 500,000 viewers at midnight on Sunday nights.

Event-driven shows: absolute musts

M6 made big news in 2005 with shows that left a deep impression on their audience: season 3 of *La Nouvelle Star* registered a record-breaking 6.5 million viewers, the *Hitler, la folie d'un homme* documentary brought together 4.6 million viewers; the new programme *Oui Chef!*, achieved average audience levels of 4.3 million.

Magazines: proximity and entertainment

M6 won over viewers with a local approach that highlights society and every day life issues from an educational and entertaining angle. *Super Nanny* and *C'est du propre* attracted up to 5 million and 4.6 million viewers, respectively.

International series: success of exclusive programmes

M6 again confirmed its positioning as a series reference channel with the launch of 13 new series such as *Les 4400* and *Nip Tuck*. M6's highest audience rating ever for a series was achieved on the first night of season 1 of *Les 4400* (6.3 million viewers). *NCIS Enquêtes Spéciales* also broke its own record this year with an audience of 6.2 million.

Cinema: creating events

The broadcasting by M6 of the 5 first episodes of the *Star Wars* saga at the occasion of the box office release of *Revenge of the Sith* achieved an average audience of 6.5 million. This is the channel's best performance on its Monday night slot.

Encouraged by these successes, M6 will pursue in 2006 its strategy of aggressive programming, which will focus on offering more sport, more news and more drama, while developing innovative and original concepts in parallel with the channel's flagship programmes.

In January 2006, the successful launch of *12:50*, a new mid-day newscast presented by Anne-Sophie Lapix, the success

of *Pekin Express*, broadcast on Sunday evenings and the good performance of season 2 of *Les 4400* are a testimony to the pertinence of this strategy and enable M6 to be the only channel to record audience gains in the under 50 year-old housewife segment, with an audience share of 19.6%, compared to 19.1% in January 2005.

Outstanding advertising performance

The 2005 advertising year for M6 ended with a 4.0% net increase in advertising revenues. This is an outstanding performance in a TV advertising market that grew by only 0.3% in term of gross expenditures.

Market growth was adversely affected by the sharp fall in expenditures in traditional sectors such as Food, reflecting the uncertainties brought about to this industry by the reform of the Galland Law. Mass consumption sectors (Food, Health & Beauty and household products) took 43.9% of advertising revenues, compared to 46% in 2004.

However, the Telecommunication, Service and Car industries increased their TV advertising expenditures and chose M6 in priority, which recorded growth above market levels in respect of these advertisers.

In 2005, the channel attracted a growing number of advertisers to its programmes. 158 new brands were thus advertised on M6, which recorded a 1.1 basis point increase in its gross advertising market share at 23.2%, the highest ever level since the channel was created.

An aggressive year for digital channels and TV

The Group's **Digital TV channels** experienced an eventful year 2005, with notably:

- The launch of new musical channels, M6 Music Hits, Black and Rock during the first quarter of 2005,
- The launch of W9 in free DTT on 31 March. The channel is received by all households subscribing to satellite TV, digital cable TV and ADSL, as well as 3G mobile telephony subscribers (Orange and SFR).

Within a context of a more attractive offering development, the channel portfolio continued to progress in terms of audience levels and subscribing households, thanks to an ever more attractive programme offering each year.

The channels' advertising revenue recorded an increase of 11.7% and the contribution of thematic channels to operating profit improved, in spite of W9 start-up expenses and the costs generated by free-to-air frequency readjustments within the framework of DTT rollout. Paris Première was fully acquired in May 2004 and broke even in 2005 for the first time.

As for **TPS**, the agreement announced between the Vivendi Universal, TF1 and M6 Groups in December 2005 is intended to bring together their French subscription TV operations. The objectives of the agreement is to provide consumers with a stepped-up and richer offering in order to boost the French subscription TV market, as well as giving the new entity the critical size necessary to cope with the upheavals affecting its market.

The implementation of the agreement will be organised as follows:

1. Firstly, Vivendi Universal committed to purchase an 18% stake in TPS, whatever the circumstances. This shareholding shall be reduced to 15% following the cancellation of TPS debt. Vivendi Universal paid an advance of € 150 million in that respect to TF1 and M6 at the beginning of January 2006. During this period, TPS and Canal+ Group

shall remain autonomous in terms of management and operations.

2. Secondly, following the approval by competent authorities, the € 150 million advance shall be repaid to Vivendi Universal. Vivendi Universal shall then acquire 85% of a new entity comprising Canal+ Group and TPS, by exchange of shares with no cash adjustment. TF1 and M6 shall hold 9.9% and 5.1% of the new entity.

3. TF1 and M6 shall retain their shareholdings in the new entity for a minimum of 3 years following the completion of the transaction. When this deadline is passed, TF1 and M6 shall have an option to sell at market value, enabling the two groups to fully benefit from the dynamic growth of the new entity. This option shall provide for a minimum guaranteed amount of € 1.13 billion for 15% of the new entity, which will thus be valued at € 7.5 billion.

An agreement made public on 17 February 2006 confirmed that Lagardère, Canal+ Group's partner in CanalSat, can indeed become a shareholder of an entity including Canal+ Group and TPS's subscription TV operations without having a dilutive impact on TF1 and M6 shareholdings. This agreement provides for Lagardère to acquire up to 20% of the new entity, with a purchase option for an additional 14% three years after the completion of the transaction.

An accelerated diversification strategy

The Group's diversification strategy is organised around the M6 channel and brand. It was rolled out in 2005 in order to accelerate the development of operations, product distribution channels and content circulation.

This strategy materialised through the implementation of **new growth opportunities**, in particular:

- **M6 mobile by Orange**, a mobile telephony agreement announced at the beginning of 2005. It was marketed from June with a teenager-oriented attractive offering. At the end of 2005, M6 Mobile by Orange already had 227,000 subscribers, or double initial estimates. M6 Mobile by Orange is already providing a positive contribution to Group results.
- The acquisition of 95% de **Mistergooddeal.com** is a new growth opportunity for the Group's Distance Selling operations. Mistergooddeal.com positioning on the buoyant e-commerce market provides the Group with a multi-channel Home Shopping division with a significant size, as M6 Group 2006 turnover for the combined home shopping and e-commerce activities should exceed € 200 million.

M6 Interactions activities were reinforced by the acquisition of *Citato* and the launch of the *Auto-Turbo* magazine but recorded a 2005 contrasting year. In spite of a number of great sales successes, as in the Disc activity, both turnover and profitability declined.

M6 Web recorded a new year of growth for all its activities, Internet advertising, Internet services, interactivity, mobile content.

As forecast, **the Girondins de Bordeaux Football Club** broke-even financially and started the 2005 / 2006 season with a changed team performing well.

The audiovisual right activities were reinforced by the acquisition of the SNC catalogue. The distribution and sales activities, including cinema, video and television, recorded good 2005 performances, which resulted in a significant improvement in results.

1.2.2. Consolidated income statement

The application of IFRS 5 to the TPS and Canal+ Group merger project resulted in a significant change in Group consolidated income statements presentation.

In respect of accounting standards, the transaction, at its realisation date, is equivalent to the disposal of 34% of TPS, accompanied by the acquisition of a 5.1% shareholding in the new entity.

Consequently, TPS was reclassified as an asset held for disposal as early as 31 December 2005, in accordance with IFRS 5, *Non-current assets held for sale and discontinued activities*.

As a result, the Group consolidated income statement is presented for 2004 and 2005 by separating the income statement of continuing activities from TPS contribution, net of intra-group transactions.

In 2005, M6 Group realised consolidated turnover of € 1,274.7 million, up 6.4% on 2004. Excluding TPS, consolidated turnover would amount to € 1,079.9 million, a 6.7% increase (or 4.6% on a comparable consolidation scope) compared to the € 1,012.2 million achieved in 2004.

M6 TV network advertising revenues increased by 4.0% to € 625.5 million, due in particular to the telecommunication and service industries.

Digital TV operations registered growth of 25.9% to € 64.6 million, due to the 15% increase in the consolidation scope (full-year consolidation of Paris Première in 2005), to a stepped up offering (the three M6 Music and W9) and to an increase in advertising revenues.

The diversification and audiovisual right activities realised sales of € 380.3 million, an 8.0% increase over 2004. The growth rate was 3.9% on a comparable consolidation scope basis, as Mistergooddeal and SNC contributed € 13.2 million and € 1.1 million to turnover, respectively.

Dynamic new activities (M6 Mobile generated € 10.1 million in turnover) and interactivity (up 22.5%), as well as good performance by the audiovisual right selling activity offset the decrease in turnover experienced by M6 Interactions, which suffered from the fall in music activity revenues.

TPS contribution to Group consolidated turnover was € 194.8 million, compared to € 185.4 million. The 5.1% increase was due to the combined improvement of ARPU and of the high average number of subscribers generated by the strong level of recruitment at the end of 2004, which had a full, favourable impact in 2005.

Considering the relative stability of other products, total consolidated operating revenues increased by 5.9% to € 1,326.8 million (€ 1,130.7 million excluding TPS).

Excluding non-current asset capital gains and non-depreciable asset writedowns, operational expenses of continuing activities increased by € 55.6 million (up 6.5%). Including TPS, whose operational expenses remained stable from one financial year to the other, operational expenses were € 1,097.0 million.

The growth is primarily related to consumables and other operational expenses, which were € 47.9 million (up 8.3%), excluding TPS.

Companies acquired over the financial year, in particular, Mistergooddeal whose operating expenses are primarily compri-

sed of the purchase cost of goods sold, as well as new developments such as M6 Mobile contributed € 17.9 million to this increase.

Other operating expenses also include the DTT-related cost overrun, resulting from the increase in broadcasting costs and frequency adjustment costs.

The balance relates to the growth in operations, in particular the increase in programme consumables (rights held and programming flow). However, M6 programming costs remained under control and increased by only 3.9%.

In addition, TPS recorded a slight decrease in consumables and other operating expenses (down 1.8% or € 2.9 million).

Personnel expenses increased by € 12.2 million excluding TPS (up 8.1%) and by € 15.2 million including TPS (up 9.1%). The signing of an employee profit sharing plan, the increase in the profit sharing plan reserve due to better operational results, as well as the continued implementation of the remuneration policy through purchase and subscription option plans, whose impact on net profit is measured in accordance with IFRS 2 (share-based payments), also contributed to the increase. FC Girondins de Bordeaux personnel expenses were under control and only rose by € 0.6 million (up 2.8%).

The balance of the increase primarily results from the change in the workforce, excluding FC Girondins de Bordeaux (up 47 employees, excluding TPS).

Non-recurrent elements, comprising capital gains and losses on the disposal of non-current assets and non-depreciable asset writedowns had a positive impact of € 12.5 million on operating profit (up € 16.1 million compared to 2004).

Only Boutiques du Monde acquisition goodwill was the object of a writedown in 2005 (€ 0.8 million), whereas writedowns totalled € 3.6 million in 2004.

In addition, consolidated capital gains on the disposal of RTL Shop and Home Travel Services, which were concluded on 19 July 2005 and 14 October 2005, respectively, amounted to € 13.3 million.

Group operating profit was € 242.3 million, a € 16.3 million increase over 2004. Excluding TPS, it increased by 12.4% to € 233.6 million, compared to € 207.8 million in 2004.

Excluding non-current asset capital gains and non-depreciable asset write-downs, Group operating profit would amount to € 229.8 million in 2005, compared to € 212.0 million in 2004. TPS share of this performance was € 8.7 million in 2005, compared to € 0.6 million in 2004.

Finance income of continuing operations was € 2.7 million, a decline of € 1.3 million compared to 2004. Finance costs of TPS fell by € 3 million compared to 2004 to € 0.9 million.

However, net profit on continuing activities includes a financial asset writedown (investment) of € 2.5 million. Excluding this loss, net profit would increase as a result of the combined effect of increased income from cash balances and of the positive impact of financial instrument re-valuation. The reduction in TPS financial loss results from the lower cost of debt, as well as from a positive change in the fair value of financial instruments.

Income tax charge in 2005 in respect of continuing operations amounted to € 85.1 million, compared to € 80.8 million in 2004. 2005 income tax charge relating to TPS amounted to € 2.7 million.

Effective income tax rate was 36.0%, compared to 38.3% in 2004, as a result of the change in the tax rate (down 0.5 basis point) and of deferred taxation, including in particular the non-capitalisation of Paris Première deferred tax assets in 2004.

TPS is a partnership. Consequently, its associates are liable for its losses. Income tax included in TPS income statement corresponds to the saving or theoretical tax payable resulting from the inclusion of TPS loss in Group net profit for tax purposes.

Net profit on continuing activities (excluding TPS and minority interests) amounted to € 151.2 million. The Group thus recorded an increase of nearly 16% in its performance and posted a net profit/turnover ratio of 14.0%, compared to 12.9% in 2004.

Including minority interests (€ 0.1 million loss in 2005) and TPS, net profit (Group share) amounted to € 156.2 million, compared to € 128.8 million in 2004. This is a 21.3% increase, or € 27.4 million.

1.2.3. Analytical consolidated income statement

In application of IAS 14, we present to you the contribution of each segment to Group consolidated operating profit (EBIT), featuring the following developments:

M6 TV Network business accounts for € 201.3 million of this aggregate, a 3.5% decrease compared to 2004, as the increase in gross margin on programming did not fully offset the increase in indirect expenses.

The Digital Channel business reported an operating loss of € 3.8 million, which is an improvement over 2004 (€ 4.9 million loss, including a € 7.8 million restructuring costs in relation to Paris Première). However, 2005 was significantly affected by the development of W9, which accounted for

a € 6.8 million loss and the € 2.3 million DTT cost overrun incurred by Paris Première.

The Diversification and Audiovisual Right segment recorded strong growth and contributed € 38.1 million to consolidated operating profit (including the disposal of RTL Shop for € 13.3 million).

This performance is partly due to the recovery of FC Girondins de Bordeaux, which reported an operating profit of € 1.5 million, compared to a € 8.6 million loss in 2004.

In addition, the growth in the Interactivity segment, with M6 Mobile and M6 Web, and in the Distance Selling segment, with good performances by HSS and the integration of Mistergooddeal, as well as Audiovisual Rights, which benefited from box office and video successes and from the demand of the broadcasting rights market, enabled the Group to offset the decrease in operations carried by M6 Interactions and its subsidiaries.

Intra-Group eliminations and non-allocated revenues

relate to share purchase and subscription option plans and to eliminations on consolidation that cannot be allocated to a specific segment. The total amount of this item was stable from one year to the next.

Activities held for disposal (TPS) recorded a strong growth in contribution to consolidated operating profit to € 8.7 million, compared to € 0.6 million in 2004, as a result of good cost control (increase in new subscriptions, sport broadcasting rights).

Note: EBITA corresponds to profit from operations and is defined as operating profit before non depreciable asset writedowns and non-current asset capital gains.

	2005	2004	2005/2004 change	
€ millions			(€ millions)	(%)
M6 TV Network				
Turnover - advertising revenues	625.5	601.2	24.3	4.0 %
Turnover - other	9.5	7.5	2.0	27.0 %
EBITA	201.3	208.7	(7.4)	(3.5) %
Digital Channels				
Turnover	64.6	51.3	13.3	25.9 %
EBITA	(3.8)	(4.9)	1.1	(21.8) %
Diversification & audiovisual rights				
Turnover	380.3	352.2	28.1	8.0 %
EBITA	25.6	9.8	15.8	162.1 %
Eliminations and unallocated items	(2.0)	(2.1)	0.1	(7.1) %
Turnover from continuing operations	1 079.9	1 012.2	67.7	6.7 %
Turnover from discontinued operations (TPS)	194.8	185.4	9.4	5.1 %
Group turnover	1 274.7	1 197.6	77.1	6.4 %
EBITA from continuing operations				
EBITA	221.1	211.4	9.7	4.6 %
EBITA from discontinued operations (TPS)	8.7	0.6	8.1	N/S
Group EBITA	229.8	212.0	17.8	8.4 %
Operating profit (EBIT)				
Operating profit	233.6	207.8	25.8	12.4 %
Net financial income/(expenses) from continuing operations	2.7	4.0	(1.3)	
Net financial income/(expenses) from discontinued operations (TPS)	(0.9)	(3.9)	3.0	
Share of associates' net profit	-	(0.6)	0.6	
Profit before tax	235.4	207.3	28.1	13.6 %
Income tax on continuing operations	(85.1)	(80.8)	(4.3)	
Income tax on discontinued operations (TPS)	(2.7)	1.2	(3.9)	
Net profit on continuing operations	151.2	130.4	20.7	15.9 %
Net profit on discontinued operations (TPS)	5.1	(2.1)	7.2	N/S
Net profit	156.3	128.3	27.9	21.8 %
Minority interest	(0.1)	0.5	(0.6)	
Net profit - Group share	156.2	128.8	27.3	21.3 %

2. 2005 Group's businesses financial results

2.1. M6 TV network business

€ millions	2005			2004			2005/2004 change		
	Business segment total turnover	External turnover	EBITA	Business segment total turnover	External turnover	EBITA	Business segment total turnover	External turnover	EBITA
M6 TV channel	642.4	625.5	161.3	613.7	601.2	164.4	28.8	24.3	(3.1)
M6 Publicité (Advertising)	61.1	2.4	40.4	57.0	2.1	41.3	4.1	0.3	(1.0)
M6 Films	1.9	1.8	(1.5)	1.5	1.5	(0.6)	0.4	0.3	(0.9)
Production companies	65.4	5.2	(1.3)	67.4	3.7	1.4	(1.9)	1.5	(2.7)
Property companies	8.0	0.1	2.5	7.5	0.2	2.2	0.4	(0.1)	0.3
Other	0.9	-	-	-	-	-	0.9	-	-
Intra-Group eliminations	(117.5)	-	-	(117.7)	-	-	0.2	-	-
M6 TV Network business	662.2	635.0	201.3	629.3	608.7	208.7	32.9	26.3	(7.4)

2.1.1. Free to Air TV

€ millions	2005	2004	2005 / 2004 change	
			(€ millions)	(%)
Turnover - external advertising revenues	625.5	601.2	24.3	4.0 %
Turnover - intra-Group advertising revenues	15.2	10.6	4.5	42.3 %
Advertising agency cost - M6's share	(17.5)	(15.8)	(1.7)	10.5 %
Taxes and royalties	(66.2)	(60.9)	(5.3)	8.7 %
Broadcasting costs	(37.1)	(34.6)	(2.6)	7.4 %
Free-to-Air net revenues	519.9	500.6	19.3	3.9 %
Programming costs	(258.4)	(248.6)	(9.8)	3.9 %
Gross profit on programming	261.5	252.0	9.5	3.8 %
Gross profit on programming (in %)	50.3 %	50.3 %		
Net other operating revenue/(expenses)	(65.0)	(53.1)	(11.9)	22.3 %
Ex-segment commissions net advertising agency costs not allocated to M6	5.1	6.8	(1.7)	(25.5) %
M6 TV Network other subsidiaries EBITA	(0.3)	3.0	(3.3)	
M6 TV Network EBITA	201.3	208.7	(7.4)	(3.5) %

Glossary

Free to Air TV net revenues: These consist of advertising revenues earned by the M6 television network, offset by the costs of services provided by M6 Publicité, mandatory charges levied as a proportion of turnover and broadcasting costs.

Programming costs: These represent the cost of purchased, produced and co-produced programme broadcasts, and include charges relating to rights that are invalid or unlikely to be broadcast.

Gross margin on programming: This represents the difference between Free to Air TV net revenues and programming costs.

M6 TV Channel, Métropole Télévision (SA)

M6 Métropole Télévision is the Parent Company of the M6 Group and broadcasts the M6 channel. It sets programming strategy, programme acquisition and production policy and the network's programme line-up. M6 collects revenues from advertising slots and sponsorships broadcast on the network. M6 Métropole Télévision defines the strategic direction of the Group's various entities and manages the cross-organisational support functions. The majority of the Group's strategic economic assets are held by the Parent Company.

For 2005, M6 Métropole Télévision reported a 4.0% increase in advertising revenues of € 625.5 million. Programming costs increased by 3.9%.

M6 TV channel contributed € 161.3 million to Group consolidated operating profit, including in particular rising broadcasting costs.

Advertising agency M6 Publicité (SAS)

M6 Publicité collects and commercialises advertising and sponsorship aired on TV on behalf of the Métropole Télévision Group. It also manages the advertising of the 20 digital channels.

In this regard, M6 Publicité realises all commercial and marketing studies, enabling channels to improve the effectiveness of their programming.

The advertising agency, which realises most of its sales with the M6 channel and other Group companies, contributed € 40.4 million to Group operating profit.

2.1.2. Other Free to Air TV activities

Film production

M6 Films (SA)

M6 Films is a co-producer of French and European films, for which it also manages the pre-purchasing of rights, enabling their broadcast on the M6 TV network. Its activities reflect M6 TV Network's obligation of investing 3.2% of its net advertising revenues in the production of French and European films.

For 2005, investments corresponding to this obligation amounted to € 16.7 million, up 4% in relation to 2004, enabling M6 Films to undertake the production of 9 new films.

M6 Films pursued its diversified financing policy, with on the one hand ambitious

French films, such as *Ne le dis à personne*, a thriller with François Cluzet and Nathalie Baye, *OSS117*, a comedy with Jean Dujardin, *Un ticket pour l'espace* with Kad and Olivier, and on the other hand, lower budget films with promising screen-plays and directed by emerging film-makers (*Fair Play* by Lionel Bailliu, *La tête de Maman* by Carine Tardieu).

In 2005, in an environment marked by a decrease in box office attendance figures, the 9 films co-produced by M6 in the previous years registered very good performances, with cumulative box office ticket sales of 11.2 million, compared to 11.7 million last year, or a 5% decrease in market that is down by 10% (source: CNC). 4 films (*Brice de Nice*, *Iznogoud*, *Espace Détente* and *Les Chevaliers du Ciel*) exceeded 1 million in box office ticket sales.

M6 Films contribution to consolidated sales noticeably improved in 2005 to € 1.8 million, compared to € 1.5 million in 2004, reflecting the success of the films in terms of box office sales. However, operating profit remained negative, due to the impact of co-production share writedown.

TV Production

Métropole Production (SA)

Métropole Production produces audiovisual works, programmes and music magazines for the M6 TV network, primarily consisting of network flagship programmes such as *Zone Interdite*, *Turbo* and *Fan de* (delegated production), as well as the children's programme *M6 Kid* and the movie magazine *Grand Ecran*. The company realises most of its activity with other companies of the M6 Group, as well as operating the Group's technical resources.

C. Productions (SA)

C.Productions is a production company that produces news magazines for the M6 Group, such as *Capital*, *Zone Interdite* (executive production), *Secrets d'Actualité*, *Enquête Exclusive*, *Docs de Choc*, *Plus Vite que la Musique* or *100% foot*. Aside from these recurring productions, C. Productions also produced special topical programmes (Tsunami, Europe in question, Katerina, air safety, French suburbs...). Finally, a significant share of the company's activities were dedicated to the production of major documentary films: *Ma vie aux urgences d'Ajaccio*, a new documentary series, *Hitler, la folie d'un homme*, an early evening historical documentary, *Le jour où la France s'est arrêtée* science-drama documentary.

In 2005, C. Productions produced a total 190 hours of programmes or 168 formats, including 154 original formats. In terms of audience levels, *Capital* and *Zone Interdite* (executive production), two news magazines broadcast on alternate Sunday nights at 8.50 pm recorded impressive audience levels, respectively averaging 19.6% and 20.2% of the under 50 year old housewife segment and attracting on average 4.1 million and 3.8 million viewers. *Secrets d'actualité*, which is broadcast later on three Sunday nights a month posted an audience level of 18.9% of under 50 year old housewives and an average of 1.8 million viewers.

Studio 89 Productions (SAS)

Studio 89 was created in January 2003 and produces entertainment and games shows, as well as musical documentaries and infotainment (information and entertainment) magazines for the M6 TV network and the digital channels of the Group. In 2005, the company produced 26 shows totalling 997 hours of programming, compared to 854 hours in 2004, including 7 shows broadcast daily on M6 (*C'est pas trop tôt*, *Morning Café*, *Génération Hit*, *Jour J*, *Classé Confidentiel*, *Tubissimo*, *Météo*), 3 weekly programmes (*Classé Confidentiel*, *20h10*, *Hit Machine*, *Fan de*) and one prime time programme (*Coupe du Monde du Rire*). In addition, Studio 89 produced numerous programmes for digital channels, in a weekly format (in particular: *Hit TF6*, *Les Dossiers de Téva*, *Fun People* and *Made in Mangas* for W9), monthly format (100% séries for Série Club) on a stand-alone basis (*The Swan 1 and 2* and *L'armée des célébrités* for TF6). Studio 89 pioneered new concepts and adaptations of international programmes. It pursued its policy of young talent detection and has introduced a new generation of presenters for its programmes (Zuméo, Sandra Lou, Elodie Gossuin, Moon, Vanessa Demouy, Jenny del Pino).

W9 Productions (SAS)

Established in February 2003, W9 Productions reflects the Group's commitment to develop internally its capabilities in the area of entertainment, variety and reality TV shows production.

2005 was an active year for W9 Productions, producing four reality-TV shows and five entertainment shows, a total of 34 prime-time shows.

The highlights of the 2005 first year-half was the success of season three of *Bachelor, le gentleman célibataire*, whose final show attracted over 3.8 million viewers and the production of *Top Model 2005*, M6's summer reality TV show which attracted up to 3 million viewers and represented 27.6% of the under 50 year old housewife segment. 2005 was also a good year for variety and entertainment shows such as *Duel de Star*, an original format created by W9 Productions and broadcast live on M6, *Grands Classements Disco, Coluche, de Funes*, and the 15th anniversary of *Fréquentstar*.

W9 Productions also stepped up its activities by grasping the opportunity to develop and produce programmes for foreign broadcasters, in the United States for instance, where it produced the 8th season of the *Bachelor* for the ABC channel, in partnership with Warner Bros, and in Canada, where it took part in the creation and development of *le Match des Etoiles*, Quebec TV flagship programme, broadcast on Radio Canada.

Since June 2005, W9 Productions has been developing and producing *Pekin Express*, whose first episodes were broadcast early January 2006 and were very successful in terms of audience levels.

Labo Productions (SARL)

Labo Productions is an entertainment show production company. It was consolidated for the first time in 2005.

Group production companies realise most of their activity with the M6 channel and the Group's digital channels. In 2005, their contribution to consolidated turnover increased to € 5.2 million, compared to € 3.7 million in 2004. However, their contribution to consolidated operating profit for the year remains negative by € 1.3 million.

Property

Immobilière M6 (SA) and SCI du 107, avenue Charles-de-Gaulle

Immobilière M6 owns M6 Group's 10,000 m² head office facilities located at Neuilly sur Seine, which it leases to various Group companies. The SCI of 107, avenue Charles De Gaulle, owns two buildings covering 2,650 m² located in Neuilly sur Seine, which were acquired in January 1999 and which are leased to various Group companies. All space leasing and sub-leasing agreements provide for transparent billings, under normal conditions, to each tenant, of rent and related charges, based on their allocated area of space.

2.2. Digital TV business

€ millions	Business segment total turnover	2005		Business segment total turnover	2004		2005/2004 change		
		External turnover	EBITA		External turnover	EBITA	Business segment total turnover	External turnover	EBITA
Paris Première	26.0	25.7	(0.0)	17.0	16.8	(8.1)	9.0	8.9	8.1
W9	1.9	1.9	(6.8)	-	-	(0.4)	1.9	1.9	(6.5)
Teva	15.1	15.0	0.1	12.1	12.0	(0.8)	2.9	3.0	0.9
M6 Music	5.3	5.0	1.2	5.5	5.3	2.2	(0.3)	(0.3)	(1.1)
Fun TV	3.9	3.6	0.9	4.1	3.8	0.5	(0.1)	(0.2)	0.4
TF6	9.0	8.8	0.2	8.8	8.5	0.9	0.2	0.3	(0.6)
Série Club	4.5	4.5	0.7	4.8	5.0	0.7	(0.3)	(0.5)	(0.1)
Other	3.4	0.2	-	1.6	-	-	1.8	0.2	-
Intra-Group eliminations	(3.2)	-	-	(2.1)	-	-	(1.1)	-	-
Digital channels	66.0	64.6	(3.8)	52.0	51.3	(4.9)	14.0	13.3	1.1

Paris Première (SA)

Paris Première was created in December 1986 and was fully acquired by M6 in May 2004. It is available on all broadcasting networks: DTT, satellite, cable, DSL and mobile telephony. Paris Première is received by over 7 million households or nearly 17 million 4+ year old individuals. Thus, the channel ranks in the top 5 most received channels in France (Source: operators/channel, Médiamétrie/MédiaCabSat).

Since 21 November 2005, Paris Première has been broadcast unscrambled everyday for two hours (7pm-9pm) by radio relay channel on terrestrial DTT.

In 2005, Paris Première took its place among the Group's digital channels, while preserving its identity and originality.

In terms of programmes, the emphasis was put on events, theatre, shows and series.

The channel was launched in February 2006 exclusively on TPS DTT network pay channel range.

Contribution to consolidated turnover increased by 8% (on a similar consolidation scope basis). Growth was supported both by the increase in advertising revenue and in the average number of subscribers. Operating profit, which was impacted in 2004 by the recognition of € 7.8 million in restructuring costs, broke even in 2005, in spite of the inclusion of DTT-related costs.

W9 - Edi TV (SNC)

An additional clause to M6 Music agreement, signed with the CSA on 29 March 2005, allowed in particular the channel to be present at the launch of DTT on 31 March 2005 under the name of W9. All digital terrestrial households and all households subscribing to a satellite TV, cable TV or ADSL offering, receive W9. The channel is also available to subscribers to Orange and Bouygues Telecom 3G mobile phone technology. It is the fourth most widely available digitally transmitted channel and is received by a total of 7 million subscriber households.

It is a new generation, young and relaxed channel and its ambition is to fulfil the expectations of its audience of young adults

by providing a varied offering. It puts the emphasis on a balanced mix of audience favourite formats, with strong music content but also top box-office films, original series, comedy series, cult series, magazines and entertainment shows, as well as events such as the Grammy Awards ceremony or the best of the World Rally Championship.

W9 is the most watched channel by young adults among new DTT channels. 71.5% of 15-34 year old young adults receiving W9 watch it at least once a week. It is also the channel that matches the expectations of this audience the most closely, as 62% of W9 regular viewers are aged between 15 and 34 (source: IFOP survey conducted from 8 June to 20 June 2005 on households equipped with a DTT set-top box).

W9 contribution to consolidated turnover was € 1.9 million, corresponding to the channel's advertising revenues since the launch on 31 March 2005. Including channel launch costs, programming costs and frequency adjusting costs, operating loss amounted to € 6.8 million.

Téva – Sedi TV (SNC)

Téva, the generalist channel for women was created in 1996 and is 51% owned by M6 and 49% owned by CTF (Marie Claire Group and Hachette Filipacchi Media). Broadcast on TPS, CanalSatellite and the major cable operators, as well as by ADSL (TPSL, CanalSatdsl, Free, 9 télécom, Alice) and mobile phone (Orange), Téva had more than 4.96 million household subscribers at 31 December 2005.

The channel broadcast cult and original series, successful and unifying films, reality TV formats in original version and exclusive in France. Identity shows around housing and decoration have been confirming their success over a number of seasons. In 2005, the channel again stepped up its programming

with two new shows: *Elles ont les moyens de vous faire parler* and *Gwendoline, assistante de Stars*.

Téva recorded strong turnover growth in 2005, to € 15.0 million (up 25%), as a result of dynamic advertising revenue and the increase in the number of subscribers. The company was thus able to generate its first positive contribution to operating profit of € 0.1 million.

M6 Music Hits / Rock / Black - M6 Communication (SAS)

The music offering of the M6 Music Rock and M6 Music Black channels launched in January 2005 was extended with the introduction of M6 Music Hits on 31 Mars 2005, a channel dedicated to current chart toppers.

September 2005 saw the progressive arrival of programmes on all these channels, through strong personality musical magazines that carry image and increase audience awareness of the channels.

M6 Music Hits, is an all music type 100% music channel dedicated to current chart toppers and broadcast on TPS, major cable networks, ADSL (TPSL, Free, 9 télécom) and mobile phone (M6 Mobile, Orange, SFR, Bouygues). It has 1.8 million subscribers.

M6 Music Black, is a 100% music channel with an emphasis on Black music (Hip-hop, RnB, Soul...). It is broadcast on TPS, Numéricable, ADSL (TPSL, Free, 9 télécom) and mobile phone (Orange, SFR). It has 1.3 million subscribers.

M6 Music Rock, is a 100% music channel dedicated to Rock and Pop music. It is broadcast on TPS, Numéricable, ADSL (TPSL, Free, 9 télécom) and mobile phone (Orange, SFR). It has 1.3 million subscribers.

Contribution to consolidated turnover slightly decreased as M6 Music advertising revenues were progressively transferred to the channels launched during the first quarter of 2005. The decrease in operations had an adverse impact on the contribution to operating profit, which nonetheless amounted to € 1.2 million.

Fun TV (SNC)

Fun TV, the live entertainment channel set up in 1997, for 15 to 24 year olds, had 1.8 million cable TV and TPS subscribers at 31 December 2005. The channel is broadcast by TPS, major cable networks, ADSL (Tpsl, Free, 9 télécom) and mobile telephony (Orange).

Despite a slight decrease in turnover, Fun TV again improved its contribution to operating profit to € 0.9 million, due in particular to good cost control.

TF6 (SCS)

This jointly owned subsidiary with TF1 had 2.79 million subscribers at 31 December 2005, up 2.5% (67,000 households) since the previous year-end. The channel is exclusively available by satellite on TPS and is included in offers of the main cable operators.

The programme offering was again extended in 2005, in order to provide a mini-generalist entertainment offering to a young adult audience, including shows, reality TV formats, music, series and cinema.

In terms of distribution, the channel has been included since June 2005 in the new YPSO basic offering (generated by the merger of France Télécom Câble and NC Numéricable).

It was launched in February 2006 on pay DTT, exclusive to the TPS offering.

TF6 turnover recorded an increase of 3.5%, although its contribution to operating profit decreased by € 0.2 million, as a result of the establishment of a provision for expenditure relating to the launch of TF6 on the pay DTT.

Série Club – Extension TV (SA)

This subsidiary, jointly-owned with TF1, had 2.21 million household subscribers at 31 December 2005 through TPS and major cable TV operators.

The channel recorded a decrease of 127,000 subscriber households since the end of 2004, following the withdrawal of the channel from the analogue offering of a cable operator. Since June 2005, Série Club has been included in the new YPSO basic digital offering (generated by the merger of France Télécom Câble and NC Numéricâble) should progressively offset the loss of initialisation by the transfer from analogue to digital mode.

Série Club, which provides viewers with a varied offer of TV series, many of which were never shown before, continued with its strategy of creating event-driven nightly specials and offers new magazine programmes.

In 2005, Série Club turnover was adversely affected as the channel was withdrawn from the analogue offering of a cable operator, resulting in a decrease in the number of subscriber households and in the level of advertising revenues. However, Série Club contribution to operating profit remained stable at € 0.7 million.

2.3. Diversification and audiovisual right activities

€ millions	Business segment total turnover	2005		Business segment total turnover	2004		2005/2004 change		
		External turnover	EBITA		External turnover	EBITA	Business segment total turnover	External turnover	EBITA
SND	54.0	48.7	(3.2)	52.3	46.8	(6.1)	1.7	1.9	2.9
SNC	1.8	1.1	(0.2)	-	-	-	1.8	1.1	(0.2)
TCM	9.5	8.0	3.6	7.9	6.6	0.1	1.6	1.5	3.5
Mandarin	0.6	0.5	(1.3)	0.5	0.4	(2.9)	0.1	0.1	1.6
M6 Studio	-	-	0.0	-	-	-	-	-	0.0
Audiovisual rights	65.9	58.3	(1.0)	60.6	53.7	(8.9)	5.2	4.6	7.9
M6 Interactions	103.0	96.6	11.8	108.7	103.6	15.2	(5.7)	(6.9)	(3.5)
M6 Editions - Citato	10.2	10.0	(0.8)	10.6	10.6	(0.3)	(0.5)	(0.6)	(0.6)
M6 Evenements - Livestage	8.3	7.4	(2.8)	16.8	15.7	0.1	(8.5)	(8.3)	(2.9)
Interactions	121.5	114.0	8.1	136.2	129.8	15.1	(14.7)	(15.8)	(7.0)
HSS Group	120.0	118.1	6.2	113.6	111.4	4.5	6.4	6.7	1.7
Mistergooddeal	13.2	13.2	0.4	-	-	-	13.2	13.2	0.4
Distance selling	133.2	131.3	6.6	113.6	111.4	4.5	19.6	19.9	2.1
M6 Web (excluding M6 Mobile)	39.7	32.5	8.6	31.4	26.5	7.8	8.4	6.0	0.8
M6 Mobile	10.1	10.1	1.8	-	-	-	10.1	10.1	1.8
Interactivity	49.8	42.5	10.4	31.4	26.5	7.8	18.4	16.0	2.6
FCGB	34.5	34.2	1.5	30.8	30.8	(8.6)	3.7	3.4	10.2
Other	-	-	-	-	-	-	-	-	-
Intra-Group eliminations	(11.1)	-	-	(7.8)	-	-	(3.3)	-	-
Diversification	393.7	380.3	25.6	364.7	352.2	9.8	29.0	28.1	15.8

2.3.1. M6 Interactions

Discs

Against the background of a disc market that stabilised its volumes sold (up 0.6%) but decreased in value (down 8.6%, source: SNEP), as a result of the continued fall in album and single selling prices (down 15% and 23% over the past two years, respectively), M6 Interactions recorded 24% volume growth in 2005 (10.3 million discs sold in 2005, including music DVDs, compared to 8.3 million in 2004). This good performance is driven by major commercial successes, including:

- 10 top of the charts singles, including one triple diamond disc for Ilona *Un monde parfait* (over 1.5 million copies sold). Just as O-Zone in 2004, Ilona (in co production with Scorpio Music) recorded the best single sales in France in 2005. As for Amel Bent (discovered by season 2 of *Nouvelle Star*), her song *Ma Philosophie* ranked 3rd in the same category.
- 4 certifications albums, including 1 platinum disc for Lorie's last album.

In spite of these good results, turnover for the Disc business decreased, as a result of generalised downward pressure on the price of singles.

Composite product publications

A significant share of composite product publications comprises DVDs sold individually or as full collections. In 2005 and for the first time, the Video Edition market remained stable in volumes sold (up 0.3%, compared with 24% growth in 2004), combined with a decrease of 12% in value for publishers (source: SEV), as a result of lower average selling price of

marketed products (increase of catalogue costs and success of DVD sets).

M6 Group total Composite Product volume sales were € 8.94 million items. The sales are analysed as follows:

Encyclopaedia collections

Sales volumes significantly increased with 7.8 million units sold in newsstands and by subscription. The increase was primarily due to:

- The launch of 6 new collections in 2005 (3 collections, *La Grande Parade des Chevaux*, *Renault* and *Le Mans*, and 3 DVD collections, *Jean Gabin*, *Nestor Burma* and *Yu Gi Oh!*).
- The continued success of the collections launched in the past years. 6 of them were re-launched in 2005, in particular *Mary Higgins Clark* (DVD).

Individual DVD and video game sales

The video business was extended with the sale of cult DVD sets (*Star Wars*, *Indiana Jones*, *The Godfather*) in newsstands, while pursuing the exclusive distribution in newsstands of successful films or series such as *Kamelott*. In addition, over 30 video games were marketed in 2005 by M6 Interactions in newsstands. Sales by these two businesses decreased in 2005.

Turnover of the composite product publication business slightly increased in 2005, as the rise recorded on collections offset the drop in individual DVD sales.

Publishing

M6 Éditions mission is to publish for the youth market and, since 2005, adult-oriented magazines.

As regards youth press, M6 Éditions publishes three major magazines, *Fan 2* (twice-monthly), *Hit Machine Girl* (twice-monthly, became monthly in 2005) and *Manga Hits* (launched in November 2004).

2005 was an eventful year for M6 Éditions:

- acquisition of *Citato*, a free monthly magazine targeting 15-20 year olds. It is produced in partnership with major newspaper and magazines and French educational institutions. 230,000 copies of *Citato* are distributed in high schools, universities, higher schools of education. etc.
- successful launch in November 2005 of the *Auto Turbo* monthly in joint publication with Motor Presse. The magazine first two issues sold an average 90,000 copies and marked the first steps of the Group in adult press.

M6 Éditions also develops a joint publication business for books derived from successful programmes.

2005 developments (*Auto-Turbo* and *Citato*) enabled M6 Éditions turnover to remain at a virtually unchanged level.

M6 Événements (SA) – Live Stage (SAS)

M6 Événements specialises in the staging of shows and communications events.

In 2005, the Group's Live Stage, specialised in musical shows, reduced its musical comedy activities after the successful tour of the *Gone with the Wind* show in 2004.

Reduced contribution of M6 Événements and Live Stage to consolidated turnover reflects the Group's lower involvement in musicals.

Total contribution of the M6 Interactions division to operating profit was reduced by € 7 million, as a result in particular of:

- the launch of a large number of collections, which had an adverse impact with regard to marketing expenditure carried out and to the long life cycle of these products,
- costs incurred by a musical show that was later abandoned.

2.3.2. Distance selling operations

Home Shopping Service (SA)
and Mistergooddeal.com (SA)

Home Shopping Service (HSS), the Group's wholly owned home shopping subsidiary since 1998, dominates today the television home shopping segment with 55% of the French and Benelux market, 700 hours of programme broadcast every week, 2 million active customers and 2.5 million products sold in 2005.

Turnover increased by 6% to € 1 18.1 million. 2005 growth was primarily due to:

- the strong increase in revenues generated by M6 Boutique la Chaîne, launched in 2004 with a new format that broadcast 8 hours of live programmes a day and has 300 new products on offer a week,
- the continued growth in infomercials operations.

Operating profitability, which was adversely affected in 2004 by M6 Boutique la Chaîne launch expenditures progressed as a result of efforts made in terms of logistic and production costs.

During the year, Home Shopping Service sold its minority shareholding in RTL Shop and made the acquisition in November of 95% of Mistergooddeal.com, a leading French e-commerce website specialised in major brand inventory liquidation.

Mistergooddeal.com is a fast growing company and contributed € 13.2 million to Group consolidated turnover in 2005 (consolidated from 15 November 2005), and € 0.4 million to net profit.

2.3.3. M6 Web (SAS) and M6 mobile by Orange

M6 Web

M6 Web is a subsidiary in charge of the Group's new technology developments and has three operational segments: the internet, interactivity with programmes and mobile telephony. M6 Web edits some twenty web sites, for both the Group (M6.fr, Turbo.fr, etc.) and third parties. M6.fr is France's 2nd most popular media web site, with, on average, 1.5 million individual visitors accessing its pages monthly.

The interactivity segment pursued its development with the renewal of interactive formats and improved proximity to viewers.

The mobile segment develops mobile content (personalisation, video, text message games, chat).

In 2005, M6 Web again achieved growth in both turnover and net profit.

Turnover increased by 22.7% as a result of revenue growth in all activities. M6 Web operating profit grew by 10.3% to € 8.6 million.

M6 mobile by Orange

With nearly 230,000 subscribers at the end of 2005, the M6 Mobile by Orange agreement launched in June 2005 is a commercial success.

The segment brought additional contribution of € 10.1 million to turnover and generated positive operating profit of € 1.8 million for its first year.

2.3.4. Le Football Club des Girondins de Bordeaux (SASP)

The SASP FC Girondins de Bordeaux is 99.76% owned by M6 Foot SAS, which itself is a fully owned subsidiary of the Group's parent company, Métropole Télévision SA.

Following a difficult 2004/2005 from a sporting point of view as the team ranked 15th, which nonetheless enabled the team to stay in the French Ligue 1 championship for the 14th season, the 2005/2006 season started under the care of a new world-famous manager who put together a group of professional players both improved in terms of quantity and quality. FCGB ranked third at mid-season with the league's best defence. The 100% Girondins programme, first broadcast by M6 then by W9, ensures national exposure to the team and records very good audience levels.

The year 2005 was also marked by the start of Ecole Technique Privée FC Girondins de Bordeaux. The training centre was strengthened by a number of selections in each age group.

The contribution of FCGB to Group turnover increased by 11% to € 34.2 million, due notably to higher Ligue 1 TV rights

resulting from the application of the new French Football Championship TV rights contract. Operating profit is now positive at € 1.5 million, thanks to revenue growth combined with good cost control.

2.3.5. Audiovisual rights

Société Nouvelle de Distribution (SA)

SND's main activity is the acquisition, management and distribution of exploitation rights of audiovisual works.

At 1 July 2005, all assets of M6 Droits Audiovisuels (DA), another Group subsidiary whose activity comprises the distribution of audiovisual rights in France and abroad were transferred to SND. M6 DA catalogue includes films, TV films, series and international distribution rights.

SND **cinema business** recorded very good performance, in particular with the film *Mr & Mrs Smith*, which realised box office sales of 3 million. However, other films such as *Sahara* did not attract the expected audience levels. The 13 films distributed in 2005 totalled 6.5 million box office ticket sales.

The video business totalled 2.86 millions DVD and VHS copies sold, for all distribution channels. 2005 witnessed in particular the success of the *Vaillant*, *Kamelott* and *Arsène Lupin* videos.

During 2005, SND continued to step up its rights acquisition policy and bought notably the full rights of 15 new films for distribution, including *The Guardian* and *Michael Clayton*.

As a result of cinema and video segment development, contribution to turnover increased by 4.1% to € 48.7 million.

Even though contribution to operating profit remained negative, it was markedly improved with a loss of € 3.2 million, compared to a € 6.1 million loss in 2004.

Société Nouvelle de Cinématographie (SAS)

SNC was acquired in April 2005. Its business is the audiovisual and film rights operation and management. The company has a catalogue of nearly 450 European films, for instance the 6 films of the *Gendarmes* series, *Beauty and the Beast* by Jean Cocteau, *The Atlantic Wall*, as well as distribution licences.

In 2005, the company was consolidated for a period of 8 months and contributed € 1.1 million to Group turnover and recorded a € 0.2 million operating loss.

TCM Droits Audiovisuels (SNC)

TCM D.A was created in September 1996 by TF1, M6 and CLT. Its business is the acquisition, distribution, sale, import and export, promotion, as well as to make available and negotiate license rights of any cinema or visual works in all French speaking territories. The company is jointly owned by M6 (50%) and TF1 (50%).

TCM DA sales are realised on the major national analogue TV channels and cable and satellite TV channels in France, as well as export sales to Belgium and Switzerland.

In 2005, sales development continued and was especially helped by cable and satellite channels (including TPS), which accounted for half the company turnover. TCM contribution to consolidated turnover strongly increased by 23.5% to € 6.5 million. The same is true of the contribution to operating profit which reached € 3.6 million, compared to € 0.1 million in 2004.

Mandarin (SAS)

Acquired in November 2002, Mandarin has developed its catalogue management and feature films production activity.

No significant commercial activity was recorded in 2005. The contribution to consolidated turnover was € 0.5 million, along with profitability eliminated due to the amortisation of the catalogue.

M6 Studio (SAS)

Created in 2003, M6 Studio is dedicated to the development and production of French animated feature films. M6 Studio is currently producing, as associate producer, its first animated feature film, *Astérix and les Vikings*, in co-production with 2d3D Animations and Mandarin SAS and in association with A Film AS.

This very ambitious € 22 million project has been under development within the M6 Group since the end of 2002, and its production, ensured by French and European studios, began in 2003. It was completed at the end of 2005, with a box office release date in France set at 12 April 2006.

2.4. Discontinued activities: Télévision Par Satellite (TPS)

	2005	2004	2005/2004 changes	
€ millions			€ millions	%
Turnover	194.8	185.4	9.4	5.1 %
EBITA	8.7	0.6	8.1	N/S
Net financial income/(expenses) (including financial instruments fair market value changes)	(0.9)	(3.9)	3.0	N/S
Profit/(loss) before tax	7.8	(3.3)	11.1	N/S
Net profit/(loss) on discontinued operations	5.1	(2.1)	7.2	N/S

TPS (SNC)

TPS, of which 34% is held by M6 Group, is a subscription TV, satellite and ADSL platform distribution, as well as an editor of premium channels.

In spite of a stable number of active subscribers (1.75 million), TPS turnover continued to grow due to the increase in subscribers at the end of 2004, whose full effect was felt in 2005. In addition, TPS improved its operational profitability, under the combined impact of increased ARPU and lower marketing costs related to attracting new subscribers.

In 2005, TPS also strengthened its ADSL coverage by extending the MaLigneTV by France Télécom offering and through the launch of the TPS offering by Neuf Telecom and Alice. Since 15 February 2006, TPS markets a pay DTT offering.

