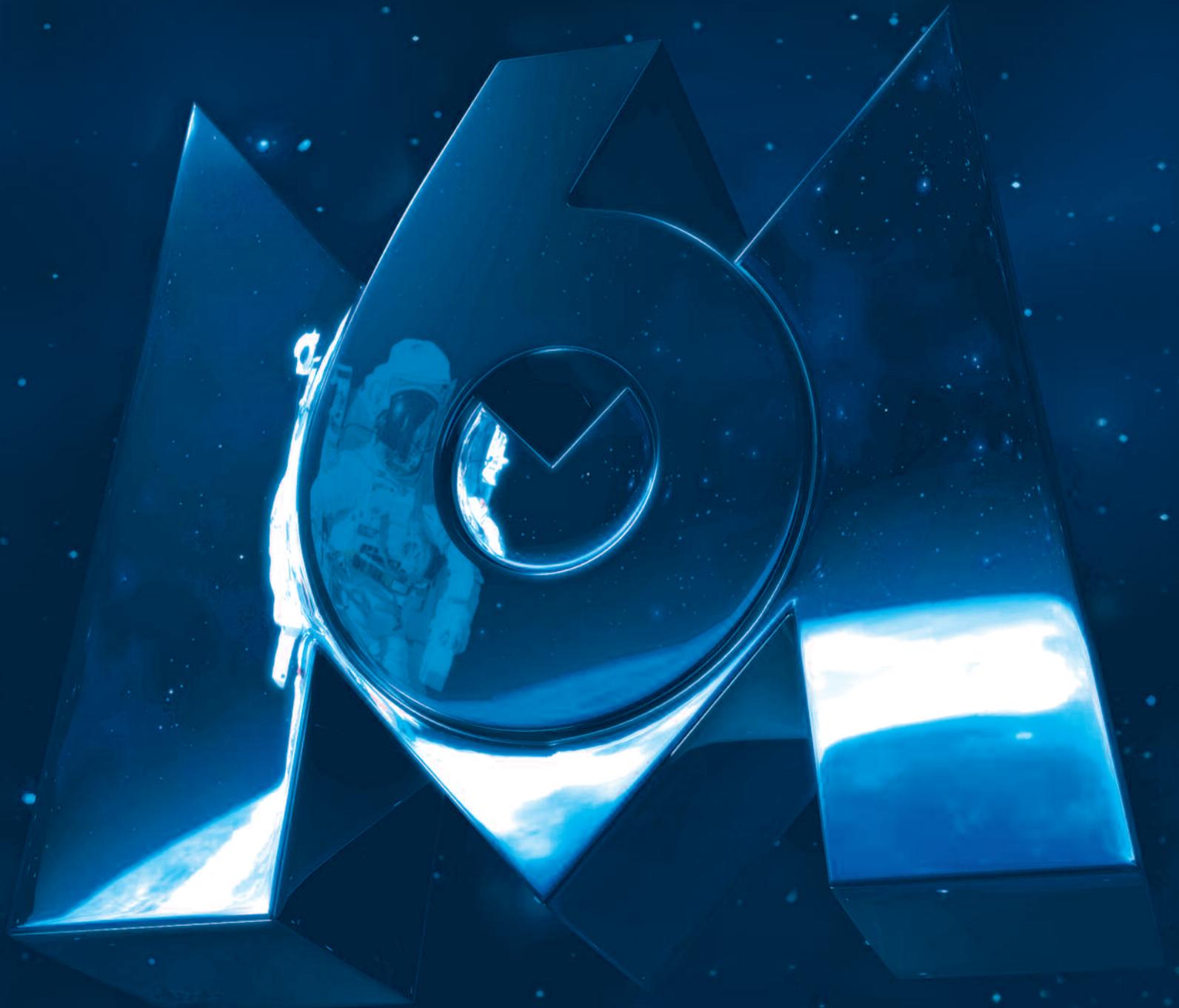


ANNUAL REPORT 2006



Breaking new grounds everyday

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MESSAGE FROM THE CHAIRMAN OF THE MANAGEMENT BOARD

A further year of growth

In 2006, M6 Group beat the record-breaking profitability levels achieved in 2005. Consolidated turnover from continuing operations (excluding TPS) thus increased by 18.8% to € 1,283.4 million, compared to € 1,079.9 million in 2005, thereby enabling the Group to show a 0.8% improvement in profit from operations to € 223.0 million from € 221.1 million in 2005. Net profit of continuing operations was up by 0.8% to € 152.3 million from € 151.2 million. Net profit – Group share was € 408.5 million, reflecting the positive financial impact of the merger of the pay TV operations.

In addition to record results, 2006 was a year of transformation for M6 Group. Within an ever increasingly fought over and fragmented market, the Group took strategic decisions to retain and consolidate its status of joint leader of privately-owned Free-to-Air TV in France.

The first decision was to significantly invest in new programmes, sports in particular (Football World Cup) and prime time (Prison Break): it was a major challenge due to the 17.1% increase in programming costs involved (5.8% excluding the World Cup). The challenge was won as 132 nights attracted more than 4 million viewers last year, compared to 90 nights in 2005. While enhancing the channel's power, we also broadened our audience, especially with 35 year old + individuals.

The second decision was to step up the development of other Group channels, with investments in the growth of W9, Paris Première and Téva. The success of W9 recalls that of M6 when it first appeared: an innovative and differentiated channel, specifically targeting young audiences.

These successful developments enable us, under Thomas Valentin's responsibility, to accelerate the rollout of an innovative multi-channel offering that is efficient for our advertising clients.

M6 Group thus boasted an audience level of 13.6% of 4+ year old individuals at the end of 2006, a 1.7 basis point increase from 10 years ago, even though the multi-channel offering has considerably developed in France, following in particular the expansion of digital terrestrial television and ADSL.

This excellent performance in terms of programmes is reflected in the 3.9% growth in advertising revenue. The over-performance is the result of in-depth work instituted by the advertising agency personnel, under Catherine Lenoble's authority. Actually, the advertising agency quickly adapted to the new state of affairs in the French advertising market by marketing a TV + Internet multi-media offering.



In addition, 2006 will live on as a decisive year for M6's position within the French pay TV industry.

Ten years ago, we took part in the creation of TPS to challenge Canal+, then a monopoly. Ten years later, we are pleased and proud we contributed to the growth of this significant market and pushed for the creation of a pay TV Group, Canal+ France, in which we hold a 5.1% shareholding. With the merger of TPS and Canal+, M6 has resolved a strategic matter and is now in a position to dedicate its resources to its channel editor business, having contributed for ten years as a TPS shareholder to significant value creation.

Lastly, in 2006, the Group laid the foundations of its future development in new internet businesses. Our first e-business investment, the acquisition of Mistergooddeal, which was fully integrated in the Group in 2006, was directed to this end.

Today, M6 Group distance selling business is one of the most profitable in that segment in France and posts high growth rates. This strategic asset is efficiently combined with our home-shopping operations and is in a position to become one of the most innovative e-business competitors in France.

Apart from distance-selling, other Group internet operations, which are more closely related to our core business experienced spectacular growth and now generate nearly 10% of profit from operations. This success is reflected in the 767,000 customers of M6 mobile by Orange, the 5.2 million unique visitors attracted to the Group's websites in December, our community website operations, M6 Internet successes testify to the quality of our fundamentals and to our capacity to operate in fast-growing markets. We have a strong brand and are used to producing quality content and generating high audience levels. These are decisive strengths to successfully expand in this industry.

M6 Group will allocate the necessary resources for its expansion, with challenges such as mobile TV offerings, emerging online video and audiovisual programme services and the consumers' growing enthusiasm for quality ("premium") contents and services.

Due to these strong results, the Group is enthusiastically looking forward to the next few years. We are determined to drive home our competitive advantage in TV, our core business, as well as in new media and internet services. This competitive advantage is to be found in our genes: we are a Group of media entrepreneurs and have been supported by the same shareholders and partners for nearly 20 years. Please

allow me to thank them here, in particular RTL Group and Compagnie Nationale à Portefeuille, as well as our institutional and private investors. Their confidence, along with the commitment of all M6 personnel, is essential to good performances.

Nicolas de Tavernost



CORPORATE GOVERNANCE



Members of the management Board (from left to right): Nicolas de Tavernost, Thomas Valentin, Catherine Lenoble and Éric d'Hotelans

MANAGEMENT BOARD

The Management Board is the collegial decision-making body responsible for the management of M6 Group and the running of its operations. It is appointed for a period of five years and has four members, all natural persons designated by the Supervisory Board, employed by the Group and aged under 65 years.

The Management Board meet on a weekly basis. Members of the Board are representative of M6 Group's various businesses.

Management Board members

Nicolas de Tavernost
Chairman of the Management Board
First appointed:
26 May 2000
Term expires: 2010

Thomas Valentin
Deputy Chairman – Head of TV channels and content
First appointed:
26 May 2000
Term expires: 2010

Éric d'Hotelans
Deputy Chairman – Head of management operations
First appointed:
14 November 2003
Term expires: 2010

Catherine Lenoble
Management Board member – Managing Director of M6 Publicité
First appointed:
28 January 2001
Term expires: 2010

EXECUTIVE COMMITTEE

The Executive Committee is responsible for the Company's day-to-day operations, especially for anticipating major operating risks, and meets twice monthly. It has 19 members, including Management Board members, representing the Group's main management and operating divisions.

Executive Committee members

Nicolas de Tavernost
Thomas Valentin
Éric d'Hotelans
Catherine Lenoble

Bibiane Godfroid
Head of M6 Programming

Christopher Baldelli
Chairman of M6 Thématique

Régis Ravanas
Deputy Head of M6 Programming

Philippe Bony
Deputy Head of M6 Programming

Lionel Aboudaram
Deputy Head of M6 Publicité

Bernard Majani
Director of Acquisitions

Émilie Pietrini
Director of Communication

Jérôme Lefébure
Director of Finance and Administration

Delphine Cazaux
Director of Organisation and Human Resources

Michel Rey
Deputy Head of Administration and Secretary General

Nathalie-Camille Martin
Director of Legal Affairs

Marc Roussel
Director of Logistics and Technical Resources

Michelle Garrigues-Fredet
Director of Information Systems

Karine Blouët
Director of Institutional Relations

Yann de Kersauson
Executive Committee Secretary – In charge of coordination with the Chairman of the Management Board

SUPERVISORY BOARD

The Supervisory Board exercises control over the management of the Company in accordance with the Law and the Company's bylaws. The Supervisory Board meets as often as required in the interests of the Group, at least once quarterly. Its members are leading businessmen and businesswomen. Members of the Supervisory Board are appointed by the General Meeting and are chosen based on their recognised expertise, experience, complementarity and their ability to get involved in the permanent control of the management implemented by the Management Board.

At 31 December 2006, the Supervisory Board of Métropole Télévision comprised 11 members, appointed for a period of four years, including 5 independent members, according to the independence criteria laid down by the "Bouton Report", or at least one third of its members.

The Supervisory Board met on five occasions in 2006, with an attendance rate of 80%.

2 permanent specialised committees have been set up within the Supervisory Board.

Audit Committee

The Audit Committee reviews the Group's financial statements and the findings of the Statutory Auditors. It comprises 3 members of the Supervisory Board, all with financial or accounting qualifications and meets at least twice annually. It held three meetings in 2006 with a 100% attendance rate:

- Guy de Panafieu, *Chairman*, first appointed on 18 February 2004 (*independent member*),
- Rémy Sautter, *Member*, first appointed 26 May 2000,
- Elmar Heggen, *Member*, first appointed 22 November 2006.

Remuneration and Appointments Committee

The Remuneration and Appointments Committee makes proposal for the remuneration of members of the Supervisory Board and Management Board, examines the share subscription and purchase plans and ensures that the independence of the Supervisory Board is effective. It comprises 2 members of the Supervisory Board, both having first-rate managerial experience and meeting at least once annually. It held three meetings in 2006 with a 100% attendance rate:

- Gérard Worms, *Chairman*, first appointed 26 May 2000 (*independent member*),
- Gerhard Zeiler, *Member*, first appointed 30 April 2003.

Supervisory Board members

Albert Frère

*Chairman of the Supervisory Board
Chairman of the Board of Bruxelles Lambert Group (Belgium)*
First appointed: May 2000
Term expires: 2008
(independent member)

Gérard Worms

*Deputy Chairman of the Supervisory Board
Deputy Chairman of Rothschild Europe*
First appointed: May 2000
Term expires: 2008
(independent member)

Guy de Panafieu

*Deputy Chairman of the Supervisory Board
Senior Advisor of Calyon Corporate and Investment Bank*
First appointed: February 2004
Term expires: 2008
(independent member)

Gerhard Zeiler

*Member of the Supervisory Board
Chairman of RTL Group*
First appointed: March 2002
Term expires: 2008

Rémy Sautter

*Member of the Supervisory Board
Chairman of the Supervisory Board of RTL Radio*
First appointed: May 2000
Term expires: 2008

Bernard Arnault

*Member of the Supervisory Board
Chairman and CEO of LVMH*
First appointed: February 2004
Term expires: 2008
(independent member)

Vincent de Dorlodot

*Member of the Supervisory Board
General Secretary of RTL Group*
First appointed: March 2004
Term expires: 2008

Axel Duroux

*Member of the Supervisory Board
Chairman of the Management Board of RTL France*
First appointed: February 2007
Term expires: 2008

Jean Laurent

*Member of the Supervisory Board
Chairman of the Board of Directors of Calyon*
First appointed: February 2004
Term expires: 2008
(independent member)

Constantin Lange

*Member of the Supervisory Board
Chairman of RTL Interactive*
First appointed: March 2006
Term expires: 2008

Elmar Heggen

*Member of the Supervisory Board
Financial Director of RTL Group*
First appointed: November 2006
Term expires: 2008

GROUP STRUCTURE AND MANAGEMENT

M6 FREE-TO-AIR

ADVERTISING

M6 Publicité

Catherine Lenoble

AUDIOVISUAL PRODUCTION

C. Productions

Jérôme Bureau

W9 Productions

Christopher Baldelli

Studio 89 Productions

Christopher Baldelli / Florence Duhayot

FILM PRODUCTION

M6 Films

Philippe Bony

DIGITAL CHANNELS

M6 Thématique

Christopher Baldelli

W9

Frédéric de Vincelles / Pierre Robert

Paris Première

Jacques Expert

Téva

Catherine Schöfer

M6 Music Hits / Black / Rock

Nicolas Gicquel

Fun TV

Pierre Robert

TF6 (50%) / Série Club (50%)

Vincent Broussard

DIVERSIFICATION AND AUDIOVISUAL RIGHTS

PUBLICATION, DISCS AND VIDEO

M6 Interactions

Éric d'Hotelans / Pascal Bourdette

M6 Événements

François Vincent

INTERACTIVITY

M6 Web

Xavier Marvaldi

AUDIOVISUAL RIGHTS

Soc. Nouv. de Distribution (SND)

Thierry Desmichelle

Mandarin Films / SNC

Philippe Bony

TCM Droits audiovisuels

Anne Boudard

M6 Studio

Natalie Altmann

DISTANCE SELLING

Home Shopping Service

Gilles Labouyrie / Eric Oudet

Mistergooddeal.com

Guillaume Clavel / Nicolas Berloty

FOOTBALL

M6 Foot (FC Girondins de Bordeaux)

Jean-Louis Triaud / Alain Deveseleer

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.

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 Girondins de Bordeaux, with 66% of the capital (increased to 100% in 2002)

20 years old, a daring and mature age

In twenty years, "la petite chaîne qui monte" (the small upcoming channel, an early slogan) has become a powerful multi-media Group based on a strong brand: a range of 9 thematic channels, complemented by fast-expanding diversification activities. M6 Group, a pioneer in diversification, operates in all kinds of busi-

ness segments: programme production, film co-production, film distribution, publishing, discs, phone services, websites, distance selling, football...

This expansion is the result of continuous risk-taking, a young and dynamic state of mind and efficient group synergies.

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). Acquisition of mistergooddeal.com, one of the leaders in e-commerce in France.

2006 • Upon its 10th anniversary, m6.fr launched innovative community services. 1st anniversary of W9. 20th anniversary of Paris Première. Authorisation granted for the merger of Canal+ Group and TPS pay TV operations in France. 10th anniversary of Téva. M6 signs an agreement to fully acquire this channel at the end of 2006.



SHAREHOLDERS' NOTEBOOK

STOCK MARKET LISTING

Company name:
Métropole Télévision

ISIN code:
FR0000053225

Reuters code:
MMTP.PA

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 € 0.4

Stock market listing:
Compartment 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,
CAC MID 100,
CAC MID&SMALL 190,
CAC Media,
CAC Consumer Serv and
MSCI Media indices

The M6 share is also
a component of 27 DJ
STOXX® indices, in
particular DJ Euro Stoxx
Media and DJ Stoxx 600
Media, sector indices,
respectively grouping
the 19 and 37 most
important European
media shares.

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 2006, as follows:

- annual and interim results presentation meetings,
- phone calls made at the occasion of quarterly turnover presentation.

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. Lastly, numerous individual meetings with analysts, investors and managers took place in 2006.

In order to improve the quality and availability of information provided, the English version of our website, www.m6finances.com, dedicated to Group finance, was ready on line during 2006.

This site is regularly updated, both in French and English, with our reference documents, latest publications, presentations, press releases, bylaws, etc.

In accordance with the Transparency Directive, the website was reorganised in order to show a section dedicated to "Regulatory information".



Press releases and the reference document are also available on the AMF website: www.amf-france.org.

In application of the Transparency Directive, transposed by the Law of 26 July 2005 - the so-called "Breton Law" - which gave rise to changes in the General Regulations of the AMF and was published in the Journal Officiel of 28 September 2006, the M6 Group:

- complied in 2006 with the new requirements in terms of monthly disclosure of voting rights and shares comprising the share capital,
- will release, publish and archive regulatory information in accordance with the new required procedures from 20 January 2007.

Lastly, the Shareholders' General Meeting is a privileged time for dialogue and exchange between the Group and its shareholders. A notice is sent to all holders of registered shares and sent to any shareholder upon request.

In 2006, the M6 share price increased by 15.6%, thus outperforming the DJ Euro Stoxx Media index (+7.2%).

Comparative change of the M6 share price

and the Euronext and DJ Euro Stoxx Media indices since 1 January 2006

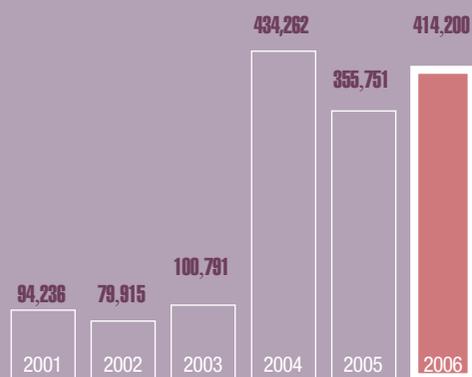


Stock performance since 2001

	2001	2002	2003	2004	2005	2006
Number of shares	131,888,690	13,888,690	131,888,690	131,888,690	131,888,690	131,888,690
Share price - high (in €)	44.21	35.50	27.68	29.30	25.07	27.52
Share price - low (in €)	13.75	19.50	14.25	18.94	19.12	22.29
Share price - closing (in €)	32.00	20.89	26.02	20.90	23.40	27.06

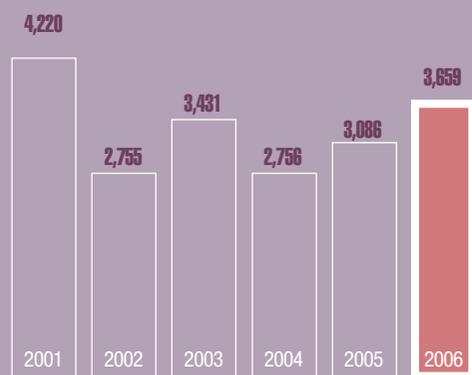
Daily average trading volume

(in number of shares)



Stock market capitalisation

At 31 December 2006 (€ millions)



Source: Euronext

Net dividend per share (€)

A growing dividend and a high yield

*dividend proposed to the Annual General Meeting of May 2, 2007 (in €)



Distribution rate

(as % of consolidated net profit)



(* as % of net profit of continuing operations)

Rate of growth of dividend in the year



Yield

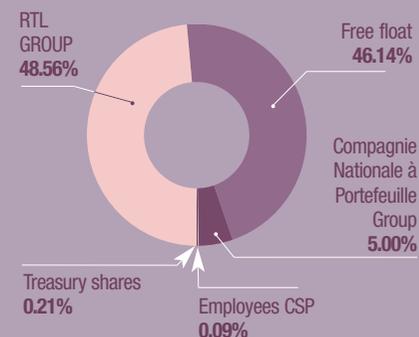
(calculated on the closing price for the year)



Share capital ownership

at 31 December 2006

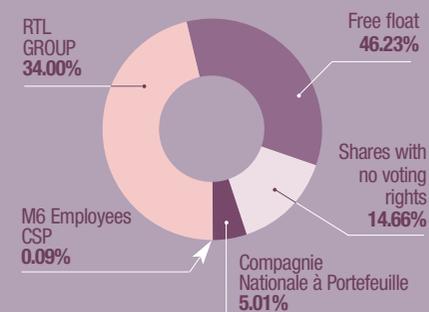
(based on Euroclear bearer share survey)



Voting rights ownership

at 31 December 2006

(based on Euroclear bearer share survey)





SHAREHOLDERS' AGENDA

2007 SHAREHOLDERS' AGENDA
(FOR INFORMATION ONLY)

Thursday 1 February
2006 annual turnover release

Monday 5 March
2006 annual results release

Wednesday 2 May
2007 1st quarter financial
information release
Shareholders' Combined General
Meeting

Friday 4 May
Payment of cash dividend
in respect of 2006 financial year

Monday 23 July
2007 first half-year turnover and
results release

Wednesday 7 November
2007 3rd quarter financial information
release

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

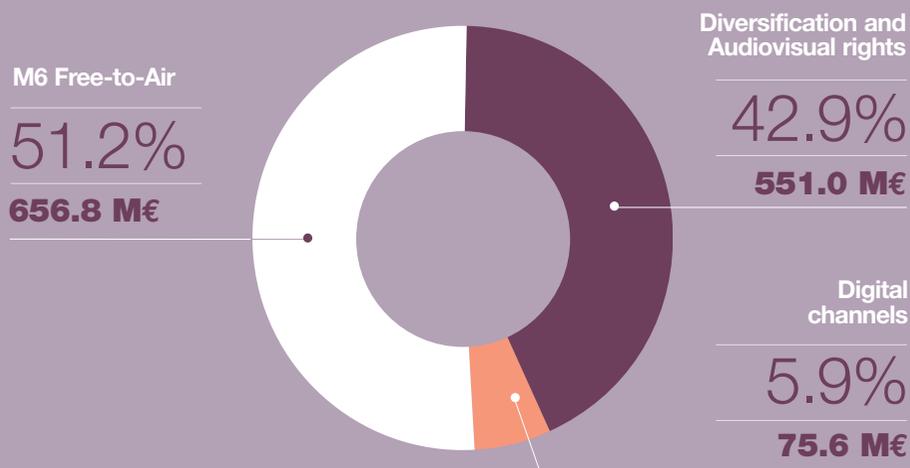
- *In order to follow M6 financial information, please visit our website: <http://www.m6finances.com>*
- *Investor relations: actionnaires@m6.fr*

Guy Lagache

KEY FIGURES

A year of growth and investments

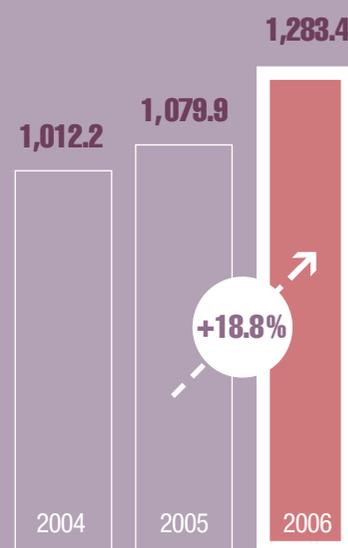
Breakdown of revenues (in € millions)



Financial structure (in € millions)

	2004	2005*	2006*
Group equity	441.3	504.1	800.2
Financial debt	8.3	0.3	53.0
Gross cash and cash equivalents	211.5	243.1	250.7

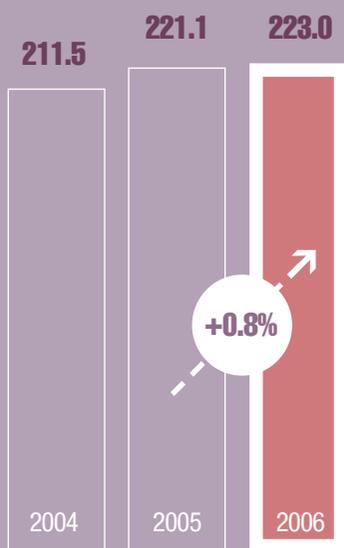
(*) continuing operations



Continuing operations consolidated turnover (€ millions excluding TPS)

€1283.4

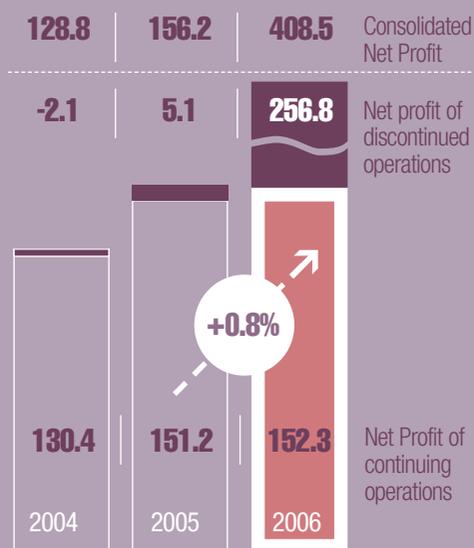
million Consolidated turnover
(€ millions excluding TPS)



Profit from operations (EBITA) of continuing operations
(€ millions excluding TPS)

17.4%

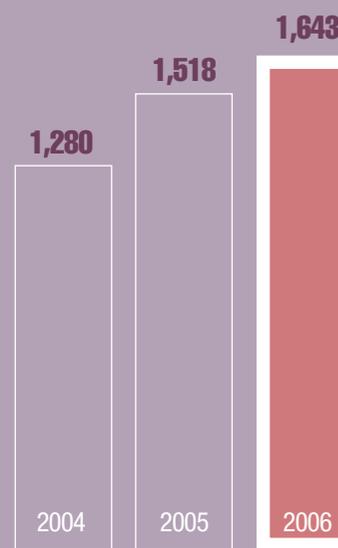
Profit from operations (EBITA) margin



Consolidated Net Profit
(€ millions excluding TPS)

11.9%

Net margin (continuing operations)



Permanent workforce

1,643

permanent staff



MESSAGE OF THE DEPUTY CHAIRMAN, HEAD OF TV CHANNELS AND CONTENT



2006 was a turning point for M6: The channel became mature after 20 years in operation.

M6 approaches this new maturity offensively. M6 is now one of the top channels in France and was the only nation-wide channel to increase its overall audience in 2006. In 10 years, M6 increased its share of the 4+ years old audience from 11.9% to 12.5%* within an increasingly fragmented market.

M6 recorded in 2006 its highest ever audience level among under 50 year old housewives **. This very sharp increase of 300,000 viewers compared to 2005, in particular in the prime time segment, confirms the channel's power. Our evening programmes attracted an average 3.5 million viewers daily. M6 ranks more and more often as the 2nd channel of the evening.

An increasing number of people watch M6 more and more often. A good example is audience levels achieved by the series *Prison Break*, which drove M6 towards heights it had never reached before. On Wednesday 8 November 2006, the last two episodes attracted 7.5 million viewers – M6 record historic audience levels since its creation in 1987.

Other programmes, such as *Nouvelle Star*, *D&CO*, *Les Bleus*, *Kamelott*, *Vive la cantine*, *Pékin Express* or *Incroyable Talent* have

asserted M6 as an alternative to other generalist channels.

Risk and innovation is in M6's genes, as proven by the channel's more diversified programming: M6 launched its first mid-day news, developed French drama with the broadcasting of its first summer series, *Laura*, and made its beginning in sport by broadcasting 31 World Cup matches and launching its new programme *100% Foot*.

In each of its new programmes, M6 has its own specific tone and personality, which really works, as is further testified by news magazines such as *66 Minutes*: Aïda Touihri attracts over 2 million viewers every Sunday afternoon. In his live and reactive talk show, *T'empêches tout le monde dormir*, Marc-Olivier Fogiel attracts an ever wider audience. *Capital* and *Zone Interdite* with Méliсса Theuriau, continue to provide the channel with some of its best audience levels of the year.

M6 has become a powerful channel, able to unite viewers around strong programming, based on either entertainment, news, sport or drama. In 2006, M6 more than faced up to the challenge of prime-time. We must now improve in the access prime-time.

Within an increasingly competitive market, M6

has a true range of strong and complementary channels with W9, Paris Première and Téva, able to provide our viewers with the best quality of content. M6 is taking on the digital revolution as a true multi-media Group, in which we organise and centralise the supply of programmes to all our channels and new broadcasting media. Our contents already converge on various media.

Thomas Valentin

* Source Médiamétrie

** With an average audience share of 19.3% for the entire day (vs 19.1% in 2005)

HIGHLIGHTS

2006

JANUARY

15: Launch of the adventure game show *Pékin Express*, presented by Stéphane Rotenberg.

23: Launch of *12.50 news*.

31: M6 sponsorship of the "Graines de boss" competition, open to students and trade apprentices, rewarding the best start-up projects.

FEBRUARY

21: M6 mobile passes the 300,000 subscriber mark

23: : Success of *Nouvelle Star* on m6.fr with 300,000 videos viewed on the 1st day.

MARCH

02: M6 renewed its exclusive agreement with Olympique de Marseille for 3 years, regarding all home matches played in 3 different European competitions (Champions' League qualifying rounds, Intertoto Cup and UEFA Cup).

31: 1st anniversary of W9, the leading DTT channel.

APRIL

12: The film *Astérix and the Vikings* produced by M6 Studio and distributed by SND (1.3 million tickets sold in 2006) is released.

19: Release of *OSS 117*, co-produced by M6 Films (2.3 million tickets sold in 2006).

22: Launch of *D&CO*, a new home improvement show hosted by Valérie Damidot (an average 5.1 million prime-time viewers).

MAY

23: Launch of the *Desperate Housewives* series and rollout of exceptional features on mobile internet: exclusive video contents, accessible from the OrangeWorld and M6 mobile by Orange portals, as well as on the M6 Gallery and i-Mode websites (2.5G and 3G).

JUNE

07: Launch of *Laura, le compte à rebours a commencé*, M6 first summer series.

12: M6 broadcasts in HD 31 matches of the Football World Cup; a success as records were beaten several times over (record 6.3 million viewers for the Brazil-Croatia match).

28: Release of the film *Nos jours heureux*, distributed by SND (1.5 million tickets sold in 2006).

JULY

03: For the 2nd year, M6 repeats the *Talent M6* show and looks into the life of 5 young artists for two months, broadcast on its Free-to-Air channel and websites.

04: Suez Group sells its 5% shareholding in M6 to Compagnie Nationale à Portefeuille (CNP) Group, controlled by Albert Frère.

SEPTEMBER

01: M6 makes the headlines with the launch of the hugely successful *Prison Break* series (an average 5.8 million viewers in September / December 2006).

20: *Desperate Housewives* season 1 available on demand on m6video.fr.

25: 1,000th issue of *Turbo*, the automobile and motorbike magazine hosted by Dominique Chapatte.

OCTOBER

01: Launch of *66 Minutes*, a new weekly news magazine hosted by Aïda Touihri.

11: *Pas le temps, Prison Break*, French theme tune, performed by Faf Larage and marketed by M6 Interactions tops the charts.

31: M6.fr moves up 5 places in the top 30 most visited websites in France, and ranks 24th for the first time with nearly 4.35 million unique visitors.



Faf Larage

2007

JANUARY

04: TF1, M6 and Vivendi sign the final agreement for the merger of their pay TV operations in France, into Canal+ France, a new entity controlled by Vivendi.

M6 has a 5.1% shareholding in the new Group after contributing the 34% it held in TPS.

15: M6 Group makes the full acquisition of Téva.

M6video.fr is the most visited VOD website in France.

NOVEMBER

01: Release of *Ne le dis à personne* by Guillaume Canet, co-produced by M6 Films (2.7 million tickets sold, 13th in the 2006 box-office).

DECEMBER

15: 20th anniversary of Paris Première.



PRIZES AND AWARDS

05 February 2006 : *Les Bleus* is rewarded by the International TV Film Festival of Luchon. The best series and best male newcomer prizes are awarded to Mhamed Areski.

22 March: *Astérix and the Vikings* is awarded the 2006 Anima prize for the best feature film for a young audience.

14 June: M6 is voted best Free-to-Air channel for the 2nd year running by TV Notes 2006 (Imedias and Newsmedias, with Europe 1, from nearly 200,000 votes by websurfers).

17 September: The TV Drama Festival awards its prize for the best access & day time series to *Kaamelott*, the prize for the best script to *Les Tricheurs*, the general public prize to *Laura*.

25 November: The International Scoop and Journalisme Festival of Angers rewarded 2 subjects covered by *Enquête exclusive* : the news documentary prize to *Six weeks at the heart of the Lebanon war*, and the investigation prize to *Antiterrorism: at the heart of a very secret police*.

24 January 2007: Le prix The Jacques Deray Prize for the best film is awarded to *Ne le dis à personne*.

28 February: The "Lauriers du Sénat" radio and TV awarded to *66 Minutes* for news and to the cartoon *Les Aventures extraordinaires de Michel Strogoff* for young audiences.

Kaamelott

AUDIENCES

19.3%

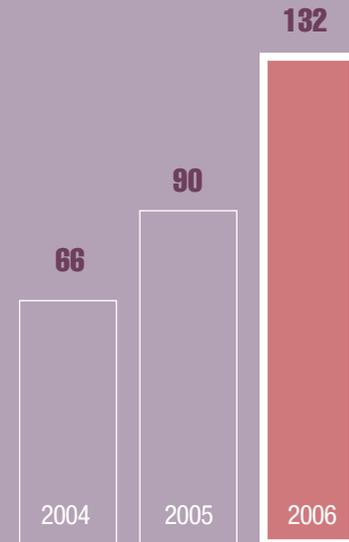
2006: highest ever level among under 50 year old housewives, with an average full-day audience share of 19.3% (vs 19.1% in 2005).

2006 best ratings (in million viewers - one show per format)



Source: Médiamat Médiamétrie

Number of prime time programmes attracting more than 4 million viewers

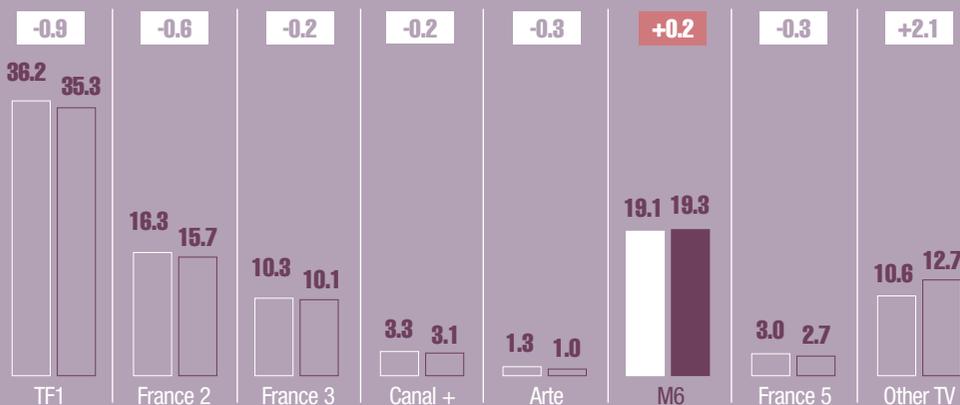


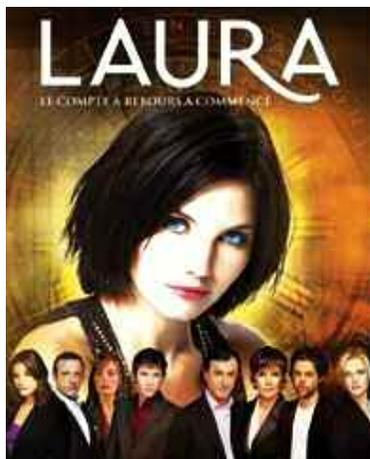
M6 attracted more than

4 million viewers:

1 in 3 nights in 2006 compared to 1 in 4 nights in 2005 and 1 in 6 nights in 2004.

2005/06 all channels performance among housewives under 50 years old (audience share in %)





The M6 Summer series

1996 - 2006: M6 WAS THE ONLY MAJOR CHANNEL TO EXPERIENCE GROWTH

With a 12.5% share of total audience, M6 was the only channel to grow over the past 10 years, facing the expansion of the multi-channel offers. Between 1996 and 2006, M6's share of the 4+ year old audience improved from 11.9% to 12.5%, while at the same time "Other TV" gained 10 audience share basis points at the expense of historic channels.

RECORD PRIME TIME AUDIENCE LEVELS

In 2006, M6 attracted a record average time audience of 3.5 million viewers in the first part of the evening, up 300,000 compared to 2005. M6 is the channel whose audience increased the most in the evening segment. The increase was reflected by the growing number of nights that attracted over of 4 million viewers: 132 in 2006 compared to 90 in 2005 (up 47%). M6 was the most-watched channel in the evening segment by under 50 year old individuals on 53 occasions (twice as often as in 2005).

SUCCESSES BY ALL TYPES OF PROGRAMMES

In 2006, M6 stepped up its development policy by applying its style to all kinds of programmes: series, news, sport, life-style magazines, drama and entertainment.

Series disturbed the French audiovisual environment with record audiences: *Prison Break* attracted up to 7.5 million viewers (record audience for the year); *Desperate Housewives* attracted 4.7 million viewers; *NCIS* season 3 attracted 6.2 million viewers (1.2 million more than season 2 in 2005).

The news offering was considerably extended following the launch of new programmes: *T'empêches tout le monde de dormir* is watched by 1.2 million viewers, while *66 Minutes* attracts up to 2.9 million viewers.



7.5 million French people have already spent one night in prison. Whose fault is it?
M6 20th anniversary ad campaign

M6 doubled or even trebled its usual audience levels by covering the 2006 FIFA World Cup and attracted record audiences: 3rd best annual audience with Brazil - Croatia (6.3 million viewers); historic record access time audience with England-Portugal (5.3 million viewers); historic record afternoon time audience for Japan-Croatia (3 million viewers).

M6 continues to unite its audience around innovative magazines, close to daily life, such as *D&CO* which was highly successful this year both between 6pm and 8.30pm (3.6 million viewers) and at prime time (5.1 million viewers).

Good audience levels were achieved by French dramas, following the successful launch of the channel's 1st summer series, *Laura* (4.1 million viewers) and new series such as *Les Bleus* (5.2 million viewers), *Les Tricheurs* (4.9 million viewers) and *Alice et Charlie* (3.7 million viewers).

Entertainment programmes also attracted a large number of viewers, such as *Nouvelle Star* (4.9 million viewers, or 700,000 more than season 3), *Incroyable Talent* (4.3 million viewers), *Classé Confidentiel* in prime time (4 million viewers).

AUDIENCES

GOOD RESULTS BY DIGITAL CHANNELS

W9 is today the most-watched of the new DTT channels.

Source: Médiamétrie - DTT-equipped households (Monday-Sunday average / 03am-03am) – November-December 2006

Paris Première attracts a weekly average of 8.3 million viewers (2nd most-watched cable and satellite channel).

Source: Médiamétrie-MédiaCabSat wave 11 – weekly coverage – 1 second threshold – Excluding historic Free-to-Air channels

Téva's awareness rate trebled since its launch: over half of the general public say they know the channel.

Source: CSA awareness barometer

M6 Music Hits is the leading music channel among its 15/34 year old subscribers.

Source: Médiamétrie-MédiaCabSat September 2006- February 2007, vs January-June 2006

TF6 is TPS leading channel in nearly all audience categories.

Source: Médiamétrie-MédiaCabSat July-December 2006, based on households receiving TF6

Série Club ranks 5th among under 50 year old subscriber housewives. The channel has more than 5.5 million subscribers and is distributed by cable and satellite (TPS).

Source: Médiamétrie-MédiaCabSat July-December 2006, excluding historic Free-to-Air channels

In one year, the audience share of **Fun TV** improved by 9% among the whole 4 year old + audience and by 17% among 15 to 24 years old, its core target.

Source: Médiamétrie-MédiaCabSat - September 2006-February 2007 - wave 12

2006, A VERY GOOD YEAR FOR M6 GROUP WEBSITES *

5.2 million unique visitors accessed M6 Group websites, a year-on-year increase of 58%. Channel websites (www.teva.fr, www.w9.fr, etc) attracted a total 2 million unique visitors.

Websites totalled 140.4 million pages viewed in December.

The **Nouvelle Star** website attracted more than 1.5 million unique visitors between April and July and generated over 18 million pages viewed.

Mistergooddeal.com : the number of unique visitors increased by 47% in December 2006 (vs December 2005), reaching 2.5 million at the end of 2006.

The number of unique visitors of **Turbo.fr** increased by 61%, ending the year with 646,000 unique visitors in December, thus ranking 5th in the overall automobile industry website ranking.



The website turbo.fr

Habbo.fr had 2.5 million registered users at the end of December (+141% registered users/month in 1 year) and attracted nearly 750,000 unique visitors in December (+162% vs December 2005).

M6video.fr was the leading video-on-demand website in November 2006 with 261,000 unique visitors.

At end December, 31 million videos had been viewed on **Wideo.fr** since its launch on 1 September 2006.

* Source: Nielsen / Net Ratings December 2005-December 2006



7.5 M

Series disturbed the audiovisual landscape with peak audiences :
Prison Break attracted up to 7.5 million viewers
(Record audience of 2006)

Prison Break

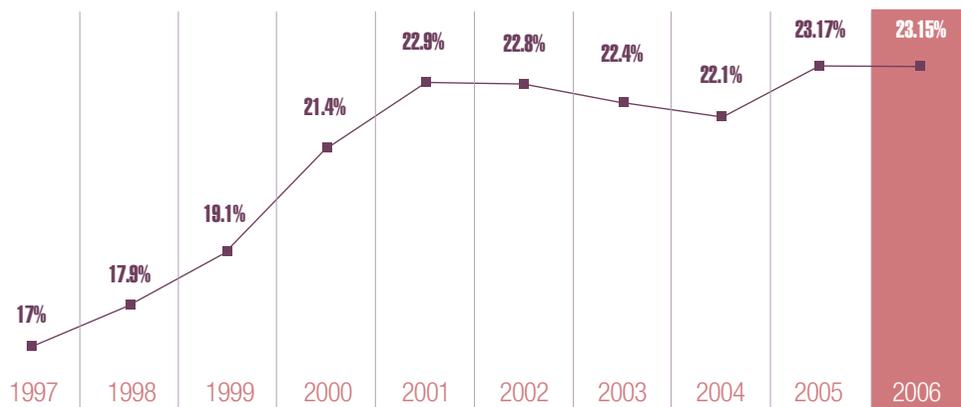


**THE 2006
ADVERTISING
YEAR**

PUBLICITÉ

Trend of M6 gross advertising market share

(Source TNS M)



Desperate Housewives

MULTIMEDIA ADVERTISING INVESTMENTS

Advertising market recovery in 2006

With an 10.7% increase in all-media gross advertising expenditure, 2006 posted strong growth in nearly all media types, featuring the following two major phenomena:

- strong and continuing growth in internet gross expenditure (+48.2%)
- strong growth by digital TV channels (+41%), more especially by DTT channels, for which expenditure was multiplied by 4.3. These channels are finding their place within the advertising market as the coverage of the French territory and audience levels increase.

Concurrently to these two phenomena, historic media remained vigorous and recorded growth in expenditure, in particular Free-to-Air TV.

ADVERTISING INVESTMENTS - FREE-TO-AIR TV

M6: 2nd advertising agency in France, 23.15% share of total advertising expenditure

Confirmed attractiveness in a growing market

With a 5.5% increase in gross advertising expenditure, historic Free-to-Air channels significantly grew after a mixed year 2005 (up 0.5%).

M6 consolidated its market share to 23.15%, thus equalling its highest historic level.

Note the particularly positive performances achieved in the 2nd quarter due to the Football World Cup: over this period, M6 gained 0.8 basis point market share to 24.6%.

The growth of evening audiences since September 2006 (an average 600,000 more viewers vs September 2005) confirms the attractiveness of the channel for the 2006/2007 season.

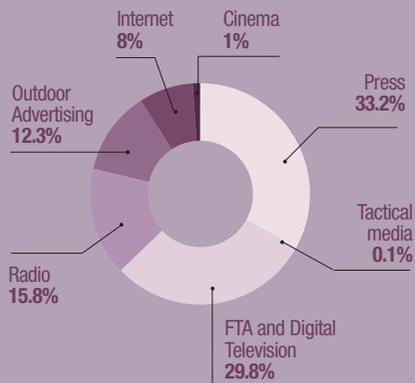
Despite significant recovery over the last quarter, most mass consumption sector advertising expenditure declined in 2006 (Food -2.9%, Household Products -3.5%) or grew moderately (Health-Beauty +1.5%). Thanks to stronger audience levels, a more uniting prime time, programmes that attracted an increasingly varied audience, M6 benefited from increasing advertising expenditure from the Service industry (+29.8%), notably Banks (market up 27%, M6 up 48%) and Insurance industry (market up 62%, M6 up 82%).

The channel also strongly outperformed the market in the most vigorous sectors such as Telecommunications (market up 34.8%, M6 up 53.8%) and Audiovisual-Photo-Cinema (market up 41%, M6 up 72%).

THE 2006 ADVERTISING YEAR

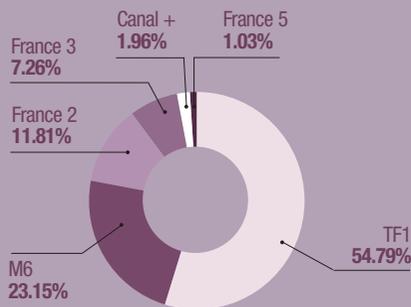
Breakdown of 2006 gross multimedia investments

Source: TNS MI – Adex Report 2006 – Excluding self advertising and subscriptions
Like-for-like 2006 vs 2005.



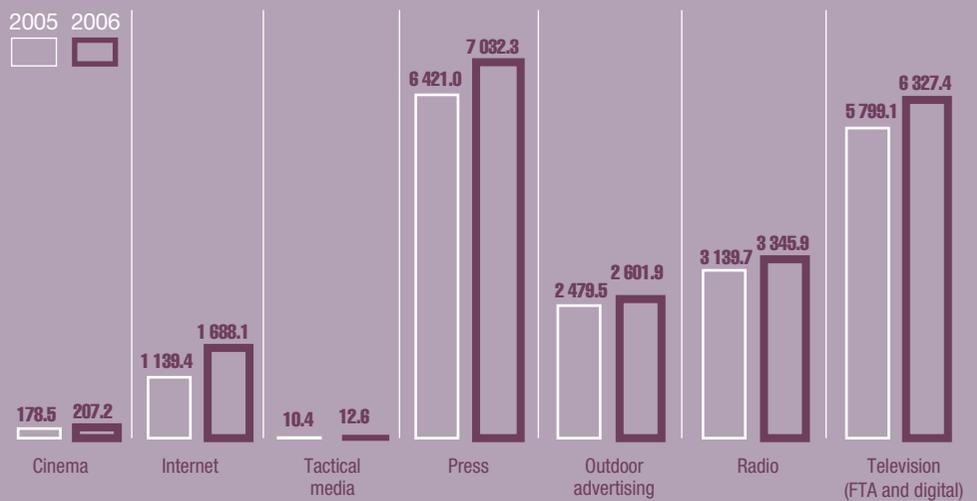
Breakdown of 2006 advertising market shares by channel

Source: TNS Media Intelligence.



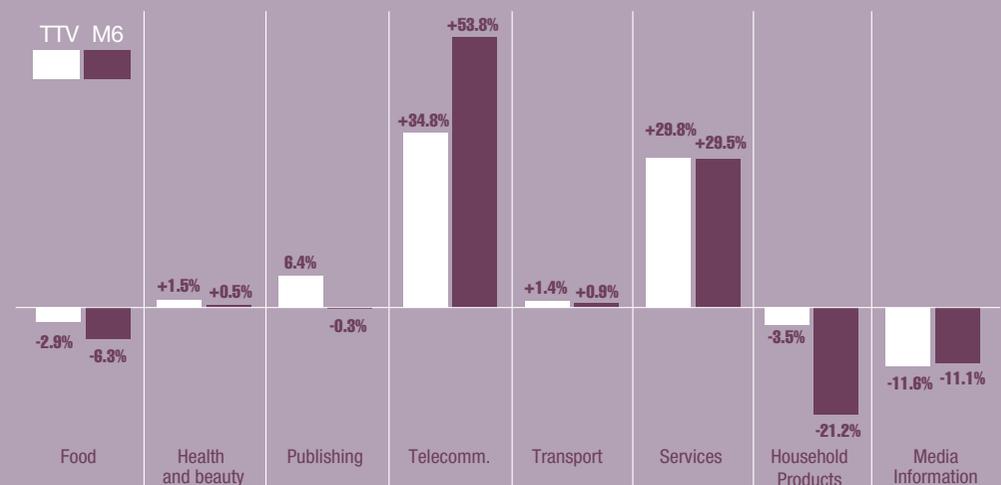
Gross multimedia investments (in € millions)

Source: TNS MI – Adex Report 2006 – Excluding self advertising and subscriptions Like-for-like 2006 vs 2005.



Evolution of the 2006 8 leading advertising sectors on television (vs 2005)

Source: TNS Media Intelligence





Mistergooddeal advertising campaign



M6 fast expansion in terms of audience levels and coverage of the various commercial targets enabled the channel to position itself as a first-rate partner for an increasing number of brands.

The highly significant growth of sponsorship expenditure (+14% by M6 in a market at +6%) testifies to the confidence in M6 programme brands.

Increased attraction for a wider selection of brands is already being reflected at the beginning of 2007 with the opening of historic Free-to-Air channels to retail sector advertising. M6 broadcast the sector's first advertising at 00:04 the 1st of January 2007 and has since broadcast all major retail participants' first advertisings.

DIGITAL CHANNELS

A new point passed

M6 Group is involved in developing digital channels audience levels and advertising revenue, with in particular two channels which passed another point in 2006.

- Paris Première, on its 20th anniversary, recorded increased audience levels and advertising revenue, thereby consolidating its unique positioning among upper-middle classes.
- W9 is the first DTT channel by all-day cumulated audience (33.5% of DTT-equipped individuals watched it every day in November-December 2006). Its advertising revenue is growing particularly rapidly, thanks to the combined effect of its increasing audience share and the growing number of households equipped to receive free DTT.

INTERNET AND PRESS

An all-media agency at the service of brand issues

Due to the integration of M6 Web and the Group's press media (Femme en ville, Homme en ville, Citato, Hit Machine Girls, Fan de) and to an offer that also includes events and licensing, M6 Publicité is in a position to propose to its clients innovative solutions that integrate various media.

M6 Group websites posted a very strong increase in the number of visitors: their audience levels reached major marks and advertising revenue sharply grew (+95.4%). Note in particular good performance by mistergooddeal.com, 4th e-commerce player in France (household appliances, high-tech, IT and leisure) with 2.5 million unique visitors, the successful launch of wideo.fr, the development of the women-oriented femme-en-ville.com and teva.fr portals and the continuing success of all channel websites, which experienced year-on-year growth of 88%.

**M6,
A RESPONSIBLE
GROUP**

OUR ECONOMIC DEVELOPMENT RESPONSIBILITY

Adapted governance structures

M6 Group corporate governance rules comply with standards and recommendations applicable in France.

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. 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.

This dual structure guarantees the separation of powers and ensures that the long term economic interests of the Company and its shareholders are considered. In addition, this organisation enables high reactivity and increased proximity with operating functions.

Lastly, in order to achieve its operating and financial objectives, M6 Group established internal control aiming at ensuring, through the procedures implemented, control of management actions, proper conduct of transactions, prevention and control of the different risks, as well as the quality and reliability of accounting and financial information.

A model of profitable growth

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

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

Thus in 2006, the M6 Group successfully implemented an aggressive strategy across all its operations, by:

- strengthening the force of the M6 channel,
- consolidating its position in the digital channels,
- an offensive approach in the area of diversification and audiovisual rights.

In addition, taking account of the changes in the economic environment for pay TV, the shareholders of TPS and the Canal+ Group finalised in January 2007 the agreement to bring together these two entities within Canal+ France, a new entity controlled by Vivendi in which M6 holds a 5.1% shareholding after contributing the 34% it held in TPS.

This new year of revenue growth (+18.8% in respect of continuing operations) produced a record net profit of € 152.3 million, an increase of 0.8% in respect of continuing operations. It will be proposed at the Combined General Meeting called for 2 May 2007 to distribute a dividend of € 0.95 per share, corresponding to an 82% distribution rate of the consolidated net profit from continuing operations.

A job generator, the Group had at 31 December 2006 a permanent workforce of 1,643 people compared to 1,518 at 31 December 2005.

The M6 Group today has a number of strengths to meet the challenges and opportunities of its market, and to draw value from the significant growth margins and levers at its disposal.

The Group thus states its aggressive strategy in the area of acquisition of content, its ambitious positioning on free DTT with the W9 station, and its ability to capitalise on its brand for the new media, as reflects with the M6 mobile by Orange agreement.

Ensure conditions for growth

To ensure conditions for its economic growth, the Group 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.

The Group proves itself active and innovative in adapting to new consumer behaviours and habits.

Aurélie Konaté



SPOT AND RETAIN TALENT

M6, via its internal production companies, implements its policy of seeking out promising young talent. This strategy feeds its editorial policy, which dedicates ever greater space to innovative and creative concepts. Again this year, the Studio 89 enabled the arrival of a new generation of presenters such as Alessandra Sublet, Pierre Mathieu, Moon... The digital channels of the Group are also a breeding ground for young talent, such as Fun TV where Aurélie Konaté hosts *Spéciales artistes*.

This quest for new talent extends to all Group businesses: many producers or directors had their first TV drama with M6, such as Karine Angeli, author of the made-for-TV film: *Bataille natale*. Lastly, a number of new actors, discovered by M6 continue their career with the channel. Shirley Bousquet, discovered on M6 in *Caméra Café*, was the lead role in a new detective series in 2006: *Profil criminel*.



SUPPORT ARTISTIC CREATION

M6 is committed to develop artistic creation and add value to diversity by focusing on young talent as part of its financial and broadcasting requirements, both for cinema and music.

Cinema investments are allocated to both confirmed and promising film-makers. M6 Films co-produced films by Guillaume Canet (*Ne le dis à personne*), Michel Hazanavicius (*OSS 117*) which were highly successful. M6 renewed and reinforced its support policy in 2006 by helping, among others, film-makers Olivier de Plas, Frank Mancuso and Olivier Baroux with their 1st film.

M6 also implements an active policy in music. It is committed to develop wide-ranging programming to sustain all forms of music. Also, the channel is committed to the promotion of young artists:

- by reserving transmission time for clips
- by broadcasting the programme *D comme Découverte*. This music documentary is exclusively reserved for upcoming artists and alternative music styles
- by supporting young artists all year long with the programme *T comme Talent*.



WORK TO RESPECT INTELLECTUAL PROPERTY RIGHTS

Faced with fast-increasing digitalisation of supports, protecting works is becoming a major challenge. M6 Group broadcasts on the internet advertising campaigns encouraging consumers to download legally.



M. Pokora

INNOVATE AND ANTICIPATE NEW HABITS

High speed internet access and mobile technologies are transforming how increasingly varied and available contents are accessed on a considerable number of platforms. M6 Group is active in the development of new modes of audiovisual content consumption.

In 2006, the m6video.fr, VOD (*Video On Demand*), website, offered more than 200 videos (programmes, series, music videos) to internet users, providing all security guarantees for subscribers. Since January 2007, this offer is available through a number of DSL TV platforms: Neuf Cegetel, Free and Club Internet.

With the advent of 3rd generation phone services (3G) and the ability to download editorial contents, mobile phones have become a strategic broadcasting channel. M6 Group, via its interactive subsidiary M6 Web, is very active in this field since it publishes programmes specifically designed for mobile phones. In addition, a common subsidiary was created in October 2006 by M6 Web and Echovox, the European mobile multimedia leader. The objective of the joint-venture, called Echo6, is to improve mobile entertainment products and services, as well as innovate in interactivity between mobile phones and the Group's channels.

As for mobile personal TV, M6 Group took part in the DVB-H mobile broadcasting experiment authorised by the CSA and conducted by TDF.

Lastly, in order to provide maximum quality to its audience, M6 Group continues to implement its chosen policy in the development of High Definition. The Group thus took an active part in the HD forum and acquired specific equipment, exclusively dedicated to this technology (broadcasting control room, post-production). The Group plans to broadcast 1.5 hour a day in HD from 2008.

Balanced and transparent relations with partners

Establishing balanced and transparent relations with shareholders, advertisers, viewers, customers and suppliers are a priority for M6 Group.

SHAREHOLDERS

Since the extension of the free float that followed the disengagement of Suez Group at the beginning of 2004, M6 Group stepped up its financial communication policy. Its objective is to provide all shareholders with accurate, precise and sincere information, in accordance with applicable French standards and regulations.

The Group is attentive to its shareholders and the financial community's expectations. It rolled out new resources and information media for individual shareholders and institutional investors, with notably the revision of the finance-dedicated website, now available in French and English, the publication of a condensed annual report providing a summary of the Group's major operating items and the creation of a specific e-mail address: actionnaires@m6.fr.

The Group stepped up its financial communication with financial analysts and institutional investors and multiplied opportunities for exchange and meetings, by taking part in numerous sector conferences in Paris and London, as well as by receiving investors and analysts for individual appointments.

ADVERTISERS

Relations with advertisers and advertising agencies are governed by the Law of 1 April 1993, the so-called "Sapin Law", which guarantees a perfectly transparent advertising market.

SUPPLIERS

Relations with suppliers, in particular programme producers, are governed by multi-year contracts as regards US studios (films, series). In addition, M6 Group plays a part in creating audiovisual and film works by dedicating a significant portion of its turnover to numerous co-productions and reserving part of its investments for independent producers.



BUSINESS FOCUS

Customer relations manager at Home Shopping Service (HSS)

Valérie, 40 years old



“ I was attracted by “TV’s department store” and its innovative aspect and joined Home Shopping Service in 1990 as a logistics manager. Over the past 16 years, I have witnessed the Company’s developments and expansion, marked by the arrival of M6 Group in the share capital in 1996, the advent of the Internet and the launch of several channels, such as M6 Boutique, which broadcasts live 8 hours a day, thereby giving home shopping a spontaneous and dynamic tone and providing our customers with an ever-extended product offer. Today, as Customer relations manager, my team and I co-ordinate order-taking, customer service and the financial follow-up. We are all highly motivated, committed and work toward a priority objective: satisfy our customers, build loyalty and, obviously, gain new ones.”

VIEWERS

M6 Group set up a fully-dedicated service in order to step up dialogue with viewers and answer their queries as quickly as possible. This structure manages contacts by phone, post and e-mail. Answering time is optimised to 48 hours from the time the query is recorded. 935,514 queries were processed in 2006, of which 67% related to the M6 Free-to-Air channel, 16% to general information and 8% to equipment. This is an interactive procedure: every day, a summary of various comments is compiled and communicated to the programming personnel, who are thus better informed of the viewers’ expectations and reactions.





AT THE CUSTOMERS' **SERVICE**

In order to satisfy customers and build loyalty, e-business websites, such as Mistergooddeal, and distance-selling websites, such as Home Shopping Service, pay particular attention to the quality of their after-sales services. Mistergooddeal personnel take up over 90% of calls received and answer e-mail queries within 4 working hours. About 1,000 calls and 700 e-mails are processed every day. Satisfaction surveys are conducted on a regular basis in order to verify that all customer satisfaction stages are followed through.

Due to this organisation, Mistergooddeal was awarded the Casque de Bronze in 2006 for the quality of its e-mail customer relations.

Similarly, Home Shopping Service's 50 advisers answer about 60,000 calls a month, with an average customer queuing time that does not exceed 2 minutes. The 5,000 e-mails received are processed within 48 hours. Lastly, customers can access a server 24/7, which enable them to know at all times how their orders are progressing.