In application of IFRS 5, TPS is now recognised as an activity held for disposal. In 2005, TPS generated net profit for the first financial year, at € 5.1 million (M6 Group share).

3. Financial structure and cash flow

3.1. Financial structure

At 31 December 2005, M6 had group equity of € 504.1 million, up € 62.8 million compared to 31 December 2004. The change includes net profit for the financial year of € 156.2 million after dividend distribution in respect of 2004 (€ 110 million) and the impact of the application of IAS 39, *financial instruments: recognition and measurement*, IFRS 2, *share-based payments* and changes in treasury shares held within the framework of stock option plans for € 16.6 million. Equity minority interests amounted to € 0.2 million, primarily corresponding to the 49% equity stake in Sedi TV held by non-Group shareholders.

Total assets increased by 12.6% to € 1,390.3 million. This change reflects both the inclusion of new companies in the Group's consolidation scope, in particular Mistergooddeal and SNC and the development of Group activities.

Activities held for disposal represented € 201.8 million of Group assets and € 219.3 million in Group equity and liabilities. These amounts correspond to 34% of TPS assets and liabilities, as well as Group balance sheet items directly related to the TPS shareholding, such as historical goodwill recognised in respect of TPS (€ 91.0 million).

Other goodwill primarily comprised Paris Première and Mistergooddeal and represented € 61.3 million or only 4.4% of total assets.

Cash and cash equivalents net of financial debt is measured by adding cash, cash equivalents, current and non-current financial assets (loans and deposits) and deducting current and non-current financial debts and leases. At 31 December 2005, this item amounted to € 242.8 million in respect of continuing activities. Including TPS, it amounted to € 188.7 million, compared to € 203.2 million at 31 December 2004. The € 14.5 decrease was primarily due to cash flow from operations of € 210.5 million, minus cash flows applied to investments of € 120.9 million and the distribution of dividends of € 110.0 million.

3.2. Cash flows

Cash flow from operations, amounted to € 210.3 million in 2005, a 9.9% increase over the € 191.9 million of 2004. Excluding TPS, this flow would increase by 32.1 % to € 194.3 million.

Self-financing operating capacity before tax amounted to € 324.8 million, compared with € 286.0 million in 2004. This 13.6% increase is primarily due to operating profit growth, as the majority of the increase in net depreciation and provision charges (€ 24.2 million) was offset by the impact of capital gains on the disposal of RTL Shop (€ 13.0 million) and on the sale of FC Girondins de Bordeaux football players (€ 8.0 million).

The change in working capital requirements (WCR) amounted to € (38.9) million, compared to positive contribution of € 17.9 million in 2004.

Excluding TPS, it amounted to € (35.6) million, compared to a negative € 18.6 million in 2004.

This development resulted from:

- Inventory movements: an outflow of € 23.2 million compared to an outflow of € 10.1 million in 2004, related to the increase in the purchase of rights within the context of stepped-up TV network programming;
- Change in operating trade receivables: an outflow of € 53.6 million compared to a € 18.6 million increase in 2004, resulting from advances paid on non open and sporting events (an outflow of € 38 million) broadcasting rights and from the development of Group activities;
- Change in operating liabilities: an inflow of € 41.2 million compared to an outflow of € 26.8 million in 2004, as suppliers increased in line with significant programme purchasing.

TPS contribution to the change in WCR was affected by significant cash payments at the beginning of the financial year, resulting from the purchase of programmes agreed during the 2004 second half-year.

Cash flows applied to investments amounted to € 120.9 million in 2005, compared to € 100.8 million in 2004.

This increase resulted from the following developments:

- acquisitions of intangible assets increased by € 11.0 million, primarily comprising of SND investments in audiovisual rights;
- SNC and Mistergooddeal acquisitions resulted in a € 40.9 million outflow. In 2004, the acquisitions of Paris Première and Boutique du Monde (by HSS) generated net cash outflows of € 18.5 million and € 1.1 million, respectively.
- The disposal of RTL Shop resulted in a € 5.0 million net cash inflow at 31 December 2005. The € 5.0 million balance is due in March 2006.

Cash flows applied to financing activities reflected cash outflows of € 56.0 million in 2005, compared to € 113.3 million in 2004.

Excluding TPS, these outflows amounted to € 52.6 million in 2005, compared to € 77.6 million in 2004.

4. Cash management policy

The Group has established the following prudent rules to control its cash deposit policy:

- not to hold more than 5% of the assets of a fund (control ratio)
- compulsory diversification: not to invest more than 20% of Group bank balances in a single instrument,
- limit credit risk: minimum compulsory investment for each *investment grade* stock fund

The Group carries out cash management with the objective of being able to rapidly mobilise short-term deposits and of limiting capital risk.

Investment yields are regularly measured in order to optimise cash performance and to carry out potential arbitration.

5. Investment policy

The Group's investment policy is undertaken at many levels:

- within the framework of conventional agreements and/or regulatory obligations, M6 Group invests in cinematographic and audiovisual works, which in 2005 amounted to € 112.2 million, that is 21.2% of consolidated advertising revenues.
- within the framework of the purchase of audiovisual rights for marketing purposes (cinema, video distribution and TV sales). In this respect, SND, which is the company managing the majority of the Group Audiovisual Right business, invested € 32.2 million in the purchase of rights in 2005.
- within the framework of broadcast rights acquisition, which are accounted for as inventory and represent the Group's investments in its programme line-up. These purchases amounted to € 223.4 million in 2005 and corresponded to programmes whose rights were open during the financial year and which can thus be broadcast.
- within the framework of equity stakes and company acquisitions in order to complement the activities of the Group. For 2005, these investments notably concerned the following activities:
 - Audiovisual rights, with the purchase of SNC for € 13.0 million.
 - Publishing, with the acquisition of Citato for an amount of € 0.3 million
 - Distance selling, with the acquisition of 95% of Mister-gooddeal.com for an amount of € 43.1 million, corres-

ponding to the full acquisition, which includes a 5% price supplement and acquisition expenses.

M6 Group does not realise any Research and Development activity for its own account, except for the development of show and programme concepts implemented by the channel programming teams and certain production subsidiaries of the Group.

As regards technology, property, plant and equipment, the Group is active in the implementation of new technologies, and notably has undertaken a multi-year digitisation plan focusing on newscasts and content broadcast on the network. The Group renews a portion of its office and IT equipment every year and makes the necessary investments to maintain the value of its property assets. HD (High Definition) and VOD (Video on Demand) developments were also pursued in 2005.

6. Off-balance sheet commitments

In application of IFRS 5, off-balance sheet commitments related to TPS, an activity held for disposal, are presented separately for 2005.

This presentation has no impact on the Group's total off-balance sheet commitments.

M6 Group's off-balance sheet commitments totalled € 1,405.0 million at 31 December 2005, compared to € 953.1 million at 31 December 2004, that is a € 451.9 million increase.

Commitments given by TPS or by the Group in relation to TPS (such as those pertaining to responsibility for TPS liabilities) amounted to € 628.5 million (M6 share), a € 98.8 million increase, due in particular to higher financing provided by financial institutions and the Group's partner in TPS.

Major changes excluding TPS concern commitments undertaken by the M6 TV channel in respect of co-productions and the purchase of broadcasting rights (€ 394.0 million). Total group commitments in this respect represented € 674.4 million at 31 December 2005.

The balance of changes in commitments given is a € 40.9 million decrease, which is primarily explained by the reduction in amounts due for contracts with TDF, as these contracts progress. Commitments given by the Group in respect of image transmission, satellite leasing and positioning and transponders amounted to € 82.0 million at 31 December 2005, compared to € 113.5 million in 2004 (excluding TPS).

Over the 2005 financial year, commitments received by the Group amounted to € 457.3 million, compared to € 341.0 million in 2004. This is a € 116.3 increase, including € 99.0 million related to commitments received by the Group from other partners in partnerships.

Other commitment received (€ 46.9 million) relate to audiovisual broadcasting rights purchase commitments and to multi-year contracts with cable and satellite broadcasters.

7. Significant post-balance sheet events

- After receiving the approval from relevant social organisations, the Vivendi Universal, TF1 and M6 Groups officially signed the TPS and Canal+ Groups merger agreement **on 6 January 2006**, as announced in December 2005. The project is subject to approval by French competition authorities and will also be referred to the Conseil Supérieur de l'Audio-visuel. An amount of € 51 million was paid by Vivendi Universal to M6 upon the signing of the agreement, corresponding to the first stage of the agreement (acquisition of 15% of TPS by Vivendi Universal). The advance will be repaid in the event the competition authorities approve the transaction and M6 would then hold 5.1% of the new entity created by TPS and Canal+ subscriber TV assets.

- **On 23 January 2006**, Newsports, a non-consolidated company of which M6 Group holds a 1.6% shareholding, was listed on the Alternext segment of Euronext.

- **Since mid-February 2006**, the TF6 and Paris Première channels are available, along with TPS Star in the offering marketed by TPS, within the framework of the launch of pay DTT.

- **On 21 February 2006**, M6 Mobile by Orange announced that it crossed the 300,000 subscribers mark.

- **On 28 February 2006**, M6 Group announced the acquisition of 50% of Femmes en Ville SAS, which publishes two free monthly magazines, *Femme en Ville* and *Homme en Ville*. The company is not aware of any significant event arising since

1 January 2006 that may have or may have recently had a significant impact on the financial position and the Group and company's assets.

8. 2006 outlook

M6 Group will pursue in 2006 its growth strategy on all of its activities.

In keeping with previous years, programmes will continue to be at the heart of M6's development strategy, with a view to consolidating the network's position in a rapidly changing environment. The acquisition, for € 27 million, of the rights to 31 matches of the FIFA World Cup, which takes place from 9 June to 9 July 2006 in Germany, is part of this strategy.

Within this competitive and technological context marked by sharp and rapid changes, the Group's digital channels have positioned themselves to consolidate their growth and development.

Regarding the penetration of digital complementary TV offer, the Group's channels are going to benefit from an increased number of equipped households, due to the success of the DTT and DSL distribution means.

Paris Première and W9, the second free-to-air TV channel of the Group should notably benefit from these promising prospects, in respect of which the Group will continue its investment efforts in 2006.

New growth opportunities implemented in 2005, such as the Distance Selling segment with the acquisition of Mistergooddeal.com or the M6 Mobile by Orange agreement will contribute to dynamic diversification activities. The M6 brand, interactivity and proximity to viewers, subscribers and customers will remain the main areas of the Group's strategy.

Finally, we are expecting a decision from competition authori-

ties by the end of 2006, with regard to the subscriber TV agreement signed at the beginning of January 2006 with Vivendi Universal and TF1.

For 2006, we forecast an increase of 5 to 6% in programming costs (excluding the impact of the Football World Cup). In addition, the Group forecasts stable advertising revenues for the 1st quarter of 2006, compared to the 1st quarter 2005, taking into account the advertising environment of the beginning of the year.

9. Tax grouping

Métropole Télévision SA has declared itself as the parent company of a tax grouping, pursuant to the provisions of Articles 223-A of the French Income Tax Code. Métropole Télévision is solely liable for amounts due by subsidiaries in the determination of the Group's overall tax liability, pursuant to the provisions of Article 223A of the Income Tax Code.

The SNC and Mistergooddeal companies, acquired in 2005, have opted to be integrated in the M6 Group tax grouping as from 1 January 2006.

However, Citato, acquired in 2005, cannot be integrated as the Group does not hold at least 95% of the company.

M6 Droits Audiovisuels has been excluded from M6 Group tax grouping following its liquidation and merger into SND on 1 July 2005.

10. Change in accounting principles

The application, since 1 January 2005, of regulations 2002-10 and 2004-06 of the Comité de Réglementation Comptable (French Accounting Standards Committee) relating respectively to asset depreciation and writedowns and to the definition, recognition and measurement of assets had no impact on Métropole Télévision SA financial statements.

11. Compliance with general obligations and agreement terms

M6 Group met all of its obligations during 2005 regarding its contractual undertakings and regulatory obligations, according to its own assessments and subject to CSA validation.

Broadcasting quotas, requiring that 40% of audiovisual programming be originally produced in French and that 60% of audiovisual programming be European produced, were complied with, throughout the day as well as during significant viewing hours, ie. 2 pm to 11 pm on Wednesdays and 5 pm to 11 pm on other days. In addition, M6 complied with the free to air broadcast quota of 100 hours of brand new originally French and European produced programmes beginning between 8:00 and 9:00 pm.

M6 also complied with the film broadcast quota of a maximum of 192 hours during the year, with no more than 144 hours during prime time, with at least 40% of these films originally produced in French and 60% European produced. Finally, M6 complied with all other obligations concerning the broadcast of music shows, cartoons and subtitled programmes for deaf people and those with hearing deficiencies.

Expenditure commitments concerning audiovisual productions contracted during 2005 amounted to € 95.5 million, comprising € 86.7 million in original French audiovisual programming and € 8.8 million in other audiovisual programming. In addition, € 16.7 million in investments was committed to the production of 9 French and European films.

In total, M6 committed itself to € 112.2 million in audiovisual programming and film production, representing 21.5% of its 2004 financial year net advertising revenues, for an obligation quota of 21.2% (18% for audiovisual programming and 3.2% for films).

The CSA will review M6's compliance performance for 2005 at the beginning of the 2nd half of 2006.

12. Share capital

12.1. Share listing

The share price of Métropole Télévision SA, M6 Group's parent company, henceforth known as the 'Company', has enjoyed a very significant increase in value since its launch on the Paris Stock Exchange Second Market on 28 September 1994 at € 3.96 (FRF 26), taking into account the 10 for 1 share split on 15 June 2000.

The share price opened the 2005 year on 3 January at € 20.50 and closed the year on 31 December at € 23.40, achieving its highest price of € 25.07 on 12 December and its lowest price of € 19.12 on 3 May (dividend payment date).

The Company's share price increased by 12% in 2005 (based on the 2004 closing price), that is a performance in line with the DJ EURO STOXX Media reference index. The year was marked, like 2004, by very good stock market performances by Spanish media stocks and mixed performances by other European media participants.

The Company had a market capitalisation of € 3,086.2 million at 31 December 2005.

The average number of shares traded on a daily basis in 2005 amounted to 355,751, compared to 434,262 in 2004, a year that experienced a large increase in the float arising from the partial sale by Suez Group in February 2004 of its shareholding.

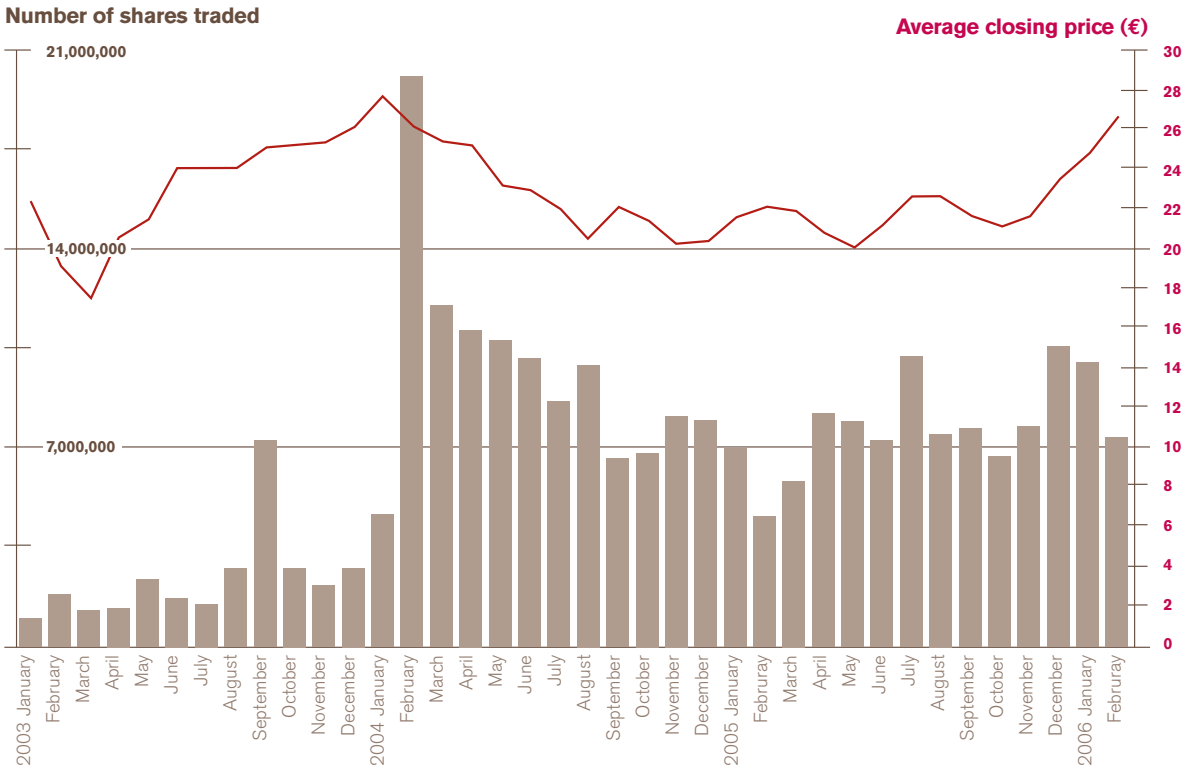
Pursuant to a change in the Euronext Paris Stock Exchange listing, effective from 21 February 2005, the Company's share

is now listed in Eurolist Compartment A (companies whose average market capitalization exceeds € 1 billion).

In the new range of indices created, the Company's share was a component of the CAC Next 20 (comprising the 20 shares that follow these included in the CAC40) and the IT CAC 20 (comprising the 20 tech shares the most representative in market capitalization and liquidity).

Upon the revision of indices, effective at 1 September 2005, the Métropole Télévision share was removed from the CAC NEXT 20 index and was included in the sample of stocks comprising the CAC MID100 index.

12.2. M6 share price and trading volume performance



		Number of shares exchanged	Average closing price (€)	Monthly high (€)	Monthly low (€)	Traded value (€ millions)
2003	January	994,730	22.09	24.45	20.32	22.27
	February	1,917,330	18.93	21.30	17.17	36.54
	March	1,298,977	17.30	19.44	14.25	21.94
	April	1,382,235	20.44	22.50	16.70	28.64
	May	2,374,300	21.31	22.12	20.20	50.64
	June	1,750,844	23.84	25.44	21.69	41.54
	July	1,531,524	23.83	25.48	22.80	36.74
	August	2,751,336	23.87	24.53	23.00	65.58
	September	7,315,332	24.96	27.20	23.05	188.23
	October	2,838,208	24.97	26.14	23.02	71.31
	November	2,095,922	25.12	25.91	24.60	52.52
	Décember	2,784,981	25.85	27.68	24.75	72.74
2004	January	4,702,017	27.48	29.30	26.00	130.71
	February	20,092,974	25.92	28.45	24.45	526.56
	March	12,044,250	25.22	28.30	23.22	308.94
	April	11,187,213	25.04	26.12	23.83	278.67
	May	10,871,677	22.98	24.44	21.60	251.47
	June	10,217,074	22.74	23.74	21.84	231.48
	July	8,713,417	21.76	23.80	20.60	187.95
	August	9,982,569	20.24	21.18	19.14	200.24
	September	6,613,623	21.91	23.00	20.46	144.60
	October	6,873,562	21.12	22.47	20.07	144.87
	November	8,137,349	20.12	21.31	19.47	163.46
	Décember	7,978,258	20.22	21.00	18.94	160.29
2005	January	7,017,033	21.37	22.00	20.20	149.50
	February	4,613,010	21.88	22.62	21.18	101.16
	March	5,793,573	21.64	22.50	20.90	125.30
	April	8,235,525	20.63	21.69	19.56	168.63
	May	7,957,168	19.89	20.59	19.12	158.74
	June	7,310,855	20.95	21.68	19.96	152.99
	July	10,279,858	22.49	23.05	21.11	230.08
	August	7,439,025	22.48	23.20	21.71	167.52
	September	7,712,411	21.42	22.15	20.90	166.00
	October	6,690,850	20.86	21.53	20.06	139.67
	November	7,770,319	21.36	22.30	20.62	165.75
	Décember	10,608,354	23.17	25.07	21.57	247.36
2006	January	10,048,792	24.43	25.93	23.35	246.18
	February	7,528,877	26.25	27.14	25.12	197.09

12.3. Buyback of company shares

In 2005, the Company used successively the two authorisations to buyback its own shares that was conferred to it by the General Meetings of 28 April 2004 and 28 April 2005.

These authorisations were only used within the framework of the liquidity contract, in accordance with the Ethics Charter of the AFEI, whose implementation was entrusted to the investment service provider CA Chevreux on 15 December 2004. The contract was signed for one year, renewable by tacit agreement. The maximum amount of resources allocated to this liquidity contract is 250,000 shares and € 5 million. At 31 December 2004, 145,500 treasury shares were concerned by the operation of this contract, 104,500 additional shares can thus be allocated.

At 31 December 2004, the contract had treasury shares holdings of 72,015 and cash holdings of € 1,479,008.50.

During the course of 2005, 672,861 shares were purchased at an average price of € 21.35 and 716,876 shares were sold at an average price of € 20.58 pursuant to the operation of this contract, which had treasury shares holdings of 28,000 and cash holdings of € 2,467,238.10 at 31 December 2005.

In 2005, 611,530 shares worth € 9.37 million were allocated to beneficiaries of the stock option plans.

Report on the buyback programme that expired on 28 April 2005

The Combined General Meeting of 28 April 2004 had authorised the Company to implement a share buyback plan. This share buyback plan was approved by the AMF on 5 April 2004 under the authorisation number 04-248. It was in force up to 28 April 2005, the date of the Combined General Meeting, which approved the new share buyback plan currently in force.

Between the General Meetings of 28 April 2004 and 28 April 2005, the Company used the authorisation to buy its own shares as follows:

- firstly, to purchase 145,500 shares for an average price of € 19.74 shares in function of market conditions prevailing in August 2004;
- secondly, to trade in its own shares within the framework of a liquidity contract from 15 December 2004, according to the following conditions:

Liquidity contract

Treasury shares allocated to the liquidity contract on 15 December 2004	145,500
Number of shares purchased under the liquidity contract from 15 December 2004 to 28 April 2005	166,757
Number of shares sold under the liquidity contract from 15 December 2004 to 28 April 2005	215,379
Number of shares held under the liquidity contract at 28 April 2005	96,878

Shares were purchased through the liquidity contract at an average price of € 21.12 and sold at an average price of € 21.23.

Over this period, 249,750 shares were granted to stock option plan beneficiaries.

A total of 312,257 shares were purchased and 465,129 shares sold within the framework of this share buyback plan.

At 28 April 2005, which is the date of implementation of the new share buyback plan, the Company held 988,880 treasury shares, or 0.7% of its share capital.

Report on the current share buyback plan

The Combined General Meeting of 28 April 2005 decided in its ninth resolution to approve a Company share buyback plan for a duration of 18 months, allowing the Management Board to purchase Company shares, up to a maximum of 10% of the Company's share capital, in order to fulfil the following objectives, classified in decreasing order of priority:

- allocate shares upon the exercise of rights attached to marketable securities such as conversion, exercise, redemption or exchange, within the framework of stock exchange regulations, as well as allocate shares to Company and Group employees and management, in particular within the framework of profit sharing or share purchase option plans, through a company saving plan or any other means provided by applicable regulations;
- activate the Métropole Télévision share secondary market or the share liquidity through a investment service provider, within the framework of a liquidity contract complying with the Ethics Charter approved by the AMF;
- retain all or some of the purchased shares for future exchange or payment, within the framework of potential operations of growth by acquisitions;
- cancel shares, subject to the approval of the 8th resolution by the Combined General Meeting.

The maximum purchase price has been set at € 50 per share and the minimum selling price at € 10. The maximum amount to be committed to this purchase programme is the amount of free reserves that is € 466,533,165.

This programme was the object of an information note approved by the AMF on le 8 April 2005 under the number 05-241.

The Combined General Meeting of 28 April 2005 decided in its ninth resolution to allocate existing treasury shares at 31 December 2004 to the following objectives, in accordance with the provisions of European Regulation n° 2273/2003 of 22 December 2003, coming into force on 13 October 2004:

- Allocation of free shares, for a maximum of 130,502 shares,
- Allocation of share purchase options, for a maximum of 840,530 shares,
- Market support, within the framework of a liquidity contract, for a maximum of 176,515 shares.

During the financial year just ended, the Company used the authorisation to buy its own shares that had been granted by the Combined General Meeting of 28 April, 2005. This authorisation was solely used within the framework of the liquidity contract, in accordance with the AFEI Ethics Charter. The implementation of the liquidity contract was entrusted to CA Chevreux investment services on 15 December 2004.

Summary disclosure table by the issuer of transactions carried out on its own shares from 28 April 2005 to 28 February 2006

Percentage of share capital directly or indirectly held :	0.36 %
Number of shares cancelled over the past 24 months :	None
Number of treasury shares :	480,312 actions
Book value of treasury shares at 28 February 2006 :	11,135,644 euros
Market value of treasury shares at 28 February 2006:	12,127,878 euros

The Company did not use any derivative products within the framework of its share buyback programme.

	Total gross flows		Positions open to date	
	Purchases	Sales/transfers	Purchase open positions	Selling open positions
Number of shares	580,734	1,089,302,(*)	None	None
Maximum exercise date	-	-	None	None
Transaction average price	21.93	22.25 or 21.03 (**)	None	None
Average exercise price	-	15.85	None	None
Amounts	12,735,497	24,236,969	None	None

(*) including 625,220 shares corresponding to exercised share purchase options

(**) this average price includes share purchase options exercise prices of beneficiaries

Description of the new share buyback plan

A proposal was submitted for approval to the Combined General Meeting of 24 April 2006 for a new share buyback programme according to the following conditions:

- shares involved: ordinary Métropole Télévision shares listed on compartment A of Euronext Paris Eurolist, ISIN code: FR0000053225
- maximum purchase price: € 40
- maximum shareholding: 9.64% of the share capital, taking account of treasury share held at 28 February 2006
- maximum duration: 18 months from the date of the General Meeting
- maximum funds committed to the realisation of this programme limited to the amount of free reserves: € 507,786,907.
- allocate shares upon the exercise of rights attached to marketable securities such as conversion, exercise, redemption or exchange, within the framework of stock exchange regulations, as well as allocate shares to Company and Group employees and management, in particular within the framework of profit sharing or share purchase option plans, through a company saving plan or any other means provided by applicable regulations
- activate the Métropole Télévision share secondary market or the share liquidity through a investment service provider, within the framework of a liquidity contract complying

with the Ethics Charter approved by the AMF;

- retain all or some of the purchased shares for future exchange or payment, within the framework of potential operations of growth by acquisitions;
- cancel shares, subject to the approval of the 9th resolution by the Combined General Meeting.

The maximum purchase price has been set at € 40 per share. The maximum amount to be committed to this purchase programme is restricted to the amount of free reserves that is € 507,463,888.

At 28 February 2006, the Company held 480,312 treasury shares, representing 0.36% of the share capital. These shares can be analysed as follows:

	Treasury share allocation to the different objectives at 28 February 2006		Total treasury shares at 28 February 2006
	Granting of free shares	Increasing share liquidity within the framework of the liquidity contract	
	130,502 shares	215,310 shares	
		134,500 shares including 30,000 shares actually held by the contract	480,312 shares

This programme replaces the share buyback programme approved by the Combined General Meeting of 28 April 2005.

12.4. Treasury shares

At 31 December 2005, M6 held 492,002 of its own shares, amounting to 0.37% of its share capital, which were classified on the consolidated Balance Sheet of Métropole Télévision as a reduction of equity at their acquisition cost of € 23 million.

A provision for loss on treasury shares disposal was established, amounting to € 12.5 million at 31 December 2005, in order to adjust the book value of these shares to their stock option allocation price.

The number of shares allocated for this purpose includes the 28,000 held in the liquidity contract.

In accordance with the coming into effect on 13 October 2004 of European Regulation N° 2273/2003 in application of EU Directive 2003-6 CE, otherwise known as the Market Abuse Directive, a proposal was submitted before the Combined General Meeting of 28 April 2005 to approve the allocation of shares acquired before 13 October 2004 as prescribed by the said Directive: coverage of stock options, liquidity contract, allocation of shares.

The table below summarises the allocation of treasury shares held at 31 December 2004, as approved by the General Meeting of 28 April 2005 and the position of treasury shares at 31 December 2005 by objective, as follows:

Treasury share allocation to the different objectives at 31 December 2004			Total treasury shares at 31 December 2004
Granting of free shares	Granting of share purchase options	Increasing share liquidity within the framework of the liquidity contract	
130,502 shares	840,530 shares	176,515 shares <i>including 72,015 shares held by the contract</i>	1,147,547 shares
Changes over the 2005 financial year			
Granting of free shares	Granting of share purchase options	Increasing share liquidity within the framework of the liquidity contract	
-	(611,530)	(44,015)	(655,545 shares)
Treasury share allocation to the various objectives at 31 December 2005			Total treasury shares at 31 December 2005
Granting of free shares	Granting of share purchase options	Increasing share liquidity within the framework of the liquidity contract	
130,502 shares	229,000 shares	132,500 shares <i>including 28,000 shares actually held by the contract</i>	492,002 shares

12.5. Stock purchase and subscription option plan

12.5.1. Information on stock purchase and subscription option plans

Shareholders' AGM date	5 June 98		4 June 99		26 May 00					28 April 04		Total
Board meeting date	2 September 98	4 December 98	4 June 99	19 January 00	30 June 00	7 June 01	7 June 02	25 July 03	14 November 03	28 April 04	2 June 05	
Option plan type	Purchase	Purchase	Purchase	Purchase	Subscription	Subscription	Subscription	Subscription	Subscription	Subscription	Subscription	
Total number of shares that may be purchased or subscribed to	705,000	745,000	600,000	175,000	338,100	551,800	710,500	713,500	20,000	861,500	635,500	6,055,900
- Board members	-	-	120,000	20,000	86,000	113,000	168,000	130,000	20,000	175,000	90,500	922,500
- 10 highest paid managers	380,000	380,000	295,000	155,000	112,400	89,000	139,500	146,000	-	155,000	108,500	1,960,400
Date options exercisable from	09/02/01	12/04/01	06/05/04	01/19/05	07/01/04	06/08/05	06/08/06	07/26/07	11/15/07	04/29/06	06/02/06	
Option expiry date	09/01/05	12/03/05	06/04/06	01/18/07	06/29/07	06/06/08	06/07/09	07/25/10	11/14/10	04/28/11	06/01/12	
Exercise or purchase price (€)	14.11	13.64	18.76	44.63	58.58	30.80	28.06	22.48	23.82	24.97	19.94	
Number of shares subscribed to at 7 February 06	645,000	685,000	306,000									1,636,000
Remaining unexercised subscription/purchase options	-	-	194,000	20,000	218,800	377,300	557,500	625,500	20,000	772,500	635,500	3,421,100
Options cancelled during the year	-	-	-	-	14,300	21,000	22,500	48,000	-	50,000	-	155,800

Stock purchase options exercised to date by personnel relate to 1,636,000 shares

In accordance with the authorisation granted by the Combined General Meeting of 28 April 2004, the Management Board decided on 2 June 2005 to grant share options following the approval by the Supervisory Board.

The 635,500 options allocation concerns 136 beneficiaries, including Directors of the Company. Reminder: the option exercise price was set without any rebate to the average share price over the last 20 trading days preceding the implementation of the plan.

12.5.2. Stock options granted to Board members

Board members benefited from the option allocation plan of 2 June 2005 in the following conditions:

Subscription or share purchase options granted to each Board member and options exercised by them	Number of options granted / shares subscribed or purchased	Exercise price (€)	Expiry date	Plan approved by AGM of 28 April 2004
<i>> Options granted during the financial year to each Board member by any company included in the option allocation scope</i>				<i>Date of grant</i>
Nicolas de Tavernost	27,500	19.94	1 st June 2012	Board Meeting of 2 June 2005
Thomas Valentin	18,000	19.94	1 st June 2012	Board Meeting of 2 June 2005
Jean d'Arthuys	15,000	19.94	1 st June 2012	Board Meeting of 2 June 2005
Catherine Lenoble	15,000	19.94	1 st June 2012	Board Meeting of 2 June 2005
Eric d'Hotelans	15,000	19.94	1 st June 2012	Board Meeting of 2 June 2005

In addition, a number of Board members exercised options during the financial year that had been granted in a prior financial year:

<i>> Options exercised during the financial year:</i>	<i>Plan approved by AGM dated of</i>		<i>Allocation Date</i>
Jean d'Arthuys	25,000	14.11	5 June 1998 Board Meeting of 2 Sept. 1998
Jean d'Arthuys	25,000	13.64	5 June 1998 Board Meeting of 4 Dec. 1998
Nicolas de Tavernost	55,000	18.76	4 June 1999 Board Meeting of 4 June 1999

12.5.3. Stock options granted to the 10 highest paid managers (excluding Board Members)

The 10 leading share option beneficiaries during the financial year (excluding Board members) benefited from the option allocation plan of 2 June 2005 in the following conditions:

Stock subscription and purchase options granted to and exercised by the 10 first beneficiaries (excluding executive officers)	Number of options granted / shares subscribed or purchased	Average exercise price	Management Board Meeting Date
<i>> Options granted</i>	111,500	19.94	Meeting of 2 June 2005
<i>> Options exercised</i>	387,800	14.61	Meetings of 4 Dec. and 4 June 1999

12.6. Free share allocation plan

In accordance with the authorisation granted by the Combined General Meeting of 28 April 2005 in its 11th resolution, the Management Board decided on 2 June 2005 to grant free shares following the approval by the Supervisory Board.

This share allocation plan relates to 125,404 shares granted to 44 beneficiaries under the two conditions of being members of staff in June 2007 and that the Group profitability over the next two financial years (2005 – 2006).

In that respect and under these conditions, Board members received the following shares free of charge:

Shares granted free of charge to each Board member	Number of shares granted	Share price on allocation date	Expiry date	Plan approved by the AGM of 28 April 2005
>> <i>Shares granted free of charge to each Board member during the financial year</i>				Allocation Date
Nicolas de Tavernost	11,000	19.94	3 June 2007	Board meeting of 2 June 2005
Thomas Valentin	7,200	19.94	3 June 2007	Board meeting of 2 June 2005
Jean d'Arthuys	6,000	19.94	3 June 2007	Board meeting of 2 June 2005
Catherine Lenoble	6,000	19.94	3 June 2007	Board meeting of 2 June 2005
Eric d'Hotelans	6,000	19.94	3 June 2007	Board meeting of 2 June 2005

In addition, the 10 leading beneficiaries (excluding Board members) of free shares received the following number of shares:

Stock subscription and purchase options granted to by the 10 first beneficiaries (excluding executive officers)	Number of shares granted	Share price on allocation date	Expiry date	Plan approved by the AGM of 28/04/05
> <i>Options consenties - information globale</i>	44,600	19.94	3 June 2007	Board meeting of 2 June 2005

12.7. Executive officers' remuneration and fringe benefits

In application of Article L. 225-102-1, paragraphs 1 and 2 of the Commercial Code, we list the total remuneration received by the Group's executive officers, including fringe benefits.

12.7.1. Board members' remuneration and fringe benefits

Name	Company	Position	Date appointed	Remuneration (in €)					
				2004			2005		
				Fixed (1)	Variable		Fixed (1)	Variable	
					Additional remuneration (2) (paid in 2005)	Performance bonus (2) (paid in 2005)		Additional remuneration (2) (paid in 2006)	Performance bonus (2) (paid in 2006)
Nicolas de TAVERNOST	Métropole Télévision	Chairman	05/26/00	759,141	290,800	250,000	759,300	322,500	250,000
Thomas VALENTIN	Métropole Télévision	Vice Chairman	05/26/00	379,130	174,480	150,000	379,160	193,500	150,000
Eric d'HOTELANS	Métropole Télévision	Vice Chairman	11/14/03	272,185	63,976	45,000	277,322	70,950	45,000
Catherine LENOBLE	M6 Publicité		01/26/01	168,076	73,175	30,490	206,494	47,201	45,000
Jean d'ARTHUYS	Métropole Télévision		05/26/00	254,060	42,562	58,410	254,060	70,160	58,410

(1) including use of a company car for each member of the Management Board, with no other fringe benefits available.

(2) Variable remuneration comprising the following two items:

- additional remuneration based on the level of adherence to the Group's objective of Group share consolidated profit on ordinary activities before tax and non-recurrent items, as defined by the Supervisory Board. As regards Catherine Leno-ble, this remuneration is measured on the basis of M6 Publi-cité turnover objective;
- A Management Board performance bonus determined by the Supervisory Board upon recommendation of the Remu-neration Committee, within the limit of a maximum amount set for each individual.

In addition, Board members benefit from a legal retirement benefit at the end of their career, in the same conditions as group employees.

12.72. Severance pay

All Board members cumulate a work contract and their position as members of the Management Board. However, the Chairman of the Board's work contract has been suspended since 7 June 1996.

No Board member benefits from clauses providing that he/she would receive compensation if made to leave his/her position as a member of the Management Board.

However, compensation would be paid to the Chairman and to three other Board members but only in respect of their work contract and in case the break is at the initiative of the Company, except cases of serious or gross misconduct. The compensation would be measured on the basis of their average fixed and variable remuneration of the past 12 months, excluding the performance bonus paid in respect of the Management Board's activities

12.73. Supervisory Board attendance fees

Supervisory Board members' sole remuneration consists of attendance fees.

Please note the following:

- Rémy Sautter is Chairman and CEO of the Bayard d'Antin SA property company, a subsidiary of RTL SA, a listed company.
- Ignace van Meenen is a Director of the Bayard d'Antin SA property company, a subsidiary of RTL SA, a listed company.

They do not receive any remuneration or attendance fees from these companies.

Gerhard Zeiler is CEO and Director of RTL Group SA, a listed company.

Supervisory Board Members		2005 attendance fees (in €)
Albert Frère	Chairman of the Supervisory Board	18,000
Gérard Worms	Chairman of the Remuneration Committee	12,000
Guy de Panafieu	Chairman of the Audit Committee	12,000
Gehrad Zeiler	Remuneration Committee Member	10,000
Rémy Sautter	Audit Committee Member	10,000
Thomas Rabe	Audit Committee Member	10,000
Bernard Arnault		8,000
Vincent de Dorlodot		8,000
Axel Ganz		8,000
Jean-Charles de Keyser		8,000
Jean Laurent		8,000
Yves-Thibault de Silguy		8,000

12.8. Cash dividend policy

Cash dividend distributions over the last 5 financial years were as follows:

Per share (€)	2004	2003	2002	2001	2000
Cash dividend	0.840	0.670	0.570	0.570	0.510
Tax credit	-	0.335	0.285	0.285	0.255
Gross dividend	0.840	1.005	0.855	0.855	0.765
Yield (based on closing share price)	4.02 %	2.57 %	2.73 %	1.78 %	1.28 %
Pay-out ratio	80 %	67 %	67 %	65 %	65 %

With regard to its financial and cash flow generation situation, M6 Group submitted for approval to the General Meeting of 28 April 2005 an increase in the distribution rate in order to reach 80% of Group share of consolidated net profit. This is a 25.4 % increase in net dividend. Thus over the past 5 years, M6 shareholders have benefited from an average annual dividend increase of 13.3%.

In respect of the 2005 financial year, a proposal will be submitted for approval to the Combined General Meeting of 24 April 2006 for the payment of a cash dividend of € 0.95 per share (up 13.1%), corresponding to a pay out ratio of 80% of Group share of consolidated net profit.

12.9. Main shareholders at 31 December 2005

	at 31 December 2005				at 31 December 2004			at 31 December 2003		
	No of shares owned	% share capital	No voting rights	% voting rights	No of shares owned	% share capital	% voting rights	No of shares owned	% share capital	% voting rights
RTL Group	64,049,571	48.56 %	44,674,874	34.00 %	64,625,201	49.00 %	34.00 %	63,816,796	48.39 %	34.00 %
Suez	6,594,435	5.00 %	6,594,435	5.02 %	6,594,435	5.00 %	5.04 %	45,116,229	34.21 %	34.00 %
Treasury shares	492,002	0.37 %	0.00 %	0.00 %	1,147,547	0.87 %	0.00 %	1,390,352	1.05 %	0.00 %
Personnel	115,400	0.09 %	115,400	0.09 %	120,500	0.09 %	0.09 %			
Institutional and general public	60,637,282	45.98 %	60,637,282	46.15 %	59,401,007	45.04 %	45.43 %	21,565,313	16.35 %	16.35 %
<i>in France</i>	<i>32,916,149</i>	<i>54.28 %</i>	<i>32,916,149</i>	<i>25.05 %</i>	<i>28,349,410</i>	<i>21.49 %</i>	<i>21.68 %</i>			
<i>in other countries</i>	<i>27,721,133</i>	<i>45.72 %</i>	<i>27,721,133</i>	<i>21.10 %</i>	<i>31,051,597</i>	<i>23.54 %</i>	<i>23.75 %</i>			
Total	131,888,690	100.00 %	112,021,991	85.25 %	131,888,690	100.00 %	84.57 %	131,888,690	100.00 %	84.35 %

At 31 December 2005, some 22,960 shareholders held shares in Métropole Télévision SA, according to a Euroclear survey. 151,169 of these shares were held by members of the Management Board (0.1% of the company's share capital), with a further 2,000 shares held by members of the Supervisory Board.

No legal threshold crossing was brought to the attention of the Company in 2005.

At 31 December 2005, in compliance with the declaration of legal threshold crossings (1% of the Company's share capital) disclosed to the Company, three institutional shareholders held more than 2% of the Company's share capital and one institutional shareholder held more than 1% of the Company's share capital.

The Company was equally not aware of any investor, whether institutional or from the general public, that directly or indirectly owned more than 5% of the Company's share capital or voting rights.

There are no shareholder agreements currently in existence. No concert action has been brought to the attention of the Company.

Following the partial disengagement in February 2004 by the Suez Group, the latter agreed to maintain a 5% shareholding in the Company for a minimum period of 3 years that is until 2 February 2007, in accordance with requirements set by the CSA.

In application of the bylaws modified by the General Meeting of 18 March 2004 (Article 35), following the withdrawal of Suez and the amendment to the CSA agreement signed on 2 February 2004, no other shareholder or group of shareholders acting jointly can own more than 34% of voting rights. Therefore, RTL Group voting rights are limited to 34%. Subject to this provision, voting rights attached to shares are proportional to the portion of the share capital they represent and each share gives the right to one vote. There are no double voting right shares. Measures undertaken in order to prevent unwarranted control are detailed in the report on internal control (Legal Information section).

12.10. Agreements between M6 and related parties

12.10.1. Parent company and subsidiary agreements

Relations between the parent company and its subsidiaries are presented in subsection 2.3.3 of the Legal Information section of this Reference Document. In addition, the Notes to the Consolidated Financial Statements set out the contribution of each sector to the consolidated income statement and balance sheet in the Segment Information section (IAS 14). Finally, please find below the contributions of major Group companies in terms of non-current assets, financial debt, balance sheet cash and cash equivalents, cash flow from operations and dividends paid by subsidiaries to the parent company during the financial year.

There is no financial debt in the Group companies.

12.10.2. Shareholder agreements

Shareholder agreements are described in subsection 2.3.1 of the Legal Information section of this Reference Document.

(€ millions)		2005
Non-current assets		237.8
including	SND	43.6
	Mistergooddeal	39.4
	Immobilière M6	32.3
	Métropole Télévision	20.5
	TCM DA	17.7
	Paris Première	16.1
	M6 Studio	15.8
	SNC	14.6
	others	37.8
Balance sheet cash and cash equivalents		243.1
including	Métropole Télévision	225.8
	Mistergooddeal	5.3
	M6 Publicité	4.1
	others	7.9
Cash flow from operations		210.5
including	Métropole Télévision	84.9
	M6 Publicité	40.9
	M6 Interactions	19.2
	TPS	16.2
	HSS	15.5
	SND	13.4
	others	20.4
Dividends paid to Métropole Télévision		48.0
including	M6 Publicité	26.8
	M6 Interactions	20.0
	M6 Web	0.5
	W9 Productions	0.7

13. Risk management

13.1. Business environment risks

13.1.1. Audiovisual and advertising market risks

M6 operates in a competitive environment in which four TV networks account for virtually all TV advertising revenues in France.

M6 does not depend particularly on its sales and purchases from a limited number of customers, given the large number of advertisers and producers of programmes.

The advertising TV market primarily serves advertisers of mass consumption products and services.

Regulation changes that result in additional constraints in terms of costs or that lead to uncertainties in the level of advertiser revenues on this segment can have an influence on the level of their TV advertising investments, and thus have an adverse impact on the Group's advertising revenues.

However, the advertising market regularly features the appearance of new industries, which become new development opportunities for the Group. In addition, their significant number, the constant renewal of brands, and the highly competitive environment significantly limit the risks associated with such a concentration.

The advertising market in France is fully transparent, notably following the introduction of the Law of 1 April 1993, otherwise known as the Sapin Law. Its evolution is largely correlated with macroeconomics evolution (GDP, household consumption).

The advertising market features similarly apply to the Group's digital channels, which however operate on a much smaller scale market for the time being. The Group's digital channels also benefit (except for W9, which is a free DTT channel) from revenues from cable operators and distribution platforms.

For its other activities and sources of revenues, M6 Group has developed a products and services offer essentially focusing on the general public, through major national distribution networks.

13.1.2. Customer risks

In order to secure its advertising revenues, M6 Publicité regularly verifies the solvency of its advertisers and systematically that of its new advertisers.

General Conditions of Sale provide for the prepayment of advertising campaigns for those advertisers not meeting the required solvency criteria. The risk of non-payment of M6 advertising campaigns is less than 0.1% of advertising revenues.

There are no individual customer risks of importance that would impact the Group's sustained profitability for its other activities. The Group neither securitises nor refines trade receivables.

13.2. Market risks

13.2.1. Foreign exchange risk

Analysis of foreign exchange risk of continuing activities

The Group purchases both programmes and finished goods from foreign suppliers in respect of its broadcasting and diversification activities (home-shopping, collections). Those purchases are primarily denominated in US dollars or pounds sterling. In order to protect itself from random market movements that could adversely impact its financial income and wealth, M6 Group decided to hedge its purchases. The coverage is undertaken at the signing of supplier contracts and is weighted as a function of the underlying due date.

The Group primarily uses forward hedges.

The currency forward hedge portfolio is subject to constant follow-up.

Analysis of exposure to foreign exchange risk

€ millions (1)	USD	Total
Assets	1	1
Debts	(13)	(13)
Off-balance sheet	(36)	(36)
Unhedged position	(48)	(48)
Forex hedges	27	27
Net exposed position	(21)	(21)

(1) at closing price

The full balance sheet is hedged. USD off-balance sheet commitments notably include multi-year contracts covering seven-

ral Group companies. The Group elected to hedge a fraction of total exposure as a function of the due date: all positions falling due within two years were hedged, while others falling due in a more distant future were only partly covered. The Group's net exposed position for all its activities is € 21 million, which would yield a € 0.2 million loss in the event of an unfavourable foreign exchange movement of € 0.01 against the US dollar.

Analysis of foreign exchange risk of activities held for disposal

Figures disclosed below represent M6 share in the financial statements of activities held for disposal.

Analysis of exposure to foreign exchange risk

(€ millions) (1)	USD	GBP	Total
Financial assets	0		0
Debts	(0)	(0)	(1)
Off-balance sheet	(30)	(5)	(35)
Unhedged position	(29)	(5)	(34)
Forex hedges	4	3	7
Net exposed position	(25)	(2)	(27)

(1) at closing price

Net exposed position in foreign currency (re-measured in Euro at closing prices) after taking hedges into account is a foreign currency purchase position of € 27 million. TPS has entered into multi-year contract due to the nature of its operations, which explains the high off-balance-sheet exposure. The risk of loss on the net exposed position is € 0.3 million in the event of an unfavourable foreign exchange movement of € 0.01 against all other currencies.

13.2.2. Interest rate risk

Analysis of exposure to interest rate risk of continuing activities

Maturity schedule of financial debt and financial assets at 31 December 2005

(€ millions)	Within 1 year	1 to 5 years	Total
Variable rate financial debt	(2)	(5)	(7)
Total financial debt	(2)	(5)	(7)
Variable rate financial assets	236	6.6	243
Other unexposed financial assets	7		7
Total financial assets	244	7	250

Analysis of exposure of variable rate net positions within one year

	Variable rate <1 year	Variable rate >1 year	Unexposed	Total
Financial liabilities	(2)	(5)	-	(7)
Financial assets	236	6.6	7	250
Net position	235	2	7	244

Group variable rate position is positive by € 235 million, corresponding to Group excess cash deposits. This position is primarily comprised of SICAV's (money-market funds), FCP's (monetary mutual funds), or variable rate loans selected according to precise criteria of credit risks, liquidity risks and in compliance with M6 Group deposit procedures (described in paragraph 4. Cash flow management policy).