SOCIETIAL AND ENVIRONMENTAL RESPONSIBILITY

Guaranteeing the quality of information and awareness of the general public

ANSWERS ADAPTED TO CONCERNED CITIZEN VIEWERS

M6 Group provides comprehensive and diversified information all over France and pays particular attention to increasing viewers' awareness of and educating them on sustainable development subjects such as the environment, health, solidarity, children's rights... The Group thus contributes to improving civic information.

RELEVANT AND QUALITY NEWS

Themes tackled by current affairs and news programmes (*Capital*, *Zone Interdite*, *Enquête exclusive*, *E=M6*, *66 Minutes*...) are treated in full editorial independence, with a true commitment to objectivity and transparency.

The *Citato* newspaper, an overview of French press tailored for 15/25 year old people, also takes an active part in civic debates by providing a monthly selection of articles on economic, political, environmental themes and exclusive polls from leading daily newspapers and magazines. *Citato* has become an unmissable institutional player: in particular, it published an exclusive interview of the French Prime Minister during the CPE crisis, a political barometer of 15/24 year old people in partnership with BVA-Le Mouv', chaired "Envie d'Agir 2006" competition with the French Ministry of Youth and Sports, etc.

A MEANS OF COMMUNICATION FOR POPULAR CHARITIES

M6 is committed to act as a civic channel by broadcasting free advertising spots and socially-oriented short films. M6 thus assists and promotes charitable associations' actions and increases public awareness. In 2006, numerous campaigns from humanitarian aid organisations, Non Governmental Organisations and charitable associations were broadcast free of charge on M6, for a total value of € 4,847,207 (compared to € 3,605,151 in 2005), as well as on digital channels (€ 95,363).

M6 conveys civic values by broadcasting the "1,000 visages: voter c'est un pouvoir" campaign to encourage young people to vote.

HELPING FIGHT AIDS

The Group rolls out procedures implemented by all Group channels and on the internet, accompanied by a special red ribbon jingle, for the full duration of the Sidaction (a fund-raising event for the fight against Aids). In 2006, the Group contributed € 50,000 from the revenue of votes generated by *Nouvelle Star*.

In addition, M6 is the historic sponsor of the Solidays Festival, which collects funds to fight Aids. A significant promotion campaign is broadcast for several weeks in order to promote the event and raising our audience's awareness of the disease.

The channel broadcasts spots by Unitaïd, which facilitates purchasing drugs on an international level.

700

M6 Group broadcast 700 commercials free of charge in 2006



Charity advertising for « Petits citoyens » (Children Rights)

CHILD WELFARE AND PROTECTION

Every year, M6 organises, in partnership with the Necker hospital, a concert for the benefit of sick children on Music Day, which brings together a large number of artists.

In the same line as its support to the Necker hospital, the *Téva Déco* home improvement programme and its team provided the hospital with a new reception hall. They also improved the everyday life of young children by decorating and furnishing a primary school class in a playful and ergonomic manner.

M6 sponsors numerous associations such as Les Toiles Enchantées, which facilitates the access of sick children or teenagers to quality film, or Chantal Mauduit Namaste, dedicated to Nepalese children.

This year, within the framework of the Universal Children's Day, M6 chose to follow the Petits Citoyens charity by broadcasting their spot with the participation of numerous VIPs in flow programmes and on *M6 Kid*.

Home Shopping Service joined in the support operation Les Trésors de Générosité. This initiative enabled Unicef to rehabilitate 34 literacy centres in Kosovo and help 500 Kosovar families make a fresh new start: women can now read and were made aware of education for their children's rights in terms of health, nutrition, education, protection from violence and abuse.

Children and teenagers' health

Schools serve about 1 billion meals a year to nearly 6 million children in France.

At a time when child obesity is becoming a concern, the chef Cyril Lignac, in *Vive la cantine!*, assisted by nutritionist Jean-Michel Cohen, puts his talent and expertise at

the service of children's and teenagers' health and looks for a balanced diet solution.



Vive la cantine !

AT THE SIDE OF SICK CHILDREN

L'Hôpital des enfants brings viewers to the heart of the Paris Robert Debré paediatrics hospital. It is a series of 20 deeply moving documentaries, filmed with great modesty and without undue exaggeration, in which the unifying thread is people, with simply human stories... For over six months, three teams filmed in all the departments of the hospital: maternity, neonatology, onatology, intensive care, operating theater hematology, ENT, emergency services, visceral surgery, maxillo-facial surgery... In each department, a hospital staff member or a patient recounts his/her time in the hospital, based on his/her personal experience. M6 broadcast this documentary over 10 weeks, without any voice-over or interviews, and opted for quality and restraint in order to provide better information.



L'Hôpital des enfants

“Girondins” solidarity

Football Club Girondins de Bordeaux paid all the revenue from the last match of the season in Ligue 1 to 4 associations, that is € 52,500 per association, a total € 210,000: Banque Alimentaire, Bergonié Institute, the paediatrics

intensive care unit of the Pellegrin hospital and the Aquitaine federation of sports for the disabled.



FAST REACTION TO CHILDREN'S DISAPPEARANCES

At the end of November 2005, representatives from the major TV channels and radios signed a protocol of agreement on the Amber Alert system.

The objective is to mobilise a maximum of media within the first 24 hours following a child's kidnapping to broadcast his/her description using tickers, interrupting programmes, showing a photo repeatedly or even an Identikit picture of the abductor...

The Amber Alert system is fully operational from this year on all Group channels.

BUSINESS FOCUS

Coordination manager of Free-to-Air events

Yannick, 30 years old



My role is to coordinate, among other things, all one-off events relating to the channel, diversification subsidiaries, programming units or other entities. These events lead us for instance to promote the broadcasting of programmes in other media, through other programmes, on the web, with the broadcasting of videos on the various channels, the release of DVDs or singles, M6 mobile, etc. This was the case with Prison Break and its theme tune sung by Faf Larage, for which we were highly successful. Such operations reflect the strength of a multi-media group, which allows for transverse projects to be carried through based on strong programmes and brands. This is what we put at the service of associations to promote major charity events such as the Sidaction on our channels and media.”

Programmes accessible to all

A chosen policy to the benefit of the deaf and hard-of-hearing

In order to improve access to programmes by the deaf and the hard-of-hearing, in accordance with the French Law on “equality of rights and opportunities, participation and citizenship of the disabled”, M6 implemented a 5-year plan begun in 2002, starting with 200 hours of subtitled programmes in the first year and reaching 1,000 hours in 2006. Objectives were largely exceeded as 1,582 hours were subtitled this year, that is 18% of airtime or 21% of programmes (excluding advertising, station identification and sponsorship), 465 hours more than in 2005.



“Deaf and hard-of-hearing” symbol

Supervised programmes

M6 seeks to protect young people in its programmes...

M6 was the first to propose in 1989 a rating symbol system serving to specify what type of audience the films are addressed. The CSA took on the idea to impose it on all stations in 1996. M6 makes sure that none of its programmes include violence, bad language, or anything else likely to shock young audiences. In that respect, the Group also closely follows the preparation of co-produced series, from their design to the delivery of finished episodes. The dubbing of foreign programmes is also made with the utmost care. Today, a committee of mothers reviews all youth programmes, films, series, TV films and music videos and passes them on the rating committee, whose opinion is final in allocating programmes in one of the four categories (general public, under 10s, under 12s, under 16s). Similarly, as last year, the channel supported and broadcast the CSA campaign on the protection of under 18s by associating its logo to the campaign. M6 also sponsored the Universal Children’s day and broadcasted videos in a number of programmes.



M6 Kid

M6 allows children aged 9 to 12 to take part on the set of M6 Kid programmes and makes sure to get parental approval. The programme offers playful, educative and monitored activities: manual workshops, advice, job documentaries, thereby contributing to children’s education and initiation with all guarantees of safety.

... And multimedia contents

M6 is responsible for content posted on its websites. A committee of 25 voluntary moderators supervises all community websites: it impartially checks the relevance of contributions before making them public, and amends them if necessary. It also controls comments of an insulting, defamatory or racist nature, incitement to violence or hate, etc.

M6 mobile is the only brand that proposes fixed price offers with unlimited calls at night and weekends with its mobile phone offer targeting 15/25 year old people. No more need to contact customer service to activate the parental control system! In November, members of the AFOM (French Association of Mobile Phone Operators), of which M6 mobile is a member, signed an agreement according to which they commit to automatically propose parental control from the time the phone line is open.

A fundamental role in promoting diversity

M6 Group, as a media Group has a great presence in the daily life of French people, is aware of its responsibility in representing the diversity of cultures and origins of the French society.

Reflecting society and the diversity of its components, television plays a major role in favour of integration.

As part of this, the CSA, following the law of 31 March 2006 on equality of opportunity, took an additional assignment in the area of social cohesion and respect of cultural diversity in medium programming.

With reality shows such as *Loft Story*, *Pop Star*, M6 was actually the first channel to show France's highly intermixed population through the candidates. Recently, the *Pékin Express* game show,



Les Bleus

won by Fathi and Médi, again showed young people born from immigrant families to advantage.

M6 Group makes sure the diversity of the French population is fairly represented and implemented a number of initiatives, which were warmly approved by the Club Averroes report. Firstly, in the area of news, M6 continued to diversify its journalist and presenter personnel. Drama is M6 second initiative. The 2006 September programming illustrates the diversity of French people in French series, in particular detective series such as *Les Bleus*, *premiers pas dans la police* or *Les Tricheurs*.

As for music, M6 Group leads a policy favouring diversity. All Group channels enable significant exposure of minorities, through the broadcasting



Pékin Express

Protection of minorities

Established in 1997 upon the initiative of numerous media professionals, the observatory of diversity in the medias, Club Averroès, defends the image of minorities among decision-makers and institutions. While the CSA directs its researches to media

programming, Club Averroès extends its findings to human resources issues and advocates a more comprehensive and long-term approach to diversity. The Club considers that "major French TV channels are now aware of the role they have to play in

consolidating the civic bond and fighting discrimination". According to the report of Club Averroès, the channel "has overcome the challenge of diversifying its editorial staff".

of music videos, concerts or artist portraits. W9 thus contributes to promoting artists from all origins and introduces its audience to extremely varied types of music: hip-hop, raï (North African music), R'N'B, zouk (French West Indies music), reggae...

Lastly, M6 Group played a part in social cohesion by actively participating to the Tour de France de la Diversité. This event was organised by Azouz Begag, French Minister Delegate for Equal Opportunities. Its objective was to increase companies' awareness of the challenges of diversity in the labour market.

Environmental commitment

Although the Métropole Télévision Group's business does not structurally present a significant impact on the environment, it has adopted an active policy of recycling waste generated by its operations (batteries, neon lights, IT hardware, toner cartridges, etc.) as well as a policy of energy control (consumption of water, electricity, etc.). The Group encourages its personnel to use the Intranet to communicate information and thus reduce the quantity of paper used. In addition, press kits are no longer printed but sent by e-mail, or occasionally delivered on a USB key.

The responsibility of a group that produces and broadcasts content is also based on a desire to make the general public aware of the challenges of sustainable development.

Thus, M6 acted in 2006 in an educational role via broadcasts such as the series *Chaos sur la planète*, comprising of three drama documentaries: *Super-tornadoes*, *the Great Flood* and *the Solar Threat*. Each of these documentaries attracted nearly 4 million viewers. They showed how spectacular natural phenomena can unravel as potential consequences of climatic change. Teams of scientists (climatologists and geo-physical scientists) explained how and why these situations could arise. The series was followed by the magazine "*Chaos sur la planète, ce qui nous attend vraiment!*", hosted by Mac Lesggy, which also tackled climatic issues.

Environmental indicators

Water consumption (in thousands of m ³)		CO ₂ missions (in millions of kg)	
2005	24.6	2005	0.431
2006	25.8	2006	0.434

Electric energy consumption (in kWh)		Waste production (in tons)	
2005	7,281,992	2005	228
2006	7,784,987	2006	239



Chaos sur la planète

BUSINESS FOCUS

Operations Manager of Mistergooddeal.com

Philippe, 35 years old



“

There is a whole organisation behind an e-commerce website: personnel, service, technology and quality requirements to satisfy our customers.

Everything begins with the click that confirms the order: order picking, stock management, shipping, billing and cash collection, a whole logistics chain rolls out, which is further extended if goods are returned, up to potential repairs. Customers trust us, they buy products without trying them out, therefore we must work within a strong result –based culture by allying rapidity and efficiency. As a socially responsible company, we encourage the collection and recycling of old equipment. Quality of service is our daily bread! ”

Participating in environmental protection

The Decree of 20 July 2005 and its 5 accompanying application orders made the selective collection, processing and recycling of Waste Electrical and Electronic Equipment (WEEE or W3E), and specified the following:

- on the one hand, each company putting a product in the French market takes up the collection, processing and elimination of electrical or electronic equipment
- on the other hand, retailers and resellers take back old equipment free of charge when customers buy new appliances of an identical nature.

They receive the eco-contribution from consumers, to be collected subsequently by suppliers.



M6 Group subsidiaries Mistergooddeal and Home Shopping Service are both subject to such obligations and ensure, in particular, that consumers are provided with environmental information and adequate labelling and other additional information (manufacturer, date, etc.) are applied on all electrical or electronic equipment.

Within this context, the two distance-selling companies:

- are members of an Eco-Organisation
- are registered with ADEME (French governmental agency for environmental protection and energy savings)
- provide selective collecting of each category of equipment
- inform purchasers of unit costs incurred in eliminating WEEEs
- agree, upon customers' requests, to take back old equipment free of charge against the purchase of a product of the same type.

OUR CORPORATE SOCIAL RESPONSIBILITY

Active and attentive in terms of recruitment

In 2006, 257 new permanent staff members were hired (compared to 145 in 2005): at 31 December, the total permanent workforce was 1,643. M6 thus confirms its position as a job creator.

M6 commits, within its recruitment policy, to abide by the Diversity Charter so that its personnel reflects the diversity of the French population. M6 Group thus developed regular contacts and meetings with associations, including IMS "Entreprendre pour la cité", to encourage the integration of people likely to suffer from discrimination.

Seeking to achieve gender equality, 50% of M6 Group total workforce is female. This figure increases to 53% among Group executives (excluding Football Club Girondins de Bordeaux).

The workforce is an average 34 years old. M6 makes a very special effort to attract young people and offer them the opportunity to start a long career with the Group.

Passing on expertise

M6 Group success is the result of a collective effort. The Group intends to build up skilled, united and high-performing teams and promotes personnel loyalty. The Group passes on the expertise of its staff to trainees in particular and develops this expertise paying special attention to training and providing relocation opportunities.

MEETINGS WITH STAFF

Breakfasts with members of the Management Board are organised once every three months: an average 10 to 12 staff, employed by the Group for at least two years and in positions that have promotion prospects are invited, with the intention of encouraging intermingling between departments and Group companies.

High potential executives of the Group take part in training days at the RTL Group head office in Luxembourg, so they can discover the Group and meet their foreign colleagues.

ANNUAL REVIEW

The annual review is a necessary assessment tool both for employees and managers. It is the opportunity to talk about promotional prospects and training needs. Again this year, nearly 85% of personnel filled out their annual review form, which formalised the two above-mentioned matters.

1 719 days
training for group employees in 2006

Ethics Code

The Group's ethics code is provided to every new arrival and is also available on the Intranet. Beyond abiding by the Law and contractual commitments, the ethics code is a set of professional principles that each employee must comply with in his/her acts and use to

guide his/her choice of course of action, by always keeping in mind to serve the general public and clients, as well as partners and third parties with professionalism, diligence, neutrality and discretion.



The editorial office

IN-HOUSE TRAINING

M6 develops the skills of its personnel through a continuing vocational training policy, based on training for its business operations, management and increasingly for foreign languages.

The number of training programmes is on the increase and affected 606 people in 2006. A training committee validates and follows up training choices.

In order to make training programmes even more individual and adapt them to personnel career plans, the DIF (individual right to training) was rolled out this year. Each full-time employee is entitled to 21 hours a year, which can be cumulated over a 6 year period and managed by calendar year.

WORK PLACEMENT POLICY

In accordance with the French national trainee charter, the Group takes a number of steps to benefit student trainees, along with suitable remuneration packages.

Making sure work placements are run smoothly

In 2006, 400 trainees were trained by the Group as part of their studies; these work placements were all subject to a contract, were remunerated and lasted from 3 to 6 months. M6 also hired 13 young people as part of their half educational institution/ half workplace education and received a large number of GCSE age students for one-week observation work placements. Trainees are fully integrated in our teams. They take

part in a Group presentation seminar, receive a reception package, including a welcome booklet and the Group's professional code of ethics. They are guided for the duration of their work placement by a supervisor who has received specific management training.

Preparing future Group recruitment and building loyalty among trainees

Before the end of their work placement, young people are subject to an appraisal interview with their supervisor, enabling them to validate their career choice, as well as the potential and motivation for the Group.

Their applications are given the priority when recruiting for junior positions, immediately after the end of their work placement or subsequently; similarly, M6 keeps in touch with trainees by sending them a quarterly newsletter to inform them of Group developments as well as junior vacancies.

In 2006, 62 trainees were recruited on a contract, permanent, freelance or casual basis.

OCCUPATIONAL MOBILITY

M6 encourages in-house job mobility by publishing all Group vacancies on the Intranet in real time and thus favouring in-house and TPS employee applications, within the framework of the merger of TPS with Canal+ Group. A monthly meeting of all Group Human Resources Managers reviews outstanding vacancies and people who applied for a new position, as previously determined as part of the annual review.

In 2006, 42 people benefited from in-house mobility, of which 16 men and 26 women (*including transfers from one department to another within the Group, excluding promotions or changes of position within the same department*).

Promote personal development at work



MOTIVATION AND COMMITMENT

In addition to their basic salary, all employees benefit from an additional month salary paid as a year-end bonus (the so-called "13th month"). In 2006, 1,173 employees also benefited from the Group's contribution following the application of the Group's employee saving plan, which came on top of the profit sharing plan, which benefited 1,778 Group staff.

M6 Group is convinced that balance between the working life and private life of employees contribute to the company's performance and does not hesitate to offer adjusted working hours: 6% of Group personnel thus work part time (excluding Girondins de Bordeaux and Mistergooddeal). In 2006, the absenteeism rate was 10%, compared to the theoretical number of hours worked by Group employees.

All M6 Group employees work in a pleasant and functional environment. There is a medical centre at Group head office, all Group premises are non-smoking and the corporate restaurant serves lunch as well as dinner to personnel, any day of the week and including at the week-end to take into account the working hours of personnel in charge of broadcasting at that time. In the 3rd quarter 2006, the Group provided a free dessert or starter to all employees who had lunch there between 12pm and 12.30pm, in order to regulate the number of staff who eat at the restaurant and increase comfort for everyone.

Premises are visited quarterly by the CHSCT (hygiene, safety and working conditions committee), which contributes to prevention of occupational risks and improvement of working conditions. In 2006, a procedure was thus established in partnership with occupational health services to step up hearing monitoring of each employee working with headphones. Fire and first aid training was also doubled in 2006 compared to 2005.

Finally, in respect of the statutory housing 1%, M6 Group pays contributions to a collecting organisation and provides attractive services to its personnel when they move in, buy, renovate or change their house, for instance by helping them with their deposit when renting (advance in the form of an interest-free loan).

PROMOTING SOCIAL DIALOGUE

M6 Group is committed to promoting social dialogue. New elections of staff representatives were thus held in 2006 and increased the term of office of Works Council (WC) members and employee representatives to 4 years, compared to 2 years previously. The Group opted for organising conferences to inform the WC. Mutual insurance and catering commissions were thus established.

Moreover, the Liaison and Information Committee brings together representatives of each Group company and the Chairman of the Management Board twice a year. It is an additional way of relaying information from management to personnel.

Numerous meetings were held in 2006 with trade union representatives to conclude collective agreements, in particular an agreement on working hours within the UES*. An agreement on health care and pension costs was also concluded, in order to keep the level of health care reimbursement at a certain level and looking after invalidity, disability or bereavement risks of all employees, with a view to guaranteeing in the future a long-lasting health care cover.

Lastly, 2006 was marked by the final signing of the industry-wide "STP" (private TV trade union) agreement, which specifies the status of casual workers in broadcasting corporations. M6 Group Labour Relations Department took an active part in drawing up and finalising this agreement, thereby testifying to a strong willingness to clarify the status of casual workers within the Group and in a broader sense in the whole industry.

* UES : *Unité Economique et Sociale*

BUSINESS FOCUS

Human Resources Studies Manager

Julie, 36 years old



Listening to employees

The WC also provide a number of additional services: vouchers for births, contribution to employees' expenses for sport and cultural activities, organisation of tourist or sports holidays or week-ends, Christmas party and presents for employees' children...

In-house communication is the essence of successful synergies, which constitutes a priority of the Group and helps reveal employees' potential, convey and share the Group's culture, values and expertise, in particular through the use of the following adapted tools, fully dedicated to employees:

- the monthly in-house video newscast, broadcast on TV sets to all staff, portrays news about the various departments, jobs, in-house events, etc.
- the monthly newsletter presents all Group operations: new programmes, audiences, CD/DVDs, shows, publishing, collections...
- the Intranet is used extensively, with nearly 1,800,000 pages viewed in 2006, and is a truly reactive and upgradeable information relay. It is updated on a daily basis and also provides news on the Group, its subsidiaries and media, must-see documents (organisation chart, annual report, press releases, advertising campaigns, etc.), a link to all 32 Group websites (from m6.fr to m6boutique.com, including skaaz.fr), social information (company-wide agreements, guide to the employee saving plan,

M6 is not only TV. It is a real Group with a large number of businesses, managers and operating teams. There is always something happening. For everything to work harmoniously, you need something to bind people together, such as quality human and social relations. It is my role, along with the Group's Human Resources staff to make all this a bit easier. We manage social relations on a daily basis, whether at an institutional level – Works Council or employees representatives – or on a more individual level with contracts of employment.

We also need to be able to build up a proximity relation with people, in order to listen to them and make dialogue easier. All staff have something in common: they love their job.”

Employee practical guides

M6 makes the life of its employees easier by giving them thematic information booklets:

- All major facts about the Group can be found in the "Group manual": key dates and figures, Group operations, useful phone numbers, values and

ethics of the channel. "M6 believes in giving equal recruiting, personal and professional development and promotion opportunities to men and women from any culture, nationality or religion. Adhering to Group values means promoting team

spirit, encouraging synergies between subsidiaries and departments in order to know each other better. Being part of the M6 Group means being able to be at the same time dynamic, professional and pro-active on a daily basis."

- The "health and social security booklet": employees benefit from a health care cover and welfare system, which guarantees them better reimbursement of health care expenses and coverage of invalidity, disability or bereavement risks.

- The "savings book": the employees saving plans are an opportunity to build up extra savings thanks to the Group's contribution (employee profit sharing and saving plans).

in-house mobility, training, etc.), employee portraits, specific business software...

- TV screens in reception halls and lifts show daily audience levels and news flashes.

All these media share information, in order to keep it consistent and transparent with everyone, and show to advantage the operations, jobs and people that make up the Group's strength.

UNITING COMMUNICATION

M6 consolidates social relations by organising, throughout the year for employees, games linked to Group operations. Within the framework of M6 involvement in the World Cup, for a month, employees were able to take part as teams of 5 to a great in-house forecast game.

Each year, M6 is involved in Company Day, whose objective is to celebrate companies as places we live in. This is the opportunity for Group employees to share a convivial time together.

M6 MOBILISES

Twice a year, the company organises blood donation in front of its premises, in partnership with Etablissement Français du Sang. A large number of employees contribute, thereby enabling M6 to rank above the French average rate of blood donation at work of 7%.

WELCOMING NEW RECRUITS

New employees are invited to an induction day so that they make their first steps in optimum conditions. The induction is presented by Group managers and a practical information guide is provided. A space is dedicated to new recruits on the intranet in order to allow them to easily familiarise themselves with priority information.



Company day

Above : concert for sick children, Necker Hospital



M6 FREE-TO-AIR

A photograph of Justin Timberlake performing on stage. He is wearing a dark suit and tie, singing into a microphone. The stage is lit with blue and green spotlights. In the background, other performers and a drum set are visible.

PRODUCE

33 formats

W9 productions produced 33 different formats in 2006

Justin Timberlake

Creation in motion

Today, a large number of programmes broadcast are produced by M6. As testified by the new information magazine **66 Minutes**, internal production companies develop creative programmes of varied types and formats, from information, by **C.Productions** and **Métropole Production**, to entertainment, by **Studio 89 Productions** and **W9 Productions**.

NEWS IN ALL ITS FORMS

C.Productions has developed recurring news magazines that made M6 so different (*Zone Interdite*, *Capital*, *Secrets d'actualité*) as well as more recent programmes, which are as pro-active as ever in interpreting current affairs (*Enquête exclusive*, *100% Foot*, *66 Minutes*). C.Productions also produces major documentaries (*Quand l'Algérie était française*) and reality-based series (*Ma vie au Commissariat*).

Métropole Production produces the *Turbo*, *Sport 6*, *M6 Kid* as well as *12:50*, the new mid-day newscast successfully launched in 2006.

ORIGINAL AND ATTRACTIVE ENTERTAINMENT SHOWS

As entertainment specialists, Studio 89 and W9 Productions produce shows for both M6 and the Group's digital channels. Magazines, game shows or music documentaries are some of the formats that illustrate the Group's willingness to develop a powerful and original flow of in-house production.

Studio 89 continued in 2006 to look for promising talent, as embodied by a new generation of hosts (Alessandra Sublet, Pierre Mathieu, Sandra Lou...). Studio 89 produces in particular 6 daily programmes on behalf of M6 (*Morning Café*, *Jour J et Tubissimo...*), 3 weekly shows (*Classé Confidential*, *Hit Machine*, *Fan de*) as well as several prime time

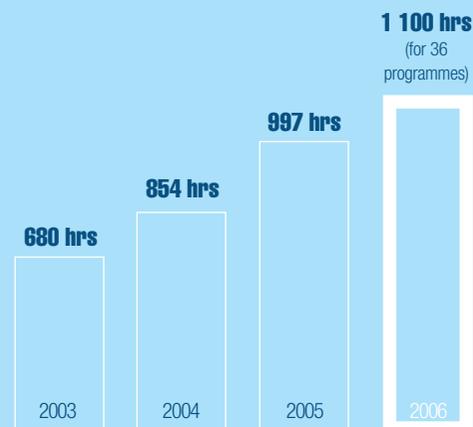
and post prime-time programmes (*Classé Confidential*, *Le meilleur de Franck Dubosc*, *Le pire du pire de Michaël Youn...*).

Studio 89 offers numerous programmes on the Group's digital channel, broadcast either on a weekly basis (*En quête d'action* for W9, *Hit TF6*, *Les Dossiers de Téva*, *Fun People...*), on a monthly basis or as recurring events (*100% séries* for Série Club, *Nouvelle Star ça continue* for Fun TV), or on a one-off basis (*Le meilleur du pire de Michaël Youn* on TF6).

W9 Productions distinguished itself this year with the production of events such as *W9 Live*, which offered private concerts by stars, including Justin Timberlake, Placebo and Diam's.

The year 2006 was rich in variety and entertainment shows. It also featured events such as *Laurent Gerra fait son show* and several editions of the *Grand marathon du rire*. In addition, the concept of *Pékin Express*, a great adventure game show whose 2nd edition (*Pékin Express : the Road to Himalaya*) will be broadcast at prime time on M6 at the beginning of 2007, was highly successful.

Number of hours of programmes produced by Studio 89



BUSINESS FOCUS

W9 Productions Artistic Co-ordinator

Marianne, 33 years old



“After completing history studies and working for the Group for the past 9 years, my job is now to tell stories and make them interesting to viewers. Each programme I design is an adventure to be completed at high speed. I work in partnership with other channels' programming teams to make successful series and original reality TV. What I do requires a lot of invention and imagination. Once the programme project has been drawn up, I have to take care of everything: write the story and comments, choose music, and supervise editing in order to retain the target audience. All of that involves teamwork with dozens of qualified and passionate people, while keeping an eye on every detail. It requires energy, time and co-ordination. This is the price to be paid to make a success of such a completely original show as *Pékin Express*.”

A close-up portrait of Nathalie Renoux, a woman with short, dark, wavy hair, smiling warmly at the camera. She is wearing a dark-colored, collared button-down shirt. The background is a plain, light color.

INFORM

N°2

Le 12:50 is the n°2 mid-day newscast among under 50 year old viewers

Nathalie Renoux

At the heart of **current affairs**

Following the successful launch of new programmes, including an information magazine and a talk show, as well as a new regular political programme, M6 continued in 2006 to invest in news and interpreting current affairs.

AN AMBITIOUS NEWS POLICY

Capital and *Zone Interdite* are the channels' leading prime-time programmes, both attracting an average 4.1 million viewers. In 2006, *Zone Interdite* gained more than 200,000 viewers: the increase was even more significant since Mélissa Theuriau began hosting the programme in September. *Capital*, presented by Guy Lagache, remained an inimitable model after nearly 14 years in existence.

This programme shows what is behind the scenes of the economy. It reached its best-ever audience for 5 years by attracting

5.7 million viewers for the issue called "Wealthier and wealthier: fortunes, secrets and revelations".

In spite of stiffer competition, *Secrets d'actualité* and *Enquête exclusive* experienced a year of growth in the post-prime time segment: a stable audience for *Secrets d'actualité* (1.7 million viewers), now hosted by Eric Delvaux, and continuing growth for *Enquête exclusive* (1.6 million viewers) still presented by Bernard de la Villardière.

Enquête exclusive broke its record audience level with 2.4 million viewers with its issue dedicated to "The hidden life of the Paris ring road". In addition, the programme won an award again this year from the Angers International Scoop and Journalism Festival. The award was given by professionals in recognition of the channel's ever increasing involvement in information and investigation topics.

AN ANALYSIS OF CURRENT AFFAIRS IN 66 MINUTES

Since September, a new show was added to the four successful Sunday programmes: *66 Minutes*, a weekly news magazine presented live by Aïda Touihri. In a few months, the show attracted 2.5 million loyal viewers every Sunday (an increase of more than 600,000 viewers for the channel on this segment). *66 Minutes* provides a richly varied outlook on current news, including an exclusive interview of one of Ingrid Betancourt's gaoler in Columbia, portraits of artists and the life of homeless people. This eclecticism is fully endorsed by viewers.



***T'empêches tout le monde de dormir,* the pro-active and interactive talk show**

The arrival of Marc-Olivier Fogiel and his new weekly post prime time programme, in the form of a talk show called *T'empêches tout le monde de dormir* was a major development in the area of news in

2006. Every Tuesday, music or movie stars, players from the political scene or current affairs heroes come and discuss matters on the set of a man whose reputation is excellent and who significantly

increased the channels' ratings in this segment, with an overall average audience level of 18%.

BUSINESS FOCUS

Journalist

Aïda, 29 years old



I am a journalist. The two years I spent working for the Group were exclusively dedicated to information, first in small magazines and now on newscasts such as Le 12:50 in the summertime. I now host 66 Minutes, a new weekly news magazine: this is an excellent opportunity to engage in civic journalism, by introducing the people who make the headlines to viewers in 10 to 20 minutes reports. We propose a wide range of topics: news items, international news, presidential election, behind the scenes of show business... Everything is broadcast live. We are always in the heat of the moment, thereby maintaining a true understanding with viewers which continues on the programme's website".

DAILY NEWS

Daily news comprises of flashes every 30 minutes between 7am and 9am as part of the morning programme *Morning Café*, followed by two major newscasts at 12.50pm and 7.50pm and 7 minute local news at 8.40pm.

The major development in 2006 involved the mid-day edition (formerly *Six'midi*), which became *Le 12:50* and changed from an all-image format to a true newscast personified and presented by Nathalie Renoux. This new programme increased the number of viewers as soon as it was launched: *Le 12:50* is now the second leading mid-day newscast among under 50 year old viewers.

Le 12:50





200,000

more viewers for Zone Interdite
in 2006.



SUPPORT

2,000

this is the number of pupils and students from 3 school canteens trained by Cyril Lignac

Vive la cantine !

Together day after day

Lifestyle magazines are dedicated to the whole family. Their objective is to assist viewers with their daily life and build a rapport based on innovative topics.

MEETING PEOPLE

With *L'Amour est dans le pré*, viewers discovered 10 farmers who opened their hearts to find their soul mate; the meetings fascinated M6 viewers. This year, in the second season, new single male and female farmers, all charming and particularly touching decide to appeal to the whole of France to find the person who might share their lives...

SWITCHING TO A MORE BALANCED DIET

Parents are worried, children are unhappy: school canteens are called into question. In *Vive la cantine !* chef Cyril Lignac and nutritionist Jean-Michel Cohen put their expertise and energy to the service of young people's health. Over several months, Cyril Lignac worked every day in 3 canteens, trying to find solutions in order to improve children and teenagers' diets. This initiative was heartily endorsed by nearly 5 million viewers.



ADVISING AND LEARNING

Apart from novelties, M6 continued to broadcast strong and unifying programmes that ease people through the day, such as *Chef la recette*, *Il faut que ça change*, *Recherche appartement ou maison*, *Super Nanny*, and *E=M6*, a reference show hosted by Mac Lesggy, "French TV's Mr. Science". *E=M6* remains a favourite of M6 audience after being aired 500 times over 16 years.

D&CO, redecorate your house

Home interior design has truly become a social phenomenon.

The *D&CO* magazine, launched in the spring and hosted by the sparkling Valérie Damidot, was a great success, watched by an average 3.6 million viewers on Sundays a 7pm. The show makes viewers dream as well as use

their imagination by suggesting practical, easy and affordable solutions to change the interior of their houses. Following the success of this weekly magazine, a new issue of *D&CO*, one week to change everything, was broadcast at prime time and attracted an average 5.1 million viewers.

BUSINESS FOCUS

Programme Supervisor master control room

Thierry, 39 years old



The master control room is the channels' control tower. All programme broadcasting goes through it and the slightest mistake can be seen by millions of viewers. The whole team must be highly rigorous and attentive, as well as strongly pro-active. At the slightest problem, we must know movement by heart to rectify things quickly. We follow everything from the master plan, a document prepared the previous day, which lists everything that must go on air, that is over 700 items. We ensure the correct broadcasting of programmes, as well as the station's identification, logo and symbol insertion, subtitles and ensure that applicable audiovisual regulations are complied with. In spite of all the high technology systems and machines around us, human intervention remains critical, even though technologies make us ever more efficient. The next step will be the changeover to "all digital".



ENTERTAIN

25,000

candidates auditioned every year
by *Nouvelle Star*

Discovery programmes

SEARCHING FOR ADVENTURE

At the beginning of the year, the 1st season of the adventure game show *Pékin Express* attracted an average 3 million viewers on Sundays afternoon over 12 weeks.

Season 2, called *Pékin Express : the road to Himalaya*, starts in Beijing, goes through Nepal and ends up in Mumbai. This is an exceptional race through new regions for 10 teams of two who will only have €1 a day for food, housing and transport...

This will be a wonderful human adventure, full of emotion and surprises!

DISCOVER TALENT

This year, entertainment programmes discovered all kinds of prodigies in *Incroyable Talent*, from the most physically-demanding to the funniest and from the most astounding to the looniest... The 1st edition presented by Alessandra Sublet was a resounding success and attracted an average 4.3 million viewers. It is particularly popular among the 15 to 24 year old age bracket.

CELEBRITIES

Alessandra Sublet brilliantly took over as host of *Classé Confidential*, the regular 8.05pm Saturday show that reveals the most surprising secrets about cult movies and series, as well as the most remarkable singers and events. Such secrets fascinate over 2 million viewers every week at a time other channels show their newscasts. *Classé Confidential* was even successfully shown twice at prime times and attracted 4 million viewers!

REVEALING THE VOICE OF TOMORROW

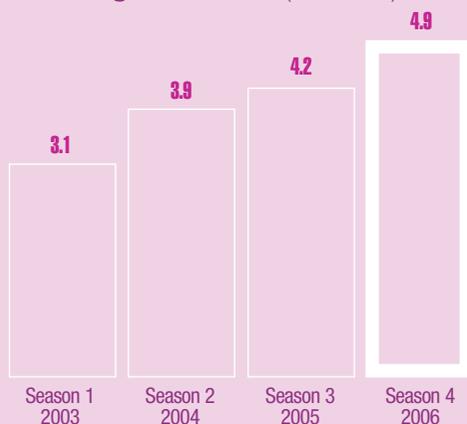
2006 also witnessed *Nouvelle Star*'s exceptional 4th season. This edition again broke its own record audience by attracting an average 4.9 million viewers at 8.50pm. From the 25,000 candidates auditioned throughout France, *Nouvelle Star* and its famous jury elected Christophe Willem, an outstanding artist whose album will certainly constitute one of 2007 top music events.

EVER MORE MUSIC

A programme dedicated to live music by the greatest French and foreign artists was specially created in 2006. *Concert Privé M6* thus welcomed Diam's, today's greatest French hip-hop artist, Placebo, one of the pillars of rock, as well as Justin Timberlake, an emblematic artist of his generation.

In 2006, the channel stepped up the organisation of *Talent M6*. On top of the M6 channel and the 3 sponsor websites, *Talent M6* was also promoted in all Virgin Megastores. The new talents were thus discovered by an even wider and numerous audience. As part of its action in favour of new French-speaking talents, M6 has developed formats such as *F comme Focus* (Emma Daumas, Nâdiya, Leslie, M. Pokora...), *D comme Découverte* (Christophe Mali, Louis, Gorillaz, Marcel & son Orchestre...) and *T comme Talent* (Pauline Croze, Martin Rappeneau, Anaïs, Kaolin).

Nouvelle Star: Evolution of average audience (in millions)



Incroyable Talent



Nouvelle Star



ENJOY

311 hours

In 2006, the M6 youth segment represented 311 hours of M6 Kid programming, of which 300 hours of cartoons and 11 hours of magazines.

Children's world

M6 KID, A COCKTAIL FULL OF VITAMINS

Children have three rendezvous a week with *M6 Kid* : Wednesday morning at 9.45am, Saturday morning at 6.45am and Sunday morning at 9.30am, as well as daily morning rendezvous during school holidays: (February, Easter, summer, November). Every morning during Christmas holidays, M6 young audience can watch, as part of the Christmas Movies programme, a large number of French and European films, as well as special programmes based on the Christmas tradition (*T'Choupi*, *Le Château des Singes*, *Barbie au bal des 12 princesses*).

During 2006, *M6 Kid* attracted an average 400,000 viewers on Wednesdays, 200,000 on Saturday and 700,000 on Sundays. During school holidays (excluding summer), *M6 Kid* attracts an average 500,000 viewers.

M6 INVESTS IN YOUTH PROGRAMMES

The channels' investments in animation are dedicated to the production of both animation series and film and totalled € 5.5 million in 2006.

A large number of co-produced French animation series found a place in the channel's youth programming, including the adaptation of successful comics (*Spirou and Fantasio*, *Four fantastic*, *Monster Allergy*) or adaptation of works from the cultural heritage such as *the Ugly Duckling and Me*, which will be the object of a full-length feature in 2007.

In addition to co-productions, the channel also invests in purchasing French and foreign animated programmes, such as the series *Strawberry Shortcake*, an international success for which numerous by-products have already been exploited.



Strawberry Shortcake

Lucky and Maeva Berthelot





5.9 million

viewers: *Desperate Housewives* record audience

DREAM

Desperate Housewives

A whole collection of drama

ORIGINAL FRENCH SERIES WITH A DISTINCTIVE TONE

Creativity and innovation in French drama remain a major challenge for M6. The channel calls on expert producers, script writers and actors, featuring characters and stories in line with its image: a modern and cheeky channel targeting an ever-increasing public. M6 continues to explore new territories and introduce new talented people through prime time series, event-making mini-series, TV films, access prime time series and short programmes.

Humour continued to attract large audiences, as testified by *Kaamelott* which brings together nearly 4 million viewers on average every day at access prime time (6pm-8.30pm). *Kaamelott* and its *Knights of the Round Table* will be featured at a one-off prime time event with Alain Chabat in 2007.

The TV film *Au secours les enfants reviennent*, with Roland Giraud, Fanny Cottençon and Bruno Salomone attracted 4.6 million viewers. Following the successful launch of five new series in 2006, M6 can now rely on good performances by *Les Bleus* (5.2 million viewers), *Les Tricheurs* with Pascal Légitimus

(4.9 million viewers) and *Alice et Charlie* (3.7 million viewers).

The success of *Laura* confirms M6 status as a generalist channel: M6 first summer series attracted an average 4.1 million viewers.

CULT FOREIGN SERIES

M6 confirms its expertise in foreign series. This year featured the broadcasting of two cult series, *Desperate Housewives* and *Prison Break*, whose audience level and impact on the general public made them true social phenomena.

With *Desperate Housewives* broadcast from May 2006, 4.7 million viewers were able to share the daily life of the most famous housewives in the world. M6 gave the series the significance it deserves: *Desperate Housewives* was a resounding success, in keeping with its originality and the outstanding quality of its script.

The year 2006 also highlighted the powerful offering in Friday night series, following the arrival of two immediately successful detective series: *Médium* and *Numb3rs*. These series

Awards

Laura, *Kaamelott* and *Les Tricheurs* were rewarded by the 8th TV Drama Festival of St Tropez.

complete an offering that was already well established with *NCIS : enquêtes spéciales*, which was even more successful with season 3 than in previous years and peaked at 6.7 million viewers. Other series are ready to take over from *NCIS*, such as *Bones*, M6 latest great success, which attracts an average 5 million viewers on Friday nights.

Numerous new foreign series were broadcast in 2006: new American series such as *Summerland*, *Hope & Faith*, *Wildfire*, *Kingdom Hospital*, *Special Unit 2*, *Revelations*, *Scrubs*, *Blind Justice*... as well as European series such as *Ash & Scribbs* and *Hustle* (UK), *Performers* (Italy) and *Mis Adorables Vecinos* (Spain). In 2006, M6 also broadcast the original and awaited seasons of series familiar to viewers such as *Smallville*, *Charmed*, *Stargate* and *Nip/Tuck*.



Prison Break

Prison Break, the hugely successful series

Prison Break was broadcast from September 2006 and fascinated 5.8 million viewers on average. A total 7.5 million viewers followed the last episode recounting the escape of the Fox River prisoners, thereby establishing M6 record audience for the year. Once again, M6 was able

to develop all synergies based on its programmes by offering a French version of the theme tune, sung by the artist Faf Larage, whose single topped the charts in 2006.

The actor Wentworth Miller, revealed by M6, became French people's favourite TV icon within a few weeks*.

* Ranking established by IFOP on behalf of TV magazine TV GRANDES CHAINES on 18-19 December 2006 and 2 January 2007 from 1,000 people over 15 years old. Survey based on 50 key 2006 TV figures. TV GRANDES CHAINES N° 73 dated 13-26 January 2007

BUSINESS FOCUS

US series and films Purchasing Manager

Sidonie, 30 years old



“We identify films and series, which are, or will be successful in the US, so that we can buy them and broadcast them on the Group’s channels. It is a multi-facetted job: I watch programmes and negotiate their acquisition in partnership with people in charge of project watch, artistic matters and follow-up. I then liaise with US producers, inform them when their products are being broadcast, their audience and potential marketing projects. We are in contact with numerous Group entities (M6 Free-to-Air programming teams, digital channels, M6 Web for VoD...) in the acquisition process and in drawing value from our rights from all media. Looking for programmes long in advance is a fascinating job since you need to anticipate what our audience will want to watch in the coming years.”

AN ECLECTIC FILM OFFERING

The 2006 film offering confirms the growth in scale of the channel with very good results from various types of movies: never shown before fantasy films such as *Terror Peak*, *2 Fast 2 Furious*, *X-Men 2*, prestigious films such as *Gangs of New York*, comedies with *How to lose a guy in 10 days*, *Les 11 commandements* and *Gomez et Tavaréz*.

This year again, M6 asserted its ability to revive cult films, as the channel did in previous years with *Indiana Jones* and *Star Wars* by offering to viewers the *Back to the Future* trilogy at prime time over three consecutive weeks.

Gangs of New York





M6 FILMS, A PARTNER OF CINEMA

The 9 films co-produced by M6 Films and released in 2006 attracted 10.1 million cinema fans, with an excellent 1 million tickets sold per film on average.

Five films were in the top 20 French films of the year:

Ne le dis à personne, director Guillaume Canet's 2nd film, which was awarded the Jacques Deray Prize for best film and Césars for best actor, best director, best film music and best editing, was highly successful with 2.7 million tickets sold, thereby ranking 8th at the French box office.

OSS 117, was awarded a César for best sets. Already a cult movie, Michel Hazanavicius' comedy, personified by Jean Dujardin, achieved an outstanding 2.3 million tickets sold.

Nos jours heureux, success comedy of summer 2006 and 2nd film of directors Eric Toledano and Olivier Nakache, totalled 1.5 million tickets sold.

Astérix et les Vikings, produced by M6 Studio, recorded 1.3 million tickets sold.

Lastly, Charlotte de Turckheim's comedy, *Les Aristos*, ranked 19th at the French box office with 0.9 million tickets sold.



6,300,000

viewers for the Brazil-Croatia match:
3rd best audience of the year

SHARE

M6, a sport channel

A DECISIVE STEP FOR FOOTBALL

In 2006, with 31 matches broadcast during the Football World Cup in Germany, M6 covered an exceptional sporting event and outstanding matches such as Brazil-Croatia, Argentina-Serbia, Czech republic-Italy, Brazil-Ghana, Germany-Argentina and England-Portugal.

These matches were produced in HD and commented by Thierry Roland and Christophe Josse, assisted respectively by two French world champions, Frank Leboeuf and Christophe Dugarry. The quality of these duos, as well as the field reporting teams and the original tone of the daily sport programmes (*Sport 6* and *100% Coupe du Monde*) greatly contributed to the success of this large scale operation.

M6 also purchased in 2006 the broadcasting rights of the last three final rounds of the UEFA Cup and the European Super Cup final for an additional three years.

100% Foot, the most-watched sports talk show in France

100% Foot, hosted by Estelle Denis, more than doubled its audience by moving from Sunday night at 12pm to Saturday at 2pm and now attracts 900,000 viewers each week. The show became cult following the 2006 FIFA World Cup when it was scheduled virtually every day. It has become the most-watched sports talk show in France, recognisable by its impertinent tone.



100% Foot

SPORT 6, A MUST-SEE SHOW

Every Sunday since 1989, *Sport 6* provides an all-image summary of sports news. Its concentrate of significant news and images, its dreaded "red card" exposing sporting failings and its monthly award for the best sports action make *Sport 6* one of the channels must-see show watched by 3 million viewers.

TURBO, ALREADY MORE THAN 1,000 EDITIONS

Dominique Chapatte always present as host of the automobile magazine *Turbo* and celebrated the beginning of his 20th season in 2006 by unveiling a new formula to the 4 million viewers that remain loyal to the two Saturday and Sunday rendezvous.

M6 IS « HD READY »

M6 leads an aggressive policy to develop High Definition, which provides optimum service quality and marks a distinct improvement, comparable to the advent of colour TV in 1967. The Group took on an active role in promoting HD through the HD Forum, of which it is a founding member.

High Definition provides viewers with exceptional image quality (improved definition and depth of field) as well as a multi-channel sound environment (5.1 sound quality).

M6 is already equipped with an HD broadcasting control room and plans to adapt its production and editing tools to this new technology progressively.

The channel has already broadcast more than 195 hours in HD in 2006, including 31 Football World Cup matches. As for 2007, M6 objective is to broadcast 3 prime times in HD a week and 260 hours a year; M6 plans to broadcast 500 hours for the year 2008, being 1.5 hour a day.

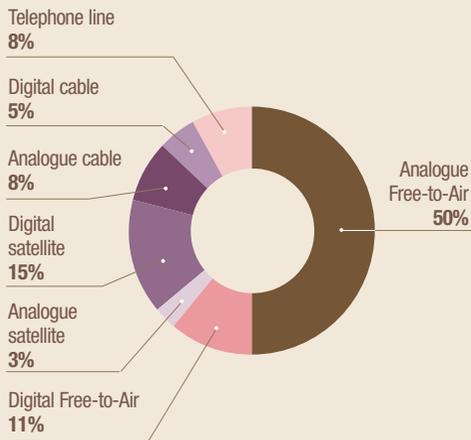
Already today, all TV film and series production and co-production are made in High Definition.

The channel also negotiated with major companies for all its successful series to be delivered in HD: *Desperate Housewives*, *Prison Break*, *NCIS*, *Les 4400*, etc.

DIGITAL CHANNELS

COMPLEMENTARY TV OFFER

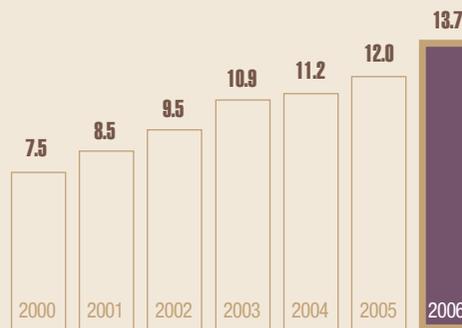
2006 breakdown of TV households by type of reception



Source : M6

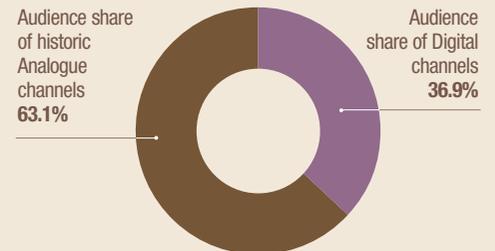
"Other TV's" audience share for 4+ year old individuals (in %)

"Other TV's" audience share continues to grow due to the development of DTT.



Source : Médiamétrie

"Other TV's" audience share for 4+ year old individuals - Cable and Satellite environment



In this ever-changing environment, the M6 Group is well placed with an array of complementary channels as concerns its position and targets.

Source : Médiamétrie/MédiaCabSat wave 11/ January to June 2006

Group digital channels

Channels	Type of reception				Individuals initialised (in millions)	DSL	Mobile
	Analogue	Cable and Satellite	Free DTT	Pay DTT			
	■	■	■		53.0	■	■
		■	■		21.2*	■	■
		■	■	■	17.3*	■	■
		■			13.0*	■	■
		■		■	6.0	■	■
		■			5.5	■	■
		■			4.8	■	■
		■			4.3	■	■
		■			3.1	■	■
	Total TV equipped: 56.1 million (4+ year old individuals)	Cable and Satellite : 16 million individuals	DTT: 7.3 million individuals		* Médiamétrie / REM data October - December 2006		

Source : Médiamétrie/MédiaCabSat wave 11/ January to June 2006

A fast-changing market

CHANGES IN RECEPTION METHODS AND TV OFFERS

Ten years ago, in 1997, 84% of households were receiving analogue terrestrial TV, while only 5% of them were equipped to receive a digital TV offer that provided more than the 5 French historic channels.

In 2006, 39% of households had access to digital TV, resulting first from the development of subscription offers (cable and satellite), followed by free offers (DTT, DSL...)

Complementary TV offer is becoming more widespread thanks to the successful launch in March 2005 of DTT, a multi-channel offer (18 channels) that is free for every households providing they purchase a DTT decoder and are located within the coverage area.

The digital terrestrial network covers 65% of the French population since October 2006. Authorities plan to eventually extend the network coverage to 95% and to reach 80%, or even 85% of the population by the end of 2007.

In addition, the success of multi-service offers (High Speed Internet Access, Phone and TV, or "Triple Play") enable viewers to benefit from an expanded TV offer.

In 2006, 17% of French households were equipped with a free complementary TV offer and 33% with a subscription offer. 50% of households still only receive 5 channels. All French households will have access to a free digital TV multi-channel offer by 2011.

Following broadcasting digitalisation, TV reception is progressively becoming accessible to numerous media: computers, mobile phones and multi-media walkmans. In addition, the development of digital TV encourages the emergence of new participants in the TV distribution market, as well as new habits such as VoD, which can be watched both on a computer and on TV.

A FAMILY OF CHANNELS

The Group has 9 digital channels with their own identity, all fully complementing the M6 offering. W9 favours relaxation and music, Paris Première is positioned as the cultural and show channel, Téva is every inch a female channel, while M6 Music Hits, Rock and Black provide a wide selection of music genres, TF6 bases its communication on entertainment, Série Club is well named and finally, Fun TV addresses young people. The family of channel is enhanced by original programmes, adapted to each target audience...

TF6 and Série Club will be included in the new Canal+ France platform during 2007.

French Law on "TV of the Future"

The Law on modernisation of audiovisual broadcasting and TV of the future was approved in its final form by the French Parliament on 22 February 2007. It provides for the cessation of analogue broadcasting by 30

November 2011 at the latest and specifies the legal framework governing High Definition Television and Personal Mobile Television. In addition, the Law extended M6 broadcasting authorisation until 2022, and will grant M6

Group, as well as other historic private holders of an analogue license, an additional free digital channel upon the cessation of analogue broadcasting.

2,8

DTT STB sold at end 2006



W9

33.5%

W9 is the leading new DTT channel, watched every day by 33.5% of DTT-equipped households.

Source: Médiamétrie – DTT-equipped households, (average Monday/Sunday/3am – 3am) – November-December 2006

W9 live presented by
Frédérique Bedos

Music, **action**, relaxation

A DIFFERENT AND DIVERSIFIED OFFER

Since the launch on DTT in March 2005, W9 and its 3.3%* average audience share confirms its ambitions with two major objectives, namely making a point of being different and assert its leadership by:

- **consolidating its position:** season 2005-2006 programmes continue: *W9 Live* presented by Frédérique Bedos, *En quête d'action* with François Pécheux
- **developing new original programmes:** W9 enhances its offering with emblematic programmes and personalities such as *Fast Club*, hosted by Stéphane Rotenberg, *Menu W9*, staged by Vincent Desagnat and Benjamin Morgaine, Cécile Siméone at the helm of *E-Classement*, as well as Sabrina in *@vosclips*

The power of DTT

W9 benefits from true broadcasting power. The channel is included in all distribution networks (DTT, satellite, cable, DSL) and is received by over 10 million households. The rapid development of DTT over the next 5 years will result in 95% of the French population being able to tune into W9 by 2011. W9 is also available on mobile phones (Orange and Bouygues 3G mobiles).

- **a rich cinema and drama offer:** W9 dedicated two nights a week to cinema and broadcasts both cult (*Friends*, *Numb3rs*, *The Simpson*) and original series (*The Unit* and *Totally Frank*)
- **a varied event policy:** all year long, W9 broadcasts exclusive major music and sporting events (*Grammy Awards*, *2007 U-21 European Championship*, *UEFA Cup*, *Paris Bercy Supercross*). A modern, decidedly different channel with a personality, W9 asserts its intent to provide the best programmes around to its audience, young adults.

Source: Médiamétrie – DTT-equipped households (average Monday-Sunday/3am - 3am) – November-December 2006

Awards

On the occasion of the *Nuit des Neuf TV*, W9 won an award in January 2006 for the quality of its music programmes.

TV Notes 2006 ranked W9 2nd DTT channel of the season in June.

** Source: TV Notes, organised by Imédias (www.imedias.biz) and Newsmédias (www.newsmedias.fr) in partnership with Europe 1 – 200,000 votes were recorded*

BUSINESS FOCUS

W9 Head of Programming

Marie-Ange, 29 years old



“W9 is the Group’s latest channel. it is already widely broadcast and benefits from strong exposure, only two years after its launch on free DTT. My job at W9 is to schedule programmes, based on time slots, in order to optimise the channel’s performance and meet viewers’ expectations. I need to work in partnership with all departments: programming teams, programming and M6 programmes management, programme purchasing. Working within a group that has a whole range of different and complementary channels is a major advantage. Every time a programme is launched, we try to maximise its efficiency and ensure it does not interfere with the programming of other channels”.

PARIS PREMIÈRE

9.8

million viewers watch Paris Première every week.

Source: Médiamat November 2006 -Paris Première-equipped households - weekly coverage 1 second threshold + audience from broadcasting networks not included in the MédiaCabSat survey (DTT audience in particular)



20th anniversary campaign

Paris Première : 20 years old and still different!

On 15 December 1986 at 7pm, Paris Première, “the top channel for Parisians” was launched on Paris Cable’s channel 8... Among a constantly changing audiovisual industry, Paris Première still benefits from good visibility and an exceptional identity. The channel was able to adapt and innovate and is looking forward to its third decade with confidence.

A POPULAR CHANNEL

Paris Première can be accessed on all broadcasting networks and benefits on DTT from two unscrambled hours a day for better programme exposure. Over 21 million people can receive this time slot. Paris Première is the 3rd most received channel in France (excluding historic terrestrial channels). The channel again achieved record audience among upper middle class viewers and posted annual growth exceeding average digital

channel growth by ranking as the 6th most-watched digital channel by 4+ year old individuals and 2nd among the upper middle classes.

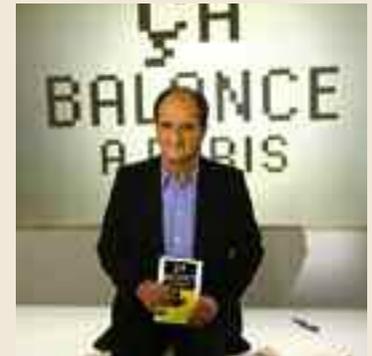
PARIS PREMIÈRE CULTIVATES ITS DIFFERENCE

A cultural and glamour channel, with a both sparkling and daring tone and hosted by prestigious presenters, Paris Première emphasises events, theatre, shows, sport and humour... The 2006 season again proved innovative in addition to the “usual suspects”, Paris Première developed new programmes and exposed new talent in a nearly fully renewed programming over the past three years. Because it is a unique, modern and vanguard channel, Paris Première changed its station identification in order to reassert its urban, trendy and cultural territory, including a new dress code and new music to match its image.

FLAGSHIP MAGAZINES

In 93 Faubourg Saint-Honoré, Thierry Ardisson continues to invite celebrities to dinner based on new themes. In *Ça balance à Paris*, now presented by Pierre Lescure, debates are still just as heated. Xavier de Moulins took over *Paris Dernière*. Alexandra Golovanoff now hosts *La blonde et moi*, in which she follows and receives an opinion leader, but also *La mode, la mode, la mode*, one of the rare fashion magazines, and lastly *Paris Défile*, reporting on the most beautiful fashion collections in the world!

Philippe Gildas remains loyal to *Vive la télé*, in which he invites known personalities and enjoys programmes on our audiovisual heritage. Priscilla Telmon innovates with *Paris d’ailleurs* and takes us to exotic and unconventional places of the capital city while *Intérieurs*, now a must-see show, is dedicated to interior design and home improvement.



Pierre Lescure



Alexandra Golovanoff

Paris Première has been **broadcasting for 20 years...**

5,000 hours of live programmes

1st channel to broadcast fashion shows in full (Thierry Mugler)

1st channel to broadcast poker (9 January 2004)

1st channel to broadcast the Seoul Olympics 24/7 (1988), the greatest sports event in the world

760 dinners served at 93 Faubourg Saint-Honoré over the past 3 years in 95 shows

1,600 people met and places discovered by *Paris Dernière* (since 1998)

88 issues of *Intérieurs*, the home improvement magazine since 2003

46 restaurants tried by François Simon in *La Chronique de François Simon* (since 2003)

367 Hollywood Stories broadcast since 2001

3,600,000 pages viewed on the Paris Première website (over approximately one month)

Pay DTT broadcasting

Since 21 November 2005, Paris Première can be accessed on DTT channel 31 by all DTT-equipped households. It is the only DTT pay channel to benefit from a daily 2-hour unscrambled time slot (excluding Premium channels) accessible to 3 million households

who have access to free DTT. Over 21 million viewers can now receive this Paris Première unscrambled time slot (accessible from 6.50pm to 8.50pm to households equipped with a free DTT decoder).



TÉVA

3rd

cable and satellite channel on its main subscribers target (housewives under 50 year old).

Source : Médiamétrie / MédiaCabSat september 2006- february 2007

Cendrine Dominguez
and Marielle Fournier

Téva : 10 years of emotion

A FEMININE, MUST-HAVE CHANNEL

Téva, with its strong and unique positioning and different tone, is today widely broadcast (cable, satellite, DSL, mobile phones). The women-oriented generalist channel has asserted itself as a must-have channel in the complementary TV offer.

Its success was confirmed by a strong audience level, general public awareness and image:

- Téva is one of the most-widely broadcast channels. It can be accessed by more than 1.3 million subscribers on all existing media: (TPS and Canal-Sat), cable (Noos Numéricable, Upc), DSL (TPSL, CanalSatDSL, Free, Neuf TV, Alice), mobile phones (Orange)
- Téva continued to grow with a 10% year-on-year audience level increase among under 50 year old housewives. Téva's audience comprises 66%

women. The channel more than trebled its audience of under 50 year old housewives in five years* (this target's audience more that trebled in five years) **

- The channel's awareness rate trebled since its launch: more than half the general public declares they know the channel ***.