The Group only had the following debts at 31 December 2005, excluding TPS:

- the portion of debts towards other shareholders in jointly-owned companies
- two medium-term financing transactions established by a subsidiary for the acquisition of premises.

Analysis of exposure to interest rate risk of activities held for disposal

Figures disclosed below represent M6 share in the financial statements of activities held for disposal.

(€ millions)	Fixed	Variable rate <1 year	Unexposed	Total
Financial debt	6	50	0	56
Financial assets (marketable securities and cash)		(2)		(2)
Unhedged position	6	48	0	54
Hedging: fixed rate payer swap	27	(27)		

Net exposed position 34 21 0 54

Taking into account the interest rate hedge portfolio at 31 December 2005, net exposed position after variable rate hedging within one year is a liability of € 21 million. A 1 basis point increase in short-term interest rates would result in a decrease in net profit on activities held for disposal (TPS) of € 0.2 million and would represent an 11% increase in financial expenses for these activities (excluding investment revenues) for the whole of the 2005 financial year. This € 0.2 million increase in financial expenses would have represented a decrease of 7% of M6 Group net financial income for the whole of the 2005 financial year.

13.2.3. Treasury share risk

Treasury shares held as marketable securities are valued at the stock market price, except for treasury shares held for the purposes of allocation pursuant to a stock option purchase plan, for which the lower of acquisition, stock market or exercise price is retained.

The overall net position of the treasury share portfolio is € 12.5 million. Only shares held for the allocation of free shares and for the purpose of the liquidity contract are affected by share price changes, due to the previous establishment of provisions in respect of shares held for the allocation of share purchase options. A 10% movement in the M6 share price would have a € 0.68 million impact on the value of treasury shares.

13.2.4. Liquidity risk

Liquidity risk of continuing activities

M6 Group is not exposed to any liquidity risk, in light of its net financial position and since it does not use credit derivatives.

Liquidity risk of activities held for disposal

TPS Group had significant liquid assets at 31 December 2005 as the Group had confirmed bilateral credit lines at its disposal for an amount of € 84.8 million (M6 Group share). These credit lines will fall due between one and five years. € 18.4 million were used at 31 December 2005, representing a utilisation ratio of 21.7%.

Credit risk

TPS confirmed credit lines do not include any financial covenant or trigger event.

13.3. Legal risks

13.3.1. Regulatory risks

M6 operates a private terrestrial TV network, whose signals are broadcast unscrambled throughout continental France. It was initially awarded a 10-year broadcasting licence on 1 March 1987, with an expiry date of 28 February 1997, within the framework of Article 30 of the Law of 30 September 1986, which was subsequently modified pursuant to freedom of communication.

Primarily financed by advertising revenues, M6 is bound by the general obligations arising from this legal category and from the particular obligations arising from its licence agreement.

M6's initial licence was renewed in July 1996 and July 2001 for two successive 5-year terms, from 1 March 1997 and 1 January 2002, respectively.

These renewals were the object of negotiations with the CSA, in accordance with the provisions of the Law of 30 September 1986.

The agreement of 24 July 2001, which expires on 1 January 2007, may cover a period of 5 additional years in the event that M6 wishes to avail itself of its priority right as prescribed by the modified Law of 1986, regarding the offering of a digi-

tal terrestrial TV service that is until 1 January 2012.

The most serious consequences regarding a possible non-adherence by M6 to its commitments concern the renewal of its broadcasting licence. Article 28-1-I-2° of the Law of 30 September 1986 prescribes that a broadcasting licence may not be renewed, outside a call for tenders, if a sanction imposed on the broadcaster is of such a nature as to justify this non-renewal, without prejudice to a call for tenders.

M6 Group believes that infractions that could lead to such a renewal refusal would be a repeated non-adherence to the network's different quotas.

In this regard, M6 has put into place a set of control systems that monitors on a daily basis its prescribed production and broadcast quotas. In addition, one of these systems is exclusively focused on monitoring the network, ensuring on a daily basis that all programme contents are in accordance with regulations in force.

The Law on disabled persons' equal rights, equal opportunities, participation and citizenship, adopted on 11 February 2005, introduced the obligation for channels with audience levels of 2.5% or over to subtitle all their programmes for the deaf and hard of hearing, except advertising, within the next 5 years. Therefore, M6 will have to subtitle an increasing share of its programmes from 2006, in order to progressively reach the objective set for 2010. The matter is currently being negotiated with the CSA and will soon change Article 34 of the agreement, which initially provided for 1,000 hours of subtitled programmes per year by 2006.

No new regulations have been adopted since the beginning of 2006 that could have a significant impact on Métropole Télévision Group.

However, the transposition by France of the European Directive "Television without Frontiers" on advertising restrictions, in its current format, would have a favourable impact on TV channels, notably by relaxing rules in terms of advertising volumes. In addition, the Decree of 7 October 2003 authorises the distribution sector to advertise on national free-to-air channels from 1 January 2007, as this sector is already authorised to advertise on cable and satellite channels since 1 January 2004.

13.3.2. Intellectual property, freedom of press, and personal privacy

M6 Group's broadcast of audiovisual programmes, whether produced in-house or by third parties, is susceptible to claims of various natures concerning the violation of provisions relating to laws on intellectual property rights, press rights and personal privacy rights.

No contractual provision can provide M6 Group with total protection against legal recourse, particularly with regard to legal action matters based on the Law of 29 July 1881 on the freedom of the press.

In addition, M6 Group Brand Diversification activities may generate claims regarding the infringement of the aforementioned rights.

Nevertheless, procedures have been implemented within M6 Group to protect it from this type of risk: contract mechanisms (guarantee clauses) and internal procedures, such as assignment of legal advisors to production in-charges, pre-screening and guidelines, which will enable this risk to be considerably reduced.

13.4. Major operating risks

M6 Group does all that is possible to ensure the uninterrupted broadcast of programmes on the M6 TV Network and on thematic channels it controls.

Any exceptional event resulting in the inability to access the different buildings of the M6 Group would have a major impact on its activity. For this reason, the Group this year strengthened procedures guaranteeing continuity of service for key processes by locating them at an extremely secure external site.

13.4.1. Broadcasting and transmission signal break risks

M6 programmes are currently received by French households through the following transmission means:

- electromagnetic beams from 107 main transmission sites and 856 retransmission sites operated by TDF,
- satellite transmission (Atlantic Bird 3 for unscrambled transmission and Hot Bird for TPS transmission),
- cable TV transmission ("must-carry analogue" transmission requirement for cable operators).

The TDF company ensures the carrying (feeding broadcast sites with M6 signal) and broadcast of M6 programmes (as well as those of all other national TV networks) in a joint manner through its terrestrial analogue and satellite network. TDF is the sole television signal transmission operator in France, as there is no other alternative offer that could act as a substitute for the TDF network.

Within the framework of the launch of DTT, M6 Group will

depend on the R4 multiplex for the three existing operators on the French market (TDF, Towercast, Antalis).

M6 is thus dependent on TDF for the transmission of its signal, and may not call upon any other means of transmission in the event that the TDF network fails.

Transmission sites are for the most part secured thanks to their multiplicity.

However, antenna systems are not fully sheltered from mishaps (antennas, guide wave and frequencies multiplexer), and electric supply continuity may be overlooked by TDF (responsibility of EDF).

The injury that M6 may be subject to in the event of a transmitter failure is of course proportional to the viewing audience size served by the transmitter. This is why M6 has negotiated with TDF very short service times in the event of transmission failure.

13.4.2. Industrial and environmental risks

M6 Group operations do not structurally generate any significant environmental impacts, and as a result do not incur any industrial or environmental risks in light of existing regulations.

Nevertheless, Métropole Télévision Group does take its environmental protection responsibilities seriously, particularly with regard to the recycling of waste produced by its activities, such as the recycling of batteries, laser cartridges, neon lights and videocassettes through a recycling unit.

Water, raw materials and energy consumption are monitored and controlled by the Group's General Services unit, reflecting M6's commitment to consumption reduction and the installation of energy saving equipment. In this context, the Group's main site was equipped in 2002 with a regulation valve enabling

a 40% reduction in natural gas consumption from that date.

A centralised technical control system, enabling the remote setting of heating and air conditioning configurations, was put into place, authorising the remote regulation of office temperatures as a function of such criteria as, for example, the level of occupancy of different areas.

Consumption of water, energy resources, as well as CO₂ emissions and waste production evolved as follows:

Water consumption in thousands of cubic metres

2004: 24.9 thousand m³

2005: 24.6 thousand m³

Consumption of electric energy (in Kwh)

2004: 6,554,870 Kwh

2005: 7,281,992 Kwh

The rise recorded between 2004 and 2005 is primarily explained by the installation of additional editing equipment.

CO₂ emissions (in millions of kilograms)

2004: 0.437 million Kg

2005: 0.431 million Kg

Waste production (in tonnes)

2004: 225 Tonnes

2005: 228 Tonnes

The rise recorded between 2004 and 2005 is primarily explained by the increase in workforce.

13.5. Insurance coverage

M6 Group has adopted a prudent risk analysis and prevention policy in order to limit the occurrence and financial impact of such risks. In order to complement these efforts, M6 Group has put into place an insurance policies plan focusing on the coverage of major risks, thereby providing for adequate coverage according to risk assessment, its own capabilities and the insurance market conditions.

Métropole Télévision Group ensures the appropriateness of its insurance policies in relation to its requirements.

The major insurance policies subscribed to by the Group are listed below, followed by category of major risks covered (information below is provided purely on an indicative basis), other than those concerning FC Girondins de Bordeaux, which has its own insurance policies.

Property damage insurance

Policy : Industrial and professional block policy

Insured parties: METROPOLE TELEVISION, its subsidiaries and/or related companies.

Coverage: Damages to a maximum of € 40,000,000 per loss per year.

Policy : All risks for IT and technical equipment

Insured parties : METROPOLE TELEVISION, its subsidiaries and/or related companies.

Guaranties : monetary damages arising from all direct material losses and all direct material damages caused to equipment to a maximum of € 20,000,000 per loss per year

Public general liability insurance

Policy: Professional and civil liability

Insured parties: METROPOLE TELEVISION, its subsidiaries and/or related companies, groups created by or for personnel, legal representatives and servants of the insured

Coverage: monetary damages arising from personal injury, property damage or moral prejudice caused to third parties by the Group's operations, up to a maximum of € 16,000,000 per loss for all professional liability type damages and up to a maximum of € 7,000,000 per loss per year for all civil liability type damages.

Executive officer general liability insurance

Insured parties: METROPOLE TELEVISION, its senior managers⁽¹⁾ (by law or fact) and Board members of Métropole Télévision SA and its subsidiaries

Guaranties : monetary damages arising from Board members and senior management civil liability up to a maximum of € 11,500,000 per insured period.

⁽¹⁾ *Senior managers and Directors: individuals, past present or future, ordinarily invested with company powers pursuant to the laws or bylaws of subsidiaries.*

In 2005, the annual cost of insurance premiums to the Group amounted to € 902 thousand (including the Girondins de Bordeaux Football Club).

All of M6 Group insurance contracts were renewed in 2006 on similar bases as those of 2005.

There are no captive insurance companies.

14. Significant contracts signed over the past 24 last months

The TPS agreement, as described in the "Significant Agreements" section, is the sole significant contract entered into by M6 Group outside the normal scope of its operations over the last 24 months.

15. Human resources

15.1. M6 group workforces

a. Workforce size, hirings (Full Time Permanent (FTP) and Fixed Term Contracts (FTC)), departures and causes, outsourced work.

M6 Group employed an average permanent workforce of 1,298 in 2005, compared with 1,142 in 2004. Excluding Football Club des Girondins de Bordeaux, the average permanent workforce of M6 increased to 1,126 from 978 the previous year. This increase is notably due to the high level of hirings in 2004, as there were 1,280 FTP employees at 31 December 2004.

At 31 December 2005, permanent workforce was composed of 1,327 employees (excluding Mistergooddeal), of which 165 work on a fixed term contract. The employees are split between Métropole Télévision (538 personnel) and its subsidiaries (789 personnel), a distribution that is virtually the same as last year.

In 2005, 145 personnel were hired on a full time permanent contract basis, compared to 165 in 2004. The majority of FTP hirings (57%) were undertaken by the Group's Free to Air TV business. 20 contract workers in the performing arts (occasional) and freelance journalists were hired on a full time permanent contract basis.

Freelance journalists and contract workers full-time equivalents decreased by 5% to 438, from 462 for 2004. The integration policy of this category of employee launched in 2003 was thus pursued in order to reduce the level of insecurity.

During 2005, 12 members of personnel were made redundant for personal reasons. In addition, 86 employees left the Company after tending their resignation, thus reducing the growth in personnel to 47.

The average age of Group personnel in 2005 slightly increased to 34. M6 Group employed more women (52%) than men in 2005, compared to 50% in 2004. This is 56% excluding Football des Girondins de Bordeaux. Women accounted for 46% of Group's executives and, excluding Football Club des Girondins de Bordeaux, 54% of the Group's workforce.

M6 Group primarily outsources to sub-contractors its reception, security, facilities cleaning and maintenance, company restaurant and information systems maintenance projects activities, with M6 Group subcontractors employing 172 persons in the delivery of these services (146 in 2004), primarily as a result of information systems developments.

b. Working week organisation / Full time and part-time employee breakdown / Absenteeism and causes

In accordance with the Labour Code, all of the Group's employees benefit from a reduction in their working week since February 2000, in the form of reduced hours or days according to their categories. Part-time employees account for 6% of the Group's workforce, comparable with 2004. The Group's cumulative absenteeism rate for 2005, including paid leave, was 16% of hours worked (compared to 16.19% in 2004). The Group's illness and maternity leave absenteeism rate for 2005 was 5%, unchanged from 2004.

c. Remuneration evolution / Social security charges / M6 Group Profit Sharing Plan (PSP) and Company Saving Plan (CSP)

• Remuneration evolution

Group payroll paid to permanent personnel (excluding Football Club Girondins de Bordeaux) totalled € 79,752 thousand against € 73,934 thousand in 2004. Social security charges as a percentage of payroll amounted to 48% for all categories of employees.

The average wage of full time employees (payroll / average workforce size, excluding Football Club Girondins de Bordeaux) for 2005 was €41,515, compared to € 43,743 for 2004.

• PSP / CSP

Personnel employed by M6 Group companies benefit from two distinct Profit Sharing Plans: one for the Group's home shopping activities, the other for the Group's parent company Métropole Télévision SA and most of its subsidiaries.

In 2005, € 5,776,411 was distributed to 1,655 personnel, including 539 contract workers and freelance journalists. This is slightly less than 2004, when € 5,976,709 was distributed to 1,583 personnel, including 569 contract workers and freelance journalists

The Group's Company Savings Plan was renewed in December 2005. It benefits from a double employer's contribution of 200% up to maximum of € 800 for 12 months presence. It concerns employees having worked at least three months during the period (or 60 service acts for contract workers for performing arts and freelance journalists).

Close to 62%, or 988 of the Group's 1,595 employees and managers have subscribed to the M6's CSP. Group companies contributed € 702 thousand to the CSP in 2005, com-

pared to 943 employees and € 637 thousand for 2004.

Total CSP contributions and payments in 2005 amounted to € 6,478 thousand, compared to € 6,376 thousand in 2004.

A profit-sharing agreement was signed in 2005 (excluding FCGB), in order to associate personnel more closely to the improvement of Group performance and to share the growth in operating profit, which result from their efficiency and involvement in the Company. On the basis of 2005 results, an amount of € 2,312 thousand will be paid to personnel in 2006, in respect of the 2005 financial year.

Finally, the management of the employee savings was entrusted to an external organisation, which proposes personnel the following four separate funds, varying in terms of yields and risks:

- FCPE FRUCTI AVENIR 3: diversified share-based employee mutual fund (70% shares - 30% bonds), high yield and high risk;
- FCPE M6 Diversifié: interest rate-based employee mutual fund (20% shares - 80% bonds), low yield, low risk;
- FCPE FRUCTI AVENIR 6: money-based employee mutual fund (100% money market), low yield and risk-free.
- a Métropole Télévision share fund.

This organisation reports on its management of the funds at least once a year to personnel representatives and to Group management.

d. Promotion and career development

In 2005, nearly 85% of personnel had a formal annual review with their manager. Assessment criteria go beyond results achieved during the financial year and focus on know-how (technical skills, organization, ability to analyse and to make

suggestions), attitude (commitment – result-orientation, team spirit – communication, availability – flexibility, leadership) and if required the ability to manage (decide, motivate, measure and control results, lead a team, integrate the strategic dimension). Personnel also communicate their promotion and training expectations at those meetings.

In addition, all vacancies are posted on the Group's intranet in order to give the priority to internal candidates. Similarly, vacant positions are offered in priority to freelance and contract workers as opposed to external candidates, if their skills are compatible with these positions.

e. Employee relations and collective agreements

Works councils, personnel delegation and personnel representatives contribute to the quality of social relations, along with the hygiene and safety of working condition committees. Over 100 meetings were held in that respect in 2005.

The Group is as committed as ever to develop the training and information of personnel and trade union representatives by associating them closely to major actions undertaken by the Group. Thus, social dialogue remains a Group priority. A number of agreements were concluded in 2005: a medical expense agreement, a profit-sharing agreement and an agreement relating to the company saving plan.

f. Health and safety

Health and safety conditions are periodically monitored, notably within the framework of the Health and Safety Committee, resulting in the introduction of numerous measures in 2005 to improve working conditions. An exit drill was conducted in 2005 at Métropole Télévision head office, which is the group building that has the largest number of personnel.

A medical premises located at 89 avenue Charles de Gaulle in Neuilly was made available to the occupational health service in order to facilitate medical examination for the personnel of companies based in this city.

g. Training

Internal training represented 30% of all training actions.

Training was provided in the following areas:

- management, annual review, team building, delegation;
- foreign languages, mostly English
- personal development such as time management or speaking in public
- command of IT tools and their environment (for example: television legal environment).

In addition, a corporate project was conducted in 2005, resulting in the digitation of the national editorial office. In order to assist personnel in this new organisation of over 70 employees, both permanent and contract personnel received training in the new tools and have acquired new skills. Specific training programmes were defined by the teams involved. The training budget dedicated to this project amounted to € 700 thousand in 2005. Personnel should receive further assistance in 2006.

The Group negotiated two industry memorandums of understanding in relation to training: the first one on the financing of audiovisual training signed on 17 January 2005 and the second one on the application of the DIF (individual training right) signed on 28 April 2005.

• Induction policy of young graduates and trainees:

Each new Group employee is now invited to an induction seminar, which sets out the various Group businesses, as well as its major strategic direction. Hired personnel and trainees are welcomed in their respective teams by their direct supervisor.

Most of them attend a meeting explaining the functioning rules of the company they were hired into. Before the end of the trial period, the manager is expected to call the new employee to a meeting and give him/her a first assessment of his/her performance.

h. Employment of handicapped persons

Aside from directly employing handicapped persons, M6 Group has for many years outsourced the performance of repetitive administrative tasks, such as mail sorting, to workshops for the handicapped.

i. Charitable works

M6 Group allocates 0.9%, or € 718 thousand of its employee payroll for charitable work contributions.

15.2. Remuneration of 10 highest paid employees

In 2005, a total amount of € 4,920 thousand was paid to the 10 highest paid employees, compared to € 4,968 thousand in 2004 (benefits in kind included).

The 10 highest paid employee include Board members but exclude FC Girondins de Bordeaux, due to the atypical nature of this activity within a private television group.

16. Exceptional events and litigation

M6 advertising breaks in Switzerland

Pursuant to the CSA's decision of 8 October 2001, M6 was authorised to make advertising breaks in Switzerland for programmes it broadcasts there, within the framework of a secondary retransmission, and in application of the provisions of the European Council's Transborder Television international agreement.

This retransmission was the object of four separate litigations by the Swiss broadcaster SSR, of which only one remains pending:

- two legal proceedings before the Tribunal of Freiberg (initial proceeding and appeal) for a temporary injunction seeking to block the broadcasting in full or part of all M6 programmes including the said advertisement breaks. The Tribunal dismissed both of these proceedings initiated by SSR;
- legal proceedings before the French Conseil d'Etat, which rendered its decision on 21 November 2003, confirming the exclusive application of French Law regarding M6's broadcasts in Switzerland, provided that advertising breaks respect both French and Swiss law;
- one legal proceeding before the Tribunal of Freiberg, seeking to recognise that M6's broadcast constitutes an infringement of copyright and acts of unfair competition. Judgment is expected for mid-2006.

In addition, M6 challenged before the French Conseil d'Etat, at the beginning of 2005, the request of the CSA to change the agreement of 8 October 2001, with a view to integrate the provision of a 2002 Decree. According to M6, such a change would adversely affect the nature of its activities by bringing the law and jurisdiction of its Swiss broadcasting signal in line with that of cable and satellite channels. Judgment is expected in 2006.

Bouygues Group appeal

The Bouygues Group has launched an appeal against the CSA decision allowing for the recomposition of Métropole Télévision SA's share capital, pursuant to its partial disengagement of Suez.

The French Conseil d'Etat, in a decision made public on 20 April 2005, dismissed the claim of Bouygues. This decision definitely validated the authorisation given by the CSA and confirmed all M6 shareholders in their rights.

TF1 and NRJ Groups' appeals

TF1 and NRJ have launched appeals before the French Conseil d'Etat against the CSA decision of March 2005, changing a number of provisions of the W9 agreement (formerly M6 Music). The matters are currently being investigated.

To the Company's knowledge, no other litigation, governmental, legal or arbitration procedures or exceptional event is likely to have or to have had in the recent past a significant impact on the Company and Group's financial position, results, activities and assets.

17. Statutory Auditors' fees

Statutory auditors' fees and other fees For the 2005 financial year

(€ thousands)	Ernst & Young		KPMG		TOTAL	
	2005	2004	2005	2004	2005	2004
Financial Audit						
Statutory audit, certification of parent company and Group financial statements	354	303	273	251	627	554
Other audit work	75		45	23	120	23
Sub-total	429	303	318	274	747	577
Other Services						
Tax, legal and administrative						
Information technologies						
Internal audit						
Other (to be specified if > 10% of audit fees) ⁽¹⁾	-	77	-	81	-	158
Sub-total	-	77	-	81	-	158
TOTAL	429	380	318	355	747	735

(1) Transition to IFRS

18. Annual information document

In accordance with Article 221-1-1 of the AMF General Regulations, M6 - Métropole Télévision, a company listed on compartment A of Eurolist, has prepared an information document listing all information published or disclosed to the public over the past 12 months in France, in order to comply with its legal or regulatory obligations in terms of financial instruments, financial instrument issuers and financial instrument markets.

This document will be posted on the AMF website and includes the following information:

Press releases and notices

Press releases and notices

- 27 January 2005: 2004 4th quarter and 2004 full year turnover. Publication to the BALO of 11 February 2005 (n° 18)
- 28 April 2005: 2005 1st quarter turnover. Publication in the BALO of 13 May 2005 (n°57)
- 27 July 2005: 2005 2nd quarter and 1st half-year turnover. Publication to the BALO of 24 August 2005 (n°101)
- 27 October 2005: 2005 3rd quarter turnover. Publication in the BALO of 23 December 2005 (n°153)
- 31 January 2006: 2005 4th quarter turnover. Publication in the BALO of 8 February 2006 (n°17)

Annual and interim financial results

- 8 March 2005: annual results at 31 December 2004. Publication in the BALO of 13 April 2005 (n°44)
- 31 August 2005: interim results at 30 June 2005. Publication in the BALO of 11 November 2005 (n°135)
- 8 March 2006: annual results at 31 December 2005.

Other press releases

- 11 April 2005: summary of the information memo relating to the share buyback programme
- 13 July 2005: liquidity contract half-year report
- 7 October 2005: M6 becomes the first free to air TV channel in the number of 2006 World Cup matches broadcast
- 15 November 2005: M6 Group makes the acquisition of Mistergooddeal.com through its HSS subsidiary
- 11 December 2005: VU – TF1 – M6: pay TV agreement project
- 16 December 2005: VU – TF1 – M6: pay TV combination project

Notices

- Notice of meeting: Publication in the BALO of 25 March (n°36)
- Notice of meeting: Publication in Les Petites Affiches of 13 April 2005
- Voting rights at the AGM of 28 April 2005: Publication in the BALO of 4 May 2005 (n°53)
- Notice of meeting: Publication in the BALO of 22 March 2006 (n° 35)

Operations

- 8 April 2005: Notice of share buyback programme, visa 05-0241

Declarations

- January 2005 – February 2005: monthly declarations of treasury share buyback and disposals

Reference document

- 14 April 2005: AMF submission n° 05-0428

19. Other information

Other management report information is disclosed in the “Legal Information” section of the financial report, with respect in particular to the presentation of resolutions (please refer to the Reconciliation table at the end of the document).

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A. 2005 consolidated financial statements

I - Consolidated Balance Sheet (€ millions)

Assets

	Note N°	12/31/2005	12/31/2004 NOTE B
Goodwill	13	61.3	114.6
Audiovisual rights		62.9	41.1
Commercial rights		0.2	0.6
Other intangible assets		14.7	22.9
Advances and deposits on non-current assets		30.3	29.4
INTANGIBLE ASSETS	12	169.4	208.6
Land		7.8	7.8
Buildings		36.1	37.0
Technical facilities		10.9	8.6
Other property, facilities & equipment		6.4	31.7
Assets under construction		0.6	1.7
PROPERTY, FACILITIES & EQUIPMENT	11	61.8	86.8
Available-for-sale financial assets	14	0.3	8.2
Other non-current financial assets	15	6.3	7.7
FINANCIAL ASSETS		6.6	16.0
Deferred tax assets	7	30.1	31.4
TOTAL NON-CURRENT ASSETS		267.9	342.8
Broadcast rights inventory	19	115.7	109.5
Other inventories	19	21.1	8.7
Trade receivables	20	244.4	237.1
Other current assets	20	295.6	296.3
Derivative financial instruments	15	0.5	-
Current financial assets		0.2	29.2
Cash and cash equivalents	21	243.1	211.5
TOTAL CURRENT ASSETS		920.6	892.3
Assets used in discontinuing operations	8	201.8	-
TOTAL ASSETS		1,390.3	1,235.1

Liabilities and equity

	Note N°	12/31/2005	12/31/2004 NOTE B
Share capital		52.8	52.8
Share premium		24.2	24.2
Treasury shares		(23.0)	(59.4)
Reserves		294.0	299.4
Other reserves		(0.1)	(4.5)
Net profit for the year (Group share)		156.2	128.8
GROUP EQUITY		504.1	441.3
Minority Interest		0.2	(0.4)
EQUITY	22	504.3	440.9
Provisions for liabilities and charges	18	9.1	17.4
Financial liabilities	23	5.1	5.7
Leases	23	-	6.4
Other non-current liabilities	25	-	40.4
Liabilities relating to non-current assets	25	7.8	-
Deferred tax liabilities	7	5.4	6.2
TOTAL NON-CURRENT LIABILITIES		27.4	76.2
Provisions for liabilities and charges	24	56.3	63.2
Financial liabilities	23	1.7	29.2
Derivative financial instruments	23	-	5.9
Leases	23	-	3.9
Trade payables	25	296.4	308.7
Tax and social security payables	25	209.4	201.1
Other current liabilities	25	54.6	77.2
Liabilities relating to current assets	25	20.9	28.8
TOTAL CURRENT LIABILITIES		639.3	718.0
Liabilities relating to discontinuing operations	8	219.3	-
TOTAL LIABILITIES AND EQUITY		1,390.3	1,235.1

II. Consolidated Income Statement (€ millions)

	Note N°	Continuing operations	12/31/2005 Discontinuing operations	Total	Continuing operations	12/31/2004 Discontinuing operations	Total
							NOTE A
Turnover		1,079.9	194.8	1,274.7	1,012.2	185.4	1,197.6
Other income from ordinary activities	6.1	50.8	1.3	52.1	53.2	2.6	55.8
Total revenues from ordinary activities		1,130.7	196.1	1,326.8	1,065.4	188.0	1,253.4
Materials and service purchases	6.2	(628.5)	(154.8)	(783.3)	(580.6)	(157.7)	(738.3)
Personnel costs (including profit sharing plan contributions)	6.4	(161.9)	(19.8)	(181.7)	(149.7)	(16.8)	(166.5)
Taxes and duties		(51.4)	(3.0)	(54.4)	(52.0)	(2.6)	(54.6)
Net depreciation/amortisation/provision charges	6.3	(67.8)	(9.8)	(77.6)	(71.7)	(10.3)	(82.0)
Impairment of unamortised intangible assets	6.3	(0.8)	-	(0.8)	(3.6)	-	(3.6)
Profit on asset disposals		13.3	-	13.3	-	-	-
Total operating expenses		(897.1)	(187.4)	(1,084.5)	(857.6)	(187.4)	(1,045.0)
Profit from operations		233.6	8.7	242.3	207.8	0.6	208.4
Financial income		5.3	-	5.3	4.4	(0.4)	4.0
Interest expenses		(0.3)	(2.0)	(2.3)	0.0	(1.4)	(1.4)
Revaluation of derivative financial instruments		0.2	1.4	1.6	(1.1)	(1.4)	(2.5)
Other financial expenses		(2.5)	(0.3)	(2.8)	0.7	(0.7)	-
Net financial income	6.5/6.6	2.7	(0.9)	1.8	4.0	(3.9)	0.1
Share of associates results		-	-	-	(0.6)	-	(0.6)
Profit before tax		236.3	7.8	244.1	211.2	(3.3)	207.9
Income tax	7	(85.1)	(2.7)	(87.8)	(80.8)	1.2	(79.6)
Profit before minority interest		151.2	5.1	156.3	130.4	(2.1)	128.3
Minority interest		(0.1)	-	(0.1)	0.5	-	0.5
Net profit (Group share)		151.1	5.1	156.2	130.9	(2.1)	128.8
Number of shares in circulation (thousands)		131,043	-	131,043	130,678	-	130,678
Earnings per share - basic (€)		1.153	0.039	1.192	0.998	(0.016)	0.982
Earnings per share - basic (€) (Group share)		1.153	0.039	1.192	1.001	(0.016)	0.985
Earnings per share - diluted (€)		1.149	0.039	1.188	0.987	(0.016)	0.971

III. - Consolidated Cash Flow Statement (€ millions)

	31/12/2005	31/12/2004 NOTE C
Profit from operations	242.3	208.4
Depreciation and amortisation	101.8	77.6
Gains and losses on disposals	(26.1)	(5.1)
Income generated by cash balances	5.1	4.0
Interest paid	(2.3)	(1.4)
Other non-cash items	4.0	2.5
SELF-FINANCING CAPABILITY (BEFORE TAX)	324.8	286.0
Movements in working capital requirements		
Inventories	(33.4)	(9.4)
Trade receivables	(63.4)	22.8
Operating liabilities	57.9	4.5
NET MOVEMENT IN WORKING CAPITAL REQUIREMENTS	(38.9)	17.9
Income tax paid	(75.4)	(107.5)
CASH FLOW FROM OPERATIONS	210.5	196.4
<i>Relating to discontinuing operations</i>	<i>16.2</i>	<i>44.5</i>
Short-term investing activities		
Intangible assets acquisitions	(79.3)	(67.2)
Property, facilities and equipment acquisitions	(17.6)	(17.9)
Investments acquisitions	(1.6)	(0.7)
Acquisitions related borrowings	6.7	(2.7)
Cash and cash equivalents arising from subsidiary acquisitions	(48.7)	(20.7)
Cash and cash equivalents arising from subsidiary disposals	5.0	-
Disposals of intangible assets and property, facilities and equipment	13.2	8.2
Disposals/reductions in investments	1.4	0.2
NET CASH USED IN SHORT-TERM INVESTING ACTIVITIES	(120.9)	(100.8)
<i>Relating to discontinuing operations</i>	<i>(12.4)</i>	<i>(8.8)</i>
Financing and long-term investing activities		
Share capital increases	-	4.0
Current financial assets	44.2	-
Financial liabilities	(0.4)	(35.8)
Purchase/disposal of treasury shares	10.2	4.7
Dividends paid to parent company	(110.0)	(86.2)
Dividends paid to minority interest	-	-
NET CASH USED IN FINANCING AND LONG-TERM INVESTING ACTIVITIES	(56.0)	(113.3)
<i>Relating to discontinuing operations</i>	<i>(3.4)</i>	<i>(35.7)</i>
NET CHANGE IN CASH AND CASH EQUIVALENTS	33.6	(17.7)
<i>Relating to discontinuing operations</i>	<i>0.4</i>	<i>-</i>
Cash and cash equivalents - start of year	211.5	229.2
<i>Relating to discontinuing operations</i>	<i>1.6</i>	<i>1.6</i>
CASH AND CASH EQUIVALENTS - END OF YEAR	245.1	211.5
<i>Cash and cash equivalents relating to continuing operations</i>	<i>243.1</i>	<i>209.9</i>
<i>Cash and cash equivalents relating to discontinuing operations</i>	<i>2.0</i>	<i>1.6</i>

IV. IFRS Equity

(€ millions)

	Share capital	Share premiums	Treasury shares	Consolidated reserves	Group net profit	Other reserves (*)	Group Equity	Minority Interest	Equity
Balance at 1 January 2004	52.8	24.2	(64.1)	384.6	-	(4.3)	393.2	(1.2)	392.0
Changes in consolidating company's equity							-	-	-
Net profit (Group shares)					128.8		128.8	(0.5)	128.3
Dividends				(87.6)			(87.6)	-	(87.6)
Change in value of derivative instruments						(0.2)	(0.2)	-	(0.2)
Stocks options				2.4			2.4	-	2.4
Treasury shares			4.7				4.7	-	4.7
Other movements							-	1.3	1.3
Balance at 31 December 2004	52.8	24.2	(59.4)	299.4	128.8	(4.5)	441.3	(0.4)	440.9
Changes in consolidating company's equity							-	-	-
Net profit (Group shares)					156.2		156.2	0.1	156.3
2004 net profit allocation				128.8	(128.8)		-	-	-
Dividends				(110.0)			(110.0)	0.4	(109.6)
Change in value of derivative instruments				(1.6)		4.4	2.8	-	2.8
Stocks options				4.0			4.0	-	4.0
Treasury shares			36.4	(26.2)			10.2	-	10.2
Other movements				(0.4)			(0.4)	0.1	(0.3)
Balance at 31 December 2005	52.8	24.2	(23.0)	294.0	156.2	(0.1)	504.1	0.2	504.3

(*) including financial instruments fair value differences

B. Notes to the 2005 consolidated financial statements

Unless otherwise mentioned, the amounts presented in the notes are expressed in millions of Euros

1. Company information

The M6 Group consolidated financial statements at 31 December 2005 were approved by the Management Board on 6 March 2006 and considered by the Supervisory Board on 7 March 2006. They will be submitted for approval to the next Annual General Meeting on 24 April 2006.

M6 Group is a public limited company with a Management Board and a Supervisory Board, registered at 89 avenue Charles de Gaulle, Neuilly sur Seine in France. The Company is fully consolidated into the RTL Group, which stock is quoted in Brussels and Luxembourg.

2. Basis of preparation and presentation of the consolidated financial statements

2.1. Accounting framework

The consolidated financial statements at 31 December 2005 are the first financial statements to be presented in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union.

International accounting standards comprise IFRS, (International Financial Reporting Standards) and IAS (International Accounting Standards), in addition to their interpretations (SIC and IFRIC).

These consolidated financial statements are presented with comparative figures for 2004 established under the same framework as applicable at 31 December 2005.

The principles applied for the establishment of these financial statements result in the application of:

- all obligatory standards and interpretations adopted by the European Union at 31 December 2005 ;
- options retained and exemptions used.

The opening balance sheet at 1 January 2004 has been established in accordance with the provisions of IFRS 1. The options retained for the first-time application of international accounting standards at 1 January 2004, in addition to the nature and effect of changes to accounting methods and principles

on the opening balance sheet under French GAAP, were presented in the annual report for the 2004 financial reporting period. Some modifications have been made, which are detailed in note 30.

Application of standards, amendments to standards and interpretations of standards in advance of their obligatory application date

Despite obligatory application commencing from 1 January 2005, the M6 Group has chosen to apply *IAS 39 Financial Instruments: Recognition and Measurement* and *IAS 32 Financial Instruments: Disclosures and Presentation* from 1 January 2004.

Furthermore, the Group has chosen not to apply in advance any standards, amendments to standards or interpretations, for which the date of obligatory application is later than 31 December 2005. The Group could be affected by:

- IAS 19: *Actuarial gains and losses, group plans and disclosure* (amendment becoming obligatory from 1 January 2006);
- IAS 39: *the Fair Value Option* (amendment becoming obligatory from 1 January 2006);
- IAS 39: *Cash flow hedge accounting of forecast transactions* (amendment becoming obligatory from 1 January 2006);

- IFRS 7: *Financial Instruments disclosure* (becoming obligatory from 1 January 2007);
- IAS 1: *Presentation of financial statements capital disclosure* (becoming obligatory from 1 January 2007).

The M6 Group is currently in the process of analysing the effects of these new requirements.

Options available and used by M6 Group in relation to the International accounting framework

Some of the international accounting standards allow options in relating to the valuation and accounting treatment of assets and liabilities. The options utilised by the Group are detailed in note 2.5.

Furthermore, *IFRS 1 First-time adoption of IFRS*, relating to the first-time application of the international reporting framework, allows options in respect of the retrospective application of IFRS at the date of transition (1 January 2004 for the Group). The options retained by the Group for the preparation of its opening balance sheet are detailed in note 30.

2.2. Preparation principles

The consolidated financial statements are prepared in accordance with the historical cost convention, with the exception of derivative instruments and financial assets available for sale, which are accounted for at fair value.

Financial liabilities are valued at amortised cost. The accounting values of assets and liabilities recognized on the balance sheet and which are subject to a Fair Value Hedge are adjusted to recognize variations in the fair value of the hedged risks.

2.3. Use of estimates and assumptions

In order to prepare the consolidated financial statements in compliance with IFRS, the M6 Group Management Board had to carry out estimates and make assumptions which affect the amounts presented as assets and liabilities on the consolidated balance sheet, the information provided on assets and contingent liabilities at the time of preparing this financial information, as well as the income and expenses recognised in the income statement.

The Management Board continually reviews its estimates and assumptions, taking into account past experience as well as various other factors that it deems reasonable and which constitute the basis of its assumptions with regard to the accounting value of composites of assets and liabilities.

Subsequent actual results may differ noticeably from these estimates based on variations in assumptions or conditions.

The main items affected by estimates and assumptions are:

- The valuation and recoverable value of goodwill and intangible assets such as audiovisual rights and the acquisition cost of sports club players; the estimation of the recoverable value of these assets effectively rests on the determination of cash flows resulting from their use or the known market value of the assets. It could turn out that the cash flows actually realised from these assets differs significantly from initial projections. In the same manner, the market value of assets, particularly sports club players, can evolve and differ from the previously recognized values.

- The valuation of retirement benefits, the methods of which are detailed in note 18.
- Valuation of commercial discounts (note 3.17).

2.4. Presentation principles

Presentation of the income statement

The Group has presented the income statement based on nature, as permitted by IAS 1 *Presentation of Financial Statements*.

Operating profit is equal to consolidated net profit after having taken into account:

- finance income
- finance costs
- tax expenses charge
- share of profit of associates
- net income of discontinuing activities.

Discontinued or discontinuing activities are presented in a separate column in the income statement.

Current/non-current classification

In compliance with IAS 1, M6 Group presents current and non-current assets and liabilities separately on the balance sheet. In terms of the M6 Group operations, this classification is based upon the timescale in which the asset will be realized or the liability settled: current when this is within the operating cycle and non-current if longer.

2.5. Options retained in relation to the valuation of and accounting for assets and liabilities

Some of the international accounting standards make provision for options as concerns the valuation of and accounting for assets and liabilities.

Within this framework, the Group has retained the following:

- the method of accounting for inventory at its initial cost;
- the valuation at historic cost of tangible and intangible assets, without revaluation at each balance sheet date;
- the proportional consolidation of jointly controlled entities, as permitted by IAS 31 *Interests in Joint Ventures*.

Finally, in the absence of standards or interpretations applicable to a specific transaction, the Group Management Board applies its judgment to define and apply the accounting treatment which allows the presentation of relevant and reliable information, such that the financial statements are:

- a fair presentation of the Group financial position, performance and cash flows;
- representative of the economic reality of transactions;
- transparent;
- prudent;
- complete in all significant aspects.

3. Accounting principles, rules & methods

3.1. Consolidation Scope

Subsidiaries

Companies exclusively controlled by M6 Group, are fully consolidated. Acquisitions or disposals of companies during an accounting period are taken into account in the consolidated financial statements from the date of taking of control of until the date of effective loss of control. The full consolidation method implemented is that, under which the assets, liabilities, income and expenses are completely integrated. The proportion of net assets and net profit attributable to minority interests is presented separately as minority interest in shareholders' equity in the consolidated balance sheet and in the consolidated income statement.

Jointly controlled entities

Jointly controlled companies are proportionally consolidated, in compliance with IAS 31 *Financial Reporting of Interests in Joint Ventures* (Joint control is the shared control of a single entity by a limited number of associates or shareholders, from whose agreement financial and operational decisions are made).

Under this method, the Group includes its proportion of assets, liabilities, income and expenses under the appropriate headings in the consolidated financial statements.

Associated companies

Companies over which M6 Group exercises significant influence are equity accounted. Significant influence is presumed when the percentage of voting rights is above or equal to 20%. Under this method, the Group accounts for its share of net assets of the associate on the balance sheet and records a specific line

item in the consolidated income statement entitled "Share of associated companies" including its share of the net income of the entity consolidated using the equity method.

Transactions eliminated on consolidation

All intercompany transactions and balances between consolidated companies have been eliminated. In the case of companies consolidated under the proportional consolidation method, the intercompany transactions are eliminated to the extent of the Group's ownership level in these companies.

The existence and effect of potential or convertible voting rights at the balance sheet date is taken into consideration when determining whether control or significant influence is held over the entity.

In compliance with IFRS 5, assets and liabilities of controlled entities, considered to be held with a view to resale are presented on separate lines in the balance sheet. Furthermore, net income from discontinuing operations is presented in a separate column in 2004 and 2005.

The effect on the balance sheet and income statement corresponds to the consolidated financial statements of discontinuing operations, and the elimination of intra-group transactions of continuing operations concerning discontinuing operations.

All consolidated companies have a year end of 31 December.

M6 Scope Company	Legal Form	Nature of operations	31/12/2005 % share capital	Method	31/12/2004 % share capital	Method
ANTENNE M6						
Métropole Télévision - M6	SA	Parent company	-	FC	-	FC
M6 Publicité	SAS	Advertising agency	100.00%	FC	100.00%	FC
M6 Bordeaux	SAS	Local TV Station	100.00%	FC	100.00%	FC
M6 Toulouse	SAS	Local TV Station	100.00%	FC	100.00%	FC
Immobilière M6	SA	Neuilly Buildings	100.00%	FC	100.00%	FC
SCI du 107	SCI	Neuilly Buildings	100.00%	FC	100.00%	FC
C. Productions	SA	Programme Production	100.00%	FC	100.00%	FC
M6 Films	SA	Co-production of Films	100.00%	FC	100.00%	FC
Métropole Production	SA	Production of audiovisual programming	100.00%	FC	100.00%	FC
Studio 89 Productions	SAS	Production of audiovisual programmes	100.00%	FC	100.00%	FC
W9 Production	SAS	Production of audiovisual programmes	100.00%	FC	100.00%	FC
Labo Productions	SARL	Programme Production	100.00%	FC	-	NC
M6 Création	SAS	Dormant Company	100.00%	FC	-	NC
M6 Opération	SAS	Dormant Company	100.00%	FC	-	NC
DIGITAL CHANNELS						
Edi TV - W9	SNC	W9 Music Channel	100.00%	FC	100.00%	FC
Fun TV	SNC	Fun TV Music Channel	100.00%	FC	100.00%	FC
M6 Diffusion	SA	Holding Company - digital operations	100.00%	FC	100.00%	FC
M6 Numérique	SNC	Holding Company - digital operations	100.00%	FC	100.00%	FC
M6 Thématique	SA	Holding Company - digital channels	100.00%	FC	100.00%	FC
Paris Première	SA	Paris Première digital channel	100.00%	FC	100.00%	FC
Sedi TV - Téva	SNC	Téva digital channel	51.00%	FC	51.00%	FC
M6 Communication	SAS	M6 Music channels Black - Rock - Hit	100.00%	FC	-	NC
Multiplex R4	SAS	Television and Radio programmes broadcast	58.35%	FC	-	NC
Série Club	SA	Série Club digital channel	50.00%	PC	50.00%	PC
TF6	SCS	TF6 digital channel	50.00%	PC	50.00%	PC
TF6 Gestion	SA	TF6 Management company	50.00%	PC	50.00%	PC
DIVERSIFICATION AND AUDIOVISUAL RIGHTS						
FC Girondins de Bordeaux	SASP	Football Club	100.00%	FC	100.00%	FC
M6 Foot	SAS	Holding Company - Sports	100.00%	FC	100.00%	FC
Culture Mag Editions	SNC	Print Magazine Edition	90.00%	FC	90.00%	FC
M6 Editions	SA	Print publications	100.00%	FC	100.00%	FC
Citato	SARL	Print Magazine Edition	80.00%	FC	-	NC
Live Stage	SAS	Staging of shows and events	100.00%	FC	100.00%	FC
M6 Evénements	SA	Staging of shows and events	100.00%	FC	100.00%	FC
M6 Interactions	SAS	By-product rights exploitation	100.00%	FC	100.00%	FC
M6 Web	SAS	Internet content and access provider	100.00%	FC	100.00%	FC

M6 Scope Company	legal Form	Nature of operations	31/12/2005 % share capital	Method	31/12/2004 % share capital	Method
M6 Développement	SAS	Dormant Company	100.00%	FC	-	NC
M6 Affaires	SAS	Dormant Company	100.00%	FC	-	NC
Sub-group HSS :						
Home Shopping Service	SA	Home shopping programmes	100.00%	FC	100.00%	FC
Boutique du Monde	SNC	Home shopping programmes	100.00%	FC	100.00%	FC
Club Téléachat	SNC	24-hour channel	100.00%	FC	100.00%	FC
HSS Belgique	SA	Home shopping programmes	100.00%	FC	100.00%	FC
HSS Hongrie	SA	Home shopping programmes	100.00%	FC	100.00%	FC
SETV Belgique	GIE	Home shopping centre	100.00%	FC	100.00%	FC
Tecipress	SA	Production of audiovisual programmes	100.00%	FC	100.00%	FC
Télévente promotion	SA	Home shopping programmes	100.00%	FC	100.00%	FC
TV Store	SA	Acquisition and broadcast of home shopping	100.00%	FC	100.00%	FC
Unité 15 Belgique	SA	Customer services	100.00%	FC	100.00%	FC
Unité 15 France	SA	Management and promotion of home shopping	100.00%	FC	100.00%	FC
Home Travel Services	SARL	Travel sales	-	NC	50.00%	PC
RTL Shop	GMBH	Production and broadcast of home shopping	-	NC	20.00%	EA
Mistergooddeal.com	SA	E-commerce	95.00%	FC	-	NC
M6 Droits Audiovisuels	SA	Audiovisual rights portfolio	-	NC	100.00%	FC
M6 Studio	SAS	Production of animated feature films	100.00%	FC	100.00%	FC
Mandarin	SAS	Audiovisual rights portfolio	100.00%	FC	100.00%	FC
Sté Nelle de Distribution	SA	Distribution of films to movie theaters	100.00%	FC	100.00%	FC
Société Nouvelle de Cinématographie	SAS	Audiovisual rights portfolio	100.00%	FC	-	NC
TCM DA	SNC	Broadcast rights portfolio	50.00%	PC	50.00%	PC

DISCONTINUING OPERATIONS

Sub-group TPS :

TPS	SNC	Broadcaster of digital channels
Multivision	SNC	Pay per view digital channel
TPS Cinéma	SNC	Movies digital channel
TPS Cinéstar	SNC	Movies digital channel
Panoramic Presse TPS	SNC	Communication projects
TPS Foot	SNC	Sports digital channel
TPS Interactif	SNC	Production and commercialisation of services
TPS Jeunesse	SNC	Youth digital channel
TPS Motivation	SA	Marketable Securities Management
TPS Sport	SNC	Sports digital channel
TPS Terminaux	SNC	Management of Equipment
TPS Cinéfaz	SNC	Movies digital channel
TPS Cinétoile	SNC	Movies digital channel

FC:	Full consolidation
PC:	Proportional consolidation
EA:	Equity accounted
NC:	Not consolidated

In application of IAS 27, *Consolidated Financial Statements and Accounting for Investments in Subsidiaries*, the Group has brought into the scope of consolidation, companies of which more than 20% is held which have not previously been consolidated. The operations of these companies are not significant or even zero, as concerns holding companies and dormant companies.