STRONG IDENTITY PROGRAMMES

Téva celebrated its 10th anniversary on 6 October 2006 and launched its second decade with programmes for which emotion and innovation are the key notes: cult and original series such as the 5th, never shown before season of *Alias*, *Commander in Chief*, *Beautiful People*, without forgetting *Ally McBeal* and *Sex and the City*, major movies, surprising and exclusive reality documentary formats (*Top Models USA 4*, *Projet Haute Couture* season 2, *Relooking Extrême* season 2 and 3).

This rich and diversified programming is based on audacious, high identity magazines:

Les Dossiers de Téva, a current affairs magazine broadcast at prime time and presented by Marielle Fournier, as well as *Téva Déco*, in which every week Cendrine Dominguez transforms a viewer's home interior design.

* Source: Médiamétrie / MédiaCabSat September 2006-February 2007

** 15+ year old audience - MédiaCabSat wave 11 (January-June 2006)

*** Source: CSA public awareness barometre.

Full acquisition of Téva by M6 Group

M6 Group already held a 51% stake in the Téva channel. It purchased the remaining 49% at the beginning of January from Compagnie pour la Télévision Féminine, previously held by Marie-Claire Album and Hachette Filipacchi Médias.

M6 Group thus consolidated its digital channel portfolio and confirmed its strategy of developing a family of powerful channels.



Alias



Projet Haute-Couture

M6 MUSIC

- HITS
- ROCK
- BLACK

ALL TYPES OF MUSIC GENRES

Nearly two years after their launch, the M6 Music Hits, M6 Music Black and M6 Music Rock channels perfectly meet the expectation of a music-consuming audience, both by the diversity and complementarity of their offering. These channels recorded highly positive performances: M6 Music Hits remained the leading music channel for the 15/34 year old age bracket and its audience share jumped by 54 % among 15/24 years old people; M6 Music Black's audience progressed by 24% among 4+ year old individuals, thereby marking its complementa-

rity even more as part of an overall offering, while M6 Music Rock meets the expectations of a broader and broader audience and recorded a 27% increase among 4+ year old individuals. Overall, M6 Music Hits, M6 Music Black and M6 Music Rock grew by 22% among 15/24 year old people*.

In addition to showing music videos, these channels provide a wide range of music magazine, strongly personified by hosts who put their music culture and talent at the service of their programmes: Max, Charlie Bruneau, Ariane, Audrey Sarrat, Lynda Lacoste, Sandrine Quétier, Mélanie Kah... M6 Music Hits, M6 Music Black and M6 Music Rock are the bridgehead of M6 Group's music offering. They are accessible from cable, satellite, DSL, mobile phones and the Internet.

* Source: Médiamétrie / MédiaCabSat September 2006-February 2007 vs January-June 2006



Max and Charlie Bruneau



Flavie Flament

TF6

100% TV

TF6 benefits from a subscriber base of 6 million (TPS and cable). First channel of TPS on almost all targets, TF6 is in the top three channels among all viewers (2% of 4+ year old individuals, 3.3% among 15/34 year old people*), offering a highly ambitious programming. Its objective is to win over and build loyalty among young adults, with a number of star hosts (Cauet and his team, Flavie Flament, Denis Brogniart, Karine Ferri, Elodie Gossuin, Sandrine Quétier, Loana...), nearly 200 great movies (*8 Mile*, *Hero*, *American Pie II*, *The Scorpion King*, *Jerry Maguire*...), prime time highly successful series (*Ghost*

Whisperer, *Supernatural*, *The Closer*, *24*, *Dr House*), the best daytime series for young adults (*Smallville*, *Angel*, *Newport Beach*, *One tree Hill*...) and reality TV formats broadcast for the first time in France (*Love Looser 4*, *Three Wishes*, *Beauty and the Geek*...).

* Source: Médiamétrie / MédiaCabSat – July-December 2006, DTT-equipped households



Dr Vegas

SÉRIE CLUB

100% SERIES

5th channel among subscriber under 50 year old housewives *, distributed on the cable and by satellite (TPS), Série Club has more than 5.5 million individual subscribers.

With a clear and simple positioning, the series channel continued in 2006 its renewal effort with never seen before series:

Pacific Homicide, *Dr Vegas*, *Wildfire*. It also broadcasted numerous new releases, recent series eagerly awaited by viewers such as *Taken*, *Stargate Atlantis*,

Oz. Série Club made the headlines throughout the year by broadcasting events that rewarded series, *Emmys Awards*, *Screenings*, *the Taken Special Night* and *the Series Remakes Night*.

* Source: Médiamétrie / MédiaCabSat July-December 2006, excluding historic analogue channels

FUN TV

A CHANNEL FOR 15/24 YEAR OLD PEOPLE

Fun TV, M6 Group's music channel for 15/24 year old people recorded its highest ever audience growth in 2006 with an increase of more than 31%*. It now has 2 million subscribers and is the third most watched music channel among its core subscriber target *. Fun TV, with its cheeky, convivial and original tone, makes a point of being different and remains a special channel, true to its values and to its audience by providing an offer based on entertainment, music and series.

In addition to the channel's flagship shows such as *Pelle et Râteau*, presented by the emblematic Magloire, and *Fun People*, presented by Jenny Del Pino, the channel added new recurring programmes, such as *Riders'n'co* dedicated to extreme sports, new faces, such as Aurélie Konaté and Aymeric Beneton, and offered several series, including the original sitcom *Hot Dog Family*.

* Source: Médiamétrie / MédiaCabSat - September 2006 - February 2007

Pelle et râteau



DIVERSIFICATION AND AUDIOVISUAL RIGHTS

**INTER-
ACTIONS
ACTIVITIES**

An extension of Group activities

PUBLICATIONS AND DISCS

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

PUBLICATIONS

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 2006. Publishing includes object collections, video games and CD ROMs as well as DVDs including singles.

• Collection

6 new collections were released in 2006 including *Caméra Café* and derived products of the *Strawberry Shortcakes* licence, the great success of the year.

• Video games and CD ROMs

over 30 video games for PCs PS2 or Nintendo DS were marketed in 2006.

• DVDs

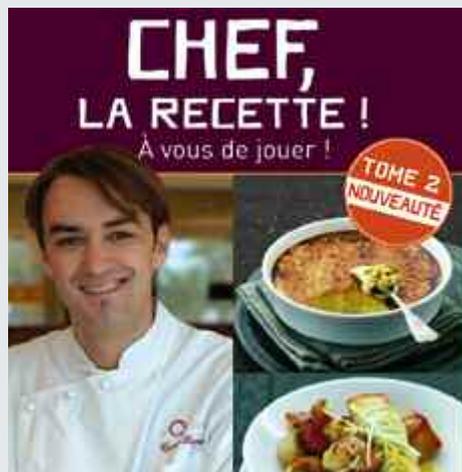
while continuing the exclusive sale in newsstands of successful films or series such as *Mr & Mrs Smith*, *Lord of war*, *Camping* and *Les Chevaliers du ciel*, the video business was enriched with cult boxed sets such as *24* and *Prison Break* and combined offers with TV magazines were developed.

BRANDS LICENCES

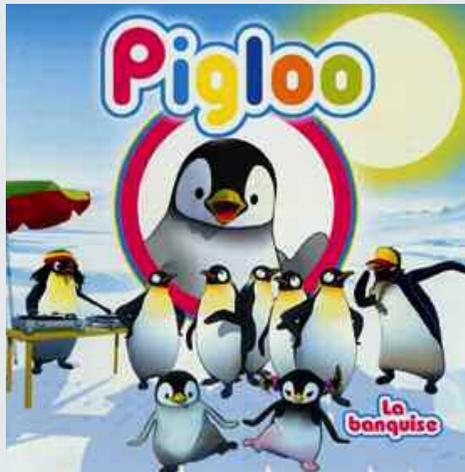
M6 Interactions brand licences continued to exploit TV brands such as *Nouvelle Star*, *Oui chef!*, *D&CO* and was entrusted with representing non-Group brands such as *Desperate Housewives*.

DISCS

The French disc market declined for the 4th year running (down 10.7% in value and down 26.6% in number of discs sold, source SNEP). Despite this difficult context, M6 Interactions did record a number of great successes:



9 million
products sold by M6 Interactions
in newsstands.



• **Discoveries**

The main discovery of the year was Pigloo. His 1st single topped the sales charts in France and was certified as a platinum disc. His 2nd single went straight to 4th place of the singles charts.

• **Deriving value from flagship programmes... in music**

In addition, M6 Interactions continued to market products derived from M6 TV successes. Faf Larage topped overall singles sales in France in 2006 with the song *Pas le temps*, the theme tune of the series *Prison Break* broadcast on M6. Similarly, the theme tune of TV film *High School Musical*, has been marketed in partnership with EMI since October. 115,000 albums and 700,000 singles have already been sold. Lastly, Miss Dominique, a finalist of *Nouvelle Star* – season 4 –, released an album in November 2006, which sold to more than 100,000 fans.

• **Real values**

Amel Bent's album, *Un jour d'été*, co-produced with Jive, was double platinum-certified (more than 500,000 copies sold). Amel Bent was also awarded the "General public's Revelation" prize at the Victoires de la Musique 2006. M. Pokora, a young French RNB star has been followed by M6 Interactions since his beginnings. His 2nd album, *Player*, released in January 2006, was certified as a platinum album.



EVENTS

M6 Événements co-produced the theatre show *Arrête de Pleurer, Pénélope 2, la suite*. In 2006, within three and half months, an audience of over 46,000 watched the play. Due to this success, extra performances are planned for 2007. The theatre play *Des soucis & des potes*, which M6 Événements also co-produced, was also extended into 2007. In addition, M6 Événements co-produced M. Pokora's tour

(total audience of 120,000). M6 event-driven subsidiaries also sponsored a large number of shows, such as *Cabaret*, *Hot Wheels* (in Bercy), as well as *Holiday on Ice*. M6 Événements continued its event organisation activities with 30 shows organised during 2006.

PRESS AND PUBLISHING

M6 Editions is a significant player in the market for youth press with 2 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**
- **music: the monthly Hit Machine, set up in 2003.**

WOMEN'S PRESS

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 (OJD free press 2006).

This magazine is available in the Printemps, Jean-Louis David, Parashop, Orcanta, Lina's and Carita networks.

MEN'S PRESS

M6 also became the leading shareholder in the free monthly *Homme en ville*, with 285,000 copies distributed on average for each edition. A general top of the range magazine for men, *Homme en ville* is designed for urban upper-middle class men aged 25 to 49 years old.

BOOK NEWS

Inspired by programmes broadcast, M6 Éditions co-edited a number of books, such as all of Béatrice and Danièle's tips in *C'est du propre*. Following *Après La Cuisine de Cyril*, Cyril Lignac gave the benefit of his know-how to all would-be chefs with the boxed set *Oui Chef !*. M6 Éditions continued to innovate in the world of comic strips by adapting the series *Kaamelott* (4th place in comics charts).



CITATO, FIRST YOUTH NEWS MAGAZINE

Citato provides an overview of the French press. It offers young, people, a monthly selection of the leading features in the daily press and magazines.

The magazine covers major news topics by exposing a variety of points of view. Produced in partnership with the leading newspapers, *Citato* is issued free with 175,000 copies in schools and universities.

In 2006, *Citato* confirmed its commitment to the young people's market by stepping up distribution (available in 2,000 locations in 750 French towns and cities) and developing a quality content that has become a benchmark (exclusive interview of the French Prime Minister during the CPE crisis, political barometer of 15/25 year old people in partnership with BVA-Le Mouv, chairing the 2006 Envie d'Agir competition with the French Ministry for Youth and Sports)

1.5 million

Strawberry Shortcake packages sold



STRAWBERRY SHORTCAKE

Twenty years after her birth, Strawberry Shortcake remains the heroin of the little girls of today and reminds their mothers of their childhood.

In Fraisi-Paradis, Strawberry Shortcake shares with her sister, Apple Dumplin', and their numerous friends, Orange Blossom, Angel Cake, Ginger Snap, Coco Berry... beautiful adventures now broadcast every week on *M6 Kid*. Their sense of friendship and solidarity enable children to experience exhilarating times, travel to candy-coloured countries and discover how important it is to share, help each other and laugh. Strawberry Shortcake's world is available to children in a collection sold in newsstands, launched in August 2006: more than 1.5 million packages have already been sold, including 467,000 for the first issue. The collection teaches how to cook, colour, count and read, thanks to Caramiel's fabulous stories.

M6.fr



EN CE MOMENT

mardi 06 mars

CE SOIR

15:25

La saveur du grand amour
Autres

Tous les programmes

NEWSLETTER
Inscrivez-vous !

OK

43%

Over 11 million French households have internet access, or about 43% of households.

Source : Médiamétrie

EMISSIONS

SERIES

FILMS

Accueil > Emissions



INTER- ACTIVITY ACTIVITIES

M6 WEB

Convergence Point of new technologies



m6video.fr

The development of digital technologies and associated offerings is gradually transforming how contents are accessed. Viewers can now watch their favourite shows on the internet.

Phone services provide numerous functionalities such as mobile internet access.

Access to the internet is currently booming with nearly 30 million web users, with 88% having high-speed connections.

Over the past ten years and since the launch of m6.fr, M6 Group has become a major player in this market and now ranks as the 2nd audiovisual group for the internet with 5.2 million unique visitors*. In addition, M6.fr has been one of the most-visited websites since December 2005.

M6 Group's objectives by 2010 are the following:

- to become the editorial leader with a view to reach 10 million unique visitors monthly;
- to become a major player in audiovisual content by developing pay and free services.

THEMATIC AND COMMUNITY WEBSITES

In order to extend relations between viewers and its channels, M6 develops a large number of websites as natural extensions of the Group's family of channels: m6.fr, parispremiere.fr, w9.fr, teva.fr... Other websites provide original and specific editorial content, such as nouvellestarr.fr, which broadcast the casting of 12,000 candidates, thereby demonstrating the complementarity between TV and interactive offers. M6 expertise also includes offering thematic editorial contents such as femme-en-ville.com, derived from a Group brand. This site was launched in September 2006 and provides a

highly interactive approach in treating women-oriented themes online content.

The site already attracted close to 231,000 visitors and 4.5 million of pages have been viewed since the site was launched. Another example is the turbo.fr website, an extension of the emblematic eponymous programme, which reached an audience of 832,000 unique visitors during the Paris Mondial de l'automobile (car industry trade show). The website broadcasts original reports and launched an exclusive web cam service filming traffic at 40 locations in Paris.

Faced with the advent of participative web, M6 Web stepped up its community offering. Thus habbohotel.fr, the leading virtual community for 13/16 years old, had in excess of 2.5 million registered users and attracted nearly 750,000 unique visitors in December, a 162% increase compared to December 2005. Two 2.0 websites were launched in September and November 2006.

The 1st website, video.fr, is a so-called user-generated content website in which internet users can publish, share and view videos. This platform was highly successful, jumping from 300 to 366,000 unique visitors within three months, with a total 400,000 videos viewed every day. Yootribe.com is a social networking service, allowing internet users to get together according to their hobbies and interests and discuss topics they are interested in.

**Source: Nielsen Netratings – December 2006*

BUSINESS FOCUS

Interactivity programmes project manager

Thierry, 26 years old



In my opinion, TV is high technology! I work on new programme and interactivity formats with viewers. With the solutions I contribute to establish, viewers are now able to take part in shows, either by voting (as in Nouvelle Star), by downloading logos of viewing streaming extracts of programmes. My job is at a crossroads between video, IT and the internet.*

It turns viewers into participants of the programmes they chose and makes the internet an extension and a complement of TV successes. TV thus becomes a new, more comprehensive and richer means of entertainment. Nobody knows how we will be watching TV 20 years from now. My job is to imagine the TV of the future and make it possible."

* Streaming is a technology enabling an audio / video file to be listened to / watched at the same time as it is downloaded, as opposed to downloading for which a file must be received in full before it can be viewed.

Glossary

Video On Demand (VOD) : a system of ordering and viewing digital video content in real time on the internet or on TV. This type of broadcasting is based either on very high-speed communication infrastructures (optic fibres for instance) or on streaming technologies.

Web 2.0, also called participative Web , is the second generation of internet services. Interactive platforms are multiplied and internet users can personalise and share their data, knowledge or hobbies, for instance by creating blogs. Information is produced, viewed, exchanged and broadcast on line.

User-generated content : websites whose content (text, videos, music) is created by users and made available free of charge to the whole web-user community.

Community website: site operated by a web user community who share their knowledge, opinions, experiences and chat with each other about topics of common interest.

Avatar : image of a web user displayed in a virtual environment and in chat rooms. It is chosen by the web user him/herself and appears every time he/she connects to a virtual environment or writes a message in a forum in order to be virtually identified.



Yootribe.fr

INTERACTIVITY, A CLOSE RELATIONSHIP BETWEEN M6 AND ITS AUDIENCE

M6 Web develops and rolls out all interactive processes offered to viewers of all M6 Group channels. This interactivity enhances viewers' proximity with programmes and enables the audience to participate in games, knowledge quizzes, register to attend programmes and vote for their favourite candidates. M6 Web also has an activity of delegated production of Call TV programmes on behalf of M6 Group, producing *Starsix Music*, *Tubissimo*, *L'Alternative Live and Club* as well as short game show programmes. New programmes are to be launched at the beginning of 2007.

M6, AN INNOVATIVE GROUP IN TERMS 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 by Orange. In 2006, M6 Web created a subsidiary in common with Echovox, the European leader for mobile multimedia, called Echo6. This subsidiary enables M6 to develop innovative content within the context of the booming French mobile phone market.

EXPLORATION OF NEW TECHNOLOGIES IN 2006

Faced with the fast expansion of new methods of audiovisual content consumption media, M6 Group has positioned itself on all new media, in particular on *Video On Demand (VOD)*. M6 Web has actually been involved in VoD development since 2004 and continues to expand its offer on m6video.fr to propose the most unexpected contents to its users.

There are now 200 videos available. 750,000 have been downloaded since the beginning of the year.

This offer can be accessed from a PC and on DSL TV platforms (Neuf Cegetel, Free and Club Internet).

A new version of the website was launched in mid October 2006, which provides several functions such as setting up a personal account, rating content, renting full seasons, playing streaming videos...



habbo.fr

Group channel websites

Nearly 2 million unique visitors, or an 88% year-to-year increase.

- www.wideo.fr (video sharing)

Nearly 31 million videos viewed after 3 months in existence, 40,000 visitors a day.

- www.m6video.fr (Video On Demand)

30 000 *Prison Break* episodes downloaded in 2006. More than 200,000 customers.

- www.habbo.fr (community website)

50,000 new members every week. 64% of habbos connect every day. 2.5 million registered users at the end of December 2006.

57%

Nearly 30 million or 57% of French people, connected to the internet in 2006 (up 10% in a year).

Source : Médiamétrie

M6 MOBILE BY ORANGE

The benchmark for 15/25 years old

M6 mobile by Orange combines two powerful brands, two experts in their field of operations: mobile phone services, multimedia contents and young people.

After 19 months in existence and over 767,000 customers at 31 December 2006, M6 mobile has asserted itself as a benchmark in terms of mobile services offered to young people by attracting 540,000 new customers in a year.

In 2006, M6 mobile expanded its range with 4 fixed price offers from € 19.90 to € 29.90. These new, cheaper offers feature more unlimited call offers, full control of one's budget and privileged access to M6 mobile Club entertainment services.

In November 2006, M6 mobile also launched a top-up card, sold in newsstands. Thanks to the M6 mobile Club, subscribers can turn their mobile phones into true entertainment tools: 7 customers out of 10 visit the M6 mobile by Orange Club website (more than 3 million connections a month).

2006 Club events covered the major centres of interest to 15/25 years old:

- partnerships with artists such as Diam's and Justin Timberlake upon the release of their albums
- invitations to private concerts: M. Pokora, Placebo, Nouvelle Star...
- the Club gives presents to its subscribers every month: logo/ring tone/single to download
- the Nouvelle Star summer tour to 11 cities attracted nearly 150,000 people.

Now established as a benchmark among 15/25 years old, M6 mobile by Orange will strengthen its brand positioning in 2007 as a provider of collective entertainment, by developing its operations based on the M6 environment, music and games.



M6 mobile advertising campaign

BUSINESS FOCUS

M6 mobile communication and marketing manager

Caroline, 35 years old



“
 My speciality is advertising and marketing! I first worked on digital channel communication, then for M6 Web and now for M6 mobile by Orange.
 My job is to draw up fixed price phone offers, in partnership with M6 mobile and Orange personnel, and produce advertising campaigns using humour that is in keeping with our audience, the 15/25 years old.
 I organise attractive events and partnerships based on entertainment, such as organising the Nouvelle Star tour.
 My role is to address an audience which is large (more than 767,000 subscribers), young (84% are under 25), well informed and demanding on innovation, as well as establish relevant loyalty building actions. I fully benefit from synergies provided by the Group by collaborating with M6 Films, M6 Interactions, M6 Éditions, M6 Free-to-Air and the Group’s communication department.
 This collective strength explains our good results and position in the market.”

Number of clients (in thousands)

M6 Mobile packages preferred by the 15/25 age group*

*Source: Orange/M6





**AUDIO-
VISUAL
RIGHTS
ACTIVITIES**

'Prime'

At the heart of contents

600

videos films in SND's video catalogue.

M6 Group continued to develop its audiovisual right distribution activities in France and abroad.

FILM DISTRIBUTION: SND, 11TH LARGEST DISTRIBUTOR IN FRANCE

In 2006, Société Nouvelle de Distribution (SND) distributed 18 films in cinemas, 5 more than in 2005, generating 6.5 million box office ticket sales.

The company is classified as the 11th largest distributor in France*.

The cinema operations achieved outstanding success in all types of movies: the *Lord of war* thriller (more than 1.3 million tickets sold), US comedies such as *Prime* (audience of 803,000), French comedies such as *Nos jours heureux* (audience of 1.47 million), as well as the animation movie *Astérix and the Vikings* (audience of 1.37 million), the first in-house production via M6 Studio.

STRONG VIDEO DISTRIBUTION SALES

The video activity sharply increased with 4.4 million products sold (up 54% in volume vs 2005). In 2006, SND was one of the top ten editors in the French market with four feature films ranking

among the top fifty films of the year, all genres included: *Mr & Mrs Smith*, *Lord of war*, *Astérix and the Vikings* and *Underworld Evolution*. In addition, *Kaamelott* and *Un, dos, tres* were the top two non-US TV series in the DVD market.

These six titles represented a total volume of over 2 million copies sold, all networks included.

Lastly, *Le Pire du Morning Live*, released in November 2006, was one of the end-of-year successes with more than 200,000 copies sold.

SALE OF TV RIGHTS AND INTERNATIONAL DISTRIBUTION

This activity strongly expanded in 2006 with the international distribution of the film *Astérix and the Vikings* in more than 30 countries.

RIGHTS ACQUISITION

In 2006, SND pursued its acquisition policy, with 24 new films acquired (all rights distribution).

In order to consolidate its position in the audiovisual rights distribution activity, M6 Group also fully acquired in August 2006 the cinema production company Mandarin Films, which owns a



Lord of War

*Source: Ecran total, December 27, 2006

BUSINESS FOCUS

SND's acquisitions manager

Lionel, 32 years old



My team and I analyse film projects due to be released in cinemas in 2008-2009. Of the 500 screenplays we receive every year, we only shortlist 15 to 20 of them and purchase their exclusive rights. These films are then included in the Group's catalogue. We can exploit these rights and draw value from the films on all available media: cinemas, video, pay and Free-to-Air TV, without forgetting VoD. This is a risky business. In order to evaluate the quality of films submitted to us, without being able to view a single picture of them, you need to be curious, open, you have to draw from an extensive cinema culture, knowledge of cinema economics, trend surveys and understanding what the audience want.

You need to be in continuous relationship with producers, film-makers and major US groups in particular to be efficient from a commercial point of view and purchase the best films at the best terms and conditions as possible."

feature film catalogue, including *Brice de Nice* and *Les Chevaliers du ciel*.

Lastly, M6 Group acquired in April 2005 the catalogue of Société Nouvelle de Cinématographie (SNC), which has a catalogue of 400 prestigious French and Italian movies.

In 2006, SNC stepped up its policy of drawing value from its catalogue and increased the vigour of its operation, with a view to ensure the permanence of the French cinema heritage. The Company has undertaken major restoration work, using photo-chemical and high definition (HD) digital remastering processes of classics such as *Les Visiteurs du soir*, *La Bandera*, *One Deadly Summer*... The restored version of the movie *Les Aventuriers* was selected in April 2006 as part of the Cannes Classics festival.



One Deadly Summer



1,371,000

box office ticket sales in France
at end 2006,

and 300,000

DVD copies sold in France by the end
of 2006 (all networks included)
by *Astérix et les Vikings*.

THE ASTERIX ADVENTURE

In 2006, M6 Studio completed the production of its first animated feature film, *Asterix and the Vikings*, co-produced with Mandarin SAS and 2d3D Animations and in association with the Danish studio A Film AS, which had been in development within M6 Group since the end of 2002. The film was adapted from the book *Asterix and the Normans* (1967) by René Goscinny and Albert Uderzo.

Lorànt Deutsch, Sara Forestier, Pierre Palmade and Roger Carel lent their voices to the main characters of the original French version.

The soundtrack, co-produced and distributed by M6 Interactions, brought together songs performed by M. Pokora, Amel Bent, Billy Crawford and Céline Dion.

Distributed by SND, the film was released in cinemas (612 copies) on 12 April 2006 and on DVD on 25 October 2006.

It was also sold to around thirty countries internationally.

In addition, the film was awarded the Brussels 2006 Anima Prize for the best feature film for a young audience. It was also short-listed by the Annecy Animation Festival in the feature film category.

Asterix and his friends will be first broadcast on TV by Canal+ France during 2007.



**DISTANCE-
SELLING
ACTIVITIES**

2.5 million

products sold, 30 websites
7 million distance-selling
catalogues distributed.



BOUTIQUE

Home shopping and e-commerce

HOME SHOPPING SERVICE

A multi-network distribution and broadcasting 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 2006.

Following the successful merger of TV, internet and telephone, Home Shopping Service now controls the whole distribution network, adapts to distance-selling developments and implements an ambitious and comprehensive distribution strategy.

DESIGN OF PROGRAMMES BROADCAST BY 40 TV 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,

channels such as Téva, Série Club, Paris Première, Cuisine TV), 3 in Belgium (RTL-TV, AB4, AB3) and 2 in the Netherlands (Yorin and RTL4).

A 24/7 CHANNEL

Since 29 April 2004, M6 Boutique la Chaîne, a virtual department store 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 150,000.

CATALOGUES, INFOMERCIALS AND INTERNET SITES

Distance selling requires the development of a multitude of ways to best respond to customer needs: over 7 million mail order sales catalogues were distributed in 2006 and 30 internet sites receive 700,000 visitors every month.

OUTLETS EXPANDING THE REACH OF THE BRAND

In 2005, a new outlet was opened in the centre of Paris.

By opening an outlet, the M6 Boutique name thus satisfied the customers reluctant to distant purchasing as well as the impatient customers who can now leave immediately with their purchase. Due to this great success, Home Shopping Service opened a second store in 2006 located in the Rosny 2 shopping centre and developed the M6 Boutique product concept in retail networks.



Home Shopping Service innovates to provide better service to its customers:

Interactive remote control, text message alerts when their product is ready, voice server, payment in three instalments, easier deliveries ...



MISTERGOODDEAL.COM

A major e-commerce player

OVER 2 MILLION UNIQUE VISITORS PER MONTH

The mistergooddeal.com website has become a leading e-commerce participant. The site ranks among the top ten e-business websites in France, posting regular growth and attracting more than 2 million unique visitors a month. These excellent results are partly due to customer loyalty building, to a significant 250,000 new purchasers, as well as to continuing the extension of its offer.

A MAJOR BRAND, LOW PRICE OFFER

With the mistergooddeal.com brand, the Company continuously offers household appliances at highly attractive discount prices. Mistergooddeal.com has direct relationships with the leading brands of consumer electronics, household appliances, IT and interior decoration. Its high-performance logistic tool enables it to provide a better quality of service. In 2006, the site thus delivered more than 900,000 products to more than 500,000 customers. The company also successfully developed an event-driven website, l'invitedesmarques.com. L'Invité des Marques specialises in exclusive sales of ready-to-wear, fashion, accessory and home improvement items.

A PROXIMITY RETAIL NETWORK OF 11 COLLECTION POINTS

Mistergooddeals.com combines e-commerce and proximity. The company was the first e-commerce website to establish its own nationwide collection network with 11 collection points in France. In 2006, mistergooddeal.com continued to implement its proximity strategy by opening its third collection point of the Paris area in Coignières, after those opened in Chilly-Mazarin and Aulnay-sous-Bois. This on-site collection policy enables mistergooddeal.com to meet its customers' major concern: getting the best quality at the lowest price.

A NEW OPPORTUNITY: THE OPENING OF TV ADVERTISING TO RETAIL

Following successful trials in 2006 on the sponsorship of programmes on M6 Group channels, mistergooddeal.com has been advertising since January 2007 on M6 Free-to-Air channel.

2006 INTERNET SALES

French internet sales were in excess of € 12 billion, a year-on-year increase of nearly 40%.

There were about 18 million on-line purchasers in the last quarter of 2006, an increase of 31% in a year.

French people spent more than € 2.5 billion on the internet for Christmas, or an average € 40 million a day.

More than 3 web users out of 5 have already made an online purchase.

Source: Fevad



900,000

products delivered by Mistergood deal to more than 500,000 customers in 2006.

**FOOTBALL
CLUB DES
GIRONDINS
DE BORDEAUX**



2nd

in the French Ligue 1 championship
in the 2005-2006 season.

A team that confirms its ambitions

2005–2006 : AN OUTSTANDING SPORTING SEASON

The 2005-2006 season confirms Football Club des Girondins de Bordeaux (FCGB) status as one of the leading French clubs. The team ranked 2nd in the Ligue 1 championship, thereby directly qualifying for the Champions' League. In addition, the Club reached the quarter-finals of the French League Cup. 4 new players joined FCGB in 2006: the "auriverde" attacking midfielder Geraldo Wendel, the attacking midfielder of Racing Santander Stéphane Dalmat, the midfielder of Werder Bremen Johan Micoud and Sienna's midfielder Fernando Menegazzo.

2006–2007 : A SEASON THAT LOOKS PROMISING

The Club won the French League Cup final on 31 March 2007 against Olympique Lyonnais. FCGB took part in the UEFA Cup (eliminated in the Round of 32). In March, the Girondins ranked 5th in a hard-fought Ligue 1 championship. The team was strengthened in January 2007 with the arrival of the promising 23 year-old Italian-Argentinean striker Fernando Cavenaghi from Spartak Moscow.

Several FCGB players have been capped: Chamakh (Morocco), Smicer (Czech Republic), Jurietti (France), Mavuba and Faubert (France A team).



100% Girondins

A DYNAMIC TRAINING CENTRE

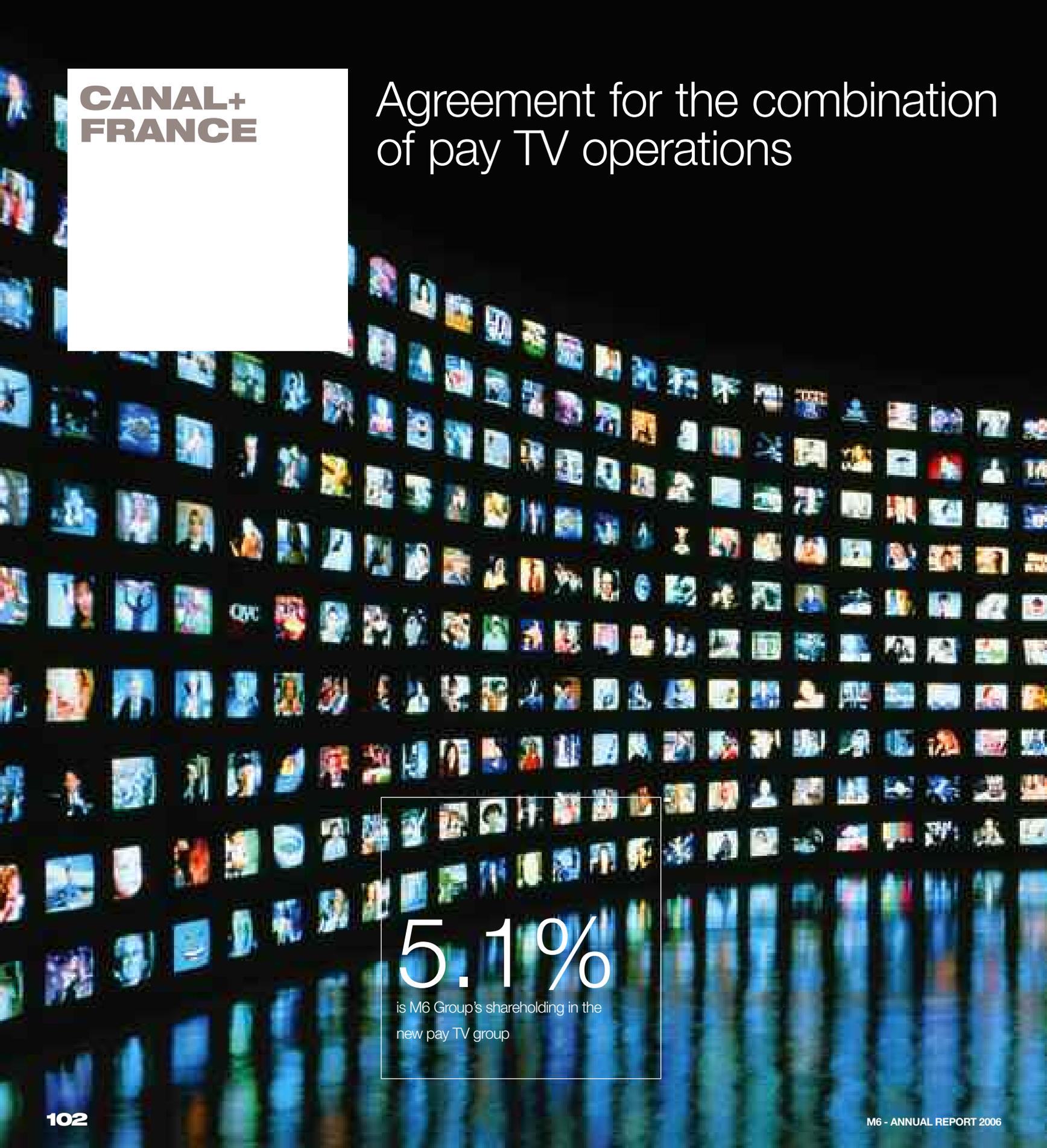
The Club successfully continues its strategy of increasing emphasis on training: a number of players from the training centre signed a professional contract in 2006 with FCGB. The training centre led to a large number of caps in each age group.

100% GIRONDINS ON W9

100% Girondins is broadcast on W9 at midnight following each FCGB championship match night. This 2-hour programme, fully dedicated to Football Club des Girondins de Bordeaux, provides a comprehensive summary of the match played by the Navy Blue and Whites earlier that day.

The 2nd hour, entitled "Les yeux dans les bleus marines", hosted by David Jemmali, alternates reports at the heart of the club and on-the-spot analyses by the players and the coach.

100% Girondins is presented by Jean-Philippe Doux, a journalist at the M6 news desk, and Marius Trésor, French champion with the club in 1984.



CANAL+
FRANCE

Agreement for the combination of pay TV operations

5.1%

is M6 Group's shareholding in the
new pay TV group

On 6 January 2006, Vivendi, TF1 and M6 signed an agreement aimed at bringing together the French pay-TV activities of Canal+ Group and TPS.

The merger, announced in December 2005, was approved on 30 August 2006, in terms of competition, by a decision of the French Minister for the Economy, Finance and

Industry, subject to the fulfilment of commitments undertaken by Vivendi and Canal+ Group.

The combination was finalised on 4 January 2007.

In exchange for contributing its 34% stake in TPS, M6 Group now holds 5.1% of Canal+ France, an audiovisual player with the critical size to meet the new competitive challenges

and develop a richer, more competitive pay TV offer.

M6 Group was granted an option to sell its shareholding in Canal+ France to Vivendi, exercisable in February 2010.



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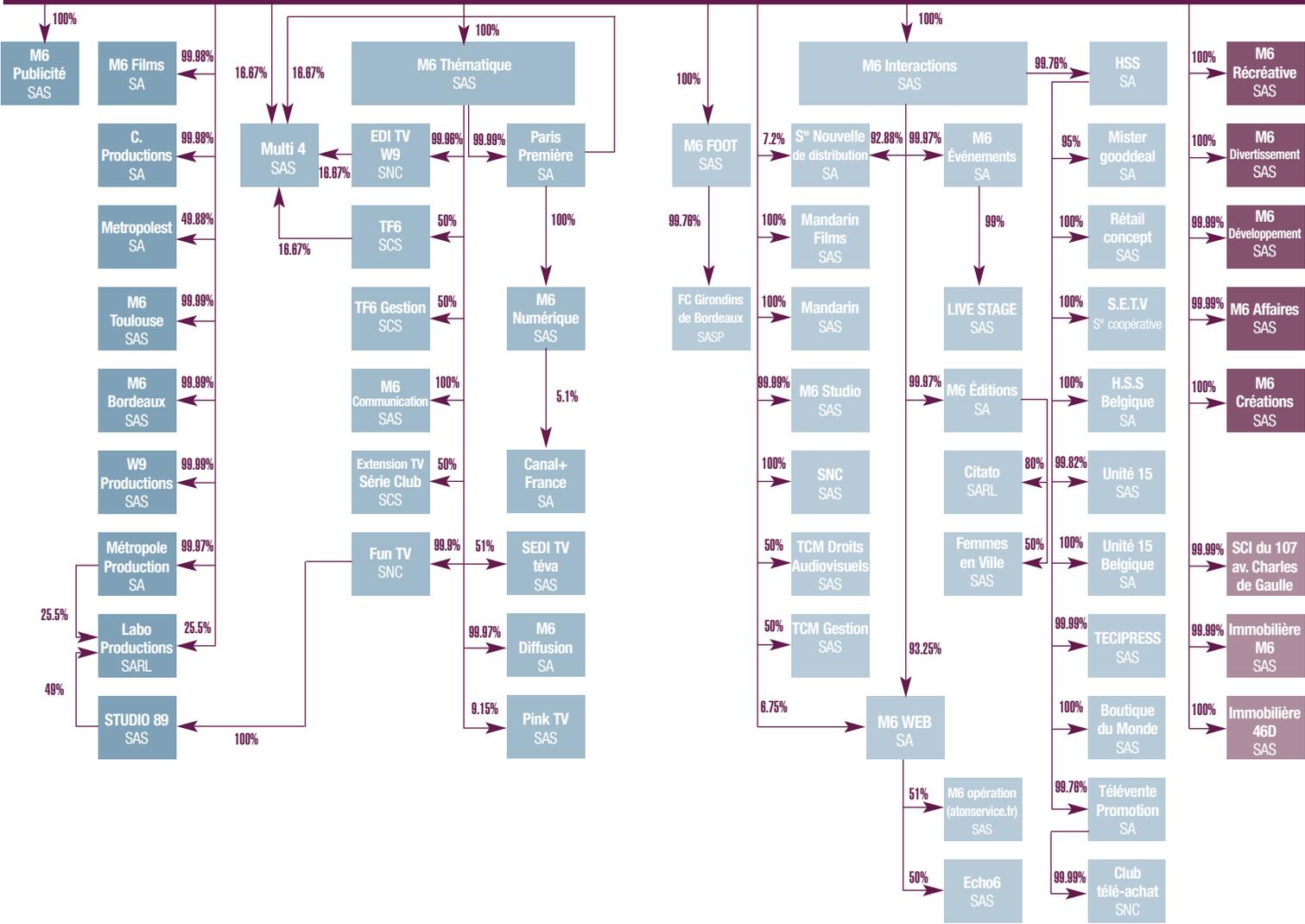
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ORGANIGRAMME

European news Exchange
↑ 20%

M6 METROPOLE TELEVISION- SA – BROADCASTER (at 31/12/2006)



Advertising Production
FREE TO AIR

DIGITAL CHANNELS AND SATELLITE

Football Audiovisual rights Interaction - Interactivity Distance selling
DIVERSIFICATION AND AUDIOVISUAL RIGHTS

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1. M6 GROUP PRESENTATION IN 2006

1.1. GROUP STRUCTURE CHANGES

The Group recognised in 2006 the transfer of its 34% stake in TPS to Canal+ France, of which the Group now holds 5.1%.

In 2006, terms and conditions of the merger announced on 16 December 2005 were discussed and contracts signed, and transaction preliminary operations were implemented. At 31 December 2006, the Group was fully committed to carry the transaction through.

The following stages led to the transaction being finalised:

- 6 January 2006: signing of the combination agreement by Vivendi, TF1 and M6, following approval by relevant governing bodies; the merger should result on the transaction date in the transfer of TPS by TF1 and M6 to a new group – Canal+ France – in which M6 would hold a 5.1% shareholding;
- 30 August 2006: approval of the transaction, subject to conditions, by competition authorities; in addition, TPS financial statements at 31 August are the reference financial statements on which the terms and conditions of the TPS transfer to the new group will be based, in particular the recapitalisation of TPS before its disposal;
- 1 September 2006: appointment by Canal+ of a new Deputy CEO for TPS and combined loss of control of TPS by TF1 and M6; the two joint shareholders no longer control TPS operating and financial management freely;
- 30 November 2006: M6 recapitalises TPS with regard to its shareholding (€ 66.6 million);
- 19 December 2006: signing of the transfer agreement leading to transferring all TPS operations to the TPS Gestion company, held by TF1 (66%) and M6 (34%), and signing of the transfer agreement of TPS Gestion to Canal+ France. Both agreements are subject to approval by relevant general meetings;
- 4 January 2007: approval by TPS Gestion's EGM of the transactions affected by the transfer agreements signed 19 December 2006, resulting in the transfer of TPS Gestion to Canal+ France; the Group thus holds a 5.1% shareholding in the new Canal+ France group from that date.

As in 2005, TPS is treated as a disposed or held for disposal operation in the Group's financial statements. Contribution to the Group's 2006 consolidated net profit is comprised of the Group's share of TPS profit over the first 8 months of the 2006 financial year and the capital gain on the transfer of TPS to Canal+ France Group.

The capital gain was established on the basis of a transfer price equal to the fair value of Canal+ France shares received in exchange of TPS Gestion shares, which was measured at the value of shares and the selling option irrevocably attached to these shares.

The fair value of financial assets thus constituted by the shares and selling option amounted to € 324 million.

In addition, in line with 2005, the Group pursued in 2006 its policy of developing diversification operations and of realising targeted acquisitions of related activities.

Publishing

On 28 February 2006, M6 Éditions notably acquired 50% of the share capital of Femmes en Ville SAS, a company that publishes 2 free magazines distributed through an exclusive network of partners and targeting upper middle class readers.

It has been proportionally consolidated from 1 March 2006.

M6 Éditions received from other shareholders an undertaking to sell the 50% not already held by the Group, to be exercised by 2010 at the latest.

Audiovisual rights

On 19 July 2006, the Group strengthened its position in its audiovisual rights operations with the full acquisition of Mandarin Films' share capital and catalogue.

Over the past few years, Mandarin Films produced feature films that have attracted a large audience in cinemas, such as *Brice de Nice*, *OSS 117* and *Les Chevaliers du ciel*.

Mandarin Films, directly held by M6, was fully consolidated from the acquisition date.

Interactivity

On 24 July 2006, M6 Web signed agreements with the Swiss company Echovox, a mobile phone content design and distribution platform, which led to the creation on 11 August 2006 of a common structure called Echo6.

Echo6, 50%-held by the Group, develops mobile entertainment products and services on behalf of the Group as well as for other companies operating in the mobile phone industry.

In addition, since 21 December 2006, M6 Web operates the aton-service.fr website (intermediation platform between students and families for home help services), through M6 Opérations, jointly held by M6 Web (51%) and Média Board Régie (49%).

M6 Web received from Média Board Régie an undertaking to sell the shares not already held by the Group, to be exercised by 2011 at the latest.

Distance-selling

On 27 October 2006, HSS converted its direct store sales activities of products it distributes within M6 Création into a subsidiary.

1.2. M6 GROUP IN 2006

1.2.1. HIGHLIGHTS

In 2006, 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, launch new growth-generating activities and benefit from the development of activities launched over the past few financial years.

GROWING AUDIENCE LEVELS

Despite 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 2006 in terms of audience levels.

The network's share of the individuals over the age of 4 audience was nearly stable at 12.5%, compared to 12.6% in 2005, while its share of the preferred target of under 50 year-old housewife segment increased to 19.3% from 19.1% in 2005.

This significant 0.2 basis point increase enables M6 to confirm its rank of 2nd national channel on this segment. M6 was also the only nationwide channel to increase its share of this segment

M6 is establishing itself more and more as a generalist channel and was able to draw a wider audience in 2006, along with increased prime-time power (peak-time TV viewing, roughly from 8.30pm to 10.30pm). M6 attracted an average 3.5 million viewers in the first part of the evening, 300,000 more than in 2005.

In addition, 132 nights attracted over 4 million viewers, compared to 90 in 2005, enabling M6 to be the most-viewed channel by the under 50 years old at prime time on 53 occasions, twice as many as in 2005.

SUCCESSES FOR ALL TYPES OF PROGRAMMES

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

All types of programmes have been very successful

NEWS: FLAGSHIP PROGRAMMES AND NEW PROGRAMMES

Sunday magazines, alternatively *Capital and Zone Interdite* at prime time, *Secrets d'actualité* and *Enquête exclusive* post prime time continued to assert themselves as leading programmes of the channel.

Since September, a new current affairs programme successfully took the Sunday late afternoon slot: *66 Minutes* attracted an average 2.5 million viewers.

Two talk shows also marked 2006: *100% Foot*, presented by Estelle Denis, became prominent during the FIFA Football World Cup. *T'empêches tout le monde de dormir*, presented by Marc-Olivier Fogiel at post-prime time, became a must-see show both for the general public and people who make the headlines.

News on M6 also included historic documents in 2006, *Quand l'Algérie était française*, reality-based series such as *Ma vie au Commissariat*, daily shows, half-hour long morning live newscasts between 7am and 9am, two major newscasts at 12.50pm and 7.50pm, as well as local news at 8.40pm. In 2006, the mid-day edition, *Le 12:50*, changed from an all-image format to a true newscast with a presenter.

SPORT: 2006 FIFA FOOTBALL WORLD CUP

In 2006, M6 broadcast 31 World Cup matches, including Brazil-Croatia, Argentina-Serbia, Czech republic-Italy, Brazil-Ghana, Germany-Arentina, as well as England-Portugal.

These matches were produced in HD and followed by a large audience, making this "first" a real success for the channel.

FRENCH DRAMA: NEW SUCCESSSES

French drama is a significant development area of programme offering, thanks to their original and family emphasis.

Laura, le compte à rebours a commencé, M6 first summer series attracted an average 4.1 million viewers, while *Kaamelott* attracted an average 4 million viewers every night.

In addition, M6 can now rely on new recurring heroes with the launch of 5 new series in 2006, including *Les Bleus premiers pas dans la police*, *Les Tricheurs* with Pascal Légitimus and *Alice et Charlie*, new episodes of these series are currently being written or shot.

ENTERTAINMENT AND LIFESTYLE MAGAZINES: MUST-SEE PROGRAMMES

M6 made big news in 2006 with shows that left a deep impression on their audience.

Season 4 of *La Nouvelle Star* registered a record-breaking average 4.9 million viewers, *Pékin Express*, 1st season, broadcast at the beginning of 2006, attracted an average 3 million viewers on Sunday afternoons. Viewers also discovered *L'amour est dans le pré* and *Vive la Cantine !* Lifestyle magazines innovated with the launch of *D&CO*, a weekly home interior design which was moved to prime time due to its success.

Lastly, M6 continued to broadcast strong programmes, such as *Chef la recette*, *Recherche appartement ou maison*, as well as *E=M6* which remains a favourite of the audience after it aired 500 times over 16 years.

DOCUMENTARIES: UNDERSTANDING, ENCOURAGING DIALOGUE

For ten weeks, M6 enabled an average of more than 3.5 million viewers to experience the daily life at the Robert Debré hospital by following the *L'Hôpital des enfants* docu-series, directed by Gilles de Maistre.

INTERNATIONAL SERIES: A PHENOMENON

M6 again confirmed its positioning as a foreign series reference channel by offering the best new releases. The year 2006 was marked by highly successful series such as *Desperate Housewives* (season 1) and *Prison Break* (season 1), which attracted an average 5.9 million viewers in September, peaking at an all-record breaking 7.5 million viewers with the last episode.

Friday night series confirmed their power with the success of *NCIS*.

CINEMA: AN ECLECTIC OFFERING

The cinema offering, reinforced by the Group's policy of acquiring broadcasting rights and catalogues, confirmed its good performance in varied genres; fantasy films (*X-Men 2*), prestigious movies (*Gangs of New York*) and comedies (*Les 11 commandements*).

■ A GOOD ADVERTISING PERFORMANCE

The 2005 advertising year for M6 ended with a 3.9% increase in net advertising revenues (gross increase of 5.5%, source TNS MI). This performance highlights the channels increasing power on evening time slots and the conversion of higher audience ratings into advertising revenues.

In 2006, the advertising market featured a relative volatility of advertising expenditure, resulting in significant quarter-to-quarter variations. Over the full year, expenditure by the Food and Household Products segments slightly declined, while the Service, Transport and Telecommunication industries increased their advertising expenditures. The Telecommunication industry was particularly active, driven by the development of "Triple Play" offers and the launch of new mobile phone products.

M6 2006 gross advertising market share was 23.15%, stable compared to 2005 which had set a record since the channel was created. M6 confirms its position as the 2nd TV media in France in terms of advertising expenditures.

■ WIDER BROADCASTING OF M6 TV NETWORK

In accordance with the terms and conditions of the pay TV agreement, M6 (digital quality) is part of the CanalSat package since 19 December 2006. In addition, since the beginning of January 2007, M6 is available on channel packages provided by DSL offer providers, such as Alice, Free, Neuf and Orange.

■ A YEAR OF SUCCESS FOR DIGITAL CHANNELS

Thanks to an ever more attractive TV offer every year, the channel portfolio continued to gain viewers and subscriber households, within the context of a complementary TV offer.

Digital TV revenues increased by 17%, thereby reflecting the efficient positioning of these channels. Their contribution to profit from operations was marked by the development of W9, which asserted itself, throughout the year 2006, as the leading channel in terms of cumulated daily audience ratings among new free DTT channels. W9 programming was stepped up by events such as the 2006 U-21 Football European Championship and the broadcasting of exclusive series.

In addition, M6 Group announced at the end of 2006 the purchase of the remaining 49% of Téva to increase its shareholding in the channel to 100%. This acquisition is part of a strategy aimed at consolidating a powerful and varied family of channels, featuring complementary audiences.

■ DIVERSIFICATION ACTIVITIES AND AUDIOVISUAL RIGHTS STRATEGY THAT BEARS FRUIT

The Group diversification strategy passed a new point in 2006: diversification and audiovisual rights contribution to consolidated turnover reached € 551.0 million, along with operating profitability of 9.3%.

- Distance-selling activities, driven by mistergooddeal.com, exceeded sales forecasts of € 200 million in turnover announced upon its acquisition, reflecting the relevance of the multi-channel positioning of this new player which combines e-commerce and home shopping.

- The Interactivity business continued to expand its operations and stepped up its presence on the internet, with the launch of new community websites and services, including Video on Demand with m6video.fr.

The M6 mobile by Orange mobile phone agreement attracted 540,000 new customers during the year, thereby reaching the total number of customers of 767,000 at the end of 2006, nineteen months after its launch.

The Interactivity business recorded a significant increase of its contribution to Group turnover and operating profit in 2006.

- Audiovisual rights activities experienced a successful year, in particular thanks to the development of SND operations. Films acquired over the past few years with a view to exploiting their rights in all media (cinemas, video, TV and now VoD) attracted a large audience. Operations were also driven by export sales of the animation film *Astérix and the Vikings*.

In addition, the segment was reinforced by the acquisition of Mandarin Films, owner of a catalogue of feature films (*Les Chevaliers du ciel*, *Brice de Nice*,...). Its contribution to the Group's 2006 profit from operations was positive.

- Football Club des Girondins de Bordeaux realised a high quality 2005/2006 sporting season, as the Club ranked 2nd in the French Ligue 1 and directly qualified for the Champions' League. Due to its good sporting results, the Club benefited from a sharp increase in TV rights, resulting in a marked improvement in its contribution to the Group's turnover and operating profit.

- Lastly, the Interactions business, the sales of which is penalised by music operations, limited its decline.

■ 1.2.2. CONSOLIDATED INCOME STATEMENT

As a result, the Group consolidated income statement is presented for 2005 and 2006 by separating the income statement of continuing activities from TPS contribution, in application of IFRS 5 - Non-current assets held for sales and disposed operations. The merger of TPS and Canal+ Group, realised through the transfer of M6 34% shareholding in TPS, compensated by a 5.1% shareholding in the new Group, was announced on 16 December 2005 and implemented for the whole 2006 financial year.

In 2006, M6 Group realised a consolidated turnover from continuing operations of € 1,283.4 million, up 18.8 % on 2005. On a like-for-like basis, excluding Mandarin Films acquired in 2006 and after restatement to a comparable basis of SNC and Mistergooddeal turnover, (consolidated since 1 April 2005 and 15 November 2005, respectively), the increase would have been 10.9%.

M6 TV network advertising revenues increased by 3.9% to € 649.7 million, following growth of 4.0% in 2005.

This performance reflects the channel's stable share of the advertising market, in the light of the channel's increased audience level among the commercial target of under 50 year-old housewives, within a much more fragmented market due to the growing audience levels of new channels.

Digital TV operations registered growth of 17.0% to € 75.6 million, supported by the combined growth of advertising revenues and subscription revenues of Paris Première and Téva, as well as the strong growth of W9.

The diversification and audiovisual right activities realised sales of € 551.0 million, a 44.9% increase. On a like-for-like basis, excluding Mandarin Films acquired in 2006 and after restatement of SNC and Mistergooddeal turnover to a comparable basis, the growth rate was 22.5%.

Distance-selling operations, which include HSS and Mistergooddeal, represented nearly half the sales of the segment with a € 224.1 million turnover and organic growth of about 12.4% (more than 50% for Mistergooddeal).

Activities related to interactivity and new technologies (M6 Web and M6 Mobile) also significantly increased with turnover of € 66.4 million (+56.2%).

The turnover of SND and other audiovisual rights distribution companies recorded a significant 51.0% growth to € 88.0 million, driven by successful releases, both in cinemas and video, and strong rights export sales.

FCGB also contributed to a vigorous diversification segment with turnover of € 67.6 million, double that of 2005, due to the 2nd position in the 2005-2006 French championship and its participation in the first round of the Champions' League.

Only the M6 Interactions segment recorded a decrease in turnover (down 8.0% at € 104.9 million). It was adversely affected, just as in 2005, by the decline in revenues from music activities.

Other income however decreased by € 33.9 million, including a € 13.5 million decline in FCGB other income (due to the sale of players in 2005) and the offsetting of capitalised production on flow programmes produced within the Group by the amortisation of the corresponding non-current asset from 2006, in consolidated financial statements only.

The combined effect of increased turnover and lower other income resulted in € 169.5 million growth (up 15.0%) in consolidated operating revenues to € 1,300.2 million.

Excluding capital gains on the disposal of non-current assets and impairment of non-amortisable assets, operating expenses on continuing activities increased by 18.5% to € 168.5 million.

This increase was due:

- partly, to changes in group structure, with the full-year consolidation and growth by Mistergooddeal, which on its own explains € 84.6 million of the increase;
- similarly, the continuing expansion of W9 contributed to a € 5.9 million increase in operating expenses;
- stepped up M6 programming account for € 44.1 million, including € 27.0 million in respect of the acquisition of 2006 Football World Cup TV rights (excluding technical expenses) and € 17.1 million for other programmes, resulting in a 5.8% increase in programming costs, excluding the Football World Cup;
- lastly, other operating expenses increased by € 33.9 million, thereby reflecting the growth of Group operations, in particular those of SND and M6 Studio, whose amortisation charges increased by € 15.8 million, in parallel to revenue growth (including the exploitation of the film Asterix and the Vikings). M6 Web recorded a € 12.4 million increase in operating expenses (at a 38.0% rate, thus less than turnover growth of 56.2%).

Analysis of expenses by nature is as follows:

- the most striking increase affected consumables and other operating expenses (up € 112.6 million), largely explained by Mistergooddeal direct costs of sales and M6 programme purchases;
- personnel costs increased by € 35.3 million (up 21.8%). Excluding Group structure changes, restatements related to the application of IFRS 2 – *share-based payments*, and FC Girondins de Bordeaux, the increase was € 13.5 million (up 9.1%), resulting from the combined increase in the workforce size and average salaries;
- the charge related to IFRS 2 increased by € 5.1 million, combining the cost of the free share allocation plans of 2005 and 2006, amortised over two years (corresponding to the rights vesting period) and the stock option plan, amortised over four years (duration applicable to stock options plans);
- the rise in amortisation, depreciation and provision charges (€ 14.9 million) was primarily due to the amortisation of rights marketed by companies of the Audiovisual rights segment.

Non-recurring items such as capital gains and losses on the disposal of non-current assets and impairment of non-amortisable assets

had a € 2.6 million negative impact on operating profit. This amount corresponds to the impairment of Citato and Fun TV goodwill. In 2005, the Group had recorded capital gains on the disposal of RTL Shop and Home Travel Services of € 13.3 million and goodwill impairment of only € 0.8 million. The overall year-on-year decrease in these non-recurring items was thus € 15.1 million.

Group operating profit thus reached € 219.5 million, a 6.0% decline. Excluding capital gains on disposal, impairment of non-amortisable assets and brand amortisation, this figure, more commonly designated as EBITA, amounted to € 223.0 million in 2006, compared to € 221.1 million in 2005.

Financial income on continuing activities was € 8.3 million, a strong € 5.6 million increase compared to 2005.

The rise was largely due to growth in interest income, net of interest charges, reflecting the € 2.4 million of the increase in average cash deposits and the higher interest rates.

In addition, whereas the Group had to recognise a € 2.5 million impairment of investments held for disposal in 2005, the Group recorded a net capital gain of € 0.8 million on the disposal of its Newsweb shares.

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Income tax charge in 2006 in respect of continuing operations amounted to € 75.5 million, compared to € 85.1 million in 2005. Effective income tax rate was 33.1%, compared to 36.0% in 2005, as a result primarily of permanent differences between the accounting and effective taxation arising from internal Group reorganisation.

Net profit on continuing activities slightly increased by 0.8% to € 152.3 million.

Net profit from activities held for disposal or disposed amounted to € 256.8 million in 2006, not comparable to the € 5.1 million recorded in 2005.

The 2005 figures solely reflected M6 share (34%) in TPS net profit. In 2006 however, it may be analysed as the sum of the following items:

- M6 share in TPS net profit over the first 8 months of the financial year (period of joint control with TF1), being € 14.3 million, without the recognition of any amortisation or depreciation charges on non-current assets (in accordance with IFRS 5);
- the net capital gain resulting from the transfer of TPS to Canal+ France for a consideration of € 242.5 million, including the fair value of the selling option of Canal+ France shares held by the Group which expires in 2010.

Including minority interests (€ 0.6 million loss in 2006) and net profit on disposed or held for disposal operations, consolidated net profit – Group share amounted to € 408.5 million, compared to € 156.2 million in 2005.

1.2.3. ANALYTICAL CONSOLIDATED INCOME STATEMENT

The analytical consolidated income statement below is based on the segmentation of Group activities selected within the framework of IAS 14 – *Segment reporting*.

EBITA corresponds to operating profit before impairment of non-amortisable assets, brand amortisation and capital gains on the disposal of investments or subsidiaries.

Eliminations and non allocated income/expenses relate to the cost of share purchase and subscription options, cost of free share allocation plans and consolidation eliminations that can not be attributed to any specific segment. The increase in their total amount is due to faster amortisation of the free share allocation plans (two years) compared to stock option plans (amortised over four years, corresponding to the rights vesting period).