The Group is not on the other hand, a shareholder or participating stakeholder party in any special purpose entities.

The scope of consolidation evolved in 2005 with the acquisition of SNC (Société Nouvelle de Cinématographie), Citato and Mistergooddeal.com, the disposal of RTL Shop and Home Travel Services and the merger of M6 DA into SND (see: note 4).

Following an industry combination project announced on 16 December 2005 and signed on 6 January 2006, between TPS and Canal+ Group, regarding pay TV and in application of IFRS 5, *Non current assets held for sale and discontinued operations*, TPS, formally consolidated under proportional consolidation in recognition of the joint control exercised by the Group and TF1 by virtue of a shareholders' agreement in 2002, has been treated in 2005 as an asset held for disposal and thus is subject to specific disclosure.

3.2. Translation of financial statements of consolidated foreign entities

The presentation currency of the consolidated financial statements is the Euro. All foreign subsidiaries have the Euro as their functional currency.

3.3. Foreign currency transactions

Foreign currency transactions are initially recorded in the functional currency (Euro) using the exchange rate prevailing at the date of the transaction, in application of IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are converted into the functional currency at the exchange rate prevailing at the balance sheet date. All differences are recorded in the income statement. Non-monetary items in foreign currencies which are valued at historic cost, are converted at the exchange rate at the initial date of the transaction.

Exchange differences resulting from the conversion of assets and liabilities denominated in foreign currency arising from commercial transactions, are accounted for in operating profit, for financial transactions, these same differences are accounted for in finance income and expense.

The treatment of foreign exchange hedges is detailed in note 3.16.

3.4. Goodwill

Goodwill represents the difference between the acquisition price, plus related expenses, of the shares of consolidated entities and the Group share of the fair value of their net assets at the date of investment. The evaluation period for this fair value may be up to 12 months following the acquisition. When the acquisition price, together with by related expenses, is less than the fair value of the identified assets and liabilities acquired, the difference is immediately recognised in the income statement.

Once allocated to each of the Cash Generating Units, goodwill is not amortised. It is subject to impairment tests from the point of indications of impairment, and as a minimum, once a year (see: note 13).

The Group has decided to retain the option offered by IFRS 1, *First-time Adoption of IFRS* (see: note 30) not to restate business combinations prior to 1 January 2004, which do not comply with the recommendations of IFRS 3, *Business Combinations*, as the first-time application of IFRS accounting standards is not intended to modify accounting policies used in the past. Goodwill recorded prior to 1 January 2004 has been frozen at its net accounting value at this date and will no longer be amortised, complying with IFRS, from this date.

3.5. Intangible assets

Intangible assets principally comprise:

- advances and payments on account for non-current assets
- audiovisual rights held for commercialisation by companies with such a mandate,
- co-production share of drama and feature film and other costs,
- acquisition costs of sports club players,
- computer software.

Advances and payments on account

Advances and payments on account comprise:

- unused audiovisual rights which a view to their exploitation,
- co-production rights awaiting receipt of technical acceptance or exploitation visa.

Audiovisual rights

Audiovisual rights, comprising rights to films for movie theatre distribution, as well as television and videographic rights, purchased with or without a minimum guarantee, in view of their commercialisation (distribution, trading), are classified as an intangible asset in conformity with IAS 38, *Intangible assets*.

The method of amortisation of an asset should reflect the pattern according to which the benefits generated by the asset are consumed. That is why audiovisual rights:

- are amortised according to the pattern of revenues generated, compared to the total estimated revenues, and as a minimum are amortised over the life of the contract, subject to the following limits:
 - 3 years if the company is a distributor of these rights,
 - 5 years if the company is a dealer in these rights.

- are subject to an impairment test, which could lead to the recognition of an impairment should the accounting value of the right exceed its recoverable value.

Co-production share of drama and feature film and other costs

Co-production costs are also capitalised as other intangible assets and are amortised on the basis of their receipts or straight-line over three years where their future receipts are insufficient.

In application of IAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, grants received from the Centre National de Cinématographie (CNC) are accounted for as a reduction in the acquisition cost of financed co-production assets, and are subsequently accounted for in profit according to the pattern of consumption of the expected economic benefits of the co-productions as previously defined.

Acquisition cost of sports club players

In application of IAS 38, *Intangible Assets*, purchases of sports club players are capitalised as intangible assets at their acquisition cost and are amortised over the length of their contracts. The net value is re-assessed at each balance sheet date, in compliance with IAS 36, *Impairment of Assets* (see: note 3.7).

Computer software

Computer software purchased or internally developed is reported at acquisition or production cost and amortised on a straight-line basis over one their period of use, which does not exceed four years.

3.6. Property, facilities and equipment

Property, facilities and equipment are recorded at their acquisition cost, reduced by accumulated depreciation and impairment provisions, according to the treatment specified by IAS 16, *Property, Plant & Equipment*. This cost included costs directly attributable to the transfer of the asset to its place of operation and its adaptation to operate in the manner anticipated by management.

Depreciation

Depreciation is calculated in line with the pattern of consumption of the expected economic benefits of each individual asset, based on its acquisition cost and, should the case arise, its residual value. A residual value is recognised only when determinable with sufficient certainty.

The straight-line method is applied over the following useful lives:

• Buildings	25 years
• General-purpose facilities, office furniture	10 years
• Satellite Set-Top Boxes	5 years
• Computer hardware	4 years
• Office and technical equipment	3 to 5 years

The useful economic lives of property, facilities and equipment are reviewed annually and may be modified in the future, according to the circumstances.

Impairments

Property, facilities and equipment is subject to impairment tests when indications of a loss of value are identified. Should this be the case, an impairment charge is recorded in the income statement under the caption "Amortisation and Provision Charges (net of reversals)".

Finance leases

Assets acquired through finance leases, are capitalised when the risks and rewards of ownership of these assets have effectively been transferred to the Group. They are recorded on the balance sheet at the lower of their fair value and the discounted value of minimum lease payments, reduced by accumulated depreciation and impairment. These assets are depreciated over their estimated useful lives.

Leases for which the risks and rewards are not transferred to the Group are classed as operating leases. Operating lease payments are accounted for as expenses on a straight-line basis over the duration of the lease.

3.7. Impairment of Assets

According to IAS 36, *Impairment of Assets*, the recoverable value of intangible assets and property, facilities and equipment is tested at the appearance of indications of impairment.

The recoverable value of unamortised intangible assets is tested at the appearance of indications of impairment, and as a minimum once a year.

The recoverable value is determined on an asset by asset basis, unless the asset in question does not generate cash

flows largely independent of those generated by other assets or groups of assets. In this instance, the recoverable value of the Cash Generating Unit, to which the asset belongs, is determined.

A Cash Generating Unit (CGU) is the smallest group of assets, which includes the asset, and which generates cash flows, largely independently of other assets or groups of assets.

For sports club players, in particular, the recoverable value of these intangible assets is tested separately, player by player, and at the level of the global strength of players in Ligue 1 (French Football League).

Goodwill and intangible assets to which it is not possible to directly match independent cash flows, are grouped together, at the time they are first recorded, into the Cash Generating Unit to which they belong.

Impairment is recognised when, as a result of specific events or circumstances arising during the period (internal or external), the recoverable value of the asset or group of assets falls below its accounting value.

The recoverable value is the higher of fair value, net of disposal costs, and value in use.

The value in use retained by the Group corresponds to the discounted cash flows of the CGU, including goodwill, and is determined within the framework of the economic assumptions and operating conditions as provisionally established by the M6 Management Board in the following manner:

- future cash flows stem from the medium term budget (5 years) drawn up by the Management Board,
- beyond this timescale, the cash flows are extrapolated by application of a perpetual growth rate appropriate to the

potential development of the markets in which the entity concerned operates, as well as the competitive position held by the entity within these markets.

- the discount rate applied to the cash flows is determined using the rates which are most appropriate to the nature of the operations and the country. It takes into account the time value of money and risks specific to the CGU for which cash flows have not been adjusted.

When the recoverable value of a Cash Generating Unit including goodwill falls below its accounting value the impairment recorded is first applied to goodwill. The impairment of goodwill is recorded in the income statement as "Impairment of unamortised assets".

3.8. Financial assets available for sale, other financial assets and financial liabilities

Financial assets

Financial assets fall within the scope of IAS 39, *Financial Instruments : Recognition and Measurement* and are classified into one of the four following categories :

- Financial assets valued at fair value through the income statement;
- Loans and receivables;
- Held to maturity investments (obligations);
- Available for sale financial assets.

Financial assets valued at fair value through the income statement are those which have been so designated from origin or financial assets held for trading.

Marketable securities which do not qualify as cash equivalents, in addition to derivatives (excluding hedges) belong to this asset category.

Held to maturity investments are non-derivative financial assets, with fixed or determinable payments and a fixed maturity, which the entity has the explicit intention and the ability to hold until their maturity.

Loans and receivables are non-derivative financial assets with fixed or determinable payments, which are not listed on an active market.

Available-for-sale assets are non-derivative financial assets designated as available for sale which do not belong to any of the three preceding categories.

Shares in non-consolidated entities belong to this category. They are initially recorded at fair value, corresponding to the cost of acquisition at the date of acquisition, and are then revalued to fair value at each balance sheet date.

Financial liabilities

Financial liabilities are classified into two main categories:

- Financial liabilities valued at fair value through the income statement
- Other financial liabilities

Financial liabilities valued at fair value through the income statement result in the realisation of profit due to short-term variations in price. This applies only to liabilities resulting from sales

to acquire shares or other financial assets or derivatives which are not hedge derivatives.

Other financial liabilities are valued at amortised cost, with the exception of derivative financial instruments which are valued at fair value.

Recognition

Following the initial recognition of a financial asset or liability, an entity must value it at fair value with transaction costs directly attributable to the acquisition or provision of the financial asset or liability, with the exception of financial assets and liabilities valued at fair value through the income statement.

After initial recognition, an entity must measure its financial assets and liabilities in the following manner:

	Valuation at fair value (FV)		Valuation at amortised cost	Depreciation (at closing date)
	Changes in FV through P & L	Changes in FV through equity		
Assets				
Loans and receivables			X	X
Investments held to maturity			X	X
At fair value through profit or loss	X			
Available for sale		X		X
Liabilities				
At fair value through profit or loss	X			
Others			X	
Derivatives (incl. embedded derivatives)	X	X (if cash flow hedge)		

In the case of cash flow hedge derivative financial instruments, the variation in fair value of the ineffective portion of the hedge is recorded in profit.

The following assets are subject to an impairment test at each closing:

- Loans and debt issued by the entity and assets held to maturity:

If there is an objective indication of impairment of an asset, the entity must assess the recoverable value of the asset. The impairment is the difference between the amount recognised on the balance sheet in respect of the asset and its recoverable amount (discounted estimated future cash flows). The impairment is recognized in profit.

- Available for sale assets:

Variations in fair value are recognised as a separate line item from equity ("Other reserves") until the disposal of the instruments of the recognition or a permanent impairment. Effectively, when circumstances support the conclusion that a permanent impairment has occurred, the reduction in value must be recognized in profit (with no future reversal permitted).

Variations in the fair value of available for sale securities are treated as finance expenses when it is evident that impairment in these marketable securities is irreversible.

3.9. Deferred taxes

In compliance with IAS 12, *Income Taxes*, deferred tax is recognised on temporary differences between the carrying amount of assets and their tax base, as well as tax losses, according to the liability method.

Deferred tax assets and liabilities are measured at the tax rate applicable to the period during which the asset or liability will be realised, on the basis of tax rates which have been substantively enacted by the balance sheet date.

In regard to investments in subsidiaries, joint ventures and associates, a deferred tax liability is recognised for all temporary differences between the carrying value of the shares and their tax base unless the Group has control at the date at which this temporary difference (for example, a dividend distribution) will be reversed and if it is probable that this difference will not be reversed in the foreseeable future.

In compliance with IAS 12, deferred tax assets and liabilities are not discounted and are offset when they belong to a single tax entity.

3.10. Inventories

Inventories are comprised of programmes, broadcast rights and commercial inventories.

Programmes and broadcast rights

In compliance with IAS 2, programmes and broadcast rights are recorded in inventory at the date the rights are open. Rights which are not yet open and not yet billed are classified as off-balance sheet commitments; The billed portion of rights not open is recognised in advance in prepayments and deposits.

Programmes and broadcast rights are valued at their acquisition costs, reduced each balance sheet period by the amount consumed, as calculated according to the following models.

Métropole Télévision programmes (which constitute the predominant part of the Group's broadcast rights inventories) are considered to be utilised when broadcast, in accordance with the following rules :

- Rights acquired for a single broadcast and various rights (documentaries, concerts, sporting events...): 100% expensed on first broadcast;
- Rights acquired for multi-broadcasts:

- 1st broadcast:	67%
- 2nd broadcast:	33%

A writedown provision is established for broadcast rights relating to programmes that are not likely to be broadcast.

Other inventories

These inventories comprise products and home shopping products relating to the brand diversification activities of the M6 Group. These inventories are valued at the lower of their acquisition cost and their net realisable value which corresponds to the estimate sales price, net of estimated costs necessary to realise their sale.

A writedown provision is established whenever their realisable value is less than their acquisition cost, measured on a case by case basis (slow rotation, inventories for reimbursement, returns...).

3.11. Receivables

If the maturity date is less than one year and the effects of discounting are not significant, receivables are measured at cost (nominal amount of the receivable). Conversely, receivables are measured at amortised cost, using the effective rate of interest, when their maturity date exceeds one year and the effects of discounting are significant.

A writedown provision is calculated for each receivable as soon as circumstances indicate the possibility that the customer may not pay the total of the receivable within the contracted terms. The amount of the provision equates to the difference between the carrying amount and the discounted value at the initial effective interest rate (should the case arise) of estimated future cash flows.

3.12. Treasury shares

Purchases of treasury shares are recorded as a reduction to shareholders' equity at their purchase cost.

On the disposal of treasury shares, gains and losses are recorded in consolidated reserves, net of tax.

3.13. Share-based payments

In compliance with IFRS 2, *Share-based payment*, share purchase and subscription options carried by shares of M6 Group or its subsidiaries, awarded to Group employees, are measured at fair value at their grant date.

IFRS 2 requires the recognition of an expense (the counterpart of the entry recognized in shareholders' equity) equal to the fair value of the benefit granted to employees within the framework of stock option programmes or award of free shares. This expense is recognized in employee expenses during the period of acquisition of these rights by the beneficiaries (between the grant date and exercise date), corresponding to the effective duration of the award plans. The fair value of the benefit is measured using the trinomial mathematical model. In compliance with the requirements of IFRS 1, the Group has only recognised the fair value of benefits awarded to employees for plans granted after 7 November 2002, for which the rights had not yet vested at 1 January 2005.

3.14. Retirement benefits and other employee benefits

The Group only has retirement benefit commitments under defined benefit schemes.

The Group has used the projected unit credit method to measure these schemes.

The amount carried in the balance sheet corresponds to the discounted amount of the obligation.

Changes resulting from periodic modifications to actuarial assumptions relevant to the financial situation, general economy or demographic conditions (change in the discount rate, annual increases in salaries, asset yields, longevity, etc) are recognized in the amount of the Group's commitment, with a corresponding charge to the income statement spread over the estimated average residual working life of employees.

3.15. Provisions

In compliance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, the Group recognises a provision when, at the balance sheet date, it has an obligation (legal or constructive) towards a third party resulting from a past event, for which it is probable that an outflow of resources embodying economic benefits will be required, and when a reliable estimate can be made of the amount of the obligation.

In the case that this loss or liability is not probable and cannot be reliably measured, but remains possible, the Group recognises a contingent liability in its commitments.

Provisions are predominantly intended to cover probable costs of trials or litigation in process, of which the trigger event existed at the balance sheet date.

3.16. Derivative financial instruments

The Group has applied IAS 32, *Financial Instruments – Disclosures and Presentation* and IAS 39, *Financial Instruments – Recognition and Measurement* from 1 January 2004.

Context of use of financial instruments

The Group is exposed to foreign exchange rate risk principally when purchasing broadcast rights in a foreign currency. In order to protect itself from foreign currency exchange risk, the Group uses simple derivative instruments guaranteeing it a covered amount and a maximum exchange rate for this hedged amount.

The Group's use of derivative instruments is with the sole aim of hedging commitments arising from its activity and never for a speculative purpose.

Principles

Determination of fair value

Derivative financial instruments are measured at fair value. The fair value of foreign currency purchase contracts is calculated with reference to a standard forward exchange rate for contracts with similar maturity profiles. The fair value of interest rate swaps is determined with reference to the market values of similar instruments.

Financial instruments qualifying as hedges

The Group has decided to apply hedge accounting for the majority of its derivative instruments in order to reduce the impact to profit of hedges implemented.

The main hedge instruments authorised within the framework of the Group hedging policy are as follows: pure time, "forward" participating, first generation options, "swap" (currency or interest rate).

In order to be taken into account in recognising the hedge, the hedge terms must satisfy several strict conditions with regard to documentation, probability of realisation, effectiveness of cover and reliability of measurement. These conditions are as follows:

- on origination of the hedge, formal documentation and designation exists in relation to the hedge ;

- it is expected that the hedge will be highly effective to offset variations in fair value or cash flows attributable to the hedged risk;
- within the framework of cash flow hedges, the transaction which is the subject of the hedge must be highly probable and must carry an exposure to cash flow variations which could affect net income;
- the effectiveness of the hedge must be reliably measured;
- the hedge is measured on a basis of continuing operations, and is highly effective during the periods covered by the financial statements against which the hedge was designated.

The documentation must include:

- identification of the hedge instrument;
- identification of the object covered (asset or liability recognised, firm commitment, etc.);
- the nature of the risk covered (interest rate, exchange rate, etc.);
- the method of measuring the efficiency of the hedge.

The test of effectiveness, aimed at demonstrating the effectiveness of the hedge, must compare the variations (whether of fair value or of cash flows) of the covered element and the variations of the hedge:

- the difference between this two variations equates to the inefficient part of the hedge;
- the variations must offset within a ratio between 80% and 125%;
- the effectiveness is assessed, at a minimum, on the date on which the entity prepares its interim or annual financial statements.

If the ineffective portion is such that the ratio 80 - 125% is not fulfilled, it results in a disqualification of the hedge.

The hedging policies adopted by the M6 Group are mainly of two types:

- Hedging the exposure to movements in the fair value of an asset or liability

All gains or losses from the revaluation of the hedging instrument to fair value are immediately recognised in the income statement. All gains and losses on the hedged part attributable to the risk covered is taken to the carrying value of the hedged part and is recognised in the income statement.

This results in symmetric recognition of movements in fair value of the hedged part and the hedging instrument for the effective part of the hedge in profit from operations. The ineffective part of the hedge is recorded in finance income/expense.

- Hedging future cash flows (where they cover the exposure to movements in cash flow that are attributable either to an anticipated transaction or to a firm commitment): recognition of movements in the fair value of the financial instrument for the effective part in equity until the balance sheet recognition of the asset or liability.

When the hedged part is recorded, this leads to the recognition of an asset or a liability, the amount recorded in equity is transferred and included in the initial value of the cost of acquisition of the asset or liability.

For the ineffective part, movements in value are included in finance income/expense. All other cash flow hedges, the amounts taken directly to equity are transferred to income for the year in progress where the anticipated transaction or firm commitment affect the income statement.

Cessation of qualification of a hedge

The recognition of a hedge instrument ceases when the hedge instrument expires or is sold, rescinded or exercised, or no longer fulfils the qualification criteria for the recognition of a hedge. At this point, all accumulated profit or loss realised on the hedge instrument recognised in equity is maintained in equity until the transaction is complete. If it is no longer expected that the hedged transaction will take place, the accumulated net profit or loss recognised in equity is transferred to the net income for the period.

Financial instruments not qualifying as hedges

Some financial instruments are not treated as hedges according to the definition of IAS 39, despite effectively being hedge instruments used to manage economic risks. Gains and losses resulting from the revaluation of financial instruments which may not be accounted for as hedges are recognised in the income statement in the period.

3.17. Revenue

In compliance with IAS 18, *Revenue*, revenue realised by the various Group entities is recognised when:

- It is probable that the economic benefits of the transaction will flow to the Group;
- The amount of revenue can be measured reliably;
- At the transaction date, it is probable that the amount of the sale will be recovered.

More specifically, the revenue recognition principles per activity are as follows:

- Advertising revenues are recorded on the broadcast of the advertisements which are the subject of the sale; revenue is recognized net of commercial rebates.
- Satellite television subscriptions are recognised as revenue on a straight-line basis over the duration of the contract. Rebates awarded to customers as subscription offers are recorded as a deduction to revenue; other purchase costs are recorded in operating expenses as incurred.
- Remuneration of digital channels granted by cable and satellite broadcast operators are calculated on a per subscription basis or at an annual set price.
- Diversification activities revenues are recognised on the billing or delivery of the products; they are recognised net of provisions for returns.
- Sales of audiovisual rights are recognized at the opening date of the rights, essentially within the framework of television sales; other sales (theatre, video) are recognized on admission or on delivery of the material.
- Sports revenues are recognised in line with the sports season with the exception of premiums relating to future ranking which are recognised at the date on which the ranking is acquired.
- Mobile telephone revenues are recognised:
 - for the portion relating to signing up, the month of signing of a new subscription and adjusted for attrition rates,
 - and for the portion relating to monthly operating revenues, spread over the duration of the subscription period to match the revenues received by the Group.

3.18. Earnings per Share

Basic and diluted earnings per share, as presented on the face of the Group income statement, are calculated in compliance with IAS 33, *Earnings per Share*.

Basic earnings per share is determined by dividing the net profit attributable to Group shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated inclusive of all instruments giving access to the Group share capital, having a dilutive effect. The dilution of share purchase and subscription options is determined in accordance with the share purchase method. This method allows the inclusion of unredeemed shares which added to the ordinary shares in circulation and have a dilutive effect.

Treasury shares carried as a reduction to consolidated equity are not taken into account in the calculation of earnings per share.

3.19. Cash and cash equivalents

Cash comprises cash on hand in the bank current account and demand deposits.

Cash equivalents are investments, readily convertible into cash, subject to an insignificant risk of changes in value, with a maturity of less than 3 months.

In this respect, the FCP and SICAV mutual funds held by the Group are recognised as cash equivalents. The Group holds exclusively Euro FCP and SICAV mutual funds, exposed to a very limited rate risk and of which the volatility over 12 months is very close to that of Eonia.

3.20. Cash Flow Statement

The table presents actual cash flows relating to the operations of the entities within the scope of consolidation at the year end. It has been established in compliance with IAS 7, *Cash Flow Statements*.

Cash flows from operating activities

Movements in inventories and receivables are calculated net of movements in provisions against the current assets. In addition, in order to illustrate the effect of taxation on the movement in cash, the tax expense is removed from the self-financing capability, and the movement in the tax liability is removed from the variation in working capital requirements. The disbursement for taxation is thus isolated as a specific line item.

cash flows from investing activities

The effects on cash of adjustments to the consolidation scope resulting from acquisitions and disposals of entities are identified on the lines "net cash generated by acquisitions of subsidiaries" and "net cash generated by disposals of subsidiaries".

4. Business combinations

4.1. Société Nouvelle de Cinématographie (SNC)

On 29 April 2005, M6 acquired from Immobilière Bayard d'Antin SA (RTL Group) 100% of SNC, a company with revenue of € 4.3 million and operating profit of € 2.4 million in 2004. Through SNC, which holds a catalogue of more than 400 titles, comprised of hit movies and French cinema classics, the Group is reinforcing its management and distribution of audiovisual rights activities.

As the transaction took place based on the SNC financial statements as at 31 March 2005, the Group has wholly consolidated SNC from 1 April 2005.

The initial difference on consolidation has been fully allocated to the catalogues as demonstrated below

Acquisition cost net of expenses	13.0
Value of assets and liabilities acquired (Group Share)	
Net assets at 1 April 2005	3.0
Revaluation of catalogue	15.2
Deferred tax relating to the revaluation of the catalogue	(5.2)
Revalued net assets at 1 April 2005	13.0
Goodwill	-

4.2. Citato

On 1 April 2005, M6 Interactions acquired for € 0.2 million, 80% of Citato, an editor of a magazine distributed free to approximately 200,000 young people between 15 and 20, which contributes to a panorama of the French press via a monthly selection of articles from major news papers. Citato recorded revenues of € 0.2 million during its first accounting period (17 months) ending 30 June 2005, with an operating loss of € 0.3 million.

Citato has been wholly consolidated into the Group financial statements from 1 April 2005.

The Group has committed itself to acquire the remaining 20% from the founders in 2007.

In recognition of the negative net assets of Citato at 1 April 2005 of € 0.3 million, the goodwill resulting from the operation amounted to € 0.5 million.

4.3. Mistergooddeal

On 15 November 2005, HSS acquired 95% of the capital of Mistergooddeal, one of the principal players in the French e-commerce market and leader of the liquidation of major brands on the Internet. In 2004, Mistergooddeal realised revenues of € 45.0 million and an operating profit of approximately € 1.0 million.

This acquisition constitutes a major opportunity to support the development of distance selling activities for the Group. Mistergooddeal has been wholly consolidated into the Group financial statements from 15 November 2005.

The group agreed to a purchase commitment of the residual 5% held by the management team on the basis of an entity revaluation based on revenue and profitability.

Taking account of this purchase agreement, goodwill has been calculated on the basis of the acquisition of 100% of the share capital. The acquisition price being analysed as the amount disbursed in 2005 to purchase 95% of the shares and the current value (using a risk free interest rate) of an estimated disbursement in 2008 to acquire the residual 5%

Acquisition price	42.4
Costs of acquisition	0.7
Acquisition price inclusive of costs	43.1
Value of assets and liabilities acquired (Group share)	
- Net assets at 15 November 2005	3.3
- Capitalisation of tax losses and other deferred tax assets	1.8
Revalued net asset at 15 November 2005	5.1
Goodwill	38.0

The Group has until 14 November 2006 to finalise the allocation of the acquisition difference. It is envisaged that a part of this difference will be allocated to the Mistergooddeal brand which has strong recognition amongst merchant sites.

4.4. Disposals during the period

With the purpose of rationalising its offer and its investment portfolio, HSS has disposed of its joint venture and minority investments during the period:

- On 19 July 2005, HSS disposed of its 20% investment in RTL Shop, a "home shopping" company in Germany, to RTL Interactive GmbH (RTL Group). The investment in RTL Shop was accounted for under the equity method until 2004;
- On 14 October 2005, HSS disposed of 50% in Home Travel Services, a company co-developed with a travel agent, and proportionally consolidated until the date of its disposal.

4.5. Impact of acquisitions and disposals in 2005

The impact of acquisitions and disposals on Group revenue and operating profit is analysed as follows:

	Revenue	Operating Profit
SNC	1.1	(0.2)
Citato	0.1	(0.2)
Mistergooddeal	13.2	0.4
Disposals of RTL Shop and Home Travel Service (gross before taxation)	-	13.3
Total impact	14.4	13.3

5. Segment reporting

In application of IAS 14, *Segment Reporting* the primary segment is business segments. This distinction is based on the Group's internal organization and management structure.

The contribution of each business segment to the income statement in 2005 is detailed as follows:

€ millions	M6 TV Network	Digital channels	Diversification	Elimination and unallocated profit	Continuing activities	Discontinuing activities	Total 2005
External turnover	635.0	64.6	380.3	-	1,079.9	194.8	1 274.7
Inter-segment turnover	27.2	1.4	13.4	(41.9)	-	-	-
Turnover	662.2	66.0	393.7	(41.9)	1,079.9	194.8	1 274.7
Profit from operations	201.3	(3.8)	25.6	(2.0)	221.1	8.7	229.8
Impairment of unamortised assets	-	-	(0.8)	-	(0.8)	-	(0.8)
Gain on asset disposals	-	-	13.3	-	13.3	-	13.3
Operating profit	201.3	(3.8)	38.0	(2.0)	233.6	8.7	242.3
Net finance income					2.7	(0.9)	1.8
Group share of associates					-	-	-
Profit before tax					236.3	7.8	244.1
Income tax					(85.1)	(2.7)	(87.8)
Net profit					151.2	5.1	156.3
Minority interest					(0.1)	0.0	(0.1)
Group share of net profit					151.1	5.1	156.2

The contribution of each business segment to the 2004 income statement is detailed below:

€ millions	M6 TV Network	Digital channels	Diversification	Elimination and unallocated profit	Continuing activities	Discontinuing activities	Total 2004
External turnover	608.7	51.3	352.2	-	1,012.2	185.4	1,197.6
Inter-segment turnover	20.6	0.7	12.5	(33.8)	-	-	-
Turnover	629.3	52.0	364.7	(33.8)	1,012.2	185.4	1,197.6
Profit from operations	208.7	(4.9)	9.8	(2.1)	211.4	0.6	212.0
Impairment of unamortised assets	-	(2.8)	(0.8)	-	(3.6)	-	(3.6)
Gain on asset disposals	-	-	-	-	-	-	-
Operating profit	208.7	(7.7)	9.0	(2.1)	207.8	0.6	208.4
Net finance income					4.0	(3.9)	0.1
Group share of associates					(0.6)	-	(0.6)
Profit before tax					211.2	(3.3)	207.9
Income tax					(80.8)	1.2	(79.6)
Net profit					130.4	(2.1)	128.3
Minority interest					0.5	0.0	0.5
Group share of net profit					130.9	(2.1)	128.8

The contributions of each business segment to the balance sheet is presented below for both 2005 and 2004:

31 December 2005 (€ millions)							
	M6 TV Network	Digital channels	Diversification	Elimination	Total continuing operations	TPS - discontinuing operations	Total
Assets and liabilities							
Segment assets	468.4	68.9	363.0	(70.6)	829.7	201.8	1,031.5
Unallocated assets					358.8		358.8
Total					1,188.5	201.8	1,390.3
Segment liabilities	318.6	57.0	259.4	(70.6)	564.4	219.3	783.7
Unallocated liabilities					102.3		102.3
Total					666.7	219.3	886.0
Other segment information							
Tangible and intangible investments	37.1	1.8	46.7	-	85.6	11.2	96.8
Depreciation and amortisation	(37.7)	(2.3)	(45.6)	-	(85.6)	(12.3)	(97.9)
Impairment	4.1	0.2	3.1	-	7.4	-	7.4
Provision for impairment of investments	-	0.4	-	-	0.4	-	0.4
31 December 2004 (€ millions)							
	M6 TV Network	Digital channels and TPS	Diversification	Elimination	Total		
Assets and liabilities							
Segment assets	480.8	251.8	257.0	(92.7)	896.9		
Unallocated assets					338.2		
Total					1,235.1		
Segment liabilities	303.6	253.5	235.4	(94.4)	698.1		
Unallocated liabilities					96.1		
Total					794.2		
Other segment information							
Tangible and intangible investments	(0.9)	(7.7)	0.0	-	(8.6)		
Depreciation and amortisation	(40.0)	(21.6)	(76.4)	-	(138.0)		
Impairment	(20.2)	-	(18.3)	-	(38.5)		
Provision for impairment of investments	-	2.6	-	-	2.6		

Unallocated assets relates to cash and other Group financial assets, as well as taxation receivables.

Unallocated liabilities relates to debt and other Group financial liabilities, as well as tax liabilities.

The Group does not present any segmental information by geographical segment as it has no significant operations outside of France.

6. Other operating income and expenses

6.1. Other operating income

€ millions	2005			2004		
	Continuing activities	Discontinuing activities	Total	Continuing activities	Discontinuing activities	Total
Foreign exchange gains	2.1	1.0	3.1	1.7	-	1.7
Other income	48.7	0.3	49.0	51.5	2.6	54.1
Other operating income	50.8	1.3	52.1	53.2	2.6	55.8

In 2005, as in 2004, other operating income primarily comprises Girondins de Bordeaux Football Club player transfer fees and asset production.

6.2. Materials and other operating expenses

€ millions	2005			2004		
	Continuing activities	Discontinuing activities	Total	Continuing activities	Discontinuing activities	Total
Broadcast rights consumption	(159.5)	(44.6)	(204.0)	(127.2)	(43.3)	(170.5)
Sale of goods	(55.5)	-	(55.5)	(44.1)	-	(44.1)
Other external services	(299.3)	(18.0)	(317.3)	(222.0)	(38.1)	(260.1)
Foreign exchange losses	(2.2)	(0.0)	(2.2)	(2.5)	(0.0)	(2.6)
Other expenses	(112.0)	(92.2)	(204.2)	(184.8)	(76.2)	(260.9)
Cost of sales and other operating expenses	(628.5)	(154.8)	(783.3)	(580.6)	(157.7)	(738.3)

6.3. Amortisation, depreciation, impairment foreign exchange differences and inventory costs, included in operating expenses

€ millions	2005			2004		
	Continuing activities	Discontinuing activities	Total	Continuing activities	Discontinuing activities	Total
Amortisation and net provisions - audiovisual rights	(29.2)	-	(29.2)	(30.6)	-	(30.6)
Amortisation and net provisions - co-production costs	(24.5)	-	(24.5)	(8.3)	-	(8.3)
Amortisation and net provisions - other intangible assets	(15.3)	(1.4)	(16.7)	(33.2)	(1.1)	(34.3)
Depreciation - property, facilities and equipment	(9.2)	(10.9)	(20.1)	(9.6)	(12.0)	(21.6)
Writedown of broadcast rights	12.6	-	12.6	9.0	-	9.0
Other	(2.3)	2.5	0.3	0.9	2.9	3.8
Goodwill impairment	(0.8)	-	(0.8)	(3.6)	-	(3.6)
Total	(68.6)	(9.8)	(78.4)	(75.3)	(10.3)	(85.6)

6.4. Employee and workforce expenses

€ millions	2005			2004		
	Continuing activities	Discontinuing activities	Total	Continuing activities	Discontinuing activities	Total
Wages and salaries	(101.9)	(12.4)	(114.3)	(99.3)	(10.5)	(109.8)
Social security charges	(42.9)	(5.8)	(48.7)	(40.0)	(5.1)	(45.1)
Pension benefit	(1.9)	(0.1)	(2.0)	-	-	-
Profit sharing plan contributions	(8.0)	-	(8.0)	(5.7)	-	(5.7)
Other employee costs	(7.2)	(1.6)	(8.7)	(4.7)	(1.1)	(5.9)
Employee costs	(161.9)	(19.8)	(181.7)	(149.7)	(16.8)	(166.5)

The average workforce size “full time equivalent” (FTE) of the wholly consolidated Group companies, other than Mistergooddeal, has risen to 1,736 in 2005, compared to 1,604 in 2004. The FTE average workforce size of jointly controlled companies has risen to 266 in 2005 (compared to 243 in 2004), of which 244 participate in discontinuing operations. Mistergooddeal has a workforce of 189.

6.5. Finance Expenses

€ millions	2005			2004		
	Continuing activities	Discontinuing activities	Total	Continuing activities	Discontinuing activities	Total
Interest on loans from banks and associates	(0.3)	(2.0)	(2.3)	-	(1.4)	(1.4)
Capitalised interest on pension	(0.4)	-	(0.4)	-	-	-
Revaluation of derivative instruments	(0.0)	(0.1)	(0.1)	(1.1)	(1.4)	(2.5)
Other	(2.3)	(0.3)	(2.6)	0.7	(0.7)	-
Finance expenses	(3.0)	(2.4)	(5.4)	(0.4)	(3.5)	(3.9)

6.6. Finance income

€ millions	2005			2004		
	Continuing activities	Discontinuing activities	Total	Continuing activities	Discontinuing activities	Total
Investment income	4.4	-	4.4	4.4	(0.4)	4.0
Other interest income	0.9	-	0.9	0.0	-	0.0
Revaluation of derivative instruments	0.2	1.5	1.7	-	-	-
Other financial income	0.1	0.0	0.1	-	-	-
Finance income	5.6	1.5	7.2	4.4	(0.4)	4.0

The ineffective parts of hedges are recorded in profit.

7. Income tax

Métropole Télévision SA has declared itself as the parent company of a tax grouping pursuant to the provisions of articles 223-a and subsequent of the Income Tax Code, as of 1 January 1988. All Group French registered companies that are subject to income tax and are more than 95% owned directly or indirectly by Métropole Télévision are members of the tax grouping, with the exception of SNC and Mistergooddeal, which were acquired in 2005.

The main components of income tax in 2004 and 2005 are as follows:

€ millions	2005			2004		
	continuing operations	discontinuing operations	Total	continuing operations	discontinuing operations	Total
Income tax payable	(91.4)	(2.7)	(94.1)	(75.0)	1.2	(73.8)
Deferred tax	6.3		6.3	(5.8)		(5.8)
Income tax	(85.1)	(2.7)	(87.8)	(80.8)	1.2	(79.6)

A deferred income tax rate of 34.43% was used for 2005, compared to 34.93% for 2004.

Deferred tax resulting from adjustments to net assets is as follows:

€ millions	2005	2004
Deferred tax		
Fair value revaluation of foreign exchange contracts	0.1	0.2
Fair value revaluation of foreign exchange contracts (cash flow hedge)	0.0	1.4
TOTAL	0.1	1.6

The following schedule reconciles the income tax accounting expense with the income tax arising from the theoretical tax rate for the financial years ending 31 December 2005 and 2004 :

€ millions	2005	2004
Consolidated profit before tax and goodwill amortisation	244.9	211.5
Theoretical tax charge	85.5	74.9
Impact of permanent differences and unrecognised deferments	2.3	4.7
Effective tax charge	87.8	79.6

The sources of deferred tax at 31 December are as follows:

€ millions	2005	2004
Deferred tax assets		
Temporary differences between taxable profit and consolidation restatements	25.2	27.1
Retirement benefits	3.1	2.4
IAS39	0.0	1.6
Losses to be used against future taxable profits	1.7	0.3
TOTAL	30.1	31.4
Deferred tax liabilities		
Difference from first-time consolidation of SNC	(4.8)	-
RTL Shop Loss	-	(2.5)
FC des Girondins de Bordeaux players	-	(2.2)
Other	(0.5)	(1.5)
TOTAL	(5.4)	(6.2)

The prior tax losses of Paris Première following the integration of the entity into the M6 tax group have not been recognised.

At 31 December 2005, no deferred tax liability has been recognised for taxes which may be due on undistributed profits of certain Group subsidiaries, associated companies or joint ventures.

The payment of dividends by the Group to its shareholders has no fiscal consequences.

8. Discontinuing operations (TPS)

Vivendi Universal, TF1 and M6 announced on 16 December 2005 and signed on 6 January 2006 an industrial agreement aimed at combining Canal+ Group and TPS Pay TV activities in France in an entity controlled by Vivendi Universal.

On the occurrence of this combination, this new entity will be held 5.1% by M6 and controlled exclusively by Vivendi Universal.

In this respect, TPS' contribution to the Group accounts has been presented individually.

Contribution to Group net profit is presented as follows:

€ millions	2005			2004		
	TPS contribution (34 %)	Elimination of intra-group transactions	Discontinuing operations	TPS contribution (34 %)	Elimination of intra-group transactions	Discontinuing operations
Turnover	206.0	(11.2)	194.8	195.1	(9.7)	185.4
Other operating revenues	1.3		1.3	2.6		2.6
Operating expenses	(198.6)	11.2	(187.4)	(197.1)	9.7	(187.4)
Operating profit	8.7	-	8.7	0.6	-	0.6
Finance cost	(0.9)	-	(0.9)	(3.9)	-	(3.9)
Loss recognised on fair value revaluation	-	-	-	-	-	-
Loss before tax on discontinuing operations	7.8	-	7.8	(3.3)	-	(3.3)
Income tax	(2.7)	-	(2.7)	1.2	-	1.2
Profit/(loss) on discontinuing operations	5.1	-	5.1	(2.1)	-	(2.1)

The balance sheet items, grouped into one line as an asset or liability in 2005, are analysed as follows:

(€ millions)	2005
Assets	
Intangible	95.0
Tangible	23.2
Other fixed assets	1.8
Current assets	79.8
Cash and cash equivalents	2.0
	201.8
Liabilities	
Long-term liabilities	35.1
Current liabilities	184.2
	219.3
Net liabilities of discontinuing operations	(17.5)

Cash flows linked to TPS operations are as follows:

(€ millions)	2005	2004
Operating cash flows	16.2	44.5
Cash flows from long-term investment	(12.4)	(8.8)
Financing and investing cash flows	(3.4)	(35.7)
Net Cash Flows	0.4	0.0

9. Earnings per share

	2005	2004
Net profit attributable to shareholders (€ millions)	156.2	128.8
Profit/(loss) attributable to discontinuing operations (€ millions)	5.1	(2.1)
Net profit from continuing activities attributable to shareholders (€ millions)	151.1	130.9
Average weighted number of shares (excluding treasury shares)	131,042,580	130,741,455
Total options granted (including non dilutive)	3,156,308	3,307,305
Number of shares to be adjusted for dilutive effects	417,723	1,926,690
Average weighted number of shares (excluding treasury shares), adjusted for the effects of dilution	131,460,303	132,668,145
Net earnings per share	1.192	0.985
Net earnings per share from continuing operations	1.153	1.001
Diluted earnings per share	1.188	0.971
Diluted earnings per share from continuing operations	1.149	0.987

For the year ending 31 December 2005, the calculation of diluted earnings per ordinary share does not take into account certain 1.9 million share options. The exercise price of these options is higher at the year end date than the price of ordinary shares, thus the options are considered anti-dilutive.

10. Dividends paid and proposed

	2005	2004
Declared and paid during the year (€ millions)	110.0	86.2
Dividend paid per ordinary share (€)	0.84	0.67
Proposed for approval at the AGM (€ millions)		
(not recognised as a liability at 12/31/2005)	125.3	-
Dividend paid per ordinary share (€)	0.95	-

11. Property, facilities and equipment

At 31 December 2005, property, facilities and equipment totalled € 61.8 million, of which € 43.9 million comprised land and buildings, including the Group's head office facilities.

31 December 2004 (€ millions)	Land	Buildings	Technicals facilities	Others PFE	Assets under construction	Total
At 1 January 2004, net of amortisation and depreciation	7.8	39.3	5.5	35.2	3.7	91.5
Additions	-	0.5	6.2	12.2	2.5	21.4
Acquisition of subsidiary (gross)	-	-	4.0	2.5	-	6.5
Disposals	-	-	(4.7)	(6.3)	(4.5)	(15.5)
Depreciation charge 2004	-	(2.8)	(3.2)	(14.5)	-	(20.5)
Amortisation of subsidiary acquisitions	-	-	(3.3)	(1.7)	-	(5.0)
Reversal of writedown on disposals	-	-	4.1	4.3	-	8.4
At 31 December 2004, net of depreciation and writedown	7.8	37.0	8.6	31.7	1.7	86.8
At 1 January 2004						
Cost	7.8	56.1	34.7	126.6	3.7	228.9
Accumulated depreciation and writedown	-	(16.8)	(29.2)	(91.4)	-	(137.4)
Net Total	7.8	39.3	5.5	35.2	3.7	91.5
At 31 December 2004						
Cost or fair value	7.8	56.6	40.2	134.9	1.7	241.3
Accumulated depreciation and writedown	-	(19.7)	(31.6)	(103.2)	-	(154.5)
Net Total	7.8	37.0	8.6	31.7	1.7	86.8

31 December 2005 (€ millions)	Land	Buildings	Technicals facilities	Others PFE	Assets under construction	Total
At 1 January 2005, net of depreciation and writedown	7.8	37.0	8.6	31.7	1.7	86.8
Additions	-	1.0	5.8	11.2	0.4	18.4
Assets included in discontinuing operations	-	-	(0.1)	(117.4)	(0.7)	(118.3)
Acquisition of subsidiary (gross)	-	1.0	0.1	0.3	-	1.4
Disposals	-	-	(2.0)	(7.1)	(0.9)	(10.0)
Depreciation charge 2005	-	(2.9)	(3.4)	(13.9)	-	(20.1)
Depreciation included in discontinuing operations	-	-	0.1	95.0	-	95.1
Amortisation of subsidiary acquisitions	-	(0.1)	(0.1)	(0.2)	-	(0.3)
Reversal of writedown on disposals	-	-	1.9	6.8	-	8.7
At 31 December 2005, net of depreciation and writedown	7.8	36.1	10.9	6.4	0.6	61.8
At 1 January 2005						
Cost	7.8	56.6	40.2	134.9	1.7	241.3
Accumulated depreciation and writedown	-	(19.7)	(31.6)	(103.2)	-	(154.5)
Net Total	7.8	37.0	8.6	31.7	1.7	86.8
At 31 December 2005						
Cost or fair value	7.8	58.7	43.9	23.7	0.6	134.7
Accumulated depreciation and writedown	-	(22.6)	(33.0)	(17.3)	-	(72.9)
Net Total	7.8	36.1	10.9	6.4	0.6	61.8

12. Intangible assets

Audiovisual rights include cinematographic, televisual and video-graphic rights and guaranteed minimums.

Goodwill recognised on the acquisition of the Société Nouvelle de Cinématographie subsidiary, has been entirely allocated to the audiovisual rights catalogue.

Other intangible assets consist of computer software and co-productions.

In application of IAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, grants received from the CNC are recognised as a reduction in the value of the co-production assets.

31 December 2004 (€ millions)	Audiovisual rights	Business rights	Other intangible assets	Assets advances and deposit	Goodwill	Total
At 1 January 2004, net of writedown and amortisation	33.1	0.6	40.8	21.8	101.7	198.0
Acquisitions	34.6	-	20.2	9.2	24.0	88.0
Subsidiary acquisitions (gross)	-	-	3.2	-	-	3.2
Disposals	(5.8)	-	(0.5)	(1.6)	-	(7.9)
Impairments	-	-	-	-	-	-
2004 Amortisation charge	(26.5)	-	(39.2)	-	-	(65.7)
Writedown of subsidiary acquisitions	-	-	(2.0)	-	(11.1)	(13.1)
Reversal of writedown on disposals	5.7	-	0.4	-	-	6.1
At 31 December 2004	41.1	0.6	22.9	29.4	114.6	208.6
At 1 January 2004						
Cost	198.3	0.8	227.1	21.8	114.3	562.3
Accumulated amortisation and writedowns	(165.2)	(0.2)	(186.3)	-	(12.6)	(364.3)
Net Total	33.1	0.6	40.8	21.8	101.7	198.0
At 31 December 2004						
Cost	287.2	0.8	200.2	29.4	130.8	648.4
Accumulated amortisation and writedowns	(246.1)	(0.2)	(177.3)	-	(16.2)	(439.8)
Net Total	41.1	0.6	22.9	29.4	114.6	208.6

31 December 2005 (€ millions)	Audiovisual rights	Business rights	Other intangible assets	Assets advances and deposit	Goodwill	Total
At 1 January 2005, net of writedown and amortisation	41.1	0.6	22.9	29.4	114.6	208.6
Acquisitions	35.9	-	39.5	2.4	-	77.8
Assets used in discontinuing operations (gross)	-	-	(11.0)	(1.5)	(91.0)	(103.5)
Subsidiary acquisitions (gross)	37.4	-	0.4	-	38.5	76.3
Disposals	(11.9)	(0.4)	(13.2)	-	-	(25.5)
Impairments	5.6	-	1.8	-	(0.8)	6.6
2005 Amortisation charge	(34.8)	-	(43.0)	-	-	(77.8)
Writedown included in discontinuing operations	-	-	(0.4)	-	-	(0.4)
Writedown of subsidiary acquisitions	(21.9)	-	8.4	-	-	(13.5)
Reversal of writedown on disposals	11.5	-	9.3	-	-	20.8
At 31 December 2005	62.9	0.2	14.7	30.3	61.3	169.4
At 1 January 2005						
Cost	287.2	0.8	200.2	29.4	130.8	648.4
Accumulated amortisation and writedown	(246.1)	(0.2)	(177.3)	-	(16.2)	(439.8)
Net Total	41.1	0.6	22.9	29.4	114.6	208.6
At 31 December 2005						
Cost	349.8	0.2	258.4	30.3	78.4	717.2
Accumulated amortisation and writedown	(287.0)	-	(243.8)	-	(17.1)	(547.8)
Net Total	62.9	0.2	14.7	30.3	61.3	169.4

13. Goodwill impairment tests and intangible assets with an indeterminable life

Goodwill has evolved as follows in 2004 and 2005:

Gross	
At 1 January 2004	114.3
<i>TPS</i>	92.6
Acquisition	16.6
<i>Paris Première</i>	15.5
<i>Boutique du Monde</i>	0.9
Disposal	-
At 31 December 2004	130.9
Acquisition	38.5
<i>Mistergooddeal</i>	38.0
<i>Citato</i>	0.5
Goodwill relating to discontinuing operations (TPS) (91.0)	
At 31 December 2005	78.4

The discounted cash flow method used to determine the value in use is based upon the following principles :

- Discount rate before tax: 8.11%
- Infinite growth rate: 2%

With the exception of Boutique du Monde (HSS), the tests of value in use of assets to which goodwill is attached, did not reveal any evidence of impairment of goodwill.