€ millions	31/12/2006	31/12/2005	2006/2005 change	
			(€ millions)	(%)
M6 TV NETWORK				
Turnover - advertising revenues	649.7	625.5	24.2	3.9%
Turnover - other	7.0	9.5	(2.5)	-25.9%
EBITA	183.0	201.3	(18.3)	-9.1%
DIGITAL CHANNELS				
Turnover	75.6	64.6	11.0	17.0%
EBITA	(2.6)	(3.8)	1.2	-31.3%
DIVERSIFICATION & AUDIOVISUAL RIGHTS				
Turnover	551.0	380.3	170.7	44.9%
EBITA	51.2	25.6	25.6	99.8%
Eliminations and unallocated items	(8.5)	(2.0)	(6.6)	337.8%
Turnover from continuing operations	1 283.4	1 079.9	203.4	18.8%
EBITA from continuing operations	223.0	221.1	1.9	0.8%
Brand amortisation charges	(0.9)	-	(0.9)	
Impairment of non-amortisable assets	(2.6)	(0.8)	(1.7)	
Capital gains on the disposal of non-current assets	-	13.3	(13.3)	
Operating profit (EBIT) from continuing operations	219.5	233.6	(14.1)	-6.0%
Net financial income/(expenses) from continuing operations	8.3	2.7	5.6	
Share of associates' net profit	-	-	-	
Profit before tax from continuing operations	227.7	236.3	(8.5)	-3.6%
Income tax on continuing operations	(75.4)	(85.1)	9.7	
Net profit on continuing operations	152.3	151.2	1.2	0.8%
Net profit (loss) on discontinued operations (TPS)	256.8	5.1	251.7	N/S
Net profit	409.1	156.3	252.8	161.8%
Minority interests	(0.6)	(0.1)	(0.5)	
Net profit – Group share	408.5	156.2	252.4	161.6%

2. 2006 GROUP'S BUSINESSES FINANCIAL RESULTS

2.1. M6 TV NETWORK BUSINESS

€ millions	31/12/2006			31/12/2005			2006/2005 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	664.4	649.7	138.2	642.4	625.5	161.3	24.0	24.2	(23.0)
M6 Publicité (Advertising)	65.6	2.7	41.4	61.1	2.4	40.4	4.6	0.3	1.0
M6 Films	1.8	1.3	0.6	1.9	1.8	(1.5)	(0.0)	(0.5)	2.1
Production companies	71.5	2.8	(0.2)	65.4	5.2	(1.3)	6.1	(2.4)	1.1
Property companies	8.5	0.1	3.0	8.0	0.1	2.5	0.5	0.0	0.5
Other	1.0	0.1	-	0.9	-	-	0.1	0.1	-
Intra-Group eliminations	(123.5)	-	-	(117.5)	-	-	(8.0)	-	-
M6 TV Network business	689.4	656.8	183.0	662.2	635.0	201.3	27.2	21.7	(18.3)

2.1.1. FREE TO AIR TV

€ millions	31/12/2006	31/12/2005	2006/2005 change	
			(€ millions)	(%)
Turnover - external advertising revenues	649.7	625.5	24.2	3.9%
Turnover - intra-Group advertising revenues	14.6	15.2	(0.6)	-3.7%
Advertising agency cost - M6's share	(119.0)	(120.8)	(1.8)	-1.5%
Free-to-Air net revenues	545.3	519.9	25.4	4.9%
Programming costs	(302.5)	(258.4)	(44.1)	17.1%
Gross profit on programming	242.8	261.5	(18.7)	-7.2%
Gross profit on programming (in %)	44.5%	50.3%		
Net other operating revenue/(expenses)	(70.0)	(65.0)	(5.0)	7.7%
Ex-segment commissions net advertising agency costs not allocated to M6	6.8	5.1	1.7	33.5%
M6 TV Network other subsidiaries EBITA	3.4	(0.3)	3.7	
M6 TV Network EBITA	183.0	201.3	(18.3)	-9.1%

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 programmes broadcast on the M6 channel (purchased, produced or co-produced), including 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 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 2006, M6 Métropole Télévision reported a 3.9% increase in advertising revenues of € 649.7 million. Programming costs increased by 17.1%, marked by broadcasting costs related to the 2006 Football World Cup (€ 29 million, including rights acquisition costs and technical expenses). Excluding the Football World Cup, programming costs increased by 5.8%. M6 TV channel contributed € 138.2 million to Group consolidated profit from operations, compared to € 161.3 million in 2005.

Advertising agency M6 Publicité (SAS)

M6 Publicité collects and markets advertising and sponsorship aired on TV (M6, digital channels) on behalf of the Métropole Télévision Group, and now, due to more wide-ranging activities in order to become a true multi-media group, also on behalf of other media: press, Group websites, event-driven programmes and licensing. M6 Publicité conducts all commercial and marketing surveys enabling the various media to improve the efficiency of their programmes and editorial content.

The advertising agency, which realises most of its sales with the M6 channel and other Group companies, contributed € 41.4 million to Group profit from operations, compared to € 40.4 million in 2005.

2.1.2. OTHER FREE-TO-AIR TV OPERATIONS

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 2006, investments corresponding to this obligation amounted to € 17.5 million, up 5% in relation to 2005, enabling M6 Films to undertake the production of 12 new films.

M6 Films pursued a diversified financing policy, combining multi-million movies and promising projects with less ambitious estimates:

- Topping the list of multi-million movies, *Babylon Babies* a European science-fiction movie by Mathieu Kassowitz with Vin Diesel, a co-production with Fox and StudioCanal, with a € 50 million budget.
- Major French productions (budget in excess of € 7 million), *Hellphone*, James Huth's new comedy after *Brice de Nice*, and *Gomes contre Tavares*, the sequel to his 1st film.
- Lastly, M6 Films also took a chance with lower budget but high potential projects, driven by competent directors, such as *Le Premier Cri*, a documentary by Gilles de Maistre, and the thriller *la Clef*, by Guillaume Nicloux.

In 2006, in an environment marked by an increase in box office attendance figures (up 6% compared to 2005), the 9 films co-produced by M6 in the previous years and released during the year registered cumulative box office ticket sales of 10.1 million. Five films ranked among the top 20 French films of the year (*Ne le dis à personne* 2nd film of director Guillaume Canet, *OSS 117*, a comedy by Michel Hazanavicius with Jean Dujardin, *Nos jours heureux*, 2nd film of directors Eric Toledano and Olivier Nakache, *Astérix and the Vikings*, produced by M6 Studio, and finally Charlotte de Turckheim's comedy, *Les Aristos*).

M6 Films contribution to consolidated turnover amounted to € 1.3 million. Its contribution to Group profit from operations became positive at € 0.6 million, compared to a negative € 1.5 million in 2005.

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■ 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 Écran*. The company realises most of its operations with other companies of the M6 Group, as well as operating Métropole Télévision Group's technical resources.

■ C. Productions (SA)

C. Productions is a production company that produced news magazines in 2006 for the M6 Group, such as *Capital*, *Zone Interdite* (executive production), *Secrets d'Actualité*, *Enquête Exclusive*, *66 Minutes* and *100% foot*. Aside from these recurring productions, C. Productions also produced special topical programmes as well as major documentaries: *Ma vie au Commissariat*, *Quand l'Algérie était française...*

■ Studio 89 Productions (SAS)

Studio 89 was created in January 2003 and produces a large number of entertainment programmes (games shows, musical documentaries and magazines) for the M6 TV network and the digital channels of the Group.

In 2006, the company produced 36 shows totalling over 1,100 hours of programming, compared to 997 hours in 2005, including 6 shows broadcast daily on M6 (*Morning Café*, *Jour J*, *Tubissimo...*), 3 weekly programmes (*Classé Confidentiel*, *Hit Machine*, *Fan de*) and several prime time and post-prime time programmes (*Le Meilleur de Franck Dubosc*, *Le pire du pire de Michael Youn...*). In addition, Studio 89 produced numerous programmes for digital channels, in a weekly format (in particular: *En quête d'action*, *Les Dossiers de Téva*, *Fun People*), monthly or event driven format (100% séries for *Série Club*, *nouvelle Star ça continue*) on a stand-alone basis (*Le meilleur du pire de Michael Youn* 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.

■ W9 Productions (SAS)

Established in February 2003, W9 Productions reflects the Group's commitment to developing in-house capabilities in the area of production of event-driven, reality TV and entertainment shows.

In 2006, W9 Productions thus successfully produced *Pékin Express*, whose 2nd edition, *Pékin Express: the road to Himalaya*, will be broadcast on M6 at the beginning of 2007. The year was also marked by the production of events such as the W9 concerts, which offer private performances by the likes of Justin Timberlake, Diams and Placebo. 2006 was also rich in Varieties and Entertainment with *Laurent Gerra fait son show* and several issues of *Le Grand marathon du rire*.

In 2007, we plan on merging Studio 89 and W9 Productions in order to build a stronger flow programme production business at the service of M6 Group.

■ Labo Productions (SARL)

Labo Productions is an entertainment show production company that was consolidated for the first time in 2005. It had no operations in 2006 and is due to be merged into Studio 89.

Group production companies realise most of their operations with the M6 channel and the Group's digital channels. In 2006, their contribution to consolidated turnover increased to € 2.8 million, with negative contribution to consolidated profit from operations for the year of € 0.2 million.

■ Property

■ IMMOBILIÈRE M6 (SA) AND SCI DU 107, AVENUE CHARLES-DE-GAULLE

Immobilière M6 owns Métropole Télévision 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 subleasing agreements provide for transparent billings, under normal conditions, to each tenant, of rent and related charges, based on their allocated area of space.

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2.2. DIGITAL TV BUSINESS

€ millions	31/12/2006			31/12/2005			2006/2005 change		
	Business segment total turnover	External turnover	EBITA	Business segment total turnover	External turnover	EBITA	Business segment total turnover	External turnover	EBITA
Paris Première	31.0	30.6	1.0	26.0	25.7	(0.0)	5.0	4.9	1.1
W9	6.6	6.4	(9.0)	1.9	1.9	(6.8)	4.7	4.5	(2.1)
Teva	16.3	16.2	1.2	15.1	15.0	0.1	1.3	1.2	1.1
M6 Music Hits/Rock/Black	5.3	5.2	1.9	5.3	5.0	1.2	0.0	0.2	0.7
Fun TV	3.5	3.4	0.5	3.9	3.6	0.9	(0.4)	(0.1)	(0.4)
TF6	9.7	9.6	1.4	9.0	8.8	0.2	0.7	0.8	1.1
Série Club	4.0	3.9	0.4	4.5	4.5	0.7	(0.6)	(0.5)	(0.3)
Other	3.6	0.2	-	3.4	0.2	-	0.2	-	-
Intra-group eliminations	(2.7)	-	-	(3.2)	-	-	0.4	-	-
Digital channels	77.2	75.6	(2.6)	66.0	64.6	(3.8)	11.2	11.0	1.2

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 telephone services).

Paris Première benefits from a daily two hour unscrambled time slot, accessible by all households equipped with a free DTT decoder. Paris Première can be received by 21 million individuals during the 6.50pm to 8.50pm time slot and by 17 million people the rest of the day. Thus, the channel ranks in the top 3 most received channels in France (excluding historic analogue terrestrial channels).

In 2006, Paris Première celebrated its 20th anniversary and confirmed its identity and originality with its high quality programming, based on events, theatre, shows and series, which make it one of the most attractive channels of cable and satellite offers among upper-middle classes.

Contribution to consolidated turnover increased by 19%. Growth was supported both by the increase in advertising revenue and in the average number of subscribers. Profit from operations increased to € 1 million, despite investments in programmes and the rising cost of digital terrestrial broadcasting.

W9 - Edi TV (SNC)

A free DTT channel, W9 is received by all households equipped for digital terrestrial TV and all subscribers to a satellite, digital cable or DSL offer, that is more than 10 million households or nearly 24 million individuals. It is also available to Orange and Bouygues Telecom 3G mobile phone subscribers. DTT coverage growth forecasts indicate that W9 will be received by 17 million households by 2010, or 75% of the TV-equipped French population.

It is new generation, modern and a decidedly different channel and its ambition is to fulfil the expectations of its audience of young adults by providing a creative and innovative offering. It puts the emphasis on a balanced mix of the audience favourite formats, with strong music content but also drama, movies, entertainment and sport. Twenty one months after its arrival on the French TV market, W9 has now become the leading new DTT channel.

W9 contribution to consolidated turnover was € 6.4 million, a sharp increase from the € 1.9 million of 2005. Including costs relating to the launch of a free channel (programming and broadcasting costs), loss from operations amounted to € 9.0 million, in line with Group forecasts.

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Téva, the generalist channel for women was created in 1996 and was 51% owned by M6 and 49% by CTF (Marie Claire Group and Hachette Filipacchi Media). On 7 December 2006, M6 Group announced the signing of an agreement relating to the acquisition of CTF's 49% shareholding in Téva. This agreement was finalised at the beginning of 2007.

Téva can be received by nearly 13 million subscribers. It is broadcast by satellite (TPS, CanalSat), cable, DSL (TPSL, CanalSatdsl, Free, 9 télécom, Alice) and mobile phone (Orange).

The channel celebrated its 10th anniversary on 6 October 2006. It broadcasts cult and original series, major films, reality TV formats in original version and not available anywhere else in France. Flagship shows, focused on housing and home improvement, as well as daring magazines, have confirmed their success over a number of seasons.

Téva recorded growth in its 2006 turnover to € 16.2 million (up 8%). This growth, combined to good cost control enabled the channel to generate positive contribution to profit from operations of € 1.2 million, compared to € 0.1 million.

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

M6 Music Hits, is an all music type, 100% music channel dedicated to current chart toppers and broadcast on TPS, major cable networks, DSL (TPSL, Free, 9 télécom) and mobile phones (M6 Mobile, Orange, SFR, Bouygues). It has 4.8 million subscribers.

M6 Music Black, is a 100% music channel with an emphasis on Black music (Hip-hop, RnB, Soul...). It is broadcasted on TPS, Numéricable, DSL (TPSL, Free, 9 télécom) and mobile phones (Orange, SFR). It has 3.1 million subscribers.

M6 Music Rock, is a 100% music channel dedicated to Rock and Pop music. It is broadcasted on TPS, Numéricable, DSL (TPSL, Free, 9 télécom) and mobile phones. It has 3.1 million subscribers.

Contribution to consolidated turnover slightly increased to € 5.2 million, while contribution to profit from operations improved to € 1.2 million due to good cost control.

Fun TV (SNC)

Fun TV, the live entertainment channel set up in 1997 for 15 to 24 year olds, had 4.3 million subscribers at end 2006.

The channel is broadcasted by TPS, major cable networks, DSL (Tpsl, Free, 9 télécom) and mobile phones.

Fun TV recorded a slight decrease in 2006 turnover and contribution to profit from operations, which however amounted to € 3.4 million and € 0.5 million, respectively.

TF6 (SCS)

This jointly owned subsidiary with TF1 had more than 6 million subscribers at end 2006. The channel is exclusively available by satellite on TPS and is included in offers of the main cable operators. It is also offered on pay DTT. The channel will be included in the CanalSat offer in 2007.

The programme offering was again extended in 2006, in order to provide a mini-generalist entertainment offering to a young adult audience, including reality TV formats, series and cinema.

TF6 turnover recorded an increase of 9% and its contribution to operating profit significantly increased to € 1.4 million compared to € 0.2 million in 2005, as a result of good control of programming costs.

Série Club – Extension TV (SA)

This subsidiary, jointly-owned with TF1, had more than 5.5 million subscribers at 31 December 2006 through cable and satellite distribution (TPS). The channel will be included in the CanalSat offer in 2007.

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.

In 2006, Série Club turnover decreased to € 3.9 million. However, Série Club contribution to profit from operations remained positive at € 0.4 million.

2.3. DIVERSIFICATION AND AUDIOVISUAL RIGHTS BUSINESS

€ millions	31/12/2006			31/12/2005			2006/2005 change		
	Business segment total turnover	External turnover	EBITA	Business segment total turnover	Chiffre turnover	EBITA	Business segment total turnover	External turnover	EBITA
SND	85.2	77.1	6.0	54.0	48.7	(3.2)	31.2	28.4	9.2
SNC	3.3	2.2	0.6	1.8	1.1	(0.2)	1.4	1.1	0.7
TCM	9.9	7.0	4.4	9.5	8.0	3.6	0.3	(1.0)	0.8
Mandarin and Mandarin Films	2.7	1.7	(0.4)	0.6	0.5	(1.3)	2.1	1.1	0.8
M6 Studio	9.2	0.0	(3.2)	-	-	0.0	9.2	-	(3.2)
Audiovisual rights	110.2	88.0	7.3	65.9	58.3	(1.0)	44.3	29.7	8.3
Interactions (*)	116.9	104.9	7.2	121.5	114.0	8.1	(4.6)	(9.1)	(0.9)
HSS Group	125.4	123.3	5.2	120.0	118.1	6.2	5.4	5.2	(1.0)
Mistergooddeal	104.0	100.8	3.9	13.2	13.2	0.4	90.8	87.6	3.5
Distance-selling	229.4	224.1	9.0	133.2	131.3	6.6	96.2	92.8	2.4
Interactivity (M6 Web)	76.6	66.4	21.6	49.8	42.5	10.4	26.8	23.9	11.2
FCGB	67.7	67.6	6.1	34.5	34.2	1.5	33.2	33.4	4.6
Intra-Group eliminations	(28.2)	-	-	(11.1)	-	-	(17.1)	-	-
Diversification and audiovisual rights	572.6	551.0	51.2	393.7	380.3	25.6	178.9	170.7	25.6

*includes the following legal entities: M6 Interactions, M6 Éditions, M6 Événements, Livestage.

2.3.1. M6 INTERACTIONS

Discs

The French disc market continued to decline for the 4th year running, by 10.7% in value and 26.6% in volume compared to 2005 (source: SNEP). Album and single sales dropped by 20.9% and 27.9%, respectively. The 42% increase in digital sales compared to 2005 was far from offsetting this fall. Against this difficult background, M6 Interactions recorded a decrease in sales (7.7 million discs sold in 2006, compared to 10.3 million in 2005) despite nume-

rous commercial successes, including Faf Larage's "Pas le Temps" single, 2006 top single seller in France.

Composite product publications

A significant share of composite product publications comprises DVDs sold individually or as full collections. In 2006, the Video Edition market recorded a 4% decline in volumes sold, combined with a decrease of 6% to 7% in value (source: SEV).

M6 Group total Composite Product volume sales were 9.16 million items in 2006, up 2.5% from 2005.

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Press – Publishing

M6 Éditions publishes for the youth market and free adult-oriented magazines.

As regards youth press, M6 Éditions publishes two major magazines, *Fan 2* (twice-monthly) and *Hit Machine Girl* (became monthly). Since 2005, also it consolidated its position in free press with the acquisition of *Citato*, a free monthly dedicated to young people and distributed in secondary schools and universities, and by taking a stake in the share capital of *Femmes en Ville* in 2006, the publisher of the monthly women-oriented magazine *Femme en ville*, as well as *Homme en ville*, dedicated to 25 to 49 year-old urban men. M6 Éditions also develops a joint publication business for books derived from successful programmes.

M6 Événements (SA) – Live Stage (SAS)

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

In 2006, the Group's Live Stage, specialised in musical shows, reduced its musical comedy activities.

Sales by the Interactions business declined to € 104.9 million from € 114.0 million in 2005, primarily penalised by decreasing music sales. Contribution to profit from operations was reduced to € 7.2 million, compared to € 8.1 million in 2005. However, the operating profit margin remained stable, thereby reflecting the variable nature of operating costs and good control of fixed costs.

2.3.2. DISTANCE SELLING OPERATIONS

Home Shopping Service (SA)
and Mistergooddeal (SA)

Home Shopping Service (HSS), the Group's wholly owned home shopping subsidiary since 1998, dominates today the television home shopping segment with 700 hours of programme broadcast every week, 2 million active customers and 2.5 million products sold in 2006.

HSS has developed a multi-channel distribution strategy, by directing programmes broadcast on nearly 40 TV channels, proposing a 24/7 channel, accompanying these TV showrooms by sending distance selling catalogues and maintaining 30 websites. Lastly, HSS opened two stores at the end of 2005 and extended the M6 Boutique concept to retail networks.

HSS contribution to consolidated turnover improved by 4.4% to € 123.3 million, driven in particular by the expansion of M6 Boutique la Chaîne.

Profit from operations declined slightly to € 5.2 million, reflecting lower contribution from infomercials.

Following the acquisition of Mistergooddeal in November 2005, M6 Group's distance-selling business is now positioned in complementary markets and benefits from the strong growth of e-commerce. In 2006, online sales totalled € 12 billion in France, up 40% from 2005 (source: iCE / Fevad). Over the financial year, Mistergooddeal consolidated its position as a major e-business website, attracting over 2 million unique visitors a month on a regular basis.

Mistergooddeal.com contributed € 100.8 million to Group consolidated turnover in 2006 (12-month consolidation) compared to € 13.2 million in 2005 (consolidated over 1.5 months). Mistergooddeal experienced sales growth over 50% in 2006. Contribution to profit from operations was € 3.9 million.

Overall, the distance selling business realised turnover of € 224.1 million, thereby exceeding forecasts announced upon the acquisition of Mistergooddeal, along with profit from operations of € 9.0 million, being a 4.0% operating profit margin, in line with Group expectations.

■ 2.3.3. INTERACTIVITY

M6 Web is a subsidiary in charge of the Group's new technology developments and has four operational segments: the internet, interactivity with programmes, mobile content exploitation and mobile telephony.

- M6 Web edits some thirty web sites, which ranked for at least 6 months among the top 30 most visited websites in France. 2006 witnessed numerous innovations, including free community services (Yootribe, Video), new themes (femme-en-ville.com) and pay services, such as the VoD website m6video.fr.
- 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). This activity was stepped up in 2006 with the creation of Echo6, of which the group holds 50%, whose object is to develop mobile entertainment products and services.
- Lastly, with nearly 767,000 subscribers at the end of 2006, an increase of more than 540,000 subscribers during the year, the M6 Mobile by Orange agreement launched in June 2005 confirmed its commercial success. The range of post-paid offers was extended and a pre-paid offer was launched at the end of 2006.

The interactivity segment (M6 Web and M6 mobile by Orange) recorded a further year of growth in 2006, with turnover up 56.2% to € 66.4 million. Profit from operations more than doubled to € 21.6 million, compared to € 10.4 million in 2005.

■ 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.

The 2005/2006 season began with a new, internationally famous coach, who built up a larger team of higher quality professional players. Football Club des Girondins de Bordeaux finished eventually ranked 2nd in the French Ligue 1 and qualified for the Champions' league.

At mid-season 2006/2007, FCGB ranked 8th. The Club reached the Round of 32 of the UEFA Cup and won the French League Cup at the end of March 2007.

The Training Centre pursued its objective of helping young talent emerge and contributing to make FCGB one of the best-performing French clubs in that respect.

The contribution of FCGB to Group turnover increased to € 67.6 million, compared to € 34.2 million in 2005, due notably to higher Ligue 1 TV rights resulting from the Club's sports performance and its qualification for the Champions' League. This revenue growth generated a sharply increased contribution to Group profit from operations to € 6.1 million, compared to € 1.5 million in 2005.

■ 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, throughout their operating cycle (cinemas, video, sale of rights to pay TV and free TV broadcasters).

SND cinema business recorded very good performance, with 18 films distributed in 2006, compared to 13 in 2005. These films realised box office sales of more than 6.3 million. *Lord of War*, *Nos Jours Heureux*, *Asterix and the Vikings* were the year's major successes.

The video business grew sharply in 2006 and totalled 4.4 million DVD and VHS copies sold (up 54% in volumes sold compared to 2005), in particular from for the films *Mr & Mrs Smith*, *Lord of War*, *Asterix and the Vikings*, as well as series such as *Kaamelott* and *Un, dos, tres*.

During 2006, M6 Vidéo published 125 new titles, thereby increasing its catalogue to more than 600 DVDs and VHS. The TV rights selling and international distribution business was supported by the sale of *Asterix and the Vikings* to more than 30 countries.

Due to the development of all these activities, SND's contribution to consolidated turnover significantly improved to € 77.1 million, compared to € 48.7 million in 2005. Contribution to profit from operations was a substantial € 0.6 million.

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 and *The Atlantic Wall*.

In 2006, the company contributed € 2.2 million to Group turnover (compared to € 1.1 million for 8 months in 2005), with a progressive increase in catalogue exploitation. Contribution to profit from operations was € 0.6 million.

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TCM Audiovisual rights (SNC)

TCM D.A was created in September 1996. Its business is the acquisition, distribution, sale, import and export, promotion, as well as availabilities and negotiation of 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 2006, sales development continued and was especially helped by cable and satellite channels, which illustrated how strategic controlling contents have become within an environment marked by the increasing number of TV channels.

TCM contribution to consolidated turnover strongly increased to € 7.0 million, along with contribution to profit from operations which reached € 4.4 million, compared to € 3.6 million in 2005.

Mandarin and Mandarin Films (SAS)

Mandarin and Mandarin Films, acquired in 2002 and 2006, respectively, operate a catalogue of feature films. Mandarin Films, acquired in 2006, is a film production company that owns a catalogue of general public feature films that were successful upon their release in cinemas, such as *Brice de Nice* and *Les Chevaliers du Ciel*.

Thanks to the acquisition of Mandarin Films and the first revenues derived from the exploitation of the catalogue, contribution to consolidated turnover increased to € 1.7 million, along with negative contribution to profit from operations of € 0.4 million, due to catalogue amortisation.

M6 Studio (SAS)

Created in 2003, M6 Studio is dedicated to the development and production of French animated feature films. M6 Studio completed the production of its first animated feature film, *Asterix and the Vikings*, in co-production with Mandarin SAS and the 2d3D Animations studio and in association with Danish studio A Film AS.

612 copies were released to cinemas on 12 April 2006 and the film was released on video on 25 October 2006. It generated 1.37 million box office ticket sales and sold 300,000 DVDs by the end of 2006. In addition, the film, distributed outside France by SND, was sold in about thirty countries, including Germany, Spain, Russia, Mexico and China.

M6 Studio realised most of its turnover with the Group, after entrusting SND with the cinema and video distribution, as well as export rights sales of *Asterix and the Vikings*. M6 studio contribution to Group operating profit was a negative € 3.2 million, due to film production amortisation charges.

3. FINANCIAL STRUCTURE AND CASH FLOWS

3.1. FINANCIAL STRUCTURE

At 31 December 2006, M6 had group equity of € 504.1 million, up € 296.1 million compared to 31 December 2005.

The change includes net profit for the financial year of € 408.5 million after dividend distribution in respect of 2005 (€ 125.0 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 € 12.7 million. Equity minority interests amounted to € 0.9 million, primarily corresponding to the 49% equity stake in Sedi TV held by non-Group shareholders.

Total assets increased by 15.5% to € 1,606.0 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. The movement largely resulted from the transfer of TPS shares to Canal+ France: the share of TPS assets (€ 201.8 million in assets held for disposal at end 2005) was replaced by a 5.1% stake in Canal+ France, accompanied by a selling option, for a total amount of € 324 million.

Other balance sheet items movements related to organic growth of Group activities, and, to a lesser extent, to acquisitions made in 2006: current assets (excluding cash) and current liabilities (excluding debt and provisions) thus increased by € 101.5 million and € 66.0 million, respectively.

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 2006, this item amounted to € 197.7 million in respect of continuing activities, compared to € 242.8 million at 31 December 2005. The € 45.1 million decrease was primarily due to the overall improvement in cash and cash equivalents of € 7.6 million, minus the debt to Vivendi (€ 52.5 million, including accrued interest) recognised to offset the advance received on 6 January 2006 within the framework of the transfer of TPS to Canal+ France.

3.2. CASH FLOWS

The cash flow statements for 2005 and 2006 were prepared to show only cash flow related to continuing activities. Cash flow from activities held for sale or disposed was aggregated on a single line.

CASH FLOW FROM OPERATIONS

Self-financing operating capacity before tax amounted to € 316.0 million, compared with € 305.3 million in 2005, a 3.5% increase despite a € 14.1 million lower operating profit. Operating profit for the financial year just ended was actually less driven by capital gains than the 2005 operating profit, for which € 26.2 million in capital gains had been recognised (compared to a capital loss of € 0.9 million in 2006), including those generated by the disposal of RTL Shop (€ 13.0 million) and the sale of FC Girondins de Bordeaux football players (€ 8.0 million).

The change in working capital requirements (WCR) amounted to € (46.5) million, reflecting higher usage than in 2005 which totalled € (35.6) million.

This development resulted from:

- **Inventory movements:** an outflow of € 40.3 million compared to an outflow of € 23.2 million in 2005, related to the increase in the purchase of rights within the context of stepped-up TV network and digital channel programming, as well as programming cost inflation resulting from increased competition affecting both national markets and the supply of programmes;

The movement in other inventory was due to the expansion of distance-selling operations, in particular Mistergooddeal, even more so since turnover seasonality leads this company to increase inventories at the end of the year.

- **Change in operating trade receivables:** an outflow of € 67.1 million compared to an outflow of € 53.6 million in 2005, enhanced at 31 December 2006 by the level of advertising billings in November and December 2006, which, in keeping with the 4th quarter of 2006, experienced strong turnover growth. Mistergooddeal's turnover growth also contributed to the increase, with the introduction of its "pay in 3 or 10 instalments without interests" policy, as well as higher advance payments within the framework of audiovisual rights acquisitions;

- Change in operating liabilities: a sharply increased inflow of € 61.0 million compared to € 41.2 million in 2005, as suppliers increased in line with significant programme purchasing and the growth of diversification activities.

Income tax outflows were virtually unchanged and the impact of the growing self-financing capacity was offset by rising working capital requirements. **As a result, cash flow from continuing activities was stable (up 0.5% at € 195.3 million in 2006, compared to € 194.3 million in 2005).**

CASH FLOWS APPLIED TO INVESTMENTS

Cash flows applied to investments amounted to € 44.5 million in 2006, compared to € 108.5 million in 2005.

This decrease resulted from the following developments:

Acquisitions of intangible assets sharply decreased, following a year 2005 marked by significant acquisitions by SND and the production of *Asterix and the Vikings* by M6 Studio. These movements had a negative impact of € 23 million.

As for financial statement presentation, capitalised production related to flow programmes produced within the Group was offset by the amortisation of the corresponding non-current asset, from 2006 and in consolidated financial statements only, leading to reducing the level of intangible asset acquisitions (capitalised production) by about € 19 million and the level of amortisation by the same amount. Cash outflows resulting from in-house programme production are thus taken into consideration through cash flow from operations.

The net cash from the acquisition of subsidiaries was a negative € 10.7 million. It related to the acquisition of Femmes en Ville and Mandarin Films. The year 2005 had been marked by the acquisition of Mistergooddeal and SNC, which had resulted in a cash outflow of € 40.9 million.