14. Financial assets available for sale

Available-for-sale financial assets constitute investments held by the Group in non-consolidated companies and receivables which are directly related to them.

These assets total € 8.2 million at 31 December 2004, of which € 7.2 million are linked to RTL Shop. Following the disposal of RTL Shop, financial assets at 31 December 2005 are only € 0.3 million.

Impairment	
At 1 January 2004 (accumulated)	(12.6)
Impairment	(3.6)
<i>Fun TV</i>	(2.8)
<i>M6 Foot</i>	(0.8)
Disposal	-
At 31 December 2004 (accumulated)	(16.2)
Impairment	(0.9)
<i>Boutique du Monde</i>	(0.9)
Disposal	-
At 31 December 2005 (accumulated)	(17.1)
Net carrying value	
At 1 January 2004	101.7
At 31 December 2004	114.6
At 31 December 2005	61.3
<i>Paris Première</i>	15.5
<i>Mistergooddeal</i>	38.0

15. Other financial assets

Other non-current financial assets

This mainly includes the part not eliminated of current accounts with joint ventures and considered to have a maturity of over 1 year. The debt arising from financing a co-shareholder is classified as non-current financial debt in accordance with the principle of not offsetting financial assets and liabilities.

The current accounts are loans at variable interest rates based on eonia.

The group does not hold any non-current financial assets with fixed interest rates.

Income arising from these assets is recorded in the period as finance income. Such loans are initially recognised at amortised cost.

€ millions	2005	2004
Associate current accounts	6.4	6.3
Amortisation of associate current accounts	(1.7)	0
Other financial assets	1.6	1.4
Other non-current financial assets	6.3	7.7

Derivative financial instruments

They are classified as other current financial assets when the market value of the instruments is positive and classified current financial liabilities when their market value is negative.

16. Investments in joint ventures

Entities in which M6 or one of its subsidiaries has a joint venture interest are as follows:

	% ownership		Operations
	2005	2004	
TCM DA	50%	50%	Broadcasting rights portfolio
Série Club	50%	50%	Série Club digital channel
TF6	50%	50%	TF6 digital channel
TF6 Gestion	50%	50%	TF6 management

The contributions of joint ventures to the Group consolidated financial statements are as follows:

€ millions	2005	2004	Variation
Non-current assets	18.6	23.6	(5.0)
Current assets	12.1	7.3	4.8
Non-current liabilities	(5.2)	(11.1)	5.9
Current liabilities	(19.6)	(17.5)	(2.1)
Net Assets	5.9	2.3	3.6
Turnover	17.3	16.6	0.7
Profit	6.8	1.8	5.0

17. Share-based payments

The main indices used to value share subscription option plans and free share allocation plans are as follows:

	Model	Reference price	Exercise price	Historical volatility	Risk free rate	Expected yield	Liquidity rating	Fair value
Share subscription plans								
07/25/03	Trinomial	23.66	22.48	52.3%	3.05%	€ 0.86 gross +15% annual growth	15%	8.42
11/14/03	Trinomial	25.07	23.82	52.3%	3.54%	€ 0.86 gross +15% annual growth	15%	9.11
04/28/04	Trinomial	24.97	24.97	52.3%	3.32%	€ 0.86 gross +15% annual growth	15%	8.8
06/02/05	Trinomial	20.17	19.94	41.8%	3.24%	€ 0.84 gross +15% annual growth	15%	4.72
Plans granting free shares								
02/06/05	Trinomial	20.17	0	41.8%	3.24%	€ 0.84 gross +15% annual growth	15%	23.75

The maturity used for each plan corresponds to its period of unavailability (4 years for share subscription plans / 2 years for plans granting free shares)

The following are the resulting impacts in the income statement under the line "employee expenses":

	Employee costs	
	2005	2004
Share subscription plans		
Dated 07/25/03	1.3	1.3
Dated 11/14/03	-	-
Dated 04/28/04	1.6	1.1
Dated 06/02/05	0.4	-
Plans granting free shares		
Dated 06/02/05	0.7	-
Total	4.0	2.4

18. Retirement benefits severance pay

The different impacts of retirement benefits on the financial statements are analysed as follows:

The main actuarial assumptions used are as follows:

Income Statement Expenses

(€ millions)	Continuing activities	Discontinuing activities	Total
Current service cost	1.3	0.1	1.4
Interest expense	0.4	-	0.4
Expected return on plan assets	-	-	-
Actuarial gain or loss	-	-	-
Past service cost	-	-	-
Net expense	1.7	0.1	1.8

Amounts recognised as liabilities under defined benefit schemes

(€ millions)	2005	2004
Actuarial value of obligation	11.2	7.6
Unrecognised net actuarial gain/loss	(1.8)	(0.5)
Unrecognised past service cost	-	-
Provision for discontinuing operations	(0.3)	-
Amount recognised as an asset/liability under defined benefit schemes	9.1	7.1

The main actuarial assumptions used are as follows:

	2005 %	2004 %
Discount rate	4.00	4.50
Future salary increases	3.63	3.80
Inflation	2.00	2.00

19. Inventories

€ millions	Broadcast rights	Commercial inventories	Total
Net book value at 1 January 2005	109.5	8.7	118.2
Acquisitions	223.4	63.7	287.1
Assets included in discontinuing operations	(15.5)	(57.3)	(72.8)
Subsidiary purchase	0.0	7.5	7.5
Expensed	(214.4)	0.0	(214.4)
Writedown charge/reversal	12.7	(1.5)	11.2
Net book value at 31 December 2005	115.7	21.1	136.8
At 1 January 2005			
Cost	172.2	16.4	188.6
Accumulated writedown	(62.7)	(7.7)	(70.4)
Net book value	109.5	8.7	118.2
At 31 December 2005			
Cost or fair value	165.8	30.4	196.2
Accumulated writedown	(50.1)	(9.3)	(59.4)
Net book value	115.7	21.1	136.8

20. Trade and other receivables

Trade and other receivables are comprised of commercial receivables and other receivables linked to operations, such as advances and deposits.

21. Cash and cash equivalents

€ millions	2005	2004
Deposit with Immobilière Bayard d'Antin SA	40.0	-
FCP et SICAV mutual funds	197.1	202.0
Cash at the bank	7.9	9.5
Cash relating to discontinuing operations	(2.0)	-
Total cash and cash equivalents	243.1	211.5

Cash and marketable securities are financial assets held for trading (fair value through income statement) and as such are measured at fair value.

The FCP and SICAV mutual funds do not contain any unrealised capital gains, as these were realised at 31 December 2005.

The deposits with Immobilière Bayard d'Antin SA are covered by a cash agreement described in note 27.

22. Equity

Shares comprising Métropole Télévision's equity

Number of issued shares :

thousands	2005	2004
Ordinary shares with a par value 0.4	131,889	131,889

Number of shares in circulation :

thousands	
At 1 January 2005	130,741
Exercised stock options	612
Liquidity contract variations	44
At 31 December 2005	131,397

The shares comprising the capital of Métropole Télévision are all ordinary shares with one vote each.
All shares are fully paid.

Two share purchase option and seven share subscription plans for the benefit of management and senior executives were in place at 31 December 2005.

Movements in equity not recorded in the income statement

The effective part of the movement in the fair value of financial instruments recorded as future cash flow hedges is recorded in equity. Interim gains or loss realised on a hedge (e.g. in the event of a deferral) are taken to the same reserve. These were the following movements on this reserve during the year:

The number of hedges of the future cash flow hedge kind was 26 at 31 December 2004 and 22 at 31 December 2005.

The impact on equity and other reserves was as follows:

€ millions	Reserves relating to derivative financial instruments
2004	(4.5)
Exchange gain realised on incomplete transactions	-
New hedges	0.1
Former hedge variations	0.7
Maturity of hedges	1.3
Impact of operations on realised profit recorded in equity	2.0
Variation in assets held with a view to being disposed	0.5
2005	0.1

23. Financial debt

At 31 December 2004, the Group debt was for the most part borrowings by TPS from financial institutions for leasing and by the Group's co-shareholders in TPS for the balance of funding. In 2004, the shareholders effectively replaced banks in financing TPS for their respective shares.

At 31 December 2005, the TPS debt was reported as part of the liabilities to be disposed.

The only debt at that date comprised:

- the share of debt of co-shareholders in the jointly held companies;
- two medium-term loans for € 0.75 million in total taken by Mistergooddeal to acquire premises.

Movement in net debt

€ millions	2005	2004
Non-current financial liabilities (leases)	10.4	12.1
Financial liabilities relating to discontinuing operations	(5.3)	
Total non-current financial liabilities	5.1	12.1
Current financial liabilities	52.7	33.1
Net financial instruments	0.2	5.9
Financial liabilities relating to discontinuing operations	(51.2)	
Total current financial liabilities	1.7	39.0

The analysis of the financial debt between fixed and variable interest rates, after inclusion of all the unexpired rate hedges at the end of 2004 was as follows:

	2004
Fixed rate borrowings	86%
Variable rate borrowings	14%

24. Provisions

(€ millions)	Provisions for retirement benefits	Associates losses	Provisions for litigation (1)	Other provisions for liabilities (2)	Other provisions for charges (3)	Total
At 1 January 2005	7.1	10.3	18.1	12.5	32.6	80.6
Subsidiary acquisitions	-	-	-	-	0.6	0.6
Subsidiary disposals		(10.3)				(10.3)
Provisions for discontinuing operations	(0.3)		(4.2)	(3.0)	(7.9)	(15.4)
Charge	2.2	-	3.4	3.7	13.7	23.0
Use	(0.4)	-	(1.4)	(2.7)	(0.2)	(4.7)
Reversals	-	-	(3.7)	(3.4)	(1.6)	(8.7)
Other differences	0.5			0.9	(1.1)	0.3
At 31 December 2005	9.1	-	12.2	8.0	36.1	65.4
Current 2005	-		12.2	8.0	36.1	56.3
Non Current 2005	9.1	-	-	-	-	9.1
	9.1	-	12.2	8.0	36.1	65.4
Current 2004	-	-	18.1	12.5	32.6	63.2
Non Current 2004	7.1	10.3	-	-	-	17.4
	7.1	10.3	18.1	12.5	32.6	80.6

Additional information in respect of litigation in progress has not been included individually as disclosure of such information could be prejudicial to the Métropole Télévision Group.

(1) Provisions for litigation comprise :

Provisions for M6 TV Network litigation	6.9
Provisions for Diversification litigation	2.7
Provisions for Digital Channels litigation	0.1
Provisions for social litigation	2.5
	12.2

(2) Other provisions for liabilities relate to the following risks :

Provisions for M6 TV Network charges	3.9
Provisions for Paris Première miscellaneous charges	1.7
Provisions for Digital channels charges	1.2
Provisions for FC Girondins de Bordeaux charges	0.5
Other	0.7
	8.0

(3) Other provisions for charges comprise provisions for M6 TV Network charges totalling € 22.3 million

25. Payables and other liabilities

€ millions	2005	2004
Other	-	40.4
Asset related borrowings	7.8	-
Total non-current operating liabilities	7.8	40.4
Trade payables	296.4	308.7
Tax and social security liabilities	209.4	201.1
Other	54.6	77.2
Asset related borrowings	20.9	28.8
Total current operating liabilities	581.3	615.8

26. Contingent assets and liabilities

€ millions	<1 year	>1 year	Total 2005	Total 2004	Terms and conditions of implementation
Commitments given :					
Rights purchase and co-productions commitments (1)	180.8	493.6	674.4	475.1	Contracts signed
Images transmission, satellite rental and transponders (2)	37.3	44.7	82.0	155.1	Contracts signed
Responsibility for partnership liabilities (3)	-	13.0	13.0	304.4	SNC Liquidation
Non-cancellable leases (2)	3.2	3.8	7.0	8.8	Leases
Others	-	-	-	9.7	-
Commitments given by discontinued operations	77.9	159.8	237.7		
Responsibility for liabilities of discontinued operations		390.9	390.9		
Total commitments given	299.2	1,105.8	1,405.0	953.1	
Commitments received :					
Responsibility for partnership liabilities (3)	-	19.5	19.5	311.4	SNC Liquidation
Sales commitments	11.9	13.8	25.7	22.4	Annual maturities
Financial support granted by the CNC	0.4	-	0.4	1.8	Agreement date
Others	10.8	10.0	20.8	5.4	-
Responsibility for liabilities of discontinued operations		390.9	390.9		
Total commitments received	23.1	434.2	457.3	341.0	

(1) Comprises:

- purchase commitments relating to rights not yet produced or completed,
- contractual commitments relating to co-productions awaiting receipt of technical acceptance or exploitation visa, net of payments on account made.

(2) These commitments are valued by taking into account each contract's remaining amounts until their expiry date.

(3) To the extent that the partners in a Partnership (Société en Nom Collectif – SNC) are liable in full and indefinitely for the liabilities of the partnership, the Group presents in full the liabilities of partnerships in which it is a partner, net of adjustments and partners' current account balances, as an off-balance sheet commitment given, and presents as an off-balance sheet received, the other partner's share of these liabilities.

No significant off-balance sheet commitments have been excluded in accordance with accounting standards in force.

None of M6 Group's non-current assets have been pledged or mortgaged.

27. Related parties

27.1. Identification of related parties

Related parties to the M6 Group comprise unconsolidated subsidiaries, jointly controlled companies and associates, RTL Group, 48.56% Group shareholder, Bertelsmann AG, RTL shareholder, executive officers and members of the Supervisory Board.

27.2. Transactions with shareholders

According to a treasury management agreement concluded between Immobilière Bayard d'Antin SA and Métropole Télévision dated 1 December 2005, Métropole Télévision can deposit surplus cash with Immobilière Bayard d'Antin SA either on a day to day basis, or by depositing part of it for a period not exceeding 3 months. The remuneration provided by this agreement is in line with the market.

In order to adhere to the cash deposit policy of Métropole Télévision, the deposit with Immobilière Bayard d'Antin SA may not exceed 20% of the cash resources of the Métropole Télévision Group.

At 31 December 2005, the daily current account between M6 and Immobilière Bayard d'Antin SA amounted to € 40 million.

Current transactions

100% € millions	2005		2004	
	RTL	BERTELSMANN	RTL	BERTELSMANN
Sales of goods and services	4.8	152	5.1	21.9
Purchases of materials and services	16.3	3.1	15.1	8.6

100% € millions	2005		2004	
	RTL	BERTELSMANN	RTL	BERTELSMANN
Receivables	8.4	28	4	4.3
Liabilities	9.5	1	6.7	0.4

Specific transactions

On 1 April 2005, the Group acquired from Bayard d'Antin, 100% of Société Nouvelle de Cinématographie for € 13 million

On 19 July 2005, the Group disposed of its 20% investment in RTL Shop to RTL Interactive for € 10 million.

27.3. Transactions with Joint Ventures

The following transactions have taken place:

100 % € millions	2005	2004
Sales of goods and services	37.6	34.1
Net financial income	2.5	1.7
Purchases of materials and services	20.3	20

Sales and purchase transactions with Joint Ventures have been conducted at arms' length.

The outstanding balances arising from these sales and purchases are the following:

100 % € millions	2005	2004
Receivables	22.2	78
<i>relating to financing</i>	9.4	60.9
Liabilities	7.9	10
<i>relating to financing</i>	1.2	1.3

27.4. Transactions with executive officers and directors

The remuneration paid to members of the Board of Directors amounted to € 3.1 million.

Members of the Supervisory Board are paid attendance fees amounting to € 120,000 and hold 2,000 Group shares.

Share subscription options granted to management are detailed in notes 11.5.2 and 11.6 of the Group Management Report.

In addition, in this respect and in accordance with the same conditions as Group employees, the members of the Management Board may benefit from a legally binding end of career payment. The overall cost and terms and conditions of determination are described in note 18.

28. Policy and objectives of financial risk management

Exchange risk

The Group acquires from foreign suppliers programmes that are denominated in US dollars or Pounds Sterling.

In order to protect itself from random market movements that could adversely affect its income or wealth, the M6 Group decided to hedge its purchases. The coverage is undertaken at the appearance of an economic risk and is weighted as a function of the underlying due date.

The Group only uses simple products that guarantee the amount covered and a maximum cost of coverage. These are forward purchases, for the most part.

A report is prepared every month on the movements in exchange exposure in order to monitor risk management.

Cash management policy

All cash resources must be able to be mobilised rapidly while limiting capital risk. The Group's approach is absolutely prudent and non speculative. Thus, certain prudent rules are followed as part of the group's cash management:

- Not hold more than 5% of the assets of a fund (control ratio);
- Compulsory diversification : not to invest more than 20% in a single item;
- Limit credit risk: compulsory investment in investment grade within each fund.

Investment yields are regularly measured and reported to management every month. A detailed analysis of the various risks of these deposits is also produced quarterly.

29. Financial instruments

Maturities

The maturity dates of hedge instruments are as follows (valued in € at the future hedge rate):

(€ millions)	2005	<1 year	from 1 to 5 years
TCM	4.8	4.8	
SND	6.8	6.8	
M6 TV	15.5	11.4	4.1

Fair value

Financial instruments used by the Group measured at fair value are as follows:

Derivative financial instruments liabilities	2005 excluding TPS		2004	
€ millions	Fair value	Contractual or notional amount covered €	Fair value	Contractual or notional amount covered €
Fair Value Hedges				
foreign exchange future contracts			(1.2)	14.4
Cash Flow Hedges				
foreign exchange future contracts			(2.1)	33.6
Off balance sheet derivatives				
foreign exchange future contracts			(1.8)	16.8
options			0.0	1.1
interest rate swaps	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	(5.1)	65.9

Derivative financial instruments assets	2005		2004	
€ millions	Fair value	Contractual or notional amount covered €	Fair value	Contractual or notional amount covered €
Fair Value Hedges				
foreign exchange future contracts	0.2	6.7		
Cash Flow Hedges				
foreign exchange future contracts	0.1	15.6		
Off balance sheet derivatives				
foreign exchange future contracts	0.1	4.8		
TOTAL	0.4	27.1		

30. Transition to IFRS

2005 is the first year when complete IFRS consolidated financial statements for the Group have been published in accordance with IFRS 1 *First-time adoption of IFRS*.

The Group included in its 2004 annual report information on the transition to IFRS. Changes, with no effect on equity at 31 December 2004, have since been made to this information to take account of certain presentation principles finally retained for the publication of financial statements at 31 December 2005 in accordance with IFRS.

Changes to the 2004 income statement relate to:

- A reclassification of a restatement in accordance with IAS 21. This had an impact of an increase of € 3.8 million in "other financial items" and a reduction of € 3.8 million in "consumption and other operating charges".
- The application of IFRS 5 and the presentation in columns of operations being disposed.

Changes to the balance sheet at 31 December 2004 relate to:

- The retention as assets of payments on account of income tax and as liabilities the corporate tax liability. The impact of this change in presentation is an increase of € 75.5 million in "other current assets" and an increase of € 75.5 million in "tax and social liabilities".
 - The reclassification to liabilities of the provision for the unlikely broadcast of rights not open at 31 December 2004. The impact of this change in presentation is an increase of € 17.0 million in "other current assets" and an increase of € 17.0 million in "current provisions for liabilities and charges".
 - The reclassification on the balance sheet of partners' current accounts that have the features of a loan is an increase of € 6.3 million in "other non-current assets", an increase of € 29.2 million in "current financial assets" and a reduction of € 35.5 million in "other current assets".
- The impact of this change in presentation on the liabilities was an increase of € 5.7 million in "non-current financial debt", an increase of € 29.2 million in "current financial debt", and a reduction of € 34.9 million in "other current liabilities".

The major impacts of IFRS on the financial statements at 31 December 2004 and 1 January 2004 are as follow (Notes A to D).

NOTE A : reconciliation of 2004 consolidated income statement (€ millions)

	12/31/2004 French GAAP	IFRS Restatements	12/31/2004	Continuing operations	Discontinuing operations
Turnover	1,192.8	4.8	1,197.6	185.4	1,012.2
Other income from ordinary activities	46.4	9.4	55.8	2.6	53.2
Total revenues from ordinary activities	1,239.2	14.2	1,253.4	188.0	1,065.4
Materials and service purchases	(724.8)	(13.5)	(738.3)	(157.7)	(580.6)
Personnel costs (including profit sharing plan contributions)	(160.6)	(5.9)	(166.5)	(16.8)	(149.7)
Taxes and duties	(54.5)	(0.1)	(54.6)	(2.6)	(52.0)
Net depreciation/amortisation/provision charges	(76.8)	(5.2)	(82.0)	(10.3)	(71.7)
Impairment of unamortised intangible assets	-	(3.6)	(3.6)	-	(3.6)
Total operating expenses	(1,016.7)	(28.3)	(1,045.0)	(187.4)	(857.6)
Profit from operations	222.5	(14.1)	208.4	0.6	207.8
Financial income	4.0	-	4.0	(0.4)	4.4
Interest expenses	(1.4)	-	(1.4)	(1.4)	-
Revaluation of derivative financial instruments	-	(2.5)	(2.5)	(1.4)	(1.1)
Other financial expenses	(1.7)	1.7	-	(0.7)	0.7
Net financial income	0.9	(0.8)	0.1	(3.9)	4.0
Net exceptional income	2.6	(2.6)	-	-	-
Share of associates results	(0.6)	-	(0.6)	-	(0.6)
Profit before tax	225.4	(17.5)	207.9	(3.3)	211.2
Income tax	(80.7)	1.1	(79.6)	1.2	(80.8)
Profit before minority interest	144.7	(16.4)	128.3	(2.1)	130.4
Amortisation of acquisition goodwill	(6.5)	6.5	-	-	-
Minority interest	0.5	-	0.5	-	0.5
Net profit (Group share)	138.7	(9.9)	128.8	(2.1)	130.9
Number of shares in circulation (thousands)			130,678	-	130,678
Earnings per share - basic (€)			0.982	(0.016)	0.998
Earnings per share - basic (€) (Group share)			0.985	(0.016)	1.001
Earnings per share - diluted (€)			0.971	(0.016)	0.987

French GAAP Net Profit 12/31/2004 138.7

Restatement of treasury shares writedown	(0.3)
Retirement benefits	0.6
Financial instruments	(3.5)
Translation adjustments	0.0
Valuation of stock options	(2.4)
Audiovisual rights amortisation upon revenues	(3.0)
Revenue recognition measurement	2.5
Business combinations treatment	(7.8)
Acquisition goodwill amortisation	2.8
Tax impact of restatements	1.2

IFRS Net Profit 12/31/2004 128.8

NOTE B : reconciliation of consolidated balance sheet at 12/31/2004 (€ millions)

ASSETS	French GAAP 12/31/2004	IFRS Restatements	IFRS 12/31/2004
Goodwill	28.2	86.4	114.6
Intangible assets	174.6	(80.6)	94.0
Property, facilities & equipment	86.8	-	86.8
Financial assets	9.7	6.3	16.0
Total fixed assets	299.3	12.1	311.4
Other non-current assets	29.3	2.1	31.4
Total non-current assets	328.6	14.2	342.8
Current assets			
Inventory	267.6	(149.4)	118.2
Trade receivables	237.1	-	237.1
Other receivables	155.4	140.9	296.3
Current financial assets	-	29.2	29.2
Cash and cash equivalents	231.5	(20.0)	211.5
Total current assets	891.6	0.7	892.3
Total assets	1,220.2	14.9	1,235.1

EQUITY AND LIABILITIES	French GAAP 12/31/2004	IFRS Restatements	IFRS 12/31/2004
Shareholders' Equity	470.5	(29.2)	441.3
Other equity	0.8	(0.8)	-
Total Equity	471.3	(30.0)	441.3
Minority Interest	(0.4)		(0.4)
Provisions for liabilities and charges	61.3	(43.9)	17.4
Financial debt and leases	10.3	1.8	12.1
Other non-current liabilities	6.0	40.7	46.7
Total non-current liabilities	77.6	(1.4)	76.2
Provisions for liabilities and charges	-	63.2	63.2
Financial debt and leases	-	33.1	33.1
Derivative financial instruments	-	5.9	5.9
Trade payable	458.7	(150.0)	308.7
Tax and social security payables	125.6	75.4	201.0
Other current liabilities	87.4	18.7	106.1
Total current liabilities	671.7	46.3	718.0
Total equity and liabilities	1,220.2	14.9	1,235.1

Summary of balance sheet restatements

French GAAP Equity at 12/31/2004	471.3
Treasury shares reclassification	(59.4)
Restatement of treasury shares writedown	39.5
Reclassification of government grants	(0.8)
Retirement benefits	0.6
Financial instruments	(7.5)
Translation adjustments	1.5
Audiovisual rights amortisation upon revenues	4.9
Revenue recognition measurement	(6.1)
Business combinations treatment	(7.8)
Acquisition goodwill amortisation	2.8
Tax impact of restatements	2.3
IFRS Equity at 12/31/2004	441.3

NOTE C : Consolidated Cash Flow Statement 12/31/2004 (€ millions)

CASH FLOW STATEMENT		French GAAP 12/31/2004	IFRS Restatements	IFRS 12/31/2004
.	Profit from operations	216.0	(7.6)	208.4
.	Depreciation and amortisation	79.8	(2.2)	77.6
.	Gains and losses on disposals	0.4	(5.5)	(5.1)
.	Income generated by cash balances	4.0	-	4.0
.	Interest paid	(1.4)	-	(1.4)
.	Other non-cash items	(1.8)	4.3	2.5
SELF-FINANCING CAPABILITY (BEFORE TAX)		297.0	(11.0)	286.0
Movements in working capital requirements	Inventories	(35.1)	25.7	(9.4)
	Trade receivables	39.0	(16.2)	22.8
	Operating liabilities	8.2	(3.7)	4.5
	<i>Transfer of costs to be distributed</i>	(3.5)	3.5	-
NET MOVEMENT IN WORKING CAPITAL REQUIREMENTS		8.6	9.3	17.9
Income tax paid		(107.5)	-	(107.5)
CASH FLOW FROM OPERATIONS		198.1	(1.7)	196.4
	<i>Relating to continuing activities</i>			<i>44.5</i>
Short-term investing activities	Intangible assets acquisitions	(61.8)	(5.4)	(67.2)
	Property, facilities and equipment acquisitions	(17.9)	-	(17.9)
	Investments acquisitions	(0.7)	-	(0.7)
	Acquisitions related borrowings	(2.7)	-	(2.7)
	Cash and cash equivalents arising from subsidiary acquisitions and disposals	(20.7)	-	(20.7)
	Disposals of intangible assets and property, facilities and equipment	1.3	6.9	8.2
	Disposals/reductions in investments	0.2	-	0.2
NET CASH USED IN SHORT-TERM INVESTING ACTIVITIES		(102.3)	1.5	(100.8)
	<i>Relating to continuing activities</i>			<i>(8.8)</i>
Financing and long-term investing activities	Share capital increases	4.0	-	4.0
	Current financial assets	-	-	-
	Financial liabilities	(35.7)	(0.1)	(35.8)
	Purchase/disposal of treasury shares	-	4.7	4.7
	Dividends paid to the parent company, shareholders and minority interest	(86.2)	-	(86.2)
NET CASH USED IN FINANCING AND LONG-TERM INVESTING ACTIVITIES		(117.9)	4.6	(113.3)
	<i>Relating to continuing activities</i>			<i>(35.7)</i>
NET CHANGE IN CASH AND CASH EQUIVALENTS		-22.1	4.4	(17.7)
	<i>Relating to continuing activities</i>			<i>-</i>
	Cash and cash equivalents - start of year	253.6	(24.4)	229.2
CASH AND CASH EQUIVALENTS - END OF YEAR		231.5	(20.0)	211.5
SUMMARY OF CASH FLOW RESTATEMENTS				
	Cash and cash equivalents - end of year - French GAAP 12/31/2004	231.5		
	Restatement of treasury shares	(19.7)		
	Other	(0.3)		
	Cash and cash equivalents - end of year - IFRS 12/31/2004	211.5		

NOTE D : reconciliation of consolidated balance sheet at 01/01/2004 (€ millions)

ASSETS	French GAAP 01/01/2004	IFRS Restatements	IFRS 01/01/2004
Goodwill	10.7	91.0	101.7
Intangible assets	172.1	(75.9)	96.2
Property, facilities & equipment	91.5	-	91.5
Financial assets	8.8	4.8	13.6
Total fixed assets	283.1	19.9	303.0
Other non-current assets	33.9	1.1	35.0
Total non-current assets	317.0	21.0	338.0
Current assets			
Inventory	226.2	(121.5)	104.7
Trade receivables	263.6	-	263.6
Other receivables	155.4	136.9	292.3
Current financial assets	-	-	-
Cash and cash equivalents	253.6	(24.4)	229.2
Total current assets	898.8	(9.0)	889.8
Total assets	1,215.8	12.0	1,227.8
EQUITY AND LIABILITIES			
	French GAAP 01/01/2004	IFRS Restatements	IFRS 01/01/2004
Shareholders' Equity	419.5	(26.3)	393.2
Other equity	0.5	(0.5)	-
Total Equity	420.0	(26.8)	393.2
Minority Interest	(1.2)		(1.2)
Provisions for liabilities and charges	67.1	(54.0)	13.1
Financial debt and leases	46.0	2.9	48.9
Other non-current liabilities	6.8	44.5	51.3
Total non-current liabilities	119.9	(6.6)	113.3
Provisions for liabilities and charges	-	72.5	72.5
Financial debt and leases	-	1.9	1.9
Derivative financial instruments	-	4.3	4.3
Trade payable	426.2	(132.5)	293.7
Tax and social security payables	151.5	56.9	208.4
Other current liabilities	99.4	42.3	141.7
Total current liabilities	677.1	45.4	722.5
Total equity and liabilities	1,215.8	12.0	1,227.8

Summary of balance sheet restatements

French GAAP Equity at 01/01/2004	420.0
Treasury shares reclassification	(64.1)
Restatement of treasury shares writedown	39.7
Reclassification of government grants	(0.5)
Retirement benefits	0.0
Financial instruments	(3.7)
Translation adjustments	1.4
Audiovisual rights amortisation upon revenues	8.0
Revenue recognition measurement	(8.6)
Business combinations treatment	0.0
Acquisition goodwill amortisation	0.0
Tax impact of restatements	1.0
IFRS Equity at 01/01/2004	393.2

As part of IFRS 1, the Group has used the following options in the preparation of its opening balance sheet:

- Business combination prior to 1 January 2004 have not been restated;
- IAS 39 has been applied retrospectively with effect from 1 January 2004.

The other options provided by IFRS 1 have not been used as they were not applicable to the Group, particularly the options relative to actuarial differences not recognised in respect of retirement commitments or to the cumulative translation adjustment that do not apply to the Group (the actuarial differences were taken to income when they arose; and the Group has no cumulative translation adjustments in equity in respect of the translations into euro of the financial statements of foreign subsidiaries).

In addition, Group did not revalue its tangible or intangible assets, these were retained at their net value.

30.1. Explanation of the major restatements affecting the consolidated financial statements

Presentation of financial statements

Balance sheet presentation

Under IFRS, a distinction is made in the Assets and the Liabilities between current items (that are part of the normal operating cycle of a business) and non-current items.

- Deferred tax assets were classified as non-current assets;
- Long-term provisions (retirement benefits, losses by associate companies), deferred tax, certain operating liabilities (related to contracts or transactions giving rise to deferred disbursement and at over one year), liabilities for non-current assets in excess of one year and financial debt due in excess of one year, are classified as non-current liabilities.

In addition, balance sheet reclassification, from one heading to another, were made as a result of the application of certain IFRS standards.

Income statement Presentation

The presentation of the income statement was reviewed in accordance with IAS 1.

- The items in exceptional income and expense were reclassified to the appropriate heading in the operating results.
- However, the presentation adopted by the Group for the consolidated income statement remains a presentation by nature and not function.

In addition, settlement discounts received by a Group subsidiary recorded up to now in finance income have been reclassified as a deduction from cost of purchases. Moreover, provision for customer returns previously treated as a provision have been reclassified as a sales deduction. The impact of these restatements has little significance as both amount to less than € 1.0 million.

Impact of IFRS 5

The proposed combination of Vivendi Universal, TF1 and M6 in subscriber television led the Group to present TPS in these financial statements as operations being disposed. The 2004 income statement and 2004 cash flow statement have thus been restated for the TPS contribution.

Changes in Group methods and principles

Intangible assets

Audiovisual rights recorded as intangible assets – Amortisation in line with income

The application of IAS 38, *Intangible Assets*, did not lead the Group to reconsider the method of accounting for audiovisual rights, only rights purchased with a view to their commercialisation (distribution, trading), produced or co-produced being recognised as intangible assets.

However, in accordance with IAS 38 that requires that the amortisation of an asset should reflect the rate at which the

benefits generated by the asset are consumed, the amortisation of catalogues of audiovisual rights held by SND and TCM DA were reviewed.

Now, these rights:

- are amortised at the rate of income generated to total expected income;
- are subject to an impairment test, a loss in value is recorded where the carrying value is higher than the recoverable value.

This method has already been applied to produced or co-produced rights.

	€ millions
Impact on 2003 equity (before tax)	8.0
Impact on 2004 equity (before tax)	4.9
Impact on 2004 profit (before tax)	(3.0)

Players of FC Girondins de Bordeaux

In accordance with IAS 38, the acquisition cost of players of FC Girondins de Bordeaux, initially recorded as deferred charges over the period of contract are recorded as intangible assets.

The cost of every player is amortised over the period of contract. This net value is also considered at each closing in accordance with IAS 36, *Impairment of assets*.

This change had no impact on equity and income.

Reclassification of prepaid charges and deferred income of € 10 million for 2003 and € 6.4 million for 2004 to intangible assets.

TPS Market share

According to IFRS 3, a business does not exercise sufficient control over market share to be able to recognise a separate asset on the balance sheet. Market shares are thus not intangible assets recognised as part of the accounting for an acquisition.

The M6 Group reclassified the TPS market shares of € 91 million from intangible assets to goodwill

Goodwill

The Group adopted the option provided by IFRS 1 not to restate acquisitions made prior to 1 January 2004.

Paris Première Goodwill

Under French GAAP, liabilities identified as part of the acquisition of Paris Première were recognised with the counterpart as goodwill.

According to IFRS 3, *Business Combinations*, certain of these liabilities do not meet the condition required to be recorded as a counterpart in goodwill, as part of the accounting for the Paris Première acquisition.

These liabilities thus constitute expenses for 2004.

	€ millions
Impact on 2004 equity (before tax)	(7.8)
Impact on income (before tax)	(7.8)

Goodwill amortisation

Goodwill has been set at its net accounting value established on 1 January 2004 and is not amortisation from that date.

	€ millions
Impact on 2004 equity (before tax)	2.8
Impact on income (before tax)	2.8

Impairment of goodwill

Although not amortised, goodwill must be subject to impairment tests on a regular basis as required by IAS 36, *Impairment of assets*.

Since 2003, the Group has applied methods relative to impairment tests in compliance with Regulation 2002-10 of CRC in respect of amortisation and impairment of assets.

As a result, no difference has been identified between the principles applied by the Group and IFRS concerning the impairment tests of goodwill.

Inventories

IAS 2 specifies that inventories should be recognised on the date of transfer of full ownership. This is when most of the risks and benefits arising from ownership of the inventory are held by the acquirer.

For the Group, this means that the recognition of distribution rights can only be recorded when these rights are open:

- Rights not open and not yet invoiced are thus reclassified as off-balance sheet commitments;
- The invoiced part of rights not open is recorded in advances and payments on account;

This change has no effect on equity and income.

A reduction in inventories of € 121.5 million for 2003 and € 149.4 million for 2004.

This reduction has a counterpart in an increase in advances and payments on account € (74.6) million, a decline in trade payables (€ 99.3 million), an increase in provisions € (20.3) million, with the difference in tax liabilities (VAT).

The impact on the total off-balance sheet commitments for 2004 was € 84.6 million.

Revenue recognition

The principles used by the Group up to now for revenue recognition do not materially diverge from the provisions of IAS 18, *Revenue*.

The only differences identified relate to:

- The date of recognition of sales achieved by SND as part of "all rights" sales, this becomes under IFRS the date of delivery of the material and no longer the date of signature of the contract or the commitment letter;
- Some nature of revenues of FC Girondins de Bordeaux, although acquired at the start of the sports season, should be reported in line with the state of completion of the season.

	€ millions
Impact on 2003 equity (before tax)	(8.6)
Impact on 2004 equity (before tax)	(6.1)
Impact 2004 income (before tax)	2.5

Share purchase and subscription options

IFRS 2 requires the recognition of a charge (with the counterpart to equity) in respect of the fair value of the benefit granted to employees as part of stock option programmes. Taking account of the market situation on the dates of grant, the total charge for the 2004 year was € 2.4 million, recorded in employee costs.

Application of IAS 32 and IAS 39

All derivative financial instruments carried by the Group are recorded in the opening balance sheet at market value and the movements in value of these instruments in 2004 were:

- Recorded in a reserve for the cash flow hedges for the effective part of the hedge
- The ineffective part of the hedge representing the time points was taken directly to income.

The spot to spot method was used for the calculation of the effectiveness tests.

	€ millions
Impact 2003 equity (before tax)	(3.7)
Impact 2004 equity (before tax)	(7.5)
Impact 2004 income (before tax)	(3.5)

Treasury shares

The application of IAS 32 requires the reclassification of all treasury shares as a deduction from equity.

For the Group, treasury shares held under a stock option plan have until now been recorded as an asset on the balance sheet in the same way as marketable securities and cash.

Reclassification from marketable securities and cash to equity of € 24.2 million in 2003 and € 19.9 million in 2004.

Translation differences

In accordance with IAS 21, *The Effects of Changes in Foreign Exchange Rates*,

- Translation difference liabilities, which previously had a balance sheet impact (deferred income) are now reported as finance income;
- Translation difference assets are no longer recorded as a provision for liability and charge but as finance costs.

	€ millions
Impact 2003 equity (before tax)	1.4
Impact 2004 equity (before tax)	1.5
Impact 2004 income (before tax)	0.0

Other restatements

In accordance with IAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, subsidies received from the Centre National de la Cinématographie are no longer accounted as investment subsidies but as a deduction from the value of co-production assets.

The Group adopted the option provided by IAS 19, *Employee Benefits*, to spread the actuarial differences. Under the accounting principles applied up to now, the Group reported in income the actuarial differences of the year in which these differences arose.

30.2. Standards having no or an immaterial effect on the consolidated financial statements

Consolidation scope

As review of the consolidation scope and the consolidation methods used did not identify major divergences between the principles applied by the Group in 2004 and those to be applied under IFRS.

Particularly IAS 31, *Financial Reporting of Interests in Joint Ventures*, maintains the possibility of proportional consolidation of jointly owned companies.

Property, plant & equipment

The application of IAS 16, *Property, plant & equipment*, has had no impact on the Group financial statements, the Group having adopted as its current principle a level of analysis and monitoring of its tangible assets and depreciation schedule of these assets in line with IAS 16.

Leases

The application of IAS 17, *Leases*, has had no effect on the Group financial statements.

The review of Group lease contracts did not reveal the existence of finance leases, other than the finance leases which are already treated in accordance with the standard per the Group's former accounting principles.

Provisions for liabilities and charges

The Group applied until 2004 Regulation 00-06 of CRC on liabilities, the application of IAS 37, *Provisions*, Contingent liabilities and Contingent assets, had no impact on the Group financial statements.

A distinction is however made between provisions for liabilities and charges that are current liabilities and those treated as non-current liabilities.

30.3. Restatement of cash flow statement

In accordance with IAS 7, *Cash Flow Statements*, the following restatements were applied to the existing cash flow statements:

In order to illustrate the effect of taxation on the movement in cash, the tax expense (current and deferred tax charge) is removed from the self-financing capacity, and the movement in the tax liability is restated from the working capital requirements.

The disbursement for taxation is thus isolated a specific line item "tax paid".

For 2004, the net tax disbursement amounted to € 107.5 million. The disclosure of this amount led to an adjustment of self-financing capacity of € 73.8 million and a movement in working capital requirements of € 33.7 million.

The major impacts of the IFRS restatements on the cash flow statement are the following:

- The reclassification of the cost of players of FC Girondins de Bordeaux as intangible assets and a negative impact on self-financing capacity of € 1.6 million and a negative impact on working capital requirements of € 1.8 million and a positive impact on investment flows of € 3.4 million.
- Treasury shares had a positive impact of € 4.7 million on financing activities.

31. Subsequent events

On 6 January 2006, Vivendi Universal, TF1 and M6 signed an industrial agreement with the aim of bringing together Canal+ group and TPS pay TV activities in France into a body controlled by Vivendi Universal.

On the creation of this combination, M6 and TF1 will hold 5.1% and 9.9% respectively of the new body, controlled exclusively by Vivendi Universal.

This agreement has been submitted to the French competition commission for approval. M6 and TF1 now hold a put option on their investment in the new entity for the 36 months following the completion of the transfers to create the new group, at the higher of the following two valuations:

- 1,130 million (€ 384.2 million for M6)
- The value of experts on the date of exercise of the option.

Furthermore, on 1 March 2006, the Group, through its subsidiary M6 Editions, invested in 50% of the share capital of the free monthly publications *Femme en ville* and *Homme en ville*.

KPMG Audit

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*Commissaire aux Comptes
Membre de la compagnie
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BARBIER FRINAULT & AUTRES

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*Commissaire aux Comptes
Membre de la compagnie
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Métropole Télévision S.A.

Registered office : 89, avenue Charles de Gaulle – 92 200 Neuilly-sur-Seine
Share capital: € 52 755 476

Statutory Auditors' report on the consolidated financial statements

Financial year ended 31 December 2005

To the shareholders of Métropole Télévision S.A. company,

In compliance with the assignment entrusted to us by your General Meetings, we hereby report to you, for the financial year ended 31 December 2005, on the audit of the accompanying consolidated financial statements of Métropole Télévision.

The consolidated financial statements have been prepared by the Management Board. Our role is to express an opinion on these consolidated financial statements based on our audit. For the first time, these financial statements have been prepared in accordance with IFRS, as adopted in the European Union. They include, for the purposes of comparison, data for the 2004 financial year that has been restated using the same rules.

I - Opinion on the consolidated financial statements

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

In our opinion, the consolidated financial statements for the financial year, prepared in accordance with IFRS as adopted in the European Union, give a true and fair view of the consolidated financial position, assets and liabilities, and net profit of Métropole Télévision SA. and its subsidiaries.

II – Justification of assessments

Pursuant to the application of the provisions of Article L. 823-9 of the Commercial Code relative to the justification of our assessments, we bring to your attention the following matters:

- Note 2.3 describes the situations in which the management of your company has used estimates and put forward hypotheses within the scope of preparing the financial statements. These estimates and hypotheses concern, in particular, the evaluation and recoverable amount of certain intangible assets and broadcasting rights, the evaluation of pension commitments and the evaluation of trade discounts. Our work involved assessing the data and hypotheses on which these estimates are based, reviewing the calculations made by your company, and comparing the accounting estimates for previous periods with the corresponding realisations and reviewing the procedures for approving these estimates by the management.

- Notes 3.5 and 3.10 set out the accounting principles and methods for audiovisual and broadcasting rights. Within the framework of the accounting principles and methods used by your company, we have ensured the appropriateness of these accounting methods and of the information disclosed in the Notes, and have assured ourselves of their correct application.

These assessments were made within the framework of our audit, which focuses on the consolidated financial statements as a whole, and accordingly contributed to the issuance of our opinion in the first part of this report.

III – Specific verifications

We have also performed, in accordance with professional standards in France, the specific verifications required by law regarding the information in the Management Board Report. We have no comments to make concerning the fairness of the information and its consistency with the consolidated financial statements.

Paris La Défense and Neuilly-sur-Seine, 04 April 2006

The Statutory Auditors,

KPMG Audit
Division of KPMG SA.

Frédéric Quélin
Partner

Grégoire Menou
Partner

BARBIER FRINAULT & AUTRES
Ernst & Young

Bruno Bizet
Partner

C. Parent company financial statements

I. Balance sheet (€ millions)

Assets

	Note N°	12/31/05		Net	12/31/04	12/31/03
		Gross	Amortisation & Depreciation			
Broadcast rights, licences & concessions		-	-	-	-	-
Business goodwill		-	-	-	-	-
Other intangible assets	3.1/3.2/3.3	107.1	100.5	6.6	3.8	15.1
Advances on intangible assets	3.1	0.2	-	0.2	1.2	1.5
Technical facilities, equipment & tools	3.1/3.2	18.5	14.8	3.7	1.3	1.4
Other property, facilities & equipment	3.1/3.2	15.6	11.5	4.1	4.7	4.0
Assets under construction	3.1	0.3	-	0.3	-	0.2
Investments	3.1/3.3	138.8	20.7	118.1	105.1	124.0
Investment receivables		-	-	-	-	-
Other equity investments		-	-	-	-	-
Loans	3.1/3.5	19.1	-	19.1	21.2	26.0
Other investments	3.1/3.5	1.6	-	1.6	1.6	1.3
TOTAL NON-CURRENT ASSETS		301.2	147.5	153.7	138.9	173.5
Broadcast rights inventory	3.3/3.4	151.3	44.5	106.8	217.7	182.8
Advances & payments on account		92.1	-	92.1	5.7	0.1
Trade receivables	3.3/3.5	230.3	1.4	228.9	204.4	199.2
Other receivables	3.5	319.0	-	319.0	279.6	306.7
Marketable securities	3.3/3.7	218.5	7.3	211.2	249.3	270.5
Cash	3.7	22.8	-	22.8	27.1	56.5
Prepaid expenses		8.1	-	8.1	2.4	3.5
TOTAL CURRENT ASSETS		1,042.1	53.2	988.8	986.2	1,019.3
Deferred charges		-	-	-	-	-
Bond redemption premium		-	-	-	-	-
Deferred translation gain		-	-	-	0.4	-
TOTAL ASSETS		1,343.3	200.7	1,142.6	1,125.6	1,192.8

Equity and liabilities

	Note N°	12/31/05	12/31/04	12/31/03
Share capital	3.8	52.8	52.8	52.8
Share premium	3.8	24.2	24.2	24.2
Legal reserves	3.8	5.3	5.3	5.3
Regulated reserves	3.8	13.1	13.4	13.1
Retained earnings	3.8	429.0	416.4	399.0
Financial year net profit	3.8	166.2	122.4	105.5
Interim dividend			-	-
Regulated provisions	3.3	4.5	2.0	1.2
TOTAL EQUITY		695.1	636.4	601.1
Provisions for liabilities		25.7	46.4	70.7
Provisions for charges		26.2	6.8	18.1
PROVISIONS FOR LIABILITIES AND CHARGES	3.3	51.9	53.2	88.8
Financial debts from banks	3.6	31.5	29.9	66.2
Other borrowings	3.6		-	-
Advance payments received	3.6		-	-
Trade payables	3.6	183.0	233.3	222.6
Income tax and social security liabilities	3.6	59.2	52.3	76.0
Liabilities on non-current assets	3.6	10.5	14.1	16.4
Other liabilities	3.6	111.1	105.4	120.2
Deferred revenues		0.2	0.5	-
TOTAL LIABILITIES		395.5	435.5	501.4
Deferred translation loss		0.0	0.5	1.5
TOTAL EQUITY & LIABILITIES		1,142.5	1,125.6	1,192.8
Financial year net profit (€)		166,217,030	122,396,381	105,525,515
Total assets (€)		1,142,524,949	1,125,563,138	1,192,826,381

II. Income statement (€ millions)

	Note N°	12/31/05	12/31/04	12/31/03
Net turnover	4.1	640.7	612.1	589.9
Production capitalised as inventory / as non-current assets		-	-	-
Amortisation, depreciation & provision reversals		44.4	40.0	43.9
Other operating revenues		27.4	20.9	25.6
OPERATING REVENUES		712.5	673.0	659.4
Merchandise purchases (including customs duties)		86.2	244.2	204.8
Merchandise inventory movement		130.7	(33.2)	(18.6)
Other purchases and external charges		141.5	132.7	132.6
Tax, duties & royalties		44.9	42.6	42.1
Payroll		35.7	33.6	30.9
Employment benefits		16.3	14.0	15.6
Non-current asset depreciation and amortisation		9.2	12.6	16.3
Non-current asset investment write-downs		2.1	6.2	13.2
Current assets provision charge		15.9	18.5	24.5
Provisions for liabilities and charges		27.7	4.7	3.6
Other expenses		37.1	32.9	33.0
OPERATING EXPENSES		547.3	508.8	498.0
OPERATING PROFIT		165.2	164.2	161.4
Investments financial income		54.7	33.6	31.6
Other interest and related financial income		5.0	5.0	4.9
Provision reversals & expense transfers		1.1	19.5	7.6
Foreign exchange gains		0.6	1.1	0.5
Net income from disposal of marketable securities		0.2	-	-
FINANCE INCOME		61.6	59.2	44.6
Financial amortisation and provision charges		-	22.4	28.5
Interest and related expenses		1.1	0.9	0.6
Foreign exchange losses		0.6	1.3	-
Net expenses of disposal of marketable securities		-	-	-
FINANCE EXPENSES		1.7	24.6	29.1
NET FINANCE INCOME	4.2	59.9	34.6	15.5
PROFIT FROM ORDINARY ACTIVITIES BEFORE TAX		225.1	198.8	176.9
Exceptional income - operating activities		-	-	0.1
Exceptional income - investing & financing activities		0.2	4.9	0.1
Provision reversals & expense transfers		27.0	4.8	2.4
EXCEPTIONAL INCOME		27.2	9.7	2.6
Exceptional expenses - operating activities		-	-	0.3
Exceptional expenses - investing & financing activities		26.5	24.5	1.4
Provision reversals & expense transfers		3.5	1.3	6.5
EXCEPTIONAL EXPENSES		30.0	25.8	8.2
NET EXCEPTIONAL EXPENSES	4.3	(2.8)	(16.1)	(5.6)
Employee profit sharing plan contributions		2.8	2.7	2.9
Income tax	4.4	53.3	57.7	62.9
NET PROFIT		166.2	122.4	105.5
TOTAL REVENUES, INCOME & GAINS		801.3	741.9	706.6
TOTAL EXPENSES, CHARGES & LOSSES		635.1	619.5	601.0

III. Cash flow statement (€ millions)

	12/31/2005	12/31/2004	12/31/2003
Financial year net profit	166.2	122.4	105.5
Depreciation, amortisation & provisions charges	(11.8)	1.4	34.9
Gains & losses from non-current assets disposal		17.9	-
Other items not having an impact on operating cash flows		-	-
CASH FLOW FROM OPERATIONS	154.5	141.7	140.4
Movements in working capital requirements			
Inventories	128.9	(32.2)	(10.9)
Trade receivables	(154.8)	17.5	(49.0)
Operating liabilities	(42.2)	(30.5)	48.9
Transfer of expenses to deferred charges		-	-
NET MOVEMENT IN WORKING CAPITAL REQUIREMENTS	(68.0)	(45.2)	(11.0)
NET CASH FROM OPERATING ACTIVITIES	86.4	96.4	129.4
INVESTING ACTIVITIES			
Intangible assets acquisitions	(5.0)	(5.1)	(5.8)
Property, facilities & equipment acquisitions	(4.7)	(3.8)	(2.5)
Investment acquisitions	(13.0)	(23.5)	(34.0)
Cash and cash equivalents arising from disposal of subsidiaries		-	-
Intangible assets and property, facilities & equipment disposals	0.1	0.8	-
Investments disposals/writedowns	2.1	8.9	0.7
NET CASH USED IN INVESTING ACTIVITIES	(20.5)	(22.7)	(41.6)
FINANCING ACTIVITIES			
Share capital increase		-	-
Other equity increase		(0.3)	-
New borrowings		-	-
Repayment of borrowings		-	-
Dividends paid to Parent Company shareholders	(110.0)	(87.6)	(74.2)
NET CASH USED IN FINANCING ACTIVITIES	(110.0)	(87.9)	(74.2)
Net change in cash and cash equivalents	(44.1)	(14.2)	13.6
Cash and cash equivalents - start of year	246.6	260.8	247.2
CASH AND CASH EQUIVALENTS - END OF YEAR	202.5	246.6	260.8

D. Notes to the parent company financial statements

Métropole Télévision reported net profit of € 166.2 million and total assets of € 1,142.50 million for the 12-month financial year ending on 31 December 2005.

These annual financial statements were approved by the Management Board on 7 March 2006.

Unless otherwise mentioned, the amounts presented in the notes are expressed in millions of Euros.

1. 2005 Financial year significant events

In 2005, Métropole Télévision acquired Société Nouvelle de Cinématographie for € 13 million.

2. Accounting rules & methods

These financial statements were prepared in accordance with French Generally Accepted Accounting Principles as codified in law and set by regulation, these being the principles of prudence, a true and fair presentation, and consistency, conforming with the following basic assumptions:

- going concern,
 - consistency of accounting policies,
 - independence of the accounting period;
- and according to the general rules established with regard to the presentation of annual financial statements.

The application from 1 January 2005 of rulings 2002-10 and 2004-06 of the Accounting Regulatory Committee, relating to the depreciation and impairment of assets and the recognition and measurement of assets respectively, have had no impact on the financial statements.

2.1. Intangible assets

Intangible assets principally comprise computer software and co-productions.

2.1.1. Computer software

Computer software is amortised on a straight-line basis over a period of between 1 to 5 years, supplemented by accelerated amortisation where necessary.

2.1.2. Co-production of drama, documentaries, concerts, programmes and music videos

Once contracts have been signed, co-productions are carried as off-balance sheet commitments, until the receipt of invoices, which are recorded as advances and payments on account. Co-productions are recognised as intangible assets upon receipt of technical acceptance.

Co-production costs are amortised on a straight-line basis over 3 years and are eventually fully written-off, when it appears that the present value of future receipts appears insufficient.

2.2. Property, facilities & equipment & financial assets

Property, facilities and equipment are recorded at their acquisition cost and are depreciated on a straight-line or reducing balance basis. The key periods of depreciation are as follows:

Mobile technical equipment	3 years
Other mobile equipment	4 years
Technical equipment	3 or 4 years
Computer hardware	3 or 4 years
Office equipment	5 years
Video equipment	6 years
General facilities	10 years
Office furniture	10 years

Investments are recorded at their acquisition costs and a write-down provision is established when justified by their current market value.

2.3. Broadcast rights inventory

Broadcast rights are considered as intangible consumables and are classified as inventory at the date of purchase until the point at which Métropole Télévision has the right to broadcast the associated programmes.

Purchases are recorded at their purchase cost, net of any discounts and rebates earned but excluding the effect of any possible settlement discounts.

Broadcast rights are charged to cost of sales according to the number of broadcasts, in the following manner:

Rights acquired for a single broadcast:

- 100 % of the contract value.

Rights acquired for multi-broadcasts:

- 1st broadcast: 67% of the contract value;
- 2nd broadcast: 33% of the contract value.

A writedown provision is established for broadcast rights relating to programmes which are not likely to be broadcast and where their value in use is below their net book value.

Furthermore, costs arising from pre-purchase music video contracts are recorded on the balance sheet as prepaid expenses, which are written off to expenses each time a broadcast takes place.

2.4. Receivables and liabilities

Receivables and liabilities are valued at their nominal values. A provision for receivables writedown is established based on the risks of non-collection.

Foreign currency denominated receivables and liabilities which are not the subject of a financial hedge, are translated at their Balance Sheet data exchange rate. Only deferred exchange losses are recognized in the Income Statement.

2.5. Marketable securities

Marketable securities are recorded at their gross value. A provision for writedown is established whenever the market value is less than the acquisition cost.

2.6. Treasury shares

Métropole Télévision holds treasury shares for the purpose of distribution to employee beneficiaries who exercise their stock options. The Company also possesses treasury shares within the framework of a liquidity agreement.

These treasury shares are recorded at their gross book value as marketable securities. A provision for writedown is established:

- as a Balance Sheet liability when the market price or exercise price is less than their acquisition cost;
- as a Balance Sheet asset when the market price is less than their acquisition cost, in situations where beneficiaries have left the plan.

2.7. Provisions for liabilities and charges

Provisions for liabilities and charges are determined, based on an individual risk exposure assessment at the year end. Each provision is valued based on their likely future financial impact, estimated on the basis of information available at the year end.

Hence, a provision is established equal to the negative equity amount of subsidiaries.

2.8. Provisions for retirement benefits

The provision for retirement benefits was calculated in accordance with IAS 19, using an actuarial method that takes into account the vested rights of all Group employees and their most recent salary.

2.9. Advertising revenues

Advertising revenues are recorded net of commercial discounts.

2.10. Off-balance sheet commitments

Off-balance sheet commitments are essentially comprised of the following:

- acquisitions of broadcasting rights which had been formally agreed before 31 December 2005, but which were not open at that date;
- Co-production costs for which technical approval has not yet been granted ;
- Fees for future broadcasts of existing contracts.

2.11. Financial instruments

In order to protect itself against unfavourable exchange rate movements, M6 covers its principal foreign currency transactions by using simple financial instruments (forward cover). Hedged transactions are accounted for at their agreed exchange rate.

3. Notes on the parent company balance sheet

3.1. Non-current assets

Non-current assets comprise the following:

	12/31/04	Additions	Disposals	12/31/05
Intangible rights	-	-	-	-
Commercial deposits	-	-	-	-
Other intangible assets	102.1	5.0	-	107.1
Advances and payments on account	1.2	0.5	1.4	0.3
Total intangible assets	103.3	5.5	1.4	107.4
Technical facilities & equipment	15.4	3.3	0.2	18.5
Other property, facilities & equipment	14.3	1.4	0.1	15.6
Property, facilities & equipment in progress	0.0	0.8	0.5	0.3
Total property, facilities & equipment	29.7	5.5	0.8	34.4
Equity investments	125.8	13.0	-	138.8
Intercompany receivables	-	-	-	-
Loans	21.2	-	2.1	19.1
Other investments	1.5	0.1	-	1.6
Total investments	148.5	13.1	2.1	159.5
Total non-current assets	281.5	24.1	4.3	301.3

Intangible assets essentially comprise co-production rights.

Movements in equity investments in 2005 concern Société Nouvelle de Cinématographie (SNC).

The € 19.1 million in loans represents a loan granted by M6 to its subsidiary Immobilière M6 for the acquisition of the head office.

3.2. Accumulated depreciation and amortisation

	31 Dec. 2004	Charges	Reversals and disposals	31 Dec. 2005
Intangible rights	-	-	-	-
Other intangible assets	92.1	6.3	-	98.4
Total intangible assets	92.1	6.3	-	98.4
Technical facilities & equipment	14.1	0.9	0.2	14.8
Other property, facilities & equipment	9.6	2.0	0.1	11.5
Total property, facilities & equipment	23.7	2.9	0.3	26.3
Total amortisation	115.8	9.2	0.3	124.7

3.3. Provisions

Provisions in 2005 comprise the following:

	31 Dec. 2004	Increases	Decreases (used)	Decreases (unused)	31 Dec. 2005
Supplementary licences amortisation	2.0	2.9	0.4		4.5
Total regulated provisions	2.0	2.9	0.4	-	4.5
Provisions for litigation ⁽¹⁾	9.0	4.2	1.0	2.0	10.2
Provision for share purchases ⁽²⁾	34.5	-	26.3	-	8.2
Provision for subsidiary losses	2.5	-		-	2.5
Provision for exchange losses	0.4	-	0.4	-	-
Provisions for social security charges	6.5	0.9	-		7.4
Provisions for other charges ⁽³⁾	0.4	23.3	-	-	23.7
Total provisions for liabilities and charges	53.2	28.4	27.7	2.0	52.0
Provision for intangible assets	6.2	2.1	6.2	-	2.1
Provision for investments ⁽⁴⁾	20.7	-	-	-	20.7
Provision for inventories	62.5	15.7	33.7	-	44.5
Provision for trade accounts receivable	1.5	0.2	0.3	-	1.4
Provision for marketable securities	8.0	-	0.7	-	7.3
Total provisions for writedowns	98.9	18.0	40.9	-	76.0
Total	154.2	49.3	69.0	2.0	132.5
Analysis by nature :					
Operating		45.7	42.7		
Financial		0.0	27.3		
Exceptional		3.5	0.8		

(1) Provisions for litigation are intended to cover litigation or disputes existing at 31 December 2005

(2) Provisions for share purchases are intended to cover the difference between the acquisition price and the market value of the shares allocated to employees

(3) Provisions for other charges principally concern the writedown of rights

(4) The provision for investments principally concerns the write down of M6 Foot shares.

3.4. Inventory and work in progress

	31-Dec-04	Increases	Increases / Transfers	Invalid rights	31-Dec-05
Inventories	271.8	13.1	132.7	11.1	141.1
Work in progress	8.4	52.3	50.5		10.2
Total	280.2	65.4	183.2	11.1	151.3

Rights for which there is risk of no broadcast are the subject of a provision totalling € 44.5 million at 31 December 2005 (see note 3.3)

3.5. Receivables

	Gross values	Due within 1 year	Due after 1 year
Non-current assets			
Intercompany receivables	-	-	-
Loans	19.1	-	19.1
Other investment receivables	1.6	-	1.6
Total	20.7	-	20.7
Current assets			
Trade receivables ⁽¹⁾	230.3	228.6	1.7
Other receivables ⁽²⁾	319.0	39.4	279.6
Total	549.3	268.0	281.3
Total receivables	570.0	268.0	302.0

(1) trade receivables are principally composed of advertising receivables

(2) within other receivables due within 1 year is € 28.6 million of recoverable VAT

Other receivables due after 1 year are exclusively intercompany receivables.

3.6. Liabilities

Liabilities comprise the following:

	Gross value	Due within 1 year	Due within 1 to 5 years	Due after 5 years
Bank overdrafts	31.5	31.5		
Deposits and guarantees received	-	-		
Trade payables	183.0	181.5	1.5	
Income Tax and social security liabilities	59.2	59.2		
Liabilities on non-current assets	10.5	10.5	-	
Other liabilities	111.1	111.1		
Total	395.3	393.8	1.5	-
Accrued expenses included within the above:				
- trade suppliers	113.5			
- income tax and social security	14.4			
- providers of property, facilities & equipment	-			

3.7. Cash and marketable securities

Cash and marketable securities comprise the following:

	31/12/05	31/12/04
Treasury shares	25.4	60.9
Liquidity contracts (treasury shares and other marketable securities)	3.1	2.9
Investment funds, SICAV	190.0	193.5
Cash	22.8	27.1
Cash and marketable securities	241.3	284.4
Provision for treasury shares write down	(7.3)	(8)
Net cash and marketable securities	234.0	276.4

At 31/12/2005, Métropole Télévision had 492,002 treasury shares.
611,530 options have been exercised by their beneficiaries in 2005.

Marketable securities do not include any unrealised gains, as these were realised at 31 December 2005.

3.8. Shareholders' funds

The evolution of shareholders' funds during the period is as follows:

	01/01/05	Allotment of profit	Additions	Other movements Reductions	12/31/05
Capital	52.8				52.8
Share premium	24.2				24.2
Legal reserves	5.3				5.3
Long term capital gain	13.4			13.4	0
Other reserves			13.4	0.3	13.1
Profit carried forward	416.3	12.4	0.3		429
Profit for the year	122.4	(122.4)	166.2		166.2
Equity excluding regulated provisions	634.4	(110)	179.9	13.7	690.6
Regulated provisions	2		2.9	0.4	4.5
Total shareholders' funds	636.4	(110) ⁽¹⁾	182.8	14.1	695.1

(1) Dividends paid on 3 May 2005

4. Notes on the parent company income statement

4.1. Turnover

	2005	2004	%
TV advertising revenues	606.4	577.1	5.07
Sponsorship advertising revenues	31.3	34.8	(10.06)
Other revenues	3.0	0.2	
Total sales	640.7	612.1	4.67

Analysis of sales by geographic region

France	95.80%
Europe	3.80%
Other countries	0.40%

Advertising revenues are recorded net of commercial discounts.

4.2. Net financial income

	2005	2004
Net financial income is composed as follows:		
Dividend income from subsidiaries	48.5	27.5
Interest income from loans to subsidiaries	6.1	6.2
Marketable securities income	5.2	5.0
Net charges to provisions for exchange losses	0.4	(0.4)
Net charges to provisions linked to financial investments	-	(0.7)
Net charges to provisions for treasury shares	0.7	(1.9)
Exchange differences	0.1	(0.2)
Other	(1.1)	(0.9)
Total net financial income	59.9	34.6

4.3. Net exceptional expenses

Net exceptional expenses are as follows:

	2005	2004
Net provision charges (including accelerated depreciation & amortisation)	23.6	3.5
Capital gain on disposal of the subsidiary M6 DA	0.0	(17.9)
Other	(26.4)	(1.7)
Total net exceptional expenses	(2.8)	(16.1)

4.4. Income tax

The Company has declared itself the parent company of a tax grouping pursuant to Articles 223A and subsequent of the Income Tax Code.

The tax grouping arrangement adopted by the group is based on non-discriminatory tax treatment.

Each profitable company pays its own income tax charge as if it was independent for tax purposes.

The Company incurred an income tax charges of € 53.3 million for 2005.

4.5. Analysis of income tax by activity

The breakdown of income tax charges is as follows;

	Profit before tax	Income Tax
Profit from ordinary activities	225.1	54.3
Net exceptional expense	(2.8)	(1.0)
Profit before tax and employee profit sharing plan charges	222.3	
Company income tax		53.3

4.6. Other purchases and external charges

These predominantly relate to TDF services and advertising payments.

5. Other notes

5.1. Balance sheet and income statement balances at 31 December 2005 arising from transactions with associated companies

	Related companies (a)	Associated companies (b)
Investments	115.5	0.8
Receivables relating to investments	-	-
Loans	19.1	-
Trade receivables	6.8	0.1
Other receivables ⁽¹⁾	157.6	0.1
Other financial debt and liabilities	-	-
Liabilities relating to investments	-	-
Trade payables	25.7	2.2
Liabilities relating to property, facilities & equipment	-	-
Finance expenses	0.5	-
Finance income	3.4	-
⁽¹⁾ including current accounts with subsidiaries	156.6	0.1

(a) companies with which the Company has a greater than 50% equity ownership relationship

(b) companies with which the Company has a 10% to 50% equity ownership relationship

5.2. Share capital composition

	Number of shares	Par value
As at 1 January 2005	131,888,690	€ 0.4
Shares issued during the financial year	-	-
Reduction in nominal value	-	-
As at 31 December 2005	131,888,690	€ 0.4

5.3. Off-balance sheet commitments

At 31 December 2005, off-balance sheet commitments were as follows:

	Commitments at 12/31/2005	Due within 1 year	Due in more than 1 year	Commitments at 12/31/2004	Terms and conditions of implementation
Commitments given	749.8	231.7	518.2	288.3	
Purchase of broadcasting rights	607.4	128.5	478.9	107.7	Contract signed
Co-production commitments	60.2	60.2	-	57.3	Contract signed
Satellite rental contracts ⁽¹⁾	5.8	2.9	2.9	8.7	Contract signed
Broadcasting contracts ⁽¹⁾	59.2	29.6	29.6	88.7	Contract signed
DTT contracts ⁽¹⁾	4.4	1.1	3.3	6.0	Contract signed
Financial commitments	-	-	-	1.8	Contract signed
Financial commitments of group companies	-	-	-	0.9	SNC Liquidation
Liability for partnership responsibilities	6.3	6.3	-	11.5	SNC Liquidation
Commercial commitments ⁽²⁾	6.6	3.1	3.5	4.5	Contract signed
Other	-	-	-	1.1	
Commitments received	8.2	8.2	-	17.0	
Liability for partnership responsibilities	6.3	6.3	-	11.5	SNC Liquidation
Sales commitments	2.0	2.0	-	4.7	Annual due dates
Other	-	-	-	0.8	

(1) These contracts correspond to services provision. Commitments are valued based on the outstanding amounts due to contract expiry.

(2) Commercial commitments principally relate to rented premises.

The presentation above does not omit any significant off-balance sheet commitments, in compliance with current accounting standards.

5.4. Net deferred tax assets at 31 December 2005

	Deferred Tax asset (+) at 12/31/2005	Deferred tax liability (-)	Total deferred taxation at 12/31/2005
Nature of temporary differences			
Regulated provisions			
Tax on non-deductible provisions	20.9	(1.7)	19.2
Tax on long-term capital losses			

The deferred taxation asset has been valued using a taxation rate of 34.43%.

5.5. Executive Officers remuneration

	Total
Directors' remuneration	2.7

This remuneration, including benefits and variable elements, corresponds to the amounts paid to the Management Board by Métropole Télévision S.A.

5.6. Average Company workforce size

The average workforce of Métropole Télévision is composed as follows:

	2005 salaried employees	2004 salaried employees
Permanent workforce	522	453
Employees	71	66
Supervisors	127	110
Managers	230	196
Reporters	94	81
Temporary workforce (Full Time Equivalents)	80	96
Total	602	549

The cumulative hours relating to Individual Rights training in 2005 amounted to 19,380.

5.7. Attendance fees

The amount of attendance fees paid during the period was 120,000 euros.

6. Consolidation of accounts

The Métropole Télévision Company is the Parent Company of a consolidated sub-group. The company's financial statements are themselves consolidated by global integration in the consolidated financial statements of RTL Group.

7. Subsequent events

There have been no significant subsequent events since the Balance Sheet date.

8. Five year financial results summary

Financial year end	12/31/2005	12/31/2004	12/31/2003	12/31/2002	12/31/2001
Number of months	12	12	12	12	12
Closing financial year capital (€)					
Share capital	52,755,476	52,755,476	52,755,476	52,755,476	52,755,476
Number of ordinary shares issued	131,888,690	131,888,690	131,888,690	131,888,690	131,888,690
Financial results (€ millions)					
Sales (ex-VAT)	640.7	612.1	589.9	580.7	569.0
Profit before tax, employee profit sharing amortisation, depreciation and provision charges	236.2	205.6	213.9	208.4	239.8
Income tax	53.3	57.7	62.9	34.9	53.7
Employee profit sharing plan	2.8	2.7	2.9	2.4	2.4
Net profit	166.2	122.4	105.5	155.8	141.6
Dividends paid	124.8	109.7	87.5	74.2	74.2
Earning and dividends per share (€)					
Basic earnings per share - profit after tax, employee profit sharing, before amortisation, depreciation and provision charges	1.37	1.10	1.12	1.30	1.39
Basic earnings per share - Net profit	1.26	0.93	0.80	1.18	1.07
Dividend per share	0.95	0.84	0.67	0.57	0.57
Workforce					
Average workforce size	602	549	549	534	518
Payroll*	31.5	30.0	29.2	26.6	25.8
Total employment benefits costs including social security and medicare*	16.3	14.0	15.6	11.3	10.9

Note: Par value of the share was decreased from € 4 to € 0.40 at the AGM of 26 May 2000.

* (in € millions)

9. Subsidiaries and associates

thousands	Address	N° Siren	Capital	Reserves and retained earnings	Share capital % ownership
Subsidiaries					
	M6 PUBLICITÉ sas – 89, Avenue Charles de Gaulle – 92200 NEUILLY	34094903100025	50	17	99.99
	M6 FILMS sa – 89, Avenue Charles de Gaulle – 92200 NEUILLY	38072740400028	60	(335)	99.98
	MÉTROPOLE PRODUCTION sa – 89, Avenue Charles de Gaulle – 92200 NEUILLY	38247713100025	50	(349)	99.98
	C. PRODUCTIONS sa – 89, Avenue Charles de Gaulle – 92200 NEUILLY	40790865600025	50	(158)	99.97
	M6 INTERACTIONS sas – 89, Avenue Charles de Gaulle – 92200 NEUILLY	38890945900041	34,050	14,496	100.00
	M6 THÉMATIQUE sa – 89, Avenue Charles de Gaulle – 92200 NEUILLY	40310510900025	41	9,984	99.99
	IMMOBILIÈRE M6 sa – 89, Avenue Charles de Gaulle – 92200 NEUILLY	39947635700021	9,600	2,590	99.99
	M6 FOOT sas – 89, Avenue Charles de Gaulle – 92200 NEUILLY	42313378400011	18,360	(18,322)	100.00
	SCI 107 sci – 89, Avenue Charles de Gaulle – 92200 NEUILLY	42169913300011	2	(88)	99.90
	M6 DÉVELOPPEMENT sas – 89, Avenue Charles de Gaulle – 92200 NEUILLY	42811522400019	40	(48)	99.99
	M6 STUDIO sas – 89, Avenue Charles de Gaulle – 92200 NEUILLY	42811529900011	45	(19)	99.99
	M6 CRÉATION sas – 89, Avenue Charles de Gaulle – 92200 NEUILLY	42881567400018	40	(8)	99.99
	W9 PRODUCTIONS sas – 89, Avenue Charles de Gaulle – 92200 NEUILLY	42881563300014	50	5	99.99
	M6 AFFAIRES sas – 89, Avenue Charles de Gaulle – 92200 NEUILLY	42881585600011	40	(25)	99.99
	M6 BORDEAUX sas – 89, Avenue Charles de Gaulle – 92200 NEUILLY	43350336400013	40	(112)	99.99
	M6 TOULOUSE sas – 89, Avenue Charles de Gaulle – 92200 NEUILLY	43350341400016	40	(84)	99.99
	MANDARIN sas – 89, Avenue Charles de Gaulle – 92200 NEUILLY	40536317700024	114	(1,282)	100.00
	M6 OPÉRATIONS sas – 89, Avenue Charles de Gaulle – 92200 NEUILLY	45140640900016	40	(7)	99.99
	SOCIÉTÉ NOUVELLE DE CINÉMATOGRAPHIE – 89, Avenue Charles de Gaulle – 92200 NEUILLY	775670623000	882	1,723	100.00
Associates					
	LABO PRODUCTIONS sarl – 89, Avenue Charles de Gaulle – 92200 NEUILLY	42369616000013	10	7	25.50
	SOCIÉTÉ NOUVELLE DE DISTRIBUTION sa – 89, Avenue Charles de Gaulle – 92200 NEUILLY	41485722700030	14,692	5,599	7.12
	M6 WEB sas – 89, Avenue Charles de Gaulle – 92200 NEUILLY	41454946900016	740	76	6.75
	MÉTROPOLEST sa – Rue Théophraste Renaudot – 54180 HOUEMONT	39473579900014	40	0	49.88
	EUROPEAN NEWS EXCHANGE sa – 45 bld Pierre Frieden – 1543 LUXEMBOURG-KIRCHBERG		496	(108)	20.00
	TCM DROITS AUDIOVISUELS snc – 3, rue du commandant Rivière – 75008 PARIS	40952892400031	240	-	50.00
	TCM GESTION sa – 145 Quai de Stalingrad – 92130 ISSY-LES-MOULINEAUX	40952934400031	40	(3)	49.88
	Athlételine sas – 2, rue du chemin Vert – 92110 CLICHY	42490517200039	91	37	3.64
	MULTIPLEX R4 (MULTI 4)	44975397900011	60	2	16.67

Gross	Book value of shares owned Net	Outstanding loans and advances	2004 Sales	2005 Sales	2004 Net profit (Loss)	2005 Net profit (Loss)	Dividends paid by the Company in 2005
38	38	-	68,048	69,630	26,630	26,730	26,784
166	-	8,110	1,508	1,860	(799)	(1,693)	
1,150	-	8,798	23,310	22,513	46	(1,632)	
38	38	2,750	13,921	15,544	409	31	
34,007	34,007	-	108,709	103,020	24,982	17,217	19,986
56,450	56,450	94,531	1,616	3,330	(3,292)	1,813	
9,147	9,147	19,105	6,317	6,669	894	1,139	
19,128	42	8,634	-	-	(18,324)	35	
2	2	7,303	1,221	1,311	147	208	
40	40	132	498	861	(23)	2	
45	45	-	3	0	(238)	(143)	
40	40	-	-	-	(2)	(2)	
50	50	6,028	20,216	11,480	644	(966)	691
40	40	-	80	84	(4)	(2)	
40	40	733	951	839	(47)	(69)	
40	40	914	915	880	(37)	(54)	
2,500	2,500	2,576	489	564	(938)	(1,449)	
40	40	-	-	-	(3)	(4)	
13,000	13,000	-	3,013	2,283	1,634	1,088	
2	2	111	262	117	(2)	(64)	-
1,650	1,650	26,957	41,600	48,005	(2,358)	(8,544)	-
50	50	-	31,360	49,765	8,037	10,589	543
19	19	11	852	NC	24	NC	
100	100	-	4,604	NC	32	NC	
655	655	9,385	14,571	19,009	1,053	7,674	
20	20	-	3	1	-	-	
305	-	-					
10	10	-	58	55	2	1	

Notes to the parent company financial statements

Financial accounts

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Financial Report

Management Report

KPMG Audit

Département de KPMG S.A.
Immeuble KPMG - 1, cours Valmy
92923 Paris la Défense Cedex

*Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles*

BARBIER FRINAULT & AUTRES**Ernst & Young**

41, rue Ybry
92000 Neuilly-sur-Seine

*Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles*



Métropole Télévision S.A.

Registered office: 89, avenue Charles de Gaulle – 92 200 Neuilly-sur-Seine
Share capital: € 52,755,476

Financial year ended 31 December 2005

General Report by the Statutory Auditors

To the shareholders,

In compliance with the assignment entrusted to us by your General Meetings, we hereby report to you for the financial year ended 31 December 2005, on:

- the audit of the accompanying financial statements of the Métropole Télévision S.A. company;
- the justification of our assessments;
- the specific verifications and information required by law.

The annual financial statements have been prepared by the Management Board. Our role is to express an opinion on these financial statements based on our audit.

1. Opinion on the annual financial statements

We conducted our audit in accordance with accepted professional standards in France. These standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements.

An audit also involves assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion, in light of French accounting principles and methods, the annual financial statements give a true and fair view of the financial position, assets and liabilities, and net profit of the Métropole Télévision S.A. company from the transactions for the financial year then ended.

Without calling into question the opinion issued above, we draw your attention to the change in accounting method, explained in Note 2, which results from the application, as of 1 January 2005, of Regulations 2002-10 and 2004-06 issued by the French Committee on Accounting Regulations.

2. Justification of assessments

Pursuant to the application of the provisions of Article L.823-9 of the Commercial Code relative to the justification of our assessments, we bring to your attention the following matters:

Note 2 explains the change in accounting method that results from the application, as of 1 January 2005, of Regulations 2002-10 and 2004-06 issued by the French Committee on Accounting Regulations. Within the framework of our assessment of the accounting principles and methods used by your company, we have ensured, in particular, that this change of accounting method is justified and that the effect thereof has been correctly calculated and presented.

Notes 2.1.2 and 2.3 disclose the Company's principles and methods for accounting for its audiovisual rights (co-productions) and broadcast rights. Within the framework of our assessment of the accounting principles and methods used by your Company, we have ensured the appropriateness of these accounting methods and of the information disclosed in the Notes, and we have assured ourselves of their correct application.

These assessments were made within the framework of our audit, which focuses on the financial statements as a whole, and accordingly contributed to the issuance of a clean opinion in the first part of our report.

3. Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by law.

We have no comments to make concerning the fairness and consistency with the annual financial statements of the information given in the Management Board report and in the documents sent to the shareholders concerning the financial situation and the annual financial statements.

As required by law, we ensured that the various information concerning the acquisition of shareholdings and controlling interests was provided to you in the management report.

Paris-La Défense et Neuilly-sur-Seine, 04 April 2006

The Statutory Auditors,

KPMG Audit
Division of KPMG S.A.

Frédéric Quélin
Partner

Grégoire Menou
Partner

BARBIER FRINAULT & AUTRES
Ernst & Young

Bruno Bizet
Partner

KPMG Audit

Département de KPMG S.A.
Immeuble KPMG - 1, cours Valmy
92923 Paris la Défense Cedex

*Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles*

**Métropole Télévision S.A.**

Registered office: 89, avenue Charles de Gaulle – 92 200 Neuilly-sur-Seine
Share capital: € 52,755,476

BARBIER FRINAULT & AUTRES**Ernst & Young**

41, rue Ybry
92000 Neuilly-sur-Seine

*Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles*

Special Report by the Statutory Auditors on regulated agreements

To the shareholders of Métropole Télévision S.A.,

As Statutory Auditors of your Company, we hereby present to you our report on the regulated agreements.

Agreements authorised during the financial year

Pursuant to Article L. 225-88 of the Commercial Code, we have been informed of the agreements that were granted prior authorisation by your Supervisory Board. Our role is not to seek to bring other agreements to light, but, on the basis of the information given to us, to provide you with the characteristics and essential terms and conditions of the agreements brought to our attention, without having to issue an opinion on whether or not these agreements are useful or warranted. Pursuant to Article 117 of the Decree of 23 March 1967, it is your role to assess the interest in concluding these agreements, with a view to approving them.

We carried out our work in accordance with the professional standards applicable in France. These standards require that we carry out due diligence procedures in order to verify whether the information given to us is consistent with the original documents from which it is derived.

Acquisition of Société Nouvelle de Cinématographie

Persons concerned: Métropole Télévision S.A. and the real estate company Bayard d'Antin S.A., M^r Gerhard Zeiler, M^r Thomas Rabe, M^r Vincent de Dorlodot, M^r Albert Frère, M^r Jean-Charles de

Keyser and M^r Rémy Sautter.

Nature and purpose: Acquisition on 29 April 2005 by Métropole Télévision S.A. from the real estate company Bayard d'Antin S.A. of 100% of the share capital of SNC (Société Nouvelle de Cinématographie SAS).

Terms and conditions: Price of € 13 million, including cash of € 2.6 million, i.e. corporate value of € 10.4 million.

Cash investment agreement

Persons concerned: Métropole Télévision S.A. and the real estate company Bayard d'Antin S.A., M^r Gerhard Zeiler, M^r Thomas Rabe, M^r Vincent de Dorlodot, M^r Albert Frère and M^r Rémy Sautter.

Nature and purpose: Agreement for the investment of cash between Métropole Télévision S.A. and Immobilière Bayard d'Antin S.A.

Terms and conditions: Métropole Télévision S.A. will deposit an amount proportional to its financial capacity, while complying with its internal cash management procedures.

The aggregate amount that may be invested by Métropole Télévision S.A. shall never exceed more than 20% of its financial liquidities.

The interest shall be calculated on the amount of the investments, namely:

- for investment periods directly fixed at 1, 2 or 3 months, the remuneration shall be the EURIBOR 1 month, 2 month or 3 month rates + 5 basis points.
- day-to-day investments by Métropole Télévision S.A. entrusted to the real estate company Bayard d'Antin S.A. shall be remunerated by the EONIA rate + 5 basis points.

In respect of the financial year ended 31 December 2005, the investment income generated by this agreement amounted to € 17,831.94.

Paris-La Défense et Neuilly-sur-Seine, 4 April 2006

The Statutory Auditors,

KPMG Audit
Division of KPMG S.A.

Frédéric Quélin - *Partner*

Grégoire Menou - *Partner*

BARBIER FRINAULT & AUTRES
Ernst & Young

Bruno Bizet - *Partner*

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1. Corporate governance

The corporate governance rules of the M6 Group conform to current French standards and recommendations.

The approach is explained in the Report of the Chairman of the Supervisory Board (1.5).

Rules applicable to operations performed on financial instruments by executive management

The rules governing operations on financial instruments by executive management are detailed in the company's Ethics Charter.

These rules state that by reason of the nature of their function and their duties, the executive management of M6, namely the members of the Management Board and the Supervisory Board, may have access to privileged information. 'Privileged information' means particular non-public information (turnover, performance, proposals of every kind, etc.) which, if it became public knowledge, might affect the price of the M6 share, and more generally its business.

The rules prohibit executive management from using such information on the financial market, either for their own account or for any other, whether directly or through a third party, by buying or selling shares or financial products linked to these shares. They must abstain from communicating privileged information for any other purpose or activity than that for which it is held. This also applies to privileged information concerning the ordinary business of the company or the preparation or execution of any financial operation.

Pursuant to current regulations, executive management is subject to the declaration requirements relating to operations on shares and restrictions relating to trading periods.

1.1. Membership and functions of the Management Board

Métropole Télévision is a limited liability company with a Management Board and a Supervisory Board.

1.1.1. Membership of the Management Board

The Management Board is appointed for a period of five years and has five members, all natural persons designated by the Supervisory Board who are employees of the Métropole Télévision Group and are aged under 65 years.

1.1.2. Functions of the Management Board

The Management Board has the widest possible powers vis-à-vis third parties to act in all circumstances on behalf of the Company pursuant to Article 18 of the bylaws. Investments and divestments in excess of € 20 million, however, require the prior approval of the Supervisory Board.
The Management Board meets as often as required in the interests of the company.

Members of the Management Board	Principal function within the company	Date of first appointment	Date of latest appointment	Expiry date of appointment
Nicolas de Tavernost (age 55)	Chairman	05/26/2000	2005	2010
Thomas Valentin (age 51)	Deputy Chairman with responsibility for programmes	05/26/2000	2005	2010
Eric d'Hotelans (age 55)	Deputy Chairman with responsibility for management	11/14/2003	2005	2010
Catherine Lenoble (age 56)	Member with responsibility for advertising	01/28/2001	2005	2010
Jean d'Arthuys (age 39)	Member with responsibility for digital business and development	05/26/2000	2005	2010

OTHER APPOINTMENTS AND FUNCTIONS ⁽¹⁾ OF THE MEMBERS OF THE MANAGEMENT BOARD

Nicolas de Tavernost

Appointments and functions

■ Outside the M6 Group

- Member of the Supervisory Board of Ediradio SA
- Director of Antena 3 (Spain)

■ Within the M6 Group:

- Director of Extension TV SA, TF6 Gestion SA and Société Nouvelle de Distribution SA;
- Permanent representative of
 - M6 Publicité in his capacity as Director of Home Shopping Service SA and Mister Gooddeal SA
 - Home Shopping Services in his capacity as Director of Télévente Promotion SA
 - M6 Numérique in his capacity as Director of TPS Gestion SA
 - Métropole Télévision in his capacity as Director of the SASP Football Club des Girondins de Bordeaux and of Paris Première SA
 - Métropole Télévision in his capacity as Chairman of M6 Publicité SAS, M6 Toulouse SAS, M6 Bordeaux SAS and M6 Foot SAS
 - M6 Thématique in his capacity as Chairman of M6 Affaires SAS
 - M6 Interactions in his capacity as Chairman of M6 Développement SAS and M6 Création SAS
 - M6 Thématique in his capacity as

Managing Partner of Sedi TV SNC and M6 Numérique SNC
- Métropole Télévision in his capacity as Managing Partner of the Société Civile Immobilière (SCI) of 107 av. Charles de Gaulle.

Appointments and functions expiring in the course of the last five financial years

■ Outside the M6 Group

- Director of Ediradio SA, Business Interactif and Hotel Saint Dominique (in his personal capacity)

Thomas Valentin

Appointments and functions

■ Outside the M6 Group

- Director of Five SA

■ Within the M6 Group:

- Chairman of the Board of Directors of M6 Films SA, Métropole Production SA and C. Productions SA
- Chairman of Mandarin SAS, M6 Studio SAS and W9 Productions SAS
- Director of Société Nouvelle de Distribution SA, Extension TV SA and TF6 Gestion SA
- Permanent representative of:
 - Métropole Production in his capacity as Director of M6 Diffusion SA
 - M6 Thématique in his capacity as Director of TPS Gestion SA
 - M6 Films in his capacity as Director of Paris Première SA.

Appointments and functions expiring in the course of the last five financial years

■ Outside the M6 Group

None.

Éric d'Hotelans

Appointments and functions

■ Within the M6 Group:

- Director of SASP Football Club des Girondins de Bordeaux
- Chairman of the Board of Directors of Home Shopping Service SA and Mister Gooddeal SA
- Permanent representative of:
 - Unité 15 Fulfilment in his capacity as Director of Télévente Promotion SA
 - M6 Thématique in his capacity as Director of Paris Première SA.

Appointments and functions expiring in the course of the last five financial years

■ Outside the M6 Group

None.

Catherine Lenoble

Appointments and functions

■ Within the M6 Group:

- Permanent representative of:
 - M6 Publicité in her capacity as Director of M6 Diffusion, M6 Editions SA, M6 Evénements SA, Paris Première SA and Mister Gooddeal SA
 - M6 Publicité in her capacity as Non-Partner Manager of Sedi TV SNC.

Appointments and functions expiring in the course of the last five financial years

■ Outside the M6 Group

- Director of Novacor SA (in her personal capacity).

Jean d'Arthuys

Appointments and functions

■ Outside the M6 Group

- Representative of Métropole Télévision; member of the Supervisory Board of Newsports SA

■ Within the M6 Group:

- Chairman of M6 Thématique SAS
- Chairman and Managing Director of Paris Première SA
- Chairman of the Board of Directors of TF6 Gestion and Extension TV,
- Permanent representative of:
 - Métropole Télévision in his capacity as Director of TPS Gestion, C. Productions SA, M6 Films SA and Métropole Production SA
 - M6 Foot in his capacity as Director of SASP Football Club des Girondins de Bordeaux
 - Métropole Télévision in his capacity as Non-Partner Manager of Sedi TV SNC
 - M6 Thématique in his capacity as Managing Partner of Fun TV SNC and Edi TV SNC
 - M6 Thématique in his capacity as Chairman of M6 Opérations SAS and M6 Communication SAS.

Appointments and functions expiring in the course of the last five financial years

■ Outside the M6 Group

- Permanent representative of M6 Interactions in his capacity as Director of Ticketnet SA and Shapt SA
- Manager of the Société Civile Immobilière (SCI) des Mousquetaires (in his personal capacity).

(1) Pursuant to Articles L. 225-77 and L. 225-94 of the Commercial Code relating to multiple directorships.

1.2. Membership and functions of the Supervisory Board

Composition of the supervisory board	Date of first appointment	Date of latest appointment	Expiry date of appointment	Date of departure	Attendance rate 2005	Business address
Albert Frère (age 80) Chairman	May 26, 2000	2004	2008		43 %	Cours Bruxelles Lambert Avenue Marnix 24 B-1000 Bruxelles - Belgique
Gérard Worms* (age 69) Deputy Chairman	May 26, 2000	2004	2008		100 %	ROTHSCHILD et Cie 17, avenue de Matignon - 75008 Paris
Guy de Panafieu* (age 63) Member	February 18, 2004	2004	2008		100 %	CALYON 9, quai du Président Paul-Doumer 92920 Paris-La Défense Cedex
Gerhard Zeiler (age 50) Member	March 8, 2002	2004	2008		71 %	RTL Group 45 bd Pierre-Frieden - L - 1543 Luxembourg
Remy Sautter (age 61) Member	May 26, 2000	2004	2008		100 %	RTL 22, rue Bayard - 75008 Paris
Bernard Arnault* (age 57) Member	February 18, 2004	2004	2008		29 %	DIOR 22, avenue Montaigne - 75008 Paris
Vincent de Dorlodot (age 41) Member	March 18, 2004	2004	2008		100 %	RTL Group 45 bd Pierre-Frieden - L - 1543 Luxembourg
Axel Ganz (age 68) Member	March 7, 2003	2004	2008		43 %	AG + J 42, avenue Montaigne - 75008 Paris
Jean Laurent* (age 61) Member	February 18, 2004	2004	2008		100 %	CALYON 9, quai du Président Paul-Doumer 92920 Paris-La Défense Cedex
Yves-Thibault de Silguy* (age 57) Member	March 7, 2003	2004	2008		71 %	SUEZ 16, rue de la Ville-l'Évêque - 75008 Paris
Ignace Van Meenen (age 37) Member	January 31, 2006	2006	2008		Not applicable	RTL Group 45 bd Pierre-Frieden - L - 1543 Luxembourg
Constantin Lange (age 38) Member	March 7, 2006	2006	2008		Not applicable	RTL Group 45 bd Pierre-Frieden - L - 1543 Luxembourg
Jean-Charles de Keyser (age 57) Member	January 26, 2001	2004	-	August 31, 2005	60 %	RTL Group 45 bd Pierre-Frieden - L - 1543 Luxembourg
Thomas Rabe (age 40) Member	March 18, 2004	2004	-	March 7, 2006	86 %	BERTELSMANN AG Carl - Bertelsmann- St. 270 D-333 11 Gütersloh - Allemagne

*Independent member

"A member of the Supervisory Board is independent if he has no relationship with the company, the group or its management that is likely to compromise the exercise of his freedom of judgement" (source Bouton report)

1.2.1. Membership of the Supervisory Board

At the time of writing the Supervisory Board of Métropole Télévision comprised twelve members, all individuals, appointed for a period of four years.

No member of the Supervisory Board was elected by the employees.

Having considered the position of each member in the light of the independence criteria laid down in the Bouton Report, the Board found that at least one third of its membership was independent according to those criteria, namely Gérard Worms, Bernard Arnault, Jean Laurent, Yves-Thibault de Silguy and Guy de Panafieu, none of whom has any relationship with the Company, its group or its management that might compromise the free exercise of his judgement.

The members of the Board possess great experience which they make available to the Supervisory Board of Métropole Télévision.

It is consistent practice that any member of the Supervisory Board who has a direct or indirect interest in an issue submitted to the Board does not vote on that issue.

OTHER APPOINTMENTS AND FUNCTIONS⁽²⁾ OF THE MEMBERS OF THE SUPERVISORY BOARD

Current Members of the Supervisory Board

Albert Frère

Number of company shares held: 100

Biography and principal functions outside the company

Albert Frère took an interest in the family business from a very early age before launching determinedly into industry. Along with his associates he gained control over the entire steel industry of the Charleroi region, diversifying production and modernising equipment. In 1981, in partnership with other entrepreneurs, he founded Pargesa Holding (Geneva). The following year the company bought into the Bruxelles Lambert SA group (Brussels). The creation of the Pargesa-GBL block led to an international business diversifying into three key sectors: finance, energy/services and (audiovisual) communications.

His honours include the rank of Grand Officer of the Order of Leopold (Belgium) and Grand Officer of the Legion of Honour (France).

Appointments and functions

- Chairman and Managing Director of the Groupe Bruxelles Lambert SA (Belgium)
- Chairman of the Board of Directors of Frère-Bourgeois SA, ERBE SA, Financière de la Sambre and Stichting Administratiekantoor Frère-Bourgeois
- Deputy Chairman, Managing Director and Member of the Management Committee of Pargesa Holding SA
- Deputy Chairman of the Board of Directors of Suez
- Director of LVMH SA, Château Cheval Blanc SA, Fon-

dation 'FRESERTH' (Belgium) and the Centre T.S.I.R.A. Asbl

- Director of the Université du Travail Paul Pasteur
- Member of the International Committee of Assicurazioni Generali S.p.A. (Italy)
- Member of the Strategic Committee of the Université Libre de Bruxelles (U.L.B.)
- Honorary Regent of the Banque Nationale de Belgique
- Honorary Chairman of the Charleroi Chamber of Commerce
- Honorary Councillor for Overseas Commerce.

Appointments and functions expiring in the course of the last five financial years

- Director of CLT/UFA Luxembourg
- Chairman of the Board of Directors of Electrafina and Petrofina
- Deputy Chairman and Director of TotalFinaElf
- Director of COPAREX International SA
- Commissioner of Parjointco N.V., Agesca Nederland N.V. and Frère-Bourgeois Holding B.V.
- Member of the International Consultative Council of the Power Corporation of Canada (Canada).

Gérard Worms

Number of company shares held: 300

Biography and principal functions outside the company

Gérard Worms graduated from the *École Polytechnique* in 1957 and the *École Nationale Supérieure des Mines* in 1960 and was *Ingénieur en Chef des Mines* before joining the Rothschild Group in October 2005. After beginning his career as advisor to the Minister for Industry, Olivier Guichard, and later

(2) Pursuant to articles L. 225-77 and L. 225-94 of the Commercial Code relating to multiple directorships.

to the Prime Minister, Jacques Chaban-Delmas, he became Managing Director of the Hachette Group and later Managing Director of Rhône-Poulenc, with responsibility for finance and the pharmaceuticals business.

He subsequently became Managing Director and then Chairman of the Compagnie de Suez and Chairman of the Banque Indosuez and Chairman of the Groupe d'Assurances Vie. He is Honorary Chairman of the *Association Nationale de la Recherche Technique* and of the *Company d'Économie Politique*. As well as being Vice Chairman of Rothschild Europe he is the current Chairman of Rexecode, one of France's leading economic forecasters.

Honour: Officer of the Legion of Honour. Publication: *Les Méthodes Modernes de l'Économie Appliquée* (Dunod).

Appointments and functions

- Chairman of the Board of Directors of S.G.I.M SA
- Deputy Chairman of Rothschild Europe
- Director of Éditions Atlas SA and Cofide SA
- Member of the Supervisory Board of Publicis SA and of Médias and Régies Europe SAD
- Censor (Non-Voting Director) of ONDEO Degrémont SA, Paris-Orléans SA and SIACI SA

Appointments and functions expiring in the course of the last five financial years

- Managing Partner of Rothschild & Cie Banque and of Rothschild & Cie S.C.S.
- Chairman of the specialist channel Histoire SA
- Director of Mercapital SA, ONDEO Degrémont SA, Paris-Orléans SA and SIACI SA
- Censor (Non-Voting Director) and member of the Supervisory Board of Francarep SA

Guy de Panafieu

Number of company shares held: 100

Biography and principal functions outside the company

Guy de Panafieu is Senior Advisor to Calyon Corporate and Investment Bank, Chairman of the India Committee of Medef International and Deputy Chairman of the Business and Industry Advisory Committee (BIAC) of the OECD. He was Chairman of the BULL Group from 1997 to 2001.

From 1983 to 1997 he worked in the Lyonnaise des Eaux group, in various management posts and latterly as Deputy Chairman and Managing Director. From 1968 to 1982 he worked in the Ministry of Economics and Finance with various responsibilities in the department of foreign trade and international economic relations.

From 1978 to 1981 he was a technical advisor to the President of the French Republic on questions of international economics. He is a graduate of the *Paris Institut d'Études Politiques, licencié ès Lettres et Sciences Économiques*, and a former finance inspector.

Appointments and functions

- Chairman of the Supervisory Board of Gras Savoye SCA
- Member of the Supervisory Board of IDI SCA
- Director of SANEF SA.

Appointments and functions expiring in the course of the last five financial years

None.

Gerhard Zeiler

Number of company shares held: 100

Biography and principal functions outside the company

Gerhard Zeiler was appointed by Bertelsmann as CEO of RTL Télévision in November 1998 and continued until March 2003, when he was appointed CEO of the RTL Group. In November 2004 he decided to concentrate exclusively on his work in the RTL Group, but returned as CEO of RTL Télévision in February 2005. In his capacity as CEO of the RTL Group, Gerhard Zeiler is also a member of the Supervisory Boards of M6 France, FremantleMedia and Five (UK).

Gerhard Zeiler began his career as a journalist before becoming spokesman for the Austrian Minister for Education and the Arts, retaining this position when the Minister became Federal Chancellor of Austria in 1983.

Then, he became Secretary General of the Austrian public broadcaster ORF from 1986 to 1990. After two years as CEO of Tele 5 and another two as CEO of RTL II, he was appointed CEO of ORF in 1994, remaining until November 1998.

Appointments and functions

- Director and Managing Director of RTL Group SA and CLT-UFA SA (Luxembourg)
- Chairman of the Board of Directors of Magyar RTL Televisio Zrt Környezet Működő Részvénytársaság (M-RTL ZRT) (Hungary), FremantleMedia SA, Broadcasting Center Europe SA (Luxembourg) and Channel 5 Television Ltd (UK)
- Manager of UFA Film-und-Fernseh GmbH (Germany)
- Member of the Supervisory Board of RTL Television GmbH, Nachrichtenfernsehen Beteiligungs- GmbH (N-TV) (Germany), RTL Hrvatska d.o.o. za uslugu (Croatia) and Ediradio SA (France)

- Member of the Management Board of Bertelsmann AG (Germany).

Appointments and functions expiring in the course of the last five financial years

- Director of RTL Nederland SA (Luxembourg)
- Manager of RTL Television GmbH (Germany) and RTL Plus SA (Luxembourg)
- *Mitglied des Beirats* (member of the advisory council) of IP Deutschland GmbH, RTL Enterprises GmbH and RTL Shop GmbH (Germany)
- *Vorsitzender des Aufsichtsrats* (Chairman of the Supervisory board) of RTL Interactive GmbH and VOX Film- und Fernseh GmbH (Germany).

Rémy Sautter

Number of company shares held: 690

Biography and principal functions outside the company

Rémy Sautter is *alencencié en droit* and a graduate of the *Paris Institut d'Études Politiques* and of the *École Nationale d'Administration*.

He began his career in the Caisse des Dépôts et Consignations (bank for official deposits) (1971-1981) before being appointed technical advisor on Financial and Budgetary Matters in the Ministry of Defence (1981-1983). He then worked as Finance Director of Agence Havas from 1983 to 1985 and Deputy Chairman and Managing Director of RTL Radio until 1996.

Rémy Sautter was Managing Director of CLT-UFA until 2000 and Chairman and Managing Director of RTL Radio until 2002. Since December 2002 he has been Chairman of the Supervisory Board of RTL Radio.

Appointments and functions

- Chairman and Managing Director of Immobilière Bayard d'Antin SA
- Chairman of the Supervisory Board of Ediradio SA
- Chairman of Five/Channel 5 Television Group Ltd
- Director of SERC / RTL 2, of SODERA / FUN Radio, I.P. (advertising agency) and I.P. Régions
- Director of SASP Football Club des Girondins de Bordeaux
- Director of Pages Jaunes SA
- Member of the Supervisory Boards of INSERT and NAVIMO
- Chairman of the SICAV (*Société d'Investissement à Capital Variable*) Multimédia et Technologies
- Director of Taylor Nelson Sofrès Ltd
- Director of Partner Reinsurance Ltd
- Censor (Non-Voting Director) of Thomson and H.G.L. Gestion.

Appointments and functions expiring in the course of the last five financial years

- Chairman and Managing Director of Ediradio SA
- Director of Wanadoo SA and M6 Publicité SA
- Chairman of the Board of Directors of the Société Nouvelle de Distribution SA.

Bernard Arnault

Number of company shares held: 100

Biography and principal functions outside the company

Bernard Arnault's chosen career was as an engineer, working for Ferret-Savinel. In 1974 he became the firm's Construction Director, Managing Director in 1977 and finally Chairman from 1978 until 1984, when he became Chairman and Managing Director of Financière Agache SA and Christian Dior SA. He then undertook the reorganisation of the Financière Agache group as part of a development strategy focussing on prestige brand names, making Christian Dior the cornerstone of the new structure.

In 1989 he became the majority shareholder of LVMH Moët Hennessy Louis Vuitton, thus creating the first worldwide luxury group. He became and remains its Chairman.

Appointments and functions

- Chairman and Managing Director of LVMH Moët Hennessy – Louis Vuitton, SA (France)
- Chairman of the Board of Directors of Christian Dior SA (France)
- Chairman of Groupe Arnault SAS (France)
- Chairman of the Board of Directors of the Société Civile du Cheval Blanc (France)
- Director of:
 - Christian Dior Couture, SA (France)
 - LVMH Moët Hennessy Louis Vuitton (Japan) KK Japon
- Member of the Supervisory Board of Lagardère SCA (France).

Appointments and functions expiring in the course of the last five financial years

- Chairman and Managing Director of Montaigne Participations et Gestion (France)
- Director of:
 - Financière Jean Goujon, SA (France)
 - Vivendi Universal, SA (France)
 - Moët Hennessy Inc. (USA)
- Managing Director of Christian Dior, SA (France)
- Statutory representative of Christian Dior; Chairman of Montaigne Développement, SAS (France)
- Statutory representative of Montaigne Participations et Gestion; Chairman of Gasa Développement (France) and Company Financière Saint Nivard (France)
- Permanent representative of Montaigne Participations et Gestion; Director of Financière Agache (France).

Vincent de Dorlodot

Number of company shares held: 100

Biography and principal functions outside the company

Vincent de Dorlodot was appointed General Counsel of the RTL Group in April 2000. A law graduate, Vincent de Dorlodot holds a Masters in law from Duke University (USA). He began his career in 1990 as a lawyer with Brandt, Van Hecke et Lagae (now Linklaters De Brandt). He later joined the Bruxelles Lambert Group as a legal advisor in 1995 before joining the RTL Group in 2000.

Appointments and functions

- Chairman of the Board of Directors of B & CE SA (Luxembourg)
- Director of Audiomedia Investments SA, CLT UFA SA and RTL Group Germany SA (Luxembourg).

Appointments and functions expiring in the course of the last five financial years

- Chairman of the Board of Directors of FremantleMedia SA
- Director of CLT-UFA Holding SA, LUXAIR SA, RTL 4 Radio SA (Luxembourg), Sportfive SA (France), IP Polska SP ZOO (Poland) and Suprafina SA (Belgium).

Axel Ganz

Number of company shares held: 100

Biography and principal functions outside the company

A journalist by training, Axel Ganz has worked as Editor in Chief and Journalist-Manager for the daily press and in magazines (general interest, television and women's). In 1979, in France, he set up the Prisma Presse group, now France's second largest magazine publisher with some twenty well-known titles: *Géo*, *Capital*, *Télé Loisirs*, *Femme Actuelle*, *Voici* and *Gala*, to name but a few. For fifteen years he sat on the Management Board of the Gruner+Jahr group (the press division of Bertelsmann), with responsibility for international affairs and for subsidiaries in the USA, France, Spain, Italy, Poland, Russia and China.

In course of his career he has launched no less than 60 titles in all these countries put together. In 2005, on reaching the age limit, he resigned from the Management Board of Gruner+Jahr and from the chairmanship of Prisma Presse (Paris) to join the Supervisory Board of the Gruner+Jahr group in Hamburg.

At the same time he set up AG+J, a joint venture between the Gruner+Jahr group and himself: he is now directing the company with view to bringing out a new women's magazine for France.

Appointments and functions

- Member of the Supervisory Board of Gruner & Jahr
- Manager of AG+J and Axel Ganz Communication.

Appointments and functions expiring in the course of the last five financial years

- Manager of Prisma Presse, PP1 and Femme
- Director of MEDIA Communication and Guide TV.

Jean Laurent

Number of company shares held: 110

Biography and principal functions outside the company

Jean Laurent is a civil aeronautics engineer (*École Nationale Supérieure de l'Aéronautique*) and holds a Master of Science degree from Wichita State University (USA). Since May 2000 he has been Chairman of the Board of Directors of Calyon, having been a Director of Crédit Agricole Indosuez (which became Calyon in May 2004) since 1997. His entire career has been with the Groupe Crédit Agricole. He was successively Deputy Director of the Caisse Régionale de Toulouse and of the Caisse Régionale du Loiret before being appointed Deputy Managing Director of the Caisse Régionale de Paris et d'Ile-de-France. He joined CNCA as Central Director in 1993 and was Deputy Managing Director from 1994 to 1999. Jean Laurent was Chairman of the Board of Directors of Crédit Lyonnais from 2003 to end 2005. He is also a member of the Executive Committee of the Fédération Bancaire Française (FBF), of which he was the first Chairman (from January 2001 to June 2002).

Appointments and functions

- Director and Deputy Chairman of Banco Espírito Santo SGPS (Portugal)
- Chairman of the Board of Directors of CALYON SA
- Member of the Supervisory Board and of the Finance Committee of Eurazeo SAD
- Director and member of the Remuneration and appointments Committee of Groupe Danone SA
- Chairman of the Board of Directors of the Institut Europlace de Finance (Association Loi 1901).

Appointments and functions expiring in the course of the last five financial years

- Director of Banca Intesa SPA (Italy), Sofinco, Banque de Gestion Privée Indosuez, Crédit Agricole Asset Management, Amacam and SA Rue Impériale
- Managing Director and Chairman of the Executive Committee of Crédit Agricole S.A. and Deputy Managing Director of the Caisse Nationale de Crédit Agricole
- Chairman of the Board of Directors of Crédit Lyonnais SA
- Associations Loi 1901: Member of the Executive Committee of the Fédération Bancaire Française, the Council of the Association Française des Banques et de Paris-Europlace, and the Bureau de l'Association Française des Ets de Crédits et des Entreprises d'Investissements
- Deputy Chairman of Pacifica, Prédica and Banca Intesa
- Chairman and Director of the Management Committee of CEDICAM
- Director and Chairman of the Union d'Études et d'Investissement and Segespar
- Member of the Conseil National du Crédit et du Titre.

Yves-Thibault de Silguy

Number of company shares held: 100

Biography and principal functions outside the company

Yves-Thibault de Silguy holds an advanced diploma (DESS) in Law and is graduate of the *Paris Institut d'Études Politiques* and the *École Nationale d'Administration*, and joined the Suez group in January 2000 as a Member of the Management Board. He was appointed Managing Director with responsibility for international affairs, institutional relations and European affairs in 2001, and Managing Director, Member of the Executive Committee and Chairman of Aguas Argentinas in 2003. He has been Deputy Chairman for International Development in Suez Environnement since 2004.

His earlier career was in the French Foreign Ministry, the Commission of the European Communities and the French Embassy in Washington; from 1986 to 1988 he was a technical advisor on European affairs and international economics and finance to the Prime Minister's office.

He then joined the Usinor Sacilor group, where he was successively a Director in the Department of International Affairs and then Director of International Affairs. He was a Member of the European Commission responsible for economic, monetary and financial affairs, from 1995 to 1999.

He is Minister Plenipotentiary and also Chairman of the France-Algeria Committee of Medef and Chairman of the Board of Directors of the Institut National d'Agronomie (INAPG).

Honours: Officer of the *Legion of Honour*, the *Ordre National du Mérite*, *des Arts and des Lettres*, and the *Ordre National du Mérite Agricole*.

Appointments and functions

- Chairman of Company Polynésienne d'Eau et d'Assainissement – SPEA
- Director of Électricité de Tahiti – EDT, Marama Nui, Ondeo, Ondeo Degrémont, Suez Environnement, Elyo and Suez Energie Services
- Member of the Supervisory Board of Sofisport.
- Chairman of the Calédonienne des Eaux – CDE, Société des Eaux de Tontouta – SADET, (New Caledonia)
- Director of Électricité et Eau de Calédonie – EEC (New Caledonia)
- Director of Vinci
- Chairman of the Board of Directors of Sino French Holdings (People's Republic of China)
- Director of Suez-Tractebel (Belgium), Unelco Vanuatu (Vanuatu), Swire Sita Waste Services Ltd (Hong Kong), Fabricom (Belgium).

Appointments and functions expiring in the course of the last five financial years

- Member of the Supervisory Board of Elyo
- Director of Ondéo Services, Sita, Socif 4 (New Caledonia) and Société Générale de Belgique (Belgium)
- Chairman of Aguas Argentinas (Argentina).

Members of the Supervisory Board whose co-option is subject to ratification by the General Meeting of Shareholders

Ignace Van Meenen

Number of company shares held: 100

Biography and principal functions outside the company

Ignace Van Meenen holds a doctorate in law from the University of Osnabrück in Germany. He began his professional career in 1994 with Deutsche Bank in Düsseldorf (Germany), where he held a number of senior management posts before being appointed Deputy Chairman Corporate Finance International of Deutsche Bank Securities in New York in 1997. In 1999 he joined RAG AG, an international, mainly energy- and chemicals-based group, as Senior Deputy Chairman and Group Finance Director. In 2001 he was appointed Chairman of RAG Beteiligungs-GmbH, the holding company of RAG AG. He joined the RTL Group in January 2006 as CFO and Head of Corporate Center.

Appointments and functions

- Chairman of the Board of Directors of Media-Assurances SA (Luxembourg)
- Deputy Chairman of the Supervisory Board of Ediradio SA (France)
- Member of the Supervisory Board of RTL Télévision GmbH (Germany)
- Manager of RTL Group Deutschland GmbH (Germany)
- Director of Immobilière Bayard d'Antin SA (France), Audiomédia Investments SA (Belgium), CLT-UFA SA, FremantleMedia SA and RTL Group Germany SA (Luxembourg)

- Chairman and Managing Director of RAG Beteiligungs-GmbH and RAG Projektgesellschaft mbH.

Appointments and functions expiring in the course of the last five financial years

None.

Constantin Lange

Number of company shares held: 100

Biography and principal functions outside the company

After studying economics in France and Germany, Constantin Lange gained an MBA from the Massachusetts Institute of Technology. In 1993 he began his career with Bertelsmann as an assistant in the Business Development Department at Gütersloh. After a stint as Project Leader in UFA, Hamburg, and Office Manager for the Chairman, at the beginning of 1997 he was appointed Head of the Ongoing Pay TV department. In October 1997 he became Deputy Chairman Business Development for TV International. In May 1999 he completed his doctoral thesis for the University of Hohenheim. In March 2000 he was appointed General Secretary and Member of the Management Committee of RTL Television in Cologne, with responsibility for the Legal, Acquisitions, Programme Sales and Human Resources departments. In March 2003 he was appointed CEO of RTL Interactive GmbH, the internet and digital business subsidiary of RTL Television. He is also responsible for RTL Shop, Universum Film, RTL Enterprises and RTL media services.

Appointments and functions

- Chairman of the Advisory Committee (Beirat) of RTL Shop GmbH, RTL Enterprises GmbH and Universum Film GmbH

- Manager of RTL Interactive GmbH, Traumpartner TV and RTL Media Services
- Member of the Supervisory Board of Starbet Holding AG
- Member of the Management Board of RTL Television GmbH.

Appointments and functions expiring in the course of the last five financial years

- Member of the Advisory Committee (Beirat) of IP Deutschland GmbH, MMC (Magic Media Company TV-Produktionsgesellschaft mbH) and VOX Film-und-Fernseh GmbH & Co. KG
- Chairman of the Advisory Committee (Beirat) of RTL Interactive GmbH.

Resigning Members of the Supervisory Board

Thomas Rabe

Biography and principal functions outside the company

Thomas Rabe holds a doctorate in economics and is a graduate of the University of Cologne. He began his career in 1989 with the European Commission in Brussels. From 1990 to 1996 he held various senior posts in Forrester Norall & Sutton (now White & Case) in Brussels and later in the State Privatisation Agency (Treuhandanstalt) and with a risk capital fund in Berlin. In 1996 he joined Cedel International (Clearstream after its merger with Deutsche Börse Clearing), where he was appointed CFO and a Member of the Management Committee in 1998. In 2000 he became CFO and a Member of the Executive Committee of the RTL Group. In March 2003 he was appointed Head of Corporate Center and put in charge of the Luxembourg activities of the RTL Group. Since 2006 he has been CFO and Head of the Corporate Center of Bertelsmann AG.

Appointments and functions

- Chairman of the Board of Directors of Broadcasting Center Europe SA, RTL Group Central & Eastern Europe SA and Media-Assurances SA (Luxembourg)
- Deputy Chairman of the Supervisory Board of Ediradio SA (France)
- Member of the Supervisory Board of RTL Hrvatska d.o.o.za usluge (Croatia)
- Director of Media Holding REN TV (Russian Federation); Antena 3 de Televisión SA (Spain); Channel 5 Television Group Ltd (UK); Audiomédia Investments SA; TVI SA (Belgium); CLT-UFA SA; Fremantle-Media SA; RTL Group Germany SA (Luxembourg) and Sport Five SA (France)
- Manager of CLT Multi Media GmbH, RTL Group Vermögensverwaltung GmbH, RTL Group Deutschland GmbH and UFA Film und Fernsehen GmbH (Germany)
- Member of the Management Committee of S5 SàRL (Luxembourg)
- Member of the Council of the Edmond Israël Foundation
- Member of the Management Board of Bertelsmann AG
- Managing Director of Reinhard Mohn GmbH and Bertelsmann TV Beteiligungs GmbH
- Chairman of Media Communication SAS
- Chief Financial Officer, Director and Member of the Executive Committee of Bertelsmann Inc.
- Director of Bertelsmann Capital Corporation N.V.
- Member of the Consultative Committee of Bertelsmann Ventures L.P. and BV Capital Fund II-A L.P.
- Member of the Council of Representatives of Sony BMG Management Co. LLC.

Appointments and functions expiring in the course of the last five financial years

- Chairman of the Board of Directors of CLT-UFA Holding SA (Luxembourg), SportFive SA (France) and Tha-

mes Cable and Satellite Services Ltd (UK)

- Deputy Chairman of the Board of Directors of RTL Group Central & Eastern Europe SA (Luxembourg)
- Director of CLT Multi Media GmbH (Germany), Media-Assurances SA, RTL Plus SA, RTL Nederland SA, Studio Luxembourg SA (Luxembourg) and RTL 4 Beheer BV (Netherlands)
- Manager of CLT Media Services GmbH, RTL Group Verwaltungs und Holding GmbH, RTL Television GmbH and Radio Center Berlin GmbH (RCB) (Germany)
- Representative of B & CE SA, Director of Immobilière Bayard d'Antin SA (France).

Jean-Charles de Keyser

Biography and principal functions outside the company

Jean-Charles de Keyser has been contributing to the development of TV networks and radio stations in Belgium since the early 1980s, first as a journalist in Brussels for RTL Radio France, then as Information Officer of RTL Television, and finally as CEO of RTL TVI in Brussels (1985).

From 1987 to 2000 he was a Member of the Conseil Supérieur de l'Audiovisuel Belge. He was appointed Executive Deputy Chairman of Bel RTL in 1992, Deputy Managing Director of TPS en France in 1996, and in 1997 CEO of RTL KLUB in Hungary, where he directed the launch of this new network with a team from the RTL Group.

At the end of 1999 he became Executive Deputy Chairman of TV Benelux, Eastern Europe and Radio and in this capacity became Chairman of the Board of Directors of RTL Nederland, RTL Klub, and RTL Televizija (Croatia) and a Member of the Supervisory Board of BCE, RTL TVI, Bel RTL, M6 and RTL Radio (France).

He left the RTL Group on 1 September 2005 and now directs

BelgacomTV operations as Executive Chairman of the Board of Directors of Skynet.

Appointments and functions

- Chairman of the Board of Directors of RTL Nederland SA, Telesparks SA (Luxembourg) and RTL Hrvatska d.o.o. za usluge (Croatia)
- Director of Broadcasting Center Europe SA, CLT-UFA SA, Filmlux SA, IPN SA, RTL 4 Finance SA (Luxembourg), Inadi SA, TVI SA (Belgium), Magyar RTL Televisio Zártkörűen Működő Részvénytársaság (M-RTL ZRT) (Hungary), Radio Advertising Benelux BV, RTL 4 Beheer BV, RTL FM BV and Yorin TV BV (Netherlands)
- Member of the Supervisory Board of Ediradio SA (France)
- Representative of Immobilière Bayard d'Antin SA (France), Director of IP France SA (France); representative of Yorin TV BV, Director of Yorin FM BV (Netherlands).

Appointments and functions expiring in the course of the last five financial years

- Chairman of the Board of Directors of RTL Nederland SA, Telesparks SA (Luxembourg), IP Belgium (Belgium) and Magyar RTL Televisio Zártkörűen Működő Részvénytársaság (M-RTL ZRT) (Hungary)
- Director of Paradigm Ltd, Thames Cable and Satellite Services Ltd (UK), Immobilière Bayard d'Antin SA (France), Blue Circle BV and Spott Holding BV (Netherlands), VCF SA, VCB SA, Belga Films SA, Belga Home Vidéo SA, Contact SA (Belgium), Monégasques des Ondes SA, RTL 9 SA (Luxembourg)
- Member of the Management Committee of RTL Hrvatska d.o.o. za usluge.

1.2.2. Functions of the Supervisory Board

The Supervisory Board exercises permanent control over the management of the Company by the Management Board and grants the latter the prior approval for operations that it may not perform without such authorisation. Throughout the year, the Supervisory Board performs whatever verifications and checks it considers appropriate and may call for any documents it requires to fulfil its tasks.

Internal regulations

At its first meeting on 26 May 2000, the Supervisory Board adopted its own internal regulations to detail and complete the Company bylaws so that they now cover its own organisation and functions.

Reaffirming its commitment to corporate governance, the Supervisory Board, at its meeting on 30 April 2003, completed its own internal regulations to ensure it has the ability and resources to operate efficiently in the service of the Company and its shareholders.

The internal regulations of the Supervisory Board and its committees cover in particular:

- arrangements for Board meetings,
- how the Board exercises its powers,
- membership of Board committees, ie the Audit Committee and the Remuneration and appointments Committee,
- the purpose and attributions of the Board committees.

Self-Assessment by the Supervisory Board

The Board reviews its own *modus operandi* once a year at one of its meetings.

At its meeting on 7 March 2006, when the Board reviewed its own operations, it was satisfied that it had the necessary independence to perform its tasks, that members' contributions to its deliberations were of high quality, and that the Audit Committee and the Remuneration and appointments Committee were operating satisfactorily.

The information available to Board members is satisfactory, owing chiefly to the quality of the quarterly operating report from the Management Board and the attendance of Management Board members at meetings which provide a detailed insight into the Group's operations.

The expert knowledge and experience of the members of the Supervisory Board are specified elsewhere in this Report, along with the positions they hold in other companies.

The Supervisory Board meets as often as required in the interests of the Company and at least once in every quarter. It met seven times in 2005 and the overall attendance rate was 75 %.

Company shares held by members of the Supervisory Board

In accordance with Company bylaws, the members of the Supervisory Board of Métropole Télévision must each hold at least 100 shares in the Company. At present the Board members directly and collectively hold 2,000 shares in the Company, representing 0.001 % of the share capital.

Directors' fees

The Combined General Meeting on 28 April 2004 allocated € 120,000 for attendance fees to be shared among the members of the Supervisory Board in respect of 2004 and thereafter until decided otherwise.

In 2005 attendance fees were allocated as follows:

	Actual allocation of attendance fees ³	TOTAL
Chairman of the Supervisory Board	18,000	18,000
Committee chairmen (2)	12,000	24,000
Committee members (3)	10,000	30,000
Other Supervisory Board members (6)	8,000	48,000
		120,000

The Management Report details the attendance fees actually paid to individual members of the Supervisory Board (see paragraph 10.7.4 of the Management Report).

1.2.3. Committees of the Supervisory Board

The Supervisory Board has two committees:

Audit Committee

The Audit Committee, first set up in 2000, has a minimum of three and a maximum of five members chosen by the Supervisory Board from among its own members. It meets at least twice a year and has the following responsibilities:

- to review the annual financial statements and the Group's interim and preliminary results,
- to consider proposals for the appointment and remuneration of the statutory auditors and examine their conclusions.

The Committee met three times in 2005 and the overall attendance rate was 100 %.

³ Attendance fees are allocated to members (current or resigned) *pro rata* of the period spent on duties over the financial year.

Members of the Audit Committee		Date of first appointment	Expiry date of appointment	Date of departure	Attendance rate 2005
Guy de Panafieu*	Chairman	18 February 2004	2008		100 %
Rémy Sautter	Member	26 May 2000	2008		100 %
Ignace Van Meenen	Member	7 March 2006	2008		Not applicable
Thomas Rabe**	Member	18 March 2004		7 March 2006	100 %

* Independent Member - ** Resigning

In 2005 the work of the Committee included:

- scrutiny of the financial statements,
- the assignments and fees of the statutory auditors and consultants,
- the financial statements as at 30 June 2005,
- the application of the Financial Security Law and internal controls,
- the new international accounting standards (IFRS),
- review of the audiovisual rights portfolio,
- regulatory developments.

In course of this work the Committee consulted with the statutory auditors, the Financial Director, and the Accounting and Management Control departments.

To ensure that the Audit Committee is working efficiently, a detailed file is prepared by the Company's financial staff corresponding to the agenda for each meeting.

The Audit Committee makes recommendations to the Management Board regarding financial reporting.

The Audit Committee presents the conclusions of its deliberations to the Supervisory Board at the meetings to discuss the half-yearly and annual financial statements.

Remunerations Committee

The Remuneration and Appointments Committee, first set up in 2000, has a minimum of two and a maximum of five members appointed by the Supervisory Board from among its own membership. It meets at least once a year to:

- make proposals for the remuneration of members of the Supervisory Board and of the Management Board;
- examine the proposal(s) for the allotment of stock options and free shares to members of the Management Board and executives;
- ensure that the independence of the Supervisory Board is effective.

The Committee met three times in 2005 with a 100% attendance rate.

At these meetings the Committee drafted a proposal to the Supervisory Board for the allotment of stock options and approved the list of recipients as at 28 April 2004.

For the first time, the Committee examined the procedure for allotting free shares authorised by the General Meeting of Shareholders on 28 April 2005 and approved the allotment plan prepared by the Management Board.

As in previous years, the Remuneration Committee approved the principle and practice of the remuneration of the Chairman and Members of the Management Board.

For each of its meetings, the Remuneration and appointments Committee is provided with a file prepared by the Company to give the clearest possible insight into the implications of its decisions.

Members of the Remuneration and appointments Committee		Date of first appointment	Expiry date of appointment	Date of departure	Attendance rate 2005
Gérard Worms*	Chairman	26 May 2000		2008	100 %
Gerhard Zeiler	Member	30 April 2003		2008	100 %

* Independent member

1.3. Supplementary information on the membership of the Management Board and Supervisory Board

To the best of the Company's knowledge, no member of the Management Board or Supervisory Board, and no company of which any member of the Management Board or Supervisory Board is an agent, general partner or founder, or in which any such member is in any way involved with administration, management or supervision, has been found guilty of fraud, or been subjected to proceedings for bankruptcy, sequestration and/or liquidation, or found guilty of any offence and/or subjected to any public official sanction by any statutory or regulatory authority (including the relevant professional associations), or to any impediment, in the course of the last five years.

To the best of the Company's knowledge, there is:

- no family connection between any members of the Management Board and of the Supervisory Board,
- no potential conflict of interest (as regards the issuer) between

the duties of any member of the Management Board or the Supervisory Board and their own private interests and other duties,

- no arrangement or agreement between any member of the Management Board or of the Supervisory Board and any of the major shareholders, clients or suppliers,
- no restriction on the sale by any member of the Management Board or of the Supervisory Board, within any particular period of time, of their holding in the Group's share capital, except the rules for the repression of insider dealing and (for members of the Supervisory Board) their statutory obligation to hold at least 100 shares in the Company for the duration of their appointment,
- no service contract between any member of the Management Board or Supervisory Board of METROPOLE TELEVISION and any of its subsidiaries.

1.4. Statutory Auditors

		Address	Date of first appointment	Expiry date of appointment
CURRENT AUDITORS				
KPMG Audit	<i>Frédéric QUELIN</i>	2 bis, rue de Villiers - Les Hauts de Villiers 92300 Levallois-Perret	2001 ⁽¹⁾	2011
BARBIER FRINAULT & Autres Ernst & Young	<i>Bruno BIZET</i>	41, rue Ybry 92200 Neuilly-sur-Seine	2002	2008
ALTERNATE AUDITORS				
Guillaume LIVET		1, cours Valmy 92923 Paris-La Défense Cedex	2001 ⁽²⁾	2011
Pascal MACIOCE		41, rue Ybry 92576 Neuilly-sur-Seine Cedex	2002	2008

(1) replacing Peronnet & Associés on its resignation (2) replacing M^r Marcel Peronnet on his resignation

1.5. . Report of the Chairman of the Supervisory Board

Pursuant to Article L.225-68 of the Commercial Code, I am pleased to introduce this report on the planning and organisation of the work of the Supervisory Board of METROPOLE TELEVISION SA (hereafter 'the Company') and on the Company's internal control procedures.

1.5.1. Company's objectives regarding internal control procedures

A. CONTROL OF MANAGEMENT ACTS AND PERFORMANCE OF OPERATIONS

The Métropole Télévision Group is determined that management acts and the performance of operations, and the conduct of its employees, will remain within the framework defined by:

- the guidance given to Group activities not merely by applicable law and regulation but also by group-internal values, standards and rules;
- the specific requirements of each of the Group's main business units, viz. Free to Air Television, Digital Television and Diversification;
- the existence of certain functional activities performed across the entire Group. Responsibility for these functions lies with a team of experts in each business unit.

The internal control procedures can be presented in accordance with the guidelines of the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

a) Control environment

The Métropole Télévision Group has set up an internal control environment for its activities based on:

- fundamental values enshrined in an Ethics Charter which defines and implements the professional standards to be respected by the Group's managers and staff with regard to their own conduct and to the choices they make in course of their work;
- separation between Company management and its supervision ensured by giving the Company the legal form of a limited liability company with a Management Board and Supervisory Board;
- careers and human resources management grounded in skills development and the encouragement of new talent;
- the work and organisation of management is based on:
 - management and control styles appropriate to the specific market to which each department relates:
 - programmes to ensure control of costs and content risks;
 - advertising strategy to ensure quality partnerships and consistent marketing appropriate to programme schedules;
 - diversification to ensure high-quality partnership and pursue the development de labels created by the network;
 - technique focussing on reliability and security.
 - the managers of each business are responsible, under the supervision of the Management Board of Métropole Télévision, for the conduct of business and the operating

results within the overall framework of defined objectives. The Management Board of Métropole Télévision meets once a week to direct and monitor the activities of the Group in each business unit.

- a system of delegation of powers within the Group to ensure that operations are conducted efficiently and that the decision-making process respects the company's corporate governance rules. The delegation of powers is set for each company in the Group in accordance with the guidelines laid down by Métropole Télévision and the principles of corporate governance applicable to (inter alia) listed companies.

b) Risk assessment

The Métropole Télévision Group has developed an approach to identifying and analysing risks and ensuring that the main risks are adequately controlled in view of the nature of its business and its objectives.

To this end, the Group has mapped all the operational and functional risks.

The work, which was outsourced, involved obtaining from each member of the Group's Executive Committee, and from the main heads of departments, an assessment of the operational, technical, legal and financial risks they were called upon to manage in the course of their daily business.

These risks were then classified in order of their quantitative impact on the Group's financial statements.

Action plans are regularly submitted to the Management Board so that it can modify existing procedures and check their effi-

ciency. These plans are prepared by order of priority with regard to the financial impact on the Group.

This approach depends on operational and functional employees who:

- develop a risk management process to improve risk analysis and the consequent decision-making;
- report their analyses and recommendations to Group management.

Strategic decisions and major risk analyses are examined by the Company and the Management Board takes account of the recommendations in its decision-making.

c) Controls

The aim of the Métropole Télévision Group's internal control systems is to ensure that directives are applied within the Group and that the necessary action is taken to attain the pre-determined objectives. It is based on a set of policies and procedures determined either by the management of Métropole Télévision or within each business unit.

- internal control procedures in areas for which the management of Métropole Télévision is responsible are determined by functional management at Head Office. The main departments concerned are Programming, Finance, Human Resources, Communications, Strategy and Development, Legal, and Technical;
- internal control procedures in the sales and marketing area are determined, implemented and monitored chiefly by the management and staff of the subsidiaries depending on the requirements and special needs of each business unit, in particular advertising and diversification.

The internal controls have been strengthened by the appointment of a Risk Manager who will co-ordinate the controls within the Group in accordance with the action plan laid down by the Management Board.

d) Information and communication

In order to control and analyse the effectiveness of its operations, the Métropole Télévision Group has set up:

- an information system to gather key data;
- communication channels enabling employees to exchange information as necessary for the performance of their work.

In 2004 the mapping project included the development of a descriptive and risk assessment grid. This now serves as a tool for obtaining and communicating information on internal controls. It is continually updated to reflect the advancement of the action plans.

e) Monitoring

The Group is progressively integrating an approach to assessing quality internal controls over time:

- the medium-term plan, annual budget and targets are determined by the Executive Committee in accordance with the overall strategy laid down by the Management Board;
- the plan, budget and targets are reviewed once a month at every level in the Group, based mainly on operational and financial data.

B. QUALITY OF ACCOUNTING, FINANCIAL AND MANAGEMENT INFORMATION

The accounting, financial and management information reported to the Company's Management and Supervisory Boards:

- is based on a set of systems and procedures widely used within the Group,
- gives a true and fair view of the Company's activities and financial situation.

This set of tools and procedures is designed to provide management with the information it needs to anticipate and manage risks attaching to the Company's activities and the risk of error and fraud, particularly in the areas of accounting and finance.

The nature, scope, form and frequency of information to be reported at Group level by subsidiaries and departments is determined by Group Finance Management, which sets standards for financial reporting, accounting standards and procedures, performance indicators and standardised consolidation packages.

In 2005 the IFRS standards migration plan further contributed to a detailed analysis of the processes and content of financial reporting.

1.5.2. Overview of existing control procedures

A. OVERALL ORGANISATION OF INTERNAL CONTROL PROCEDURES

In order to attain its operational and financial goals, the Group has set up organisational and internal control mechanisms as part of the general organisation described above.

a) The individuals and structures involved in control activities: their roles and general operation

a-1 Corporate governance : forms and approaches

Since 2000 Métropole Télévision has been a limited liability company with a Management Board and Supervisory Board. This legal form facilitates the separation between Company management and the supervision of that management. Over and above the operational approach described below, this legal form also satisfies the regulatory constraints imposed by the agreement with the *Conseil Supérieur de l'Audiovisuel* (CSA), which governs the operation and broadcasting rules of the network.

The rules of corporate governance in the Métropole Télévision Group are set down in the bylaws (articles 14-19 for the Management Board and articles 20-25 for the Supervisory Board).

The details below relate more specifically to forms and approaches that contribute to the effectiveness of the internal controls.

The Management Board

The Management Board is appointed for a period of five years and has five members, all individuals, appointed by the Supervisory Board. All are employees of the Métropole Télévision Group aged under 65 years, heading large business units or divisions of the Group. Compliance with the rules on multiple directorships has been validated.

The Management Board meets once a week. All meetings are reported. Only the obligatory resolutions taken by majority vote are minuted; the minutes are signed by the members attending the meeting.

The Management Board has the widest possible powers vis-à-vis third parties to act in all circumstances on behalf of the Company. However, investments or disinvestments involving sums greater than € 20 million require the authorisation of the Supervisory Board.

The Supervisory Board

The Supervisory Board has twelve members, all individuals, appointed by the Ordinary General Meeting of Shareholders for a period of four years. One third of the membership is independent as required by the Bouton Report. Compliance with the rules on multiple directorships has been validated.

In accordance with the bylaws, the Supervisory Board meets at least once a quarter. Meetings are called by the Chairman.

Decisions are by majority vote and are minuted. An attendance register is kept and signed by all members attending the meeting.

The General Meeting of Shareholders allocated the Supervisory Board a fixed sum of € 120,000 as directors' fees for 2005, to be distributed among its membership and charged to the general expenses of Métropole Télévision. The attendance rate of Supervisory Board members in 2005 was 75 %.

The Supervisory Board exercises ongoing control over the management of the Company by the Management Board and gives the latter prior authorisation for operations that cannot be performed without such authorisation, in strict conformity with the bylaws.

The rules for the functioning of the Supervisory Board are contained in an internal regulation pursuant to which:

- the **Audit Committee**, which has three members and meets twice a year:
 - scrutinises the annual financial statements and the interim and preliminary results and examines the accounting standards and rules used by the Group,
 - considers proposals for the appointment of the statutory auditors and their remuneration and reviews their conclusions,
- the **Remuneration and Appointments Committee**, which has two members and meets once a year:
 - makes proposals for the remuneration of the Supervisory and Management Boards and ensures that employees respect the individual and collective values and rules of conduct underlying the Group's activities;
 - ensures respect that the Supervisory Board has the required number of independent members.

a-2 Key contributors to operational control

Over and above corporate governance, the Group has delegated powers of control to a number of collective bodies and functional departments.

At Group level:

- the **Executive Committee**, which meets twice a month for the purpose of identifying in advance the principal risks arising from operations. It has twelve members, one of which is the Management Board; others are the Group's main functional and operational departments, including the General Programming Secretariat and the Research, Finance, Human Resources, Legal, Technical and Programming Departments;
- the **Management Committee**, which meets once a week and includes the membership of the Executive Committee and representatives of the principal subsidiaries. Its purpose is to inform the Group about major decisions.

At subsidiary level:

- the **Finance Committees** of subsidiaries in which the Group does not have a majority interest; they ensure the Group is informed of major decisions and directions;
- weekly and monthly **reports** from subsidiaries in which the Group has a majority holding, ensuring continual financial monitoring.

The Financial Department:

- co-ordinates financial operations that are of importance to the Group,
- in consultation with the subsidiaries, manages the Group's cashflow and exchange risks by setting up financial indicators and hedging instruments as it considers appropriate,
- monitors the handling of direct and indirect taxation as part of tax planning,

- in collaboration with the subsidiaries, maintains a network of management controllers suited to the needs of the Group's individual business units,
- strengthens the security of accounting information and the way it is passed up the Group for consolidation purposes.

The Legal Department:

- advises the Group and issues legal opinions as required,
- liaises with the subsidiaries and other functional departments to prepare and negotiate common legal documentation so as to construct a united approach to such documentation,
- maintains a network of lawyers to monitor and manage the Group's legal risks.

b) Company-internal reference

The Company has an **Ethics Charter** which must be observed by all employees of the Métropole Télévision Group. It was updated in 2000 and a copy was sent to every member of staff. It details all the professional standards which every employee must respect in his/her own conduct, and all the Group's employees, whatever their status or position in the hierarchy – even the very highest – are expected to take it as a guide to their actions.

The Company has also provided every department with a **descriptive manual** specifying the operational and administrative **processes** applying to all its operations of whatever nature.

The Company also has a commitment control procedure backed by a system for the **delegation of signatory powers**.

It has also established a procedure for the artistic validation of programme content, ensuring it respects editorial and ethical values and current legislation. This procedure is enacted by preparing recommendations for the attention of Programme Management and the Management Board.

c) Preparation of financial and accounting information for the attention of shareholders

The internal control procedures relating to the preparation and processing of financial and accounting information are substantially the responsibility of the Accounting, Consolidation, Reporting and Management Control divisions of the Group's Financial Department. Most of these processes are redeployed at Head Office and in the subsidiaries to ensure best fit with the current *modus operandi* of the Group.

The Group's Financial Department is responsible for:

- standardising accounting rules
- standardising reporting tools (establishing parameters for, maintaining, reporting and monitoring compliance with instructions) and ensuring flexibility and security,
- developing reporting processes to improve frequency and relevance by including performance indicators
- bringing accounting and financial information to the attention of the Group's Management and Supervisory Boards and the statutory auditors
- making financial information available to the financial market and the supervisory authorities.

B. SUMMARY OF INFORMATION ON INTERNAL CONTROL PROCEDURES

a) Principal internal control procedures established by the Company

The Métropole Télévision Group has a system of centralised control procedures with a high rate of hierarchical control based on a priori control of decisions and strict monitoring of individual objectives.

The Group's operational controls involve monitoring commitments, programming, content, quantity and compliance with regulations (CSA, CNC, etc.).

The procedures, and underlying principles, within the Group include:

- progressive establishment of a new management information system as an integrated tool for monitoring operations in the audiovisual business units. This system:
 - extends to the purchase and broadcasting of programmes and
 - sale of advertising slots,
 - and has led to a redefinition of all Group processes to tighten control at every stage and improve rationalisation
- establishment of a financial reporting system and procedure to cover purchasing from general expenses
- strict cashflow procedures viz:
 - centralised management of Group cashflows,
 - strict separation of duties ensuring effective fraud prevention,
 - regularly updated system of authorisations and signatures,
 - control of computer access,
 - secure payment systems.

b) Preparation and processing of financial and accounting information

The Group's internal controls for the preparation and processing of financial information comprise a number of procedures.

b-1 Accounting procedures

The Accounts Department gathers and records all movements and accounting documents throughout the accounting period:

- using financial reporting systems controlled by system administrators which ensure such systems are correctly used and monitor changes in close collaboration with users
- using document paths which prioritise the Accounts Department
- complying with current accounting standards and Group rules.

Internal procedures exist to ensure a posteriori control of the consistency of accounting entries. Reviews are conducted at each balance-sheet date to check the work done.

Since 1 January 2005 the Group has been applying IFRS, in preparation for which it implemented a systems migration plan and conducted team training throughout 2004.

Particular attention was paid to comparability of information with previous years despite the change in accounting standards.

b-2 Consolidation procedures

The Consolidation Unit, whose sole task is the consolidation of the Group's financial statements, is part of the Financial Department.

Using consolidation software that is regularly updated by inter-

nal and external experts, accounting data are reported from the subsidiaries to Head Office.

In 2005 the Group modernised its consolidation by switching to Magnitude, a tool used by a large number of very big groups. This switch has improved and strengthened the quality of financial information within the Group.

The Consolidation Department is in regular contact with the accounting departments in the subsidiaries, ensuring that the same accounting standards are applied throughout the Group. It also gathers and monitors non-accounting data included in financial reports that are relevant to the consolidated financial statements.

These data are checked both by the Company and by the statutory auditors.

The Group publishes quarterly reports on the consolidated turnover and half-yearly reports on the results. It also issues financial documentation annually.

b-3 Reporting procedures

The Reporting Department is part of Management Control. It gathers and analyses data on a weekly or monthly basis depending on the activity concerned.

Reporting is reviewed monthly in collaboration with operational staff. This access to the reports enables the operational staff to monitor progress towards their objectives.

The reporting team checks that analytical entries in the management software have been made correctly and that information from operational staff has been accurately transcribed in the accounts. At each balance sheet date the Reporting Department performs a reconciliation with Accounting and Consolidation.

The reports are reconciled monthly with the budget and compared with the previous year's figures. They are also presented to the Audit Committee, the Supervisory Board and at Finance Committee meetings.

b-4 Monitoring off-balance-sheet commitments

All commitments are subject to an authorisation procedure. At the balance sheet date, the Financial Department obtains the information required to report consolidated off-balance-sheet commitments from all Group departments, particularly the Audiovisual Rights Acquisition Department and the Technical Department.

This information is centralised and checked by the Accounting and Consolidation Departments before inclusion among the Group's off-balance-sheet commitments.

Finally, off-balance-sheet commitments are validated by the statutory auditors in their audit report on the financial statements. In 2005 the Group set up an integrated tool to manage the rights and programming portfolios of Antenne M6 and the Digital Networks, thus facilitating the monitoring of off-balance-sheet commitments and stocks.

b-5 Monitoring operational assets

The Accounting Department monitors Group assets using asset management software and a special application to manage audiovisual rights.

The asset management software is fed and controlled by the Accounting Department after the information has been checked by the departments concerned (particularly the Technical Department).

The audiovisual rights management application is run by the Broadcasting Rights Department. At each balance sheet date the information generated by this software is reconciled with the accounting records.

Regular physical inventories and software reviews ensure that the operating assets exist and have been accurately valued.

b-6 Valuation procedures for subsidiaries and investments

The Group's most important acquisitions are subject to an annual impairment test calculation to ensure that the financial value of the companies concerned matches their operational value.

The 'operational value' is the market value or the use value, whichever is the higher. The use value is calculated using the DCF method following the principles explained in the Group financial statements.

The value of all the Group's main assets was checked in course of 2005.

Neuilly-sur-Seine, 7 March 2006

1.6. Statutory Auditor's report

KPMG Audit

Département de KPMG S.A.
Immeuble KPMG - 1, cours Valmy
92923 Paris la Défense Cedex

*Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles*

BARBIER FRINAULT & AUTRES**Ernst & Young**

41, rue Ybry
92000 Neuilly-sur-Seine

*Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles*



Métropole Télévision S.A.

Registered office : 89, avenue Charles de Gaulle – 92 200 Neuilly-sur-Seine
Share capital: € 52 755 476

Financial year ended 31 December 2005

Statutory Auditors' report

**prepared in application of Article L. 225-235 of the Commercial Code on the report
by the Chairman of the Supervisory Board of Métropole Télévision regarding
internal control procedures used in the preparation and processing of financial and
accounting information**

To the shareholders of Métropole Télévision SA company,

As Statutory Auditors to your Company and in application of the provisions of Article L. 225-235 of the Commercial Code, we hereby present to you our report on the report prepared by the Chairman of the Supervisory Board in accordance with the provisions of Article L. 225-68 of the Commercial Code for the financial year ending 31 December 2005.

It is the Chairman's responsibility to give account, in his report, in particular on the conditions of preparation and organisation of the work of the Supervisory Board and of the internal control procedures implemented within the Company.

It is our duty to communicate any observations we may have on the information contained in the report of the Chairman concerning internal control procedures regarding the preparation and processing of accounting and financial information.

We have performed our work in accordance with acceptable professional standards in France. These require the performance of diligence procedures to assess the fairness of information presented in the Chairman's report, regarding internal control procedures for the preparation and processing of accounting and financial information. These procedures notably consist in:

- becoming familiar with the objectives and general organisation of the internal control, as well as internal control procedures regarding the preparation and processing of accounting and financial information, as presented in the Chairman's report;
- becoming familiar with the work from which the data and information in this report are derived.

On the basis of our work, we have no observations to formulate on the description of internal control procedures regarding the preparation and processing of accounting and financial information contained in the report of the Chairman of the Supervisory Board, prepared in application of the provisions of the last section of Article L. 225-68 of the Commercial Code.

Paris-La Défense and Neuilly-sur-Seine, 4 April 2006

The Statutory Auditors

KPMG Audit
Département de KPMG S.A.

*Frédéric Quélin
Partner*

*Grégoire Menou
Partner*

BARBIER FRINAULT & AUTRES
Ernst & Young

*Bruno Bizet
Partner*

2. General information on the Company and its share capital

2.1. Information on the Company

2.1.1. Bylaws environnement

The main clauses of the Company's bylaws are as follows:

Company name

MÉTROPOLE TÉLÉVISION (M6)

Head office and registered office

89, avenue Charles de Gaulle
F-92575 Neuilly-sur-Seine Cedex

Legal form

A French-law public limited company (société anonyme) with a Management Board and Supervisory Board governed by the Commercial Code, the unrepealed provisions of the decree of 23 March 1967 and subsequent texts on commercial companies.

Date of incorporation - Duration

The Company was incorporated on 13 October 1986 for a period of 99 years unless subject to early dissolution or extension.

Trade and Commerce Register - SIRET - APE Code

The Company is entered in the Trade and Companies Register under the number:

339 012 452 (RCS Nanterre)

SIRET: 339 012 452 00084 - APE Code: 922D

Inspection of documents

Legal documents concerning the Company may be inspected at the registered office.

Financial year

From 1 January to 31 December.

Competent courts

The competent courts will be those of the Company's registered office in the event of litigation where the Company is defendant and these courts will be designated in accordance with the location and nature of the litigation, unless otherwise specified by the Code of Civil Procedure.

Corporate purpose (Article 3 of the Bylaws)

The Company's corporate purpose is as follows:

- Operation of an audiovisual communications service distributed over terrestrial, cable, satellite networks or by any other means that may be authorised, as applicable, by the *Conseil Supérieur de l'Audiovisuel* (CSA), comprising notably the conception, production, programming and broadcasting of television programmes, including all advertising;
- All industrial, commercial, financial and real estate transactions directly or indirectly connected to the above. Also any related or complementary aims likely to further the development of the company's objectives or assets.

Statutory appropriation of profits

(Article 40 of the Bylaws)

5% of the profit of the year, as reduced by any prior year losses, shall be allocated to the legal reserve. This deduction ceases to be obligatory once the legal reserve amounts to one-tenth of the share capital.

The balance, less any transfers to other reserves as required by law, together with any profits carried forward comprise the distributable profit.

As applicable, the following may be deducted from the distributable profit:

- Any amounts that the General Meeting, upon the recommendation of the Management Board, decides to allocate to any special reserves, ordinary or extraordinary, or to carry forward.
- Any amounts necessary to give shareholders, by way of first dividend, 5% of the amount paid and not written down on their shares without that, if there is an insufficient profit in a year to effect this payment, the shareholders will have a claim on future profits.

The balance of distributable profit, after the above deductions, shall be split equally among all shares by way of a special dividend.

If the General Meeting decides to distribute amounts from the reserves that are available, the decision shall expressly indicate which reserves are to be used.

In accordance with legal provisions, the General Meeting called to approve the annual financial statements may grant shareholders the option of receiving payment in cash or in shares for all or part of the dividend or interim dividend payment.

General Meetings

(Articles 27-29 of the Bylaws)

Notice of meetings – Attendance and exercise of voting rights

In accordance with French company law, shareholders meetings are announced by a preliminary notice which is published in the Bulletin des Annonces Légales Obligatoires (BALO) at least 30 days prior to the meeting date.

The final notice of shareholders meetings is issued at least fifteen days prior to the date set for the meeting on first call. This time period is reduced to six days for meetings on second call.

The final notice is sent by mail to all holders of registered shares and published in a legal gazette serving the location in which the registered office is located and in the BALO.

The notice must set forth the date, time and place of the meeting and state the purpose and agenda for the meeting.

All of the Company's shareholders whose shares are fully paid up may participate in meetings. No shareholder may delegate voting authority to another person except the shareholder's spouse or another shareholder.

In order to participate in any shareholders meeting, holders of registered shares must have their shares entered in the Company's records at least five days before the date set for the meeting. Holders of identifiable bearer shares must, within the same time period, file a certificate prepared by the broker who keeps their accounts declaring that the shares will remain unavailable for trading until the date set for the meeting.

Proxy and postal voting forms are prepared and addressed in accordance with legislation in force.

The owners of shares referred to in paragraph 3 of Article L.228-1 of the Commercial Code may be represented at shareholders meetings by an intermediary registered on behalf of such owners in accordance with the provisions of the foregoing Article.

The intermediary who has fulfilled the obligations specified in

the paragraphs 3 and 4 of Article L.228-1 may, pursuant to a general securities management mandate, transfer for a meeting its voting rights or power of attorney as an owner of shares as defined in paragraph 3 of the same Article.

Limitations on voting rights

(Article 35 of the Bylaws)

Subject to the provisions below, the voting rights conferred on shares is proportional to the share capital they represent, and each share carries the right to one vote.

No shareholder, or group of shareholders acting in concert, may hold more than 34% of the total number of voting rights. In the event that a shareholder holds, either alone or in concert with others, over 34% of the share capital, the number of votes available to each shareholder in Meetings is restricted to 34% of the total number of shares in the Company and/or the attached voting rights.

This restriction ceases to have effect in the event of the elimination of the need for such a restriction, either following a decision by the CSA or as part of a revision to the agreement between the Company and the CSA.

Requirements for holdings exceeding the statutory threshold (Article 11 of the Bylaws)

Shares are freely negotiable. Shares are transferred by transfer from account to account subject to applicable legal and regulatory provisions. In the event of an increase in the share capital, shares may be traded as soon as it is completed. Any individual or legal entity, acting alone or with others, that attains a holding of at least 1% or any multiple of 1% of the capital or voting rights must notify the Company of the number of shares and/or voting rights held within a period of five stock market trading days from the moment this threshold is exceeded, by registered letter with return receipt addressed to its

registered office. The number of shares that determine the above thresholds shall include indirectly held shares and/or voting rights and shares and/or voting rights that are classified as held shares and voting rights as defined by Articles L. 233-7 et seq. of the Commercial Code. This declaration must also be made each time that the fraction of share capital or voting rights held becomes less than one of the thresholds stated above. If not declared under the above conditions, the shares in excess of the relevant threshold will be deprived of voting rights under the conditions laid down by the Commercial Code relating to the crossing of statutory thresholds. Intermediaries registered as holders of shares pursuant to paragraph 3 of Article L.228-1 of the Commercial Code are required, without prejudice to the obligations of the owners of shares, to make the declarations stipulated in this paragraph for all of the shares of the Company for which they are registered as the holder.

The requirements set forth in the above paragraph shall not limit the application of the provisions of the Law of 30 September 1986 on the free disclosure of share ownership voting rights of companies licensed to operate an audiovisual communication service, or of any other provisions under law.

2.1.2. Legal environment

By virtue of its corporate purpose and status as an operator of a free-to-air and digital television broadcasting license, the Company is governed by a specific legal and regulatory regime which applies in addition to the ordinary provisions.

Ownership of the share capital

Under the terms of Article 39 of Law no. 86-1067 of 30 September 1986 as amended, an individual or entity, acting alone or with others, shall not hold, directly or indirectly, more than 49% of the capital or voting rights of a company licensed to operate a national television service by free-to-air terrestrial transmission.

This provision was modified by Law no. 2001-624 of 18 July 2001. This limits the scope of the 49% rule to those terrestrial channels with an average annual audience (terrestrial, cable and satellite combined) in excess of 2.5% of the total television audience. In practice, this clause only concerns to new terrestrial digital networks.

Under the terms of Article 39 of Law no. 86-1067 of 30 September 1986 as amended, when an individual or entity holds, directly or indirectly, more than 15% of the capital or voting rights of a company licensed to operate a national television service by free-to-air terrestrial transmission, it shall not hold, directly or indirectly, more than 15% of the capital of another company holding a similar authorisation.

Under the terms of Article 40 of Law no. 86-1067 of 30 September 1986 as amended, no individual or entity of foreign nationality shall purchase an interest leading to foreign nationals holding, directly or indirectly, more than 20% of the

capital of a company licensed to operate a national television service by free-to-air terrestrial transmission.

Broadcasting licence – Applicable legislation

M6 is a privately owned free-to-air terrestrial TV network which was initially licensed to broadcast for a duration of ten years from 1 March 1987 (expired on 28 February 1997) under the licensing regime set forth by Article 30 of the amended Law of 30 September 1986 on Freedom of Communication. As a network which is financed exclusively by advertising, it is subject to the general requirements of this legal classification and to the special terms and conditions of its broadcasting license.

M6's broadcasting license was renewed in July 1996 and July 2001 for two consecutive terms of five years from 1 March 1997 and 1 January 2002.

These broadcasting licence renewals were the subject of negotiations with the CSA in accordance with the provisions of the Law of 30 September 1986.

On 10 June 2003, M6 received an authorisation to continue its terrestrial digital service effective from 31 March 2005. As a result, M6 authorisation is renewed until 28 February 2012.

The new broadcasting license sets out specific obligations for the network.

In particular, it sets requirements to invest in the production of audiovisual programmes:

- 18% of the previous year's net annual turnover must be invested in the production of French and European audiovisual programmes, of which 13.5% must be dedicated to programmes originally produced in French.
- M6 must reserve at least two-thirds of this quota for the production of French and European new audiovisual production.

- Of this 18% quota, M6 must reserve at least two-thirds for programmes that are independently produced.
- M6 must broadcast 100 hours of audiovisual programmes originally produced in France or in Europe, not previously publicly broadcasted on a nationwide free-to-air terrestrial TV network and with a starting broadcast time of between 8 pm and 9 pm.
- The obligations in respect of broadcasting sub-titled programmes for the deaf and hard of hearing require an increase of 200 hours each year to reach the requirement of 1000 sub-titled programme hours in 2006. In 2005, M6 was required to produce 800 hours.
- At least 1% of the previous year's net annual turnover must be dedicated to the production of cartoons originally produced in French or in Europe.

The network's production obligations are further governed by the decree dated 9 July 2001 as amended.

Under the terms of the aforementioned decree, the network is obliged to invest 3.2% of its net annual turnover in the production of European cinema works.

The broadcasting license also determines the musical programming commitments as follows: the network must broadcast a minimum of 30% of music per 24-hour period each year, with 50% of music broadcasts containing content originally produced in French, and must invest € 21.34 million in music programmes and in the production and broadcast of 150 music videos dedicated to French-speaking artists, of which 30 music videos dedicated to new talent. The network's music commitments may be reviewed in light of the music offer broadcast on other free-to-air terrestrial digital networks.

All programming content is subject to a four-category classification system which specifies the audience segment addressed by individual programmes.

The obligations relating to the broadcast quotas arise primarily from decree no. 90-66 as amended on 17 January 1990 and by the amendment no. 2 to the broadcasting license dated 22 July 2003:

- **Of the audiovisual programmes** broadcast over a 24-hour period, 40% must be originally produced in French and 60% must have been produced in Europe and the same requirements apply to peak viewing periods, set annually by the CSA, namely between 2 pm and 11 pm on Wednesdays and between 5 pm and 11 pm on the other days;
- **As regards cinema works:** M6 must not broadcast more than 192 cinema films during the year of which a maximum of 144 films shall begin during the prime time hours of 8.30 pm to 10.30 pm. Cinema works must comply with the broadcasting quotas throughout the day and for peak viewing hours, i.e. 60% of broadcast material shall be of European origin and 40% of French-speaking origin.

Concerning advertising, Law no. 93-122 of 22 January 1993 ("the Sapin law") governs the relationship between advertisers, their agents and the advertising media.

Other regulations that relate to broadcasting of advertising arise primarily from decree no. 92-280 of 27 March 1992 and Article 73 of the Law no. 86-1067 of 30 September 1986.

2.2. General information on the share capital

2.2.1. Changes in the share capital and voting rights

Any change to the share capital or rights conferred by shares must be made in accordance with the provisions of the Bylaws.

Share capital increases may only be decided by shareholders at an Extraordinary General Meeting, upon presentation of a report of the Management Board.

Where the Company's share capital is increased by capitalisation of reserves, profits or share issue premiums, the General Meeting must vote in accordance with quorum and majority requirements applicable to Ordinary General Meetings.

Changes in the share capital since incorporation of the Company

Date	Description	Nominal amount of capital increase	Number of shares issued	Share capital value	Total number of shares outstanding
09/15/86	Incorporation of the Company	FRF 10,000,000.00	100,000	FRF 10,000,000	100,000
05/16/87	Subscription	FRF 190,000,000.00	1,900,000	FRF 200,000,000	2,000,000
05/21/90	Capital reduction	(FRF 198,000,000.00)	(1,980,000)	FRF 2,000,000	20,000
06/21/90	Share subscription	FRF 200,000,000.00	2,000,000	FRF 202,000,000	2,020,000
12/31/93	Exercise of share options by employees ⁽¹⁾	FRF 6,900,000.00	69,000	FRF 208,900,000	2,089,000
09/06/94	5 for 1 share split	-	-	FRF 208,900,000	10,445,000
12/31/95	Exercise of share options by employees ⁽¹⁾	FRF 4,337,000.00	216,850	FRF 213,237,000	10,661,850
12/31/95	Conversion of bonds ⁽²⁾	FRF 50,387,700.00	2,519,385	FRF 263,624,700	13,181,235
12/03/99	Conversion into euros	€ 12,535,613.57	-	€ 52,724,940	13,181,235
12/30/99	Conversion of bonds	€ 30,536.00	7,634	€ 52,755,476	13,188,869
05/26/00	10 for 1 share split	-	-	-	131,888,690

(1) Par value

(2) FRF 158,050,720 share premium

Paid-in capital - Number and classes of shares

At 31 December 2005, the Company's share capital was € 52,755,476, represented by 131,888,690 fully paid-in shares of the same class with a par value of € 0.40 each.

Shareholders agreement

No shareholders agreement exists to the best of the Company's knowledge.

Pledges of the issuer's shares

Nil.

Alienation of shares in order to regularise cross-shareholding

(Article 251 of the Decree of 23 March 1967)
Nil.

Treasury shares

(Article L233-13 of the Commercial Code)
Controlling companies holding a share in the capital of the Company: Nil.

Capital increase reserved for employees

Nil.
The most recent General Meeting to consider a proposal to increase the share capital reserved for employees was that of 28 April 2005.

Potential share capital

The exercise of all options would lead to the creation of 3,207,100 new shares, which would increase the share capital from 131,888,690 shares at 31 December 2005 to 135,095,790 shares, a maximum potential dilution of 2.43%

Notwithstanding this, only the share option plans approved at the Board meetings of 30 June 2000 and 7 June 2001 could have resulted in the exercise of share options in 2005.

Similarly, the fact that the exercise price of options remained below the market price of the M6 share (closing price on 31/12/2005: € 23.40) further limited the potential dilutive effect on the share capital in 2005.

Potential share capital in €								
Date of General Meeting authorising the plan	05/26/2000	05/26/2000	05/26/2000	05/26/2000	05/26/2000	04/28/2004	04/28/2004	Aggregate share option
Date of Supervisory Board meeting granting the options	06/30/2000	06/07/2001	06/07/2002	07/25/2003	11/14/2003	04/28/2004	06/02/2005	
Total number of beneficiaries	84	146	123	119	1	135	136	
Maximum number of shares which may be delivered upon exercise of all options	218,800	377,300	557,500	625,500	20,000	772,500	635,500	3,207,100
Vesting date	06/30/2004	06/07/2005	06/07/2006	07/25/2007	11/14/2007	04/29/2006	06/02/2009	
Expiry date	06/30/2007	06/07/2008	06/07/2009	07/25/2010	11/14/2010	04/28/2011	06/01/2012	
Potential share capital upon exercise of share options								
	87,520	150,920	223,000	250,200	8,000	309,000	254,200	1,282,840
Exercise price	58.58	30.80	28.06	22.48	23.82	24.97	19.94	27.00 ⁽¹⁾
Number of shares comprising the share capital	131,888,690	131,888,690	131,888,690	131,888,690	131,888,690	131,888,690	131,888,690	131,888,690
Nominal value per share	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Share capital	52,755,476	52,755,476	52,755,476	52,755,476	52,755,476	52,755,476	52,755,476	52,755,476
Number of shares comprising the share capital upon exercise of options	132,107,490	132,265,990	132,446,190	132,514,190	131,908,690	132,661,190	132,524,190	135,095,790
Share capital upon exercise of outstanding share options	52,842,996	52,906,396	52,978,476	53,005,676	52,763,476	53,064,476	53,009,676	54,038,316
Potential dilution arising from exercise of options (% of share capital)								
	0.17%	0.29%	0.42%	0.47%	0.02%	0.59%	0.48%	2.43%

(1) Weighted average exercise price

Authorised share capital not issued: Use of existing authorisations

(Article L.225-100 paragraph 7 of the Commercial Code)

	Maximum nominal amount of capital increases	Maximum nominal value of debt securities to be issued	Term of authorisation	Remaining term ⁽¹⁾	General Meeting	Resolution n°
Debt securities (not granting access to the share capital)	-	€ 300 m	5 years	1 year	CGM 05/03/2002	9
Capital increase by contributions in cash or contributions in kind (Delegation of competence to the Management Board)	€ 50 m	-	26 months	14 months	CGM 04/28/2005	12
Possibility of additional capital increase	⁽²⁾	-	26 months	14 months	CGM 04/28/2005	13
Authorisation to issue shares without pre-emptive rights but with faculty to grant priority subscription rights	⁽³⁾	-	26 months	14 months	CGM 04/28/2005	14
Grant of free shares (Delegation of authority to Management Board)	⁽⁴⁾	-	36 months	24 months	CGM 04/28/2005	11
Share options plan (Delegation of authority to Management Board)	€ 1,080,000 (€ 360,000 / year)	-	3 years	1 year	CGM 04/28/2004	1

(1) With effect from the CGM (Combined General Meeting) of 24/04/06 - (2) Up to a limit of 15% of the initial issue - (3) Within the maximum limit set by the twelfth resolution of the CGM of 04/28/05 - (4) Subject to a limit for the first three financial years of 0.5% of the share capital on the date at which free shares were allocated

During the year under review, the Company did not make use of any of the above authorisations, with the exception of those relating to the allocation of free shares (cf. point 12.6 of the Management Board Report) and the granting of share options (cf. point 12.5 of the Management Board Report).

Acquisition by the Company of its own shares: Use of existing authorisations

	Maximum nominal amount	Term of authorisation	Remaining term ⁽¹⁾	General Meeting	Resolution no.
Share repurchase programme	⁽²⁾	18 months	18 months	CGM 04/28/2005	21
Reduction in capital by cancellation of Company shares	⁽²⁾	18 months	18 months	CGM 04/28/2005	3

(1) With effect from the CGM of 28/04/05

(2) Within the limit of 10 % of the share capital.

During the year under review, the Company made use of the authorisation to purchase its own shares which was granted by the Combined General Meeting of 28 April 2005.

This authorisation was used exclusively under the liquidity agreement, in compliance with the terms of the code of conduct of the AFEI (French Association of Investment Firms), which was entered into with the investment services company CA Chevreux on 15 December 2004.

In 2005, the Company purchased 672,861 of its own shares under this agreement at an average price of € 21.35, and sold 716,876 shares at an average price of € 21.61, leaving a balance at 31 December 2005 of 28,000 shares and € 2,467,238.10 in cash.

Rights attached to shares

All shares are of the same class and hold equal rights to the Company's assets and profits.

Each share confers the right to a single vote at shareholders meetings. None of the shares entitle their holders to double voting rights.

The right to distributed dividends and interim-dividends lapses after five years to the benefit of the French state.

Trading in shares

Shares are freely traded on the Eurolist market of Euronext Paris.

Form of shares

Since the stock market introduction, shares are held at the option of the holder:

- in pure registered form held in account maintained by CACEIS,
- in administered registered form,
- in identifiable bearer form held in account by an authorised intermediary.

Shares are approved for EUROCLEAR-SICOVAM transactions.

Identification of shareholders

The company is authorised to apply the provisions of French company law at any time to identify holders of shares giving immediate or eventual voting rights at its General Meetings.

Withholding tax on dividends

a) Individual shareholders residing in France

Taxation on dividends:

As from 2006, dividends paid by French companies to individuals residing in France are subject to the following tax considerations:

- income tax at progressive rates up to 60% of their amount (after application of 40% tax relief provided by Article 158-3 of the French General Tax Code);
- social security contributions levied in respect of 100% of their amount:
 - an 8.2% general social security deduction (Article 1600-0 E of the French General Tax Code);
 - a 2% social contribution deduction together with an additional contribution of 0.3%;
 - a 0.5% social welfare debt repayment deduction.

Furthermore, married couples and civil union partners that are jointly assessed for tax are entitled to annual tax relief of up to € 3,050 and single people, widows, divorcees and spouses filing separate income tax returns are entitled to tax relief of up to €1,525.

Taxation on sale or disposal of shares:

- Capital gains arising from the sale or disposal of Company shares are generally taxed at a rate of 27%⁽¹⁾ comprising:
- a 16% income tax charge (Article 200A 2° of the French General Tax Code);
 - an 8.2% general social security deduction.

- a 2% social contribution deduction together with an additional contribution of 0.3%.
- a 0.5% social welfare debt repayment deduction.

b) Shareholders not residing in France

Dividends distributed by companies whose registered offices are located in France are subject, in principle, to a withholding tax of 25% where the tax domicile or registered office of the beneficiary is located outside France. The withheld tax may be reduced, even eliminated, where applicable under international tax treaties; dividends distributed to parent companies of countries that are members of the European Union may, under certain conditions, be exempt.

2.2.2. Group savings plan and profit sharing

M6 Group savings plan

Established in September 1994 as a Fonds commun de placement ("collective investment scheme"), the M6 Group savings plan invests exclusively in Company shares.

At 31 December 2005, the net assets of the savings plan, which are exclusively held by Group employees, amounted to € 2,914 million (1,478 unit holders / unit price: € 25.25).

The fund represents 0.1% of the share capital.

Profit sharing

Two profit sharing agreements are in place: one covering the Home Shopping division and the other covering Métropole Télévision and its subsidiaries.

These allow for the pooling of the special profit sharing reserves of the companies within each division among eligible

(1) If the annual amount of disposals of marketable securities within the shareholder's taxable base exceeds €15,000 from transactions realised in 2006. Below this limit, shareholders are exempt from income tax on capital gains.

employees. Profit sharing reserves are distributed to all eligible employees, with 30% of the amount based on hours worked during the year (3 months minimum) and 70% in proportion to their annual salary (capped at €124,272).

Purchases of shares for allocation to employees under a profit sharing agreement

(Articles L.225-211 paragraph 2 and L.225-208 of the Commercial Code)
Nil.

Distribution of voting rights

The distribution of voting rights is identical to the distribution of shares subject to the provisions, where applicable, of Article 35 of the Bylaws on limitations on voting rights.
No shareholders agreement exists to the best of the Company's knowledge.

2.3. Information on subsidiaries, affiliates and controlled entities of the Company

2.3.1. Shareholders agreement

All agreements existing between the Company and subsidiaries in which M6 does not have a controlling interest were reviewed in the course of selecting consolidation methods and in preparing the note on off-balance sheet commitments. No clause in these agreements is likely to have a material impact on the price of Company shares.

M6 and TF1 concluded a shareholders agreement stipulating that the management of TPS be undertaken by TPS Gestion as sole statutory manager.
The Board of TPS Gestion comprises eight members, of which three are appointed by M6 and five by TF1. Decisions relating to company strategy and the achievement of financial and operating objectives must be ratified by a qualified majority of 75% of the Board members. These decisions include, notably, the approval of the company's annual operating plan

and capital expenditure and expenses commitments in excess of € 6 million.
The memorandum of agreement signed between TF1-M6 and Vivendi Universal does not terminate the existing shareholder agreements between the latter parties until the merger between TPS and Canal Plus Group has been approved by the competition authorities.

2.3.2. Direct shareholding interests in excess of 5%, 10%, 20%, 33% or 50% of capital and controlling interests (Art. L.233-6 of the Commercial Code)

The below table summarises the information required by law:

Company	Date	Legal form			Total
			Direct	Indirect	
Société Nouvelle de Cinématographie	04/28/2005	SAS	100%		100%
CITATO	08/01/2005	SARL		80%	80%
MisterGoodDeal	11/15/2005	SA		95%	95%
LaboProduction	11/24/2005	SARL	25.50%	74.50%*	100%

* In November 2005, Studio 89 Productions acquired a 49% interest in Labo Production SARL, which is a 51%-owned subsidiary of M6 Group.

2.3.3. Parent company/ Subsidiaries relationships

Métropole Télévision engages in business activities and also defines the strategic objectives for the Group.

It sets and defines the framework for oversight of the activities of Group entities as follows:

- through the strategic objectives defined for Group activities;
- through the complementary nature of its three core business lines: Free-to-air TV, Digital TV and the Diversification ventures;
- through the existing of horizontal functional departments (Finance, Facilities Management, Human Resources, Legal Affairs, Information Systems, Internal Communications, etc.) which operate as shared services within the Group. Functional responsibilities are held by specialists from each of the business lines. The provision of these resources is formalised in Technical Assistance Agreements and is invoiced to each subsidiary.

Financial relations:

The cash pooling agreement with subsidiaries enables Métropole Télévision to manage and consolidate the cash resources of most Group subsidiaries. This, in turn, optimises the use of group cash resources to the benefit of individual entities.

Effective December 2003, the shareholders in TPS (M6 and TF1) took over from banks to provide funding required by TPS through shareholder current accounts.

Under the terms of the cash management agreement signed between Bayard d'Antin SA and Métropole Télévision dated 01/12/05, the Company has the faculty to centralise its cash surpluses with Immobilière Bayard d'Antin SA, either overnight

or in deposit accounts with maturities of less than three months. Remuneration under this agreement is in line with standard market practices. In line with the investment policies of Métropole Télévision, cash invested with Immobilière Bayard d'Antin SA may not exceed 20% of the total cash at banks of the Métropole Télévision Group.

Métropole Télévision is the head of a tax consolidation group pursuant to the provisions of Article 223 A of the General Tax Code.

At 31 December 2005, the Métropole Télévision Group had 71 subsidiaries and affiliates as follows:

- 25 significant consolidated subsidiaries,
- 40 insignificant consolidated subsidiaries,
- 6 unconsolidated companies.

Financial relations with Métropole Télévision							
Member of the Management Board Head of Division	Significant consolidated subsidiaries (25)	Country	Advances / guarantees	Member of cash pooling agreement	Significant intercompany transactions*	% interest (rounded up)	Impact of minority interests
FREE-TO-AIR TV							
Catherine Lenoble	M6 Publicité	France		yes	- broadcast schedule payment	100 %	-
Thomas Valentin	M6 Films	France		yes	N/S	100 %	-
	Métropole Production	France		yes	- rights acquisition		
					- technical and support services	100 %	-
	C. Productions	France		yes	- rights acquisition	100 %	-
	Studio 89 Productions	France		yes	- rights acquisition	100 %	-
	W9 Productions	France		yes	- rights acquisition	100 %	-
DIGITAL TV							
Jean d'Arthuys	M6 Thématique	France		yes	N/S	100 %	-
	Extension TV - Série Club	France		yes	N/S	50 %	-
	Fun TV	France		yes	N/S	100 %	-
	Paris Première	France		yes	N/S	100 %	-
	TF6 SCS	France			N/S	50 %	-
	EDI TV – W9	France		yes	N/S	100 %	
	M6 communication						
	(M6 Music Black - Rock - Hit)	France		yes	N/S	100 %	
	SediTV - Téva	France		yes	N/S	51 %	No material impact
DIVERSIFICATION VENTURES AND AUDIOVISUAL RIGHTS							
Nicolas de Tavernost	Football Club des Girondins de Bordeaux	France		yes	N/S	99.76 %	No material impact
	Home Shopping Service	France		yes	N/S	100 %	-
	M6 Éditions	France		oui	- advertising	100 %	-
	M6 Événements	France		yes	N/S	100 %	-
	Société Nouvelle de Distribution	France		oui	- rights acquisition	100 %	
	Société Nouvelle de Cinématographie	France		yes	N/S	100 %	
	M6 Interactions	France		yes	- advertising	100 %	-
	M6 Web	France		yes	- advertising	100 %	-
	TCM Droits Audiovisuels	France			- rights acquisition	50 %	-
	Mistergooddeal	France			N/S	95 %	No material impact
	TPS	France	yes		- advertising	34 %	

* Transactions valued in excess of €500 thousand

In view of the size of their business activities, the transactions between the following companies and Métropole Télévision are insignificant.

Insignificant consolidated subsidiaries (40)	% interest (rounded up)	Insignificant consolidated subsidiaries (36)	% interest (rounded up)
M6 Numérique ⁽¹⁾	100 %	Culture Mag Éditions ⁽¹⁾	90 %
M6 Studio ⁽¹⁾	100 %	Immobilière M6 ⁽¹⁾	100 %
M6 Toulouse ⁽¹⁾	100 %	Live stage ⁽¹⁾	99 %
Mandarin ⁽¹⁾	100 %	M6 Bordeaux ⁽¹⁾	100 %
SCI du 107 ⁽¹⁾	100 %	M6 Diffusion ⁽¹⁾	100 %
TF6 Gestion	50 %	M6 Foot ⁽¹⁾	100 %
LABO Production	100 %	M6 Création	100 %
M6 Opérations	100 %	Multiplex R4	58 %
CITATO	80 %	M6 Développement	100 %
M6 Affaires	100 %		
TPS Sub-Group ⁽³⁾		HSS Sub-Group:	
Multivision	34 %	Boutique du Monde ⁽²⁾	100 %
TPS Cinéfaz	34 %	Club Téléachat ⁽²⁾	100 %
TPS Cinéstar	34 %	HSS Belgique	100 %
TPS Cinétoile	34 %	HSS Hongrie	100 %
TPS Cinéma	34 %	SETV Belgique	100 %
TPS Entreprises	34 %	Tecipress ⁽²⁾	100 %
TPS Foot	34 %	Télévente promotion ⁽²⁾	100 %
TPS Interactif	34 %	Unité 15 Belgique	100 %
TPS Jeunesse	34 %	Unité 15 France ⁽²⁾	100 %
TPS Motivation	34 %		
TPS Sport	34 %		
TPS Terminaux	34 %		

(1) Party to M6 cash pooling agreement - (2) Party to HSS / M6 cash pooling agreement - (3) TPS / M6 shareholders' current account

Non-consolidated subsidiaries (6)	% interest (rounded up)
Newsports	2 %
ENEX	20 %
Métropolest	50 %
PINK TV	9 %
TCM Gestion	50 %
TPS Gestion	34 %

2.4. Other information concerning the parent company statements

2.4.1. Tax information

Financial statements at 31.12.2005	Amount (K€)
Total amount of non-deductible expenses and charges (Article 39-4 of the French General Tax Code)	20.8
Total attendance fees excluded from deductible expenses (Article 210 sexies of the French General Tax Code)	0
> Remuneration and other expenses paid to the highest paid employees	4,557.6
> Gifts and hospitality expenses	386.8
Total expenses featured in Special Statement of general expenses (Article 223 quinquies of the French General Tax Code)	
> Amount of above expenses recorded under pre-tax profits	20.8

2.4.2 Social responsibility information

The Company will make available to any shareholder who requests so a copy of the Social Responsibility Report (in French) as required by Articles L.438-1 et seq. of the Labour Code.

3. General Meeting

3.1. Summary and agenda of the Combined General Meeting of 24 April 2006

• Report of the Management Board

• Observations of the Supervisory Board

• Statutory Auditors' Reports:

- Report on the consolidated financial statements for the year ended 31 December 2005

- General report on the financial statements for the year ended 31 December 2005

- Report prepared in application of Article L.225-235 of the Commercial Code on the report by the Chairman of the Supervisory Board of Métropole Télévision regarding internal control procedures used in the preparation and processing of financial and accounting information.

- Special report on the agreements covered by Article L.225-86 of the Commercial Code

- Special report on share capital reduction through the cancellation of purchased shares

• Vote on resolutions:

Resolutions for the Ordinary General Meeting

- N° 1 : Approval of the parent company financial statements for the year ended 31 December 2005
- N° 2 : Approval of agreements covered by Article L.225-86 of the Commercial Code
- N° 3 : Allocation of profits and declaration of dividend
- N° 4 : Approval of the consolidated financial statements for the year ended 31 December 2005
- N° 5 and 6 : Ratification of the cooptation of members of the Supervisory Board
- N° 7 : Authorisation to be given to the Management Board to trade in the Company's shares
- N° 8 : Authorisation to be given to the Management Board to issue debt securities

Resolutions for the Extraordinary General Meeting

- N° 9 : Authorisation to be given to the Management Board to reduce the share capital by cancellation of shares
- N° 10 : Powers to complete formalities.

3.2. Report of the Management Board to the Combined General Meeting

Ladies and Gentlemen,

Resolutions presented to the Ordinary General Meeting

We have called you to this Ordinary General Meeting to submit the following for your approval:

- In the first resolution, shareholders are invited to approve the financial statements and transactions for the 2005 financial year as presented, together with the expenses and charges stipulated in Article 39-4 of the General Tax Code.
- In the second resolution, shareholders are invited to approve the agreements covered by Article L.225-86 of the Commercial Code as summarised in the Statutory Auditors' Special Report (attached to the Reference Document). Two new agreements were authorised in 2005, the first with Immobilière Bayard d'Antin SA, concerning the acquisition of the Société Nouvelle de Cinématographie company, and the second concerning the signature of a cash management agreement.
- In the third resolution, shareholders are invited to allocate the profits for the year of € 166,217,030 and retained profits from the prior year of € 429,130,207.95, representing total profits available for distribution of € 595,347,237.99, by distributing a dividend of € 0.95 per share and appropriating the remaining balance of € 470,052,982.49 to retained profits carried forward.

- In the fourth resolution, shareholders are invited to approve the consolidated financial statements for the year ended 31 December 2005 as presented.

- In the fifth and sixth resolutions, shareholders are invited to ratify the cooptation of Ignace Van Meenen and Constantin Lange as members of the Supervisory Board, to replace Jean-Charles de Keyser and Thomas Rabe, who resigned, for the remainder of their term, i.e. until the close of the Ordinary General Meeting to be called to approve the 2007 financial statements.

- In the seventh resolution, after considering the report of the Management Board prepared in accordance with the provisions of paragraph 2 of Article L.225-209 of the Commercial Code, shareholders are invited to authorise the Management Board to trade in the Company's shares under the following conditions:

- maximum purchase price: €40
- maximum shareholding: 10% of the share capital
- maximum duration: 18 months
- Maximum nominal amount of funds to be allocated from reserves to the share repurchase programme: € 507,786,907.

The acquisition of shares, together with their disposal, transfer or exchange, may be carried out by any means, on the stock market or over-the-counter. Such means include trading in financial derivatives and the maximum share of the capital that can be transferred in the form of blocks of shares may amount to the entire amount of the share repurchase programme.

These transactions may occur at any time, including in the event of a public offer, on the terms established by current stock market regulations.

- In the eighth resolution shareholders are invited to authorise the Management Board to issue debt securities in one or more offerings up to a total of € 300 million. Subject to shareholder approval, this authorisation will be granted for a period of five years.

This authorisation will replace the previous authorisation granted by the General Meeting of 3 May 2002.

Resolutions presented to the Extraordinary General Meeting

We have called you to this Extraordinary General Meeting to submit the following for your approval:

- In the ninth resolution, subject to shareholder approval of the share repurchase programme which is the object of the seventh resolution, shareholders are invited to authorise the Management Board to reduce the share capital by cancelling of repurchased shares, within the limit of 10% of the share capital.
- Lastly, in the tenth resolution, shareholders are asked to confer powers to complete formalities.

We trust that these proposals will receive your support.

Neuilly-sur-Seine, 7 March 2006

3.3. Observations of the Supervisory Board on the Management Board Report and the 2005 financial statements

Ladies and Gentlemen,

In accordance with Article L.225-68 of the Commercial Code, the Supervisory Board must present to the Annual General Meeting of shareholders its observations on the financial statements approved by the Management Board as well as on the Management Board Report submitted to the General Meeting.

We would therefore like to bring to your attention that the financial statements and Management Board Report for the 2005 financial year were communicated to the Supervisory Board within the time periods set by legal and regulatory provisions.

At its 7 March 2006 meeting, the Supervisory Board reviewed the report presented by the Management Board to the General Meeting, as well as the 2005 financial statements, in the presence of the Statutory Auditors.

These financial statements had been previously approved by the Management Board, and the Statutory Auditors had indicated they would be certified without observations.

M6 Group net profit increased by 21.3% to €156.2 million and sales increased by 6.4% to €1,274.78 million. Advertising revenues accounted for 49.1% of M6 Group sales and increased by 4% versus the prior year. M6 Group net profit on ordinary activities increased to € 244 million.

Cash flow from operations amounted to €324.8 million. Group equity stood at €504.1 million.

Métropole Télévision's parent company financial statements reported a net profit of €166,217,030 enabling the Company to propose a net dividend of €0.95 per share.

In addition, the Supervisory Board recognises that it has been informed with regard to the consolidated financial statements.

In view of this, we have no observations to make with regard to either the management report prepared by the Management Board or the 2005 financial statements.

At all times, the Supervisory Board was fully able to exercise its mission of controlling the management of the Group by the Management Board. The Supervisory Board was kept regularly informed by the Management Board of all important developments concerning the Group.

Neuilly-sur-Seine, 7 March 2006

3.4. Report of the Statutory Auditors

KPMG Audit

Département de KPMG S.A.
Immeuble KPMG - 1, cours Valmy
92923 Paris la Défense Cedex

*Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles*



Métropole Télévision S.A.

Registered office : 89, avenue Charles de Gaulle – 92 200 Neuilly-sur-Seine
Share capital: € 52 755 476

Financial year ended 31 December 2005

**Report of the Statutory Auditors
on share capital reduction through the cancellation of purchased shares**

To the shareholders of Métropole Télévision S.A. company,

As Statutory Auditors to Métropole Télévision and in execution of our assignment, as covered by Article L. 225-209 paragraph 7 of the Commercial Code in the event of capital reduction arising from the cancellation of shares purchased, we present to you our report on the reasons for and terms and conditions of the proposed share capital reduction.

We have performed our work in accordance with applicable standards in France. These standards require that we carry out due diligence procedures in order to verify whether the reasons for and terms and conditions of the proposed share capital reduction are compliant.

This transaction arises from your company's share buyback program, which allows it purchase up to 10% of its share capital, in accordance with the provisions of Article L. 225-209 of the Commercial Code. This purchase authorisation is also subject to approval by your General Meeting and will be for a period of eighteen months.

BARBIER FRINAULT & AUTRES**Ernst & Young**

41, rue Ybry
92000 Neuilly-sur-Seine

*Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles*

Your Management Board proposes that you delegate to it, for a maximum period of eighteen months, in respect of the implementation of the authorisation for your Company to purchase its own shares, all powers to cancel the shares thus purchased, up to the limit of 10% of its share capital and by eighteen-month periods.

We have no comments to make on the reasons for and the terms and conditions of the proposed capital reduction, it being noted that this cannot be carried out unless the Meeting first of all approves the share buyback program.

Paris-La Défense and Neuilly-sur-Seine, 4 April 2006

The Statutory Auditors

KPMG Audit
Département de KPMG S.A.

Frédéric Quélin
Partner

Grégoire Menou
Partner

BARBIER FRINAULT & AUTRES
Ernst & Young

Bruno Bizet
Partner

3.5. Resolutions

3.5.1. Presented to the Ordinary General Meeting

First Resolution

(Approval of the parent company financial statements for the year ended 31 December 2005)

After reviewing the Management Report prepared by the Management Board, the Statutory Auditors' Reports and the observations of the Supervisory Board, the Ordinary General Meeting hereby:

- approves the financial statements for the year ended 31 December 2005 as presented, which show a net profit of €166,217,030;
- accordingly, approves the transactions reflected in the financial statements and/or summarised in the reports;
- approves, in accordance with Article 223 quater of the General Tax Code, the expenses and charges set forth in Article 39-4 of the same code, which stand at € 20,776, and the corresponding tax charge of € 7,257.

Second Resolution

(Statutory Auditors' Special Report)

After hearing the Statutory Auditors' Special Report on agreements covered by Article L.225.86 of the Commercial Code, the Ordinary General Meeting approves the conclusions of the aforementioned report and the new agreements referred to therein.

Third Resolution

(Allocation of profits and declaration of dividend)

	€
Net profit for the year:	166,217,030.04
Retained profits brought forward	
from the prior year	429,130,207.95
Profits available for distribution	595,347,237.99
It is proposed:	
To distribute a dividend of €0.95 per share	
in respect of the 131,888,690 shares	
representing the Company's share capital	125,294,255.50
To carry forward the balance of	470,052,982.49

The Ordinary General Meeting approves the allocation of profit as proposed by the Management Board and, as a result, sets the dividend for the 2005 financial year at €0.95 per share.

Financial year	Dividend per share	Dividend distributed per share (eligible for tax relief)	Total distribution (eligible for tax relief)
2002	€ 0.5 7	N/A	N/A
2003	€ 0.6 7	N/A	N/A
2004	€ 0.84	€ 0.84	€ 1 10, 786,499.60

Pursuant to Article 158-3 of the General Tax Code, dividends distributions will give rise to tax relief of 40% for eligible shareholders.

The dividend will be paid on 28 April 2006.

In accordance with paragraph 4 of Article L.225-210 of the Commercial Code, dividends corresponding to M6 shares owned by the Company at the ex-dividend date will be paid into the retained profits account.

For reference, pursuant to Article 243 bis of the General Tax Code, the General Meeting notes that the dividends paid over the past three financial years were as follows and that no other distributions were made: (refer table below)

Fourth Resolution

(Approval of the consolidated financial statements for the year ended 31 December 2005)

After hearing the report of the Management Board, the observations of the Supervisory Board and the Statutory Auditors' report on the consolidated financial statements, the Ordinary General Meeting approves the consolidated financial statements for the year ended 31 December 2005 as prepared and presented in accordance with the provisions of Articles L.233-16 et seq. of the Commercial Code and which show a net profit of €156.2 million.

Fifth Resolution

(Ratification of the cooption of a member of the Supervisory Board)

The General Meeting ratifies the cooption of Mr. Ignace Van Meenen as member of the Supervisory Board, who was provisionally appointed by the Supervisory Board at its meeting of 31 January 2006, to replace Mr. Jean-Charles de Keyser, who resigned, for the remainder of Mr. Keyser's term, expiring at the close of the Ordinary General Meeting to be called to approve the 2007 financial statements.

Sixth Resolution

(Ratification of the cooption of a member of the Supervisory Board)

The General Meeting ratifies the cooption of Mr. Constantin Lange as member of the Supervisory Board, who was provi-

sionally appointed by the Supervisory Board at its meeting of 7 March 2006, to replace Mr. Thomas Rabe, who resigned, for the remainder of Mr. Rabe's term, expiring at the close of the Ordinary General Meeting to be called to approve the 2007 financial statements.

Seventh Resolution

(Authorisation to be given to the Management Board to trade in the Company's shares)

After reviewing the report of the Management Board, the General Meeting authorises the Management Board, in accordance with the provisions of Articles L.225-209 et seq. of the Commercial Code, to purchase, on one or more occasions, a number of shares representing a maximum of 10% of the share capital of the Company on the date of implementation of the share repurchase programme.

The purpose of this authorisation is to allow the Company to use the possibilities of trading in its own shares as provided by law in order:

- to deliver shares on the exercise of the rights attached to securities convertible, redeemable, exchangeable or otherwise exercisable for Company shares, under conditions provided by the market authorities, and also to allocate shares to employees and executive officers of the Company and its group, including in connection with profit-sharing plans, stock option plans, free share allocation plans or any other methods provided for by law;
- to manage the market making in the secondary market or the liquidity of the Métropole Télévision share by means of an independent financial services intermediary pursuant to a liquidity agreement compliant with the Code of ethics approved by the AMF (Autorité des marchés financiers);
- to keep all or part of the acquired shares for subsequent

exchange or payment as part of possible external growth transactions;

- to cancel shares, subject to approval of the ninth resolution by the Combined General Meeting of shareholders.

The acquisition of these shares may be carried out by any means, in particular over-the-counter and block purchases of shares or by use of financial derivatives. Furthermore, at the discretion of the Management Board, the repurchased shares may be sold or transferred by any means and at any time.

The General Meeting sets the maximum purchase price at € 40 per share and the number of shares purchased may not exceed 10% of the share capital. Notwithstanding this, the shares acquired by the Company for conservation and subsequent use as payment or collateral in any merger, demerger or contribution in kind, shall not exceed 5% of the share capital. This percentage shall apply to the share capital of the Company as adjusted to take account of any capital transactions carried out after this General Meeting. The maximum aggregate amount of funds that the Company may allocate to the share repurchase programme is set at € 507,786,907. In the event of an increase in capital by capitalisation of reserves, the allocation of free shares or a division or consolidation of shares, the prices indicated above will be adjusted by a factor equal to the ratio between the number of shares comprising the share capital before and after the transaction. The General Meeting decides that this authorisation may be used during a public offer to purchase and/or exchange shares and to guarantee the share price, within the limits and conditions set by stock exchange regulations.

This authorisation is granted for a period that ends at the next Annual General Meeting called to approve the financial statements without exceeding a maximum period of eighteen months.

The General Meeting confers full powers on the Management

Board, with the faculty of delegation, to place market orders, enter into any agreements, draw up documents, in particular information disclosures, perform all formalities, to file returns with all appropriate bodies or entities and generally do all that is necessary in this respect.

Eighth Resolution

(Authorisation to be given to the Management Board to issue debt securities)

After hearing the report of the Management Board, the General Meeting authorises the Management Board, at its sole discretion, in one or more offerings in France and/or abroad, to issue subordinated or non-subordinated debt securities with fixed or indefinite maturities or bonds redeemable in shares, either denominated in euros or foreign currencies, or in any other monetary unit established by reference to a basket of currencies, the debt securities where necessary being sold with bonds redeemable in shares of the same class, up to a maximum nominal amount of three hundred million euros (€ 300,000,000), or its equivalent in any other currency, with or without guarantee of any kind whatever, in the proportions, forms and at the times, rates and conditions for issue that it considers appropriate, it being specified that this maximum nominal amount shall apply globally to the bonds issued directly or following exercise of bonds redeemable in shares.

The General Meeting confers full powers on the Management Board to carry out these issues and to determine the characteristics of the debt securities or bonds redeemable in shares, which may include a floating interest rate and a redemption premium, above par, fixed or variable, the said premium being added to the aforementioned maximum nominal amount of € 300,000,000.

The Management Board may delegate the above powers to its Chairman or any member of the Management Board on condition that such person shall report on the powers thus exercised by him.

This authorisation is granted for a period of five years.

3.5.2. Presented to the Extraordinary General Meeting

Ninth Resolution

(Authorisation to be given to the Management Board to reduce the share capital by cancellation of shares)

After reviewing the report of the Management Board and the report of the Statutory Auditors, and subject to shareholder approval of the seventh resolution, the Extraordinary General Meeting authorises the Management Board to reduce the share capital by cancelling any or all of the Company shares acquired in the framework of the share repurchase programme authorised by the voting of the foregoing seventh resolution, within the limit of 10% of the share capital.

The Extraordinary General Meeting confers full powers to the Management Board to amend the Bylaws to reflect the exercise of this authorisation, to make all disclosures and publications and to carry out all necessary formalities.

This authorisation shall expire at the close of the General Meeting called to approve the 2006 financial statements.

Tenth Resolution

(Powers to complete formalities)

The Combined General Meeting confers full powers on a bearer of copies or certified extracts of the minutes of this Meeting to make all filings and advertising and to carry out any other legal and administrative formalities as required, in accordance with the law

Person responsible for the Reference Document

Having taken all reasonable care to ensure that such is the case, we attest that the information contained in this Reference Document is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

We have received an audit completion letter from the statutory auditors, in which they state that they have verified the information regarding the financial situation and financial statements presented in this Reference Document and have read the entire Reference Document.

Neuilly-sur-Seine, 4 April 2006

Nicolas de Tavernost

Chairman of the Management Board

Persons responsible for financial information

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Documents incorporated by reference

This Reference Document includes:

- the consolidated and parent company financial statements for the 2003 financial year prepared in accordance with French accounting standards, together with the corresponding report of the statutory auditors, featured on pages 32 to 55 and 56 to 72 of the Reference Document filed with the *Autorité des Marchés Financiers* on 14 April 2004 under the number D.04-0479.
- the consolidated and parent company financial statements for the 2004 financial year prepared in accordance with French accounting standards, together with the corresponding report of the statutory auditors, featured on pages 106 to 133 and 134 to 154 of the Reference Document filed with the *Autorité des Marchés* on 14 April 2005 under the number D.05-0428.

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The present document has been filed with the Autorité des Marchés Financiers on April 5, 2006 pursuant Article 212-3 of the general regulations of AMF. It can be used for the purpose of a financial operation, if accompanied by a specific note approved by AMF.

This version replaces the initial version which was deposited and put online on April 5th 2006, and contains the correction of the following typographic erratum : Page 15, graph on Advertising market shares distribution in 2005 : France 5's market share is 1.1%

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