The net cash inflow on the disposal of subsidiaries was stable. It related to the sale of RTL Shop for € 10 million in 2005, which provided for the payment of the last € 5 million instalment in March 2006.

Cash inflows on the disposal of non-current assets declined to € 5.9 million, due to a less active FC Girondins de Bordeaux as a seller on the players' market.

CASH FLOWS APPLIED TO FINANCING ACTIVITIES

Cash flows applied to financing activities reflected cash outflow of € 122.7 million in 2006, compared to € 96.8 million in 2005.

The movement was primarily due to increasing cash dividends distributed, which totalled € 125 million in 2006, in respect of the 2005 financial year, an increase of € 15 million, and to a € 6.1 million decline in income from the sale of treasury shares within the framework of the exercise of stock options.

CASH FLOW FROM ACTIVITIES HELD FOR DISPOSAL

Cash flow from activities held for disposal resulted in an outflow of € 20.6 million, compared to an inflow of € 42.6 million in 2005.

In 2005, TPS had redeemed the short and medium-term financing facility granted by M6 Group in the amount of € 44.2 million, while the classification of TPS as an activity held for disposal led to the non-recognition of TPS cash as belonging to the Group, resulting in a negative impact of € 1.6 million.

In 2006, the use of € 20.6 million primarily related to the € 51.0 million advance received from Vivendi within the framework of the TPS merger into Canal+ France, as well as to the recapitalisation of TPS on 30 November 2006, prior to its transfer to Canal+ France, resulting in an outflow of € 66.6 million. Other cash outflows related to expenses incurred by the Group as part of this disposal. The advance was refunded to Vivendi, including interest on 4 January 2007, at the date the transfer of TPS to Canal+ France was effective.

CASH POSITION

The overall movement in the cash position was thus an increase of € 7.6 million, thereby bringing cash and cash equivalents up to € 250.7 million at 31 December 2006.

This cash position includes € 52.5 million in cash relating to the Vivendi advance, including accrued interest. A liability in the same amount was recognised in Group financial statements at 31 December 2006, in order to take into account that the advance was refunded in 2007.

4. CASH FLOW 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 counterparty,
- limit credit risk: minimum compulsory investment for each investment grade stock fund.

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

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

5. INVESTMENT POLICY

The Group's investment policy must be analysed at many levels, apart from the accounting classification between non-current assets and consumables.

- within the framework of conventional agreements and/or regulatory obligations, Métropole Télévision invests in cinematographic and audiovisual works, which in 2006 amounted to € 117.2 million, that is 21.4% of consolidated advertising revenues, net of tax and contribution for the previous year.
- within the framework of the purchase of audiovisual rights for marketing purposes (cinema, video distribution and TV sales), recognised as intangible assets.
- within the framework of broadcast rights acquisition, which are accounted for as inventory and represent the Group's investments in its programme line-up.
- within the framework of equity stakes and company acquisitions in order to complement the activities of the Group. For 2006, these investments notably concerned the following activities:

- Audiovisual rights, with the acquisition of Mandarin Films;
- Publishing, with the purchase of a share of Femmes en Ville SAS.

Métropole Télévision 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, facilities 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 2006.

6. OFF-BALANCE SHEET COMMITMENTS

M6 Group's off-balance sheet commitments totalled € 909.9 million at 31 December 2006, compared to € 709.1 million at 31 December 2005, excluding TPS-related commitments.

This increase of € 200.8 million in commitments given was due to the following:

- Increased commitments to purchase rights and co-production commitments, net of advances paid, for € 122.5 million, following the renewal in the first half-year of audiovisual rights supply contracts with US production companies; commitments to buy rights and co-production commitments, net of advances paid amounted to € 729.6 million at 31 December 2006, the majority of which (89%) was supported by the M6 channel;
- Increased commitments relating to image transmission and channel broadcasting contracts for € 33.2 million; this movement was primarily due to the two-year extension of DTT broadcasting contracts and the upward revision of their cost, considering the rapid expansion of digital terrestrial coverage (for a cumulated amount of € 31.0 million); it also includes € 10.2 million in transmission costs of channels included in CanalSat offers, within the framework of channels' agreements with Canal+ France; the total amount of commitments relating to transmission and channel broadcasting contracts amounted to € 115.2 million at 31 December 2006;
- A commitment undertaken by the Group to carry through the acquisition of a building in Neuilly-sur-Seine, near Paris. This acqui-

sition was signed on 13 February 2007 and gave rise to the payment of a € 1.9 million advance in December 2006. The balance constitutes a commitment estimated € 37.5 million.

At 31 December 2006, commitments received by the Group amounted to € 189.4 million, compared to € 66.4 million at 31 December 2005, excluding TPS-related commitments.

The movement primarily comprised commitments received by Canal+ France in respect of the distribution of the Group's channels.

Total commitments received from the various distributors, within the framework of multi-year contracts (Canal+ France, cable operators, ISPs...) amounted to € 142.1 million.

Following the recognition in the Group's consolidated financial statements of the transfer of TPS to Canal+ France, the Group no longer includes in off-balance sheet commitments any commitment given or received by TPS or the Group in relation to TPS.

Commitments given by TPS or received by the Group in relation to TPS (such as those relating to the Group's liability for TPS' debt) totalled € 628.5 million at 31 December 2005 (M6 share). Commitments received by TPS or given by the Group in relation to TPS amounted to € 390.9 million (M6' share).

7. SIGNIFICANT POST-BALANCE SHEET EVENTS

- On 4 January 2007, Vivendi, TF1 and M6 finalised an agreement for the merger of pay TV participants TPS and Canal+ Groups, announced in December 2005. According to the terms and conditions of the agreement, M6 Group now holds a 5.1% stake in the new Canal+ France entity, in exchange of its 34% stake in TPS. The € 51 million advance given to M6 by Vivendi upon the signing of the agreement was refunded, increased by accrued interest, when the agreement was finalised.

- On 15 January 2007, M6 Group finalised the agreement for the acquisition of the 49% held by Compagnie pour la Télévision Féminine, in accordance with the announcement made on 7 December 2006.

- On 13 February 2007, M6 Group made the acquisition of a 4,000 m² building in Neuilly sur Seine. The value of this commitment is detailed in section 6 "Off-Balance Sheet Commitments". This investment was made by the purpose-built property investment company Immobilière 46D.

The company is not aware of any significant event arising since 1 January 2007 that may have or may have recently had a significant impact on the financial position and the Group and company's assets.

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8. 2007 OUTLOOK

M6 Group will pursue in 2007 its growth strategy on all of its operations.

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.

■ FREE TO AIR TV

In that respect, M6 Group released an estimate of M6 Free-to-Air programming costs for 2007, which should increase by about 2.5% compared to the € 302.5 million programming costs recognised in 2006. Such programming investments is part of the 2007 financial year, for which the Group estimates additional net advertising revenues to € 30 million for the M6 channel, solely due to the arrival of retail advertisers.

■ DIGITAL TV

Within this competitive and technological context marked by sharp and rapid changes, digital channel editorial lines will be strengthened in order to step up the complementarity and power of the Group's family of channels.

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.

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.

Paris Première, a pay DTT channel and W9, a Free-to-Air DTT channel, should benefit from these promising prospects. Other Group digital channels, in particular TF6 and Série Club, will benefit from the TPS and Canal+ Group merger agreement and will be included in CanalSat offers at the beginning of 2007.

■ DIVERSIFICATION AND AUDIOVISUAL RIGHTS

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. Interactive activities, as well as the Group presence on the internet will remain strong areas of its strategy, along with the audiovisual rights business, whose expansion, which began over the past few years, will be further enhanced in order to boost access to Group contents.

In addition, the Group is confident in its medium term outlook and considers it has the required financial resources to continue its growth and investment strategy. As a result, the Group announced on 5 March 2007 its decision to initiate a three-year share buy-back programme, relating to a maximum 10% of the total number of outstanding shares, with a view to cancel them, in accordance with authorisations granted by the Combined General Meeting of 24 April 2006. The Group intends to pursue its profitable growth policy. However, it holds the right to give priority to a significant investment over the period.

The Mandarin Films company, acquired in 2006, has opted to be integrated in the M6 Group tax grouping as from 1 January 2007. Companies in which the Group does not hold at least 95% of the share capital may not be integrated into the tax grouping.

10. CHANGE IN ACCOUNTING PRINCIPLES

The application, of new IFRS standards in 2006 had no impact on the Group's consolidated financial statements.

In certain cases, notes to the consolidated financial statements have been enhanced or extended in accordance with these standards.

Similarly, no standard had any impact on the Métropole Télévision (M6) parent company financial statements.

11. COMPLIANCE WITH GENERAL OBLIGATIONS AND AGREEMENT TERMS

M6 Group met all of its obligations during 2006 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, i.e. 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 films during the year, with no more than 144 films during prime time, with at least 40% of these films originally produced in French and 60% European produced.

Lastly, M6 complied with all other obligations concerning the broadcast of music shows, cartoons and subtitled programmes for deaf people and those with hearing deficiencies.

In total, M6 committed itself to € 117.2 million **in audiovisual programming and film production**, representing 21.4% of its 2005 financial year net advertising revenues, for an obligation quota of 21.2% (18% for audiovisual programming and 3.2% for films).

Expenditure commitments concerning audiovisual productions contracted during 2006 amounted to € 99.7 million, comprising € 89.1 million in original French audiovisual programming and € 10.6 million in other audiovisual programming.

In addition, € 17.5 million in investments was committed by M6 Films to the production of 12 French and European films.

The CSA will provide its opinion on M6's compliance performance for 2006 in the 2nd half of 2007.

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12. SHARE CAPITAL

12.1. SHARE LISTING

The share price 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 2006 year on 2 January at € 23.43 and closed the year on 29 December at € 27.06, achieving its highest price of € 27.52 on 7 December and its lowest price of € 22.29 on 14 June.

The Company's share price increased by 15.6% in 2006 (based on the 2005 closing price), that is a performance far exceeding that of the DJ EURO STOXX Media reference index. The year was marked by very good stock market performances by French media stocks, in particular commercial TV stations. Other European media stocks recorded more mixed performances, reflecting the variety of competitive and market situations.

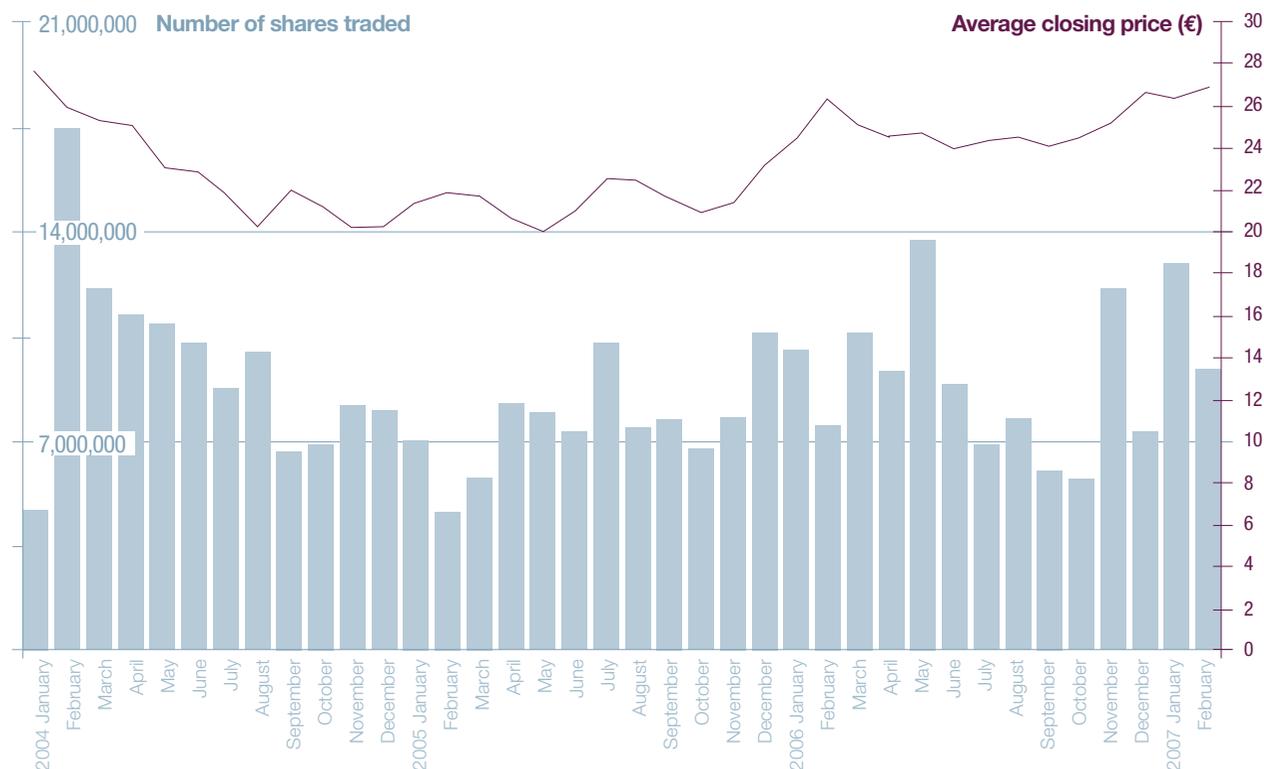
The Company had a market capitalisation of € 3,568.9 million at 31 December 2006.

The average number of shares traded on a daily basis in 2006 amounted to 414,200, compared to 355,751 in 2005.

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).

The Company's share is a component of the CAC MID100 and CAC Mid&Small190 indices and has been removed from the IT CAC 20 following the last review of this index.

12.2. M6 SHARE PRICE AND TRADING VOLUME PERFORMANCE



Date	Number of shares exchanged	Average closing price (€)	Monthly high (€)	Monthly low (€)	Traded value (€ millions)
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
December	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
December	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
March	10,589,672	25.02	25.60	24.21	264.50
April	9,303,744	24.43	25.74	23.21	226.96
May	13,695,431	24.60	26.40	23.15	336.39
June	8,873,899	23.94	25.40	22.29	211.86
July	6,854,558	24.36	25.20	23.20	166.81
August	7,691,345	24.44	25.87	23.31	187.93
September	5,980,897	24.07	24.80	23.40	143.82
October	5,732,695	24.47	24.90	23.91	140.11
November	12,030,676	25.21	26.47	23.80	302.49
December	7,290,447	26.64	27.52	25.37	194.35
2007 January	12,857,899	26.40	27.37	25.25	338.80
February	9,370,686	26.83	27.35	25.31	250.34

12.3. BUYBACK OF COMPANY SHARES

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 successively used the two authorisations to buy its own shares that had been granted by the Combined General Meeting of 28 April, 2005 and 24 April 2004.

These authorisations were 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. 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 2005, 145,500 treasury shares were concerned by the operation of this contract, 104,500 additional shares can thus be acquired.

At 31 December 2005, the contract had treasury shares holdings of 28,000 and cash holdings of € 2,467,238.10.

In the course of 2006, 445,491 shares were purchased at an average price of € 24.57 and 453,491 shares were sold at an average price of € 24.97 pursuant to the operation of this contract, which had treasury shares holdings of 20,000 and cash holdings of € 2,896,015.80 at 31 December 2006.

In the course of 2006, 209,000 shares worth € 3.92 million were sold to beneficiaries of the 1999 stock option plan.

REPORT ON THE PREVIOUS SHARE BUYBACK PLAN

The Combined General Meeting of 28 April 2005 authorised the Company to implement a share buyback plan. This share buyback plan was approved by the AMF on 8 April 2005 under the authorisation number 05-0241. It was in force up to 24 April 2006, the date of the Combined General Meeting, which approved the new share buyback plan currently in force.

Between the General Meetings of 28 April 2005 and 24 April 2006, the Company used the authorisation to buy its own shares as follows:

Liquidity contract	
Treasury shares allocated to the liquidity contract 28 April 2005	96,878
<hr/>	
Number of shares purchased under the liquidity contract from 29 April 2005 to 24 April 2006	681,118
<hr/>	
Number of shares sold under the liquidity contract from 29 April 2005 to 24 April 2006	722,996
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Number of shares held under the liquidity contract at 24 April 2006	55,000

Shares were purchased through the liquidity contract at an average price of € 22.31 and sold at an average price of € 22.65. Over this period, 566,000 shares were granted to stock option plan beneficiaries, of which 357,000 in 2005 and 209,000 in 2006. A total of 681,118 shares were purchased and 1,288,996 shares sold within the framework of this share buyback plan.

At 24 April 2006, which is the date of implementation of the new share buyback plan, the Company held 381,002 treasury shares, being 0.29% of its share capital.

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■ REPORT ON THE CURRENT SHARE BUYBACK PLAN

The Combined General Meeting of 24 April 2006 decided in its seventh 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 an 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 the amount of free reserves that is € 507,786,907.

This programme was the object of an information note approved by the AMF on 5 April 2006.

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 24 April, 2006. 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 24 April 2006 to 28 February 2007

Percentage of share capital directly or indirectly held:	0.24%
Number of shares cancelled over the past 24 months:	None
Number of treasury shares:	315,502 shares
Book value of treasury shares at 28 February 2007:	€ 5,377,770
Market value of treasury shares at 28 February 2007:	€ 8,464,917
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	387,226	452,726 (*)	None	None
Maximum exercise date	-	-	None	None
Transaction average price	24.86	25.25 ou 24.96 (**)	None	None
Average exercise price	-	18.76	None	None
Amounts	9,626,438	11,431,331	None	None

(*) including 71,000 shares corresponding to share purchase options exercised

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

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■ **DESCRIPTION OF THE NEW SHARE BUYBACK PLAN**

A proposal was submitted for approval to the Combined General Meeting of 2 May 2007 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: € 37
- maximum shareholding: 9.76% of the share capital, being 12,873,367, taking account of treasury share held at 28 February 2007, within the regulatory limit of 10%
- maximum duration: 18 months from the date of the General Meeting

Shares may be purchased to fulfil the following objectives:

- 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, providing shares purchased to this end do not exceed 5% of the share capital of the Company;
- allocate shares upon the exercise of rights attached to marketable securities allocated to Group employees and management, in particular within the framework of profit sharing or through a company saving plan or the allocation of free shares;
- allocate shares upon the exercise of rights attached to marketable securities in accordance with applicable regulations;
- cancel shares, subject to the approval of the extraordinary 11th resolution by the Combined General Meeting.

At 28 February 2007, the Company held 315,502 treasury shares, representing 0.24% of the share capital. These shares can be analysed as follows:

Treasury share allocation to the different objectives at 28 February 2007			Total treasury shares at 28 February 2007
Granting of free shares	Grating of share purchase options	Increasing share liquidity within the framework of the liquidity contract	315,502 shares
130,502 shares	20,000 shares	165,000 shares including 60,500 shares actually held by the contract	

12.4. TREASURY SHARES

At 31 December 2006, M6 held a total 275,002 of its own shares, amounting to 0.21% 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 € 11.5 million.

The number of shares allocated for this purpose includes the 20,000 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 and 2006 by objective, as follows:

Treasury shares allocated to the different objectives at 31 December 2004			Total treasury shares at 31 December 2004
Granting of free shares 130,502 shares	Granting of share purchase options 840,530 shares	Increasing share liquidity within the framework of the liquidity contract 176,515 shares including 72,015 shares held by the contract	1,147,547 shares
Changes over the 2005 financial year			
Granting of free shares -	Granting of share purchase options (611,530) shares	Increasing share liquidity within the framework of the liquidity contract (44,015) shares	(655,545) shares
Treasury shares allocated to the different objectives at 31 December 2005			Total treasury shares at 31 December 2005
Granting of free shares 130,502 shares	Granting of share purchase options 229,000 shares	Increasing share liquidity within the framework of the liquidity contract 132,500 shares including 28,000 shares held by the contract	492,002 shares
Changes over the 2006 financial year			
Granting of free shares -	Granting of share purchase options (209,000) shares	Increasing share liquidity within the framework of the liquidity contract (8,000) shares	(217,000) shares
Treasury shares allocated to the different objectives at 31 December 2006			Total treasury shares at 31 December 2006
Granting of free shares 130,502 shares	Granting of share purchase options 20,000 shares	Increasing share liquidity within the framework of the liquidity contract 124,500 shares including 20,000 shares held by the contract	275,002 shares

12.5. STOCK PURCHASE AND SUBSCRIPTION OPTION PLAN

12.5.1. INFORMATION ON STOCK PURCHASE AND SUBSCRIPTION OPTION PLANS

In accordance with the authorisation granted by the Combined General Meeting of 28 April 2004, the Management Board decided on 6 June 2005 to grant share options following the approval by the Supervisory Board.

The 736,750 options allocation concerns 158 beneficiaries, including Directors of the Company. Note: the option exercise price was set at € 24.60, without any rebate to the average share price over the last 20 trading days preceding the implementation of the plan.

Shareholders' AGM date	4 June 1999		26 May 2000					28 April 2004			Total
	04/06/1999	19/01/2000	30/06/2000	07/06/2001	07/06/2002	25/07/2003	14/11/2003	28/04/2004	02/06/2005	06/06/2006	
Option plan type	Purchase	Purchase	Subscription	Subscription	Subscription	Subscription	Subscription	Subscription	Subscription	Subscription	
Total number of shares that may be purchased or subscribed to	600,000	175,000	338,100	551,800	710,500	713,500	20,000	861,500	635,500	736,750	5,342,650
- Board members	120,000	20,000	86,000	113,000	168,000	130,000	20,000	175,000	90,500	90,500	1,013,000
- 10 highest paid managers	295,000	155,000	112,400	89,000	139,500	146,000	-	155,000	108,500	112,500	1,312,900
Date options exercisable from	05/06/2004	19/01/2005	01/07/2004	08/06/2005	08/06/2006	26/07/2007	15/11/2007	29/04/2006	02/06/2007	06/06/2008	
Option expiry date	04/06/2006	18/01/2007	29/06/2007	06/06/2008	07/06/2009	25/07/2010	14/11/2010	28/04/2011	01/06/2012	05/06/2013	
Exercise or purchase price (€)	18.76	44.63	58.58	30.80	28.06	22.48	23.82	24.97	19.94	24.60	
Number of shares subscribed to at 7 February 07	500,000	-	-	-	-	-	-	-	-	-	500,000
Remaining unexercised subscription/purchase options at 15/02/07	-	17,500	185,300	325,300	481,500	555,500	20,000	679,500	558,000	686,750	3,509,350
Options cancelled between 07/02/06 and 15/02/07	-	2,500	33,500	52,000	76,000	70,000	0	93,000	77,500	50,000	454,500

12.5.2. STOCK OPTIONS GRANTED TO BOARD MEMBERS

Board members benefited from the option allocation plan of 6 June 2006 in the following conditions:

	Number of options granted / shares subscribed to/purchased	Price (€)	Expiry date	Plan authorised by AGM dated 28 April 2004
				Allocation date
Nicolas de Tavernost	27,500	24.60	5 June 2013	Board meeting of 6 June 2006
Thomas Valentin	18,000	24.60	5 June 2013	Board meeting of 6 June 2006
Jean d'Arthuys *	15,000	24.60	5 June 2013	Board meeting of 6 June 2006
Catherine Lenoble	15,000	24.60	5 June 2013	Board meeting of 6 June 2006
Éric d'Hotelans	15,000	24.60	5 June 2013	Board meeting of 6 June 2006

* Due to Jean d'Arthuys' departure as at 3 December 2006, corresponding options may not be exercised.

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

Options exercised during the financial year	Number of options	Price (€)	Plan approved by AGM dated	Allocation date
Thomas Valentin	50,000	18.76	4 June 1999	Board meeting of 4 June 1999
Jean d'Arthuys	20,000	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 benefited from the option allocation plan of 6 June 2006 in the following conditions (some of them exercised previously allocated options):

	Number of options granted / shares subscribed or purchased	Average exercise price	Management Board Meeting Date
> Options granted	112,500	24.60	Board Meeting of 6 June 2006
> Options exercised	95,000	18.76	Board Meeting of 4 June 1999

■ 12.5.4. TRANSACTIONS ON THE SHARE CAPITAL IN THE COURSE OF THE PREVIOUS FINANCIAL YEAR (FROM 22 MARCH) PERFORMED BY BOARD MEMBERS, EXECUTIVE OFFICERS AND RELATED PARTIES.

During the financial year, Board members and Executive officers informed the Company of the following transactions on the share capital, performed by themselves or related parties:

Name and position	Nature of the transaction	Date	Number share	Price per value	Total
Chartiez, Alain Member of the Executive Committee	Purchase of shares	22/03/2006	10,000	€ 18.76	€ 187,600
Jean d'Arthuys Member of the Board of Directors	Purchase of shares	10/04/2006	20,000	€ 18.76	€ 375,200
Thierry Desmichelle Member of the Executive Committee	Purchase of shares	10/05/2006	5,000	€ 18.76	€ 93,800
Legal person related to Albert Frère, Member of the Supervisory board	Purchase of shares	04/07/2006	6,594,435	€ 24.70	€ 162,882,544
An individual related to Jean d'Arthuys Member of the Board of Directors	Sale of shares	01/09/2006	3,333	€ 24.50	€ 81,658.50
An individual related to Jean d'Arthuys Member of the Board of Directors	Sale of shares	01/09/2006	3,333	€ 24.50	€ 81,658.50
An individual related to Jean d'Arthuys Member of the Board of Directors	Sale of shares	05/09/2006	3,334	€ 24.50	€ 81,683

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 6 June 2006 to grant free shares following the approval by the Supervisory Board.

This share allocation plan relates to 480,472 shares granted to 57 beneficiaries under the conditions of being members of staff in June 2008.

In that respect and considering the Group's past years' performance and expansion challenges it faces over the next few years, Board members benefited from the following allocation of shares, after approval by the Supervisory Board and upon the proposal of the remuneration Committee:

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 Allocation date
Nicolas de Tavernost	198,933	24.63	7 June 2008	Board meeting of 6 June 2006
Thomas Valentin	86,919	24.63	7 June 2008	Board meeting of 6 June 2006
Jean d'Arthuys (*)	26,641	24.63	7 June 2008	Board meeting of 6 June 2006
Catherine Lenoble	43,986	24.63	7 June 2008	Board meeting of 6 June 2006
Eric d'Hotelans	35,743	24.63	7 June 2008	Board meeting of 6 June 2006

(*) Due to the departure of Jean d'Arthuys on 3 December 2006, no share in respect of this allocation will be granted to him.

In addition, the 10 leading beneficiaries of free shares received the following number of shares:

Shares granted free of charge to the the 10 first beneficiaries	Number of shares granted	Share price on allocation date (€)	Expiry date	Plan approved by AGM of 28 April 2005
> Shares granted – general information	34,417	24.63	7 June 2008	Board meeting of 6 June 2006

Features of free share allocations, authorised by resolution n° 11 approved by the Combined General Meeting of 28 April 2005, are summarised below:

Shareholders' AGM date Board meeting date	28/04/2005		Total
	02/06/2005	06/06/2006	
Total number of shares granted	128,000	480,472	608,472
- Board members	36,200	392,222	428,422
- 10 highest paid managers	44,600	34,417	79,017
Date of final vesting	03/06/2007	07/06/2008	
Number of shares delivered at 15 February 07	0	0	0
Number of shares not yet allocated at 15 February 07	104,599	446,498	551,097
Allocated shares cancelled between 7 February 06 and 15 February 07 due to individuals leaving the Company	23,401	33,974	57,375

The number of granted shares in the framework of the 2 June 2005 plan was conditioned by a profitability objective for year 2005 and 2006 which has been reached.

Consecutively the presented data are established on the basis of the maximum numbers of shares that can be granted to people stated payroll on the 3rd June 2007.

12.7. EXECUTIVE OFFICERS' REMUNERATION AND FRINGE BENEFITS

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

12.7.1. BOARD MEMBERS' REMUNERATION AND FRINGE BENEFITS

Name	Company	Position	Date appointed	Remuneration (€)					
				2005			2006		
				Fixed (1)	Variable		Fixed (1)	Variable	
	Additional remuneration (2) paid in 2006	Performance bonus (2) paid in 2006		Additional remuneration (2) paid in 2007	Performance bonus (2) paid in 2007				
Nicolas de TAVERNOST	Métropole Télévision	Chairman	26/05/2000	759,300	322,500	250,000	759,300	300,100	250,000
Thomas VALENTIN	Métropole Télévision	Vice Chairman	26/05/2000	379,160	193,500	150,000	379,160	180,060	150,000
Eric d'HOTELANS	Métropole Télévision	Vice Chairman	14/11/2003	277,322	70,950	45,000	277,324	66,022	45,000
Catherine LENOBLE	M6 Publicité		26/01/2001	206,494	70,160	45,000	247,470	60,873	45,000
Jean d'ARTHUYS	Métropole Télévision		26/05/2000	254,060	47,201	58,410	243,141	43,923	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 achievement to the Group's objective of Group share of consolidated profit on ordinary activities before tax and non-recurrent items, as defined by the Supervisory Board. As regards Catherine Lenoble, this remuneration is measured on the basis of M6 Publicité turnover objective;
- A Management Board performance bonus determined by the Supervisory Board upon recommendation of the Remuneration 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.

12.7.2. 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

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■ 12.7.3. SUPERVISORY BOARD ATTENDANCE FEES

Supervisory Board members		2006 attendance fees (€)
Albert Frère	Chairman	18,000
Gérard Worms	Chairman of the Remuneration Committee	12,000
Guy de Panafieu	Chairman of the Audit Committee	12,000
Gerhard Zeiler	Remuneration Committee Member	10,000
Rémy Sautter	Audit Committee Member	10,000
Bernard Arnault		8,000
Vincent de Dorlodot		8,000
Axel Ganz		8,000
Jean Laurent		8,000
Ignace Van Meenen (1)	Audit Committee Member	7,500
Constantin Lange		6,700
Yves-Thibault de Silguy (2)		4,000
Thomas Rabe (3)	Audit Committee Member	1,770
Elmar Heggen (4)	Audit Committee Member	1,065

(1) appointed on 7 March 2006, term expired 1 October 2006 - (2) term expired 30 June 2006 - (3) term expired 7 March 2006 - (4) appointed on 22 November 2006

Supervisory Board members' sole remuneration consists of attendance fees.

G. Zeiler, R. Sautter, E. Heggen, V. de Dorlodot and C. Lange are employed by RTL Group or its subsidiaries.

12.8. CASH DIVIDEND POLICY

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

(€)	2005	2004	2003	2002	2001	2000
Cash dividend	0.950	0.840	0.670	0.570	0.570	0.510
Tax credit	-	-	0.335	0.285	0.285	0.255
Gross dividend	0.950	0.840	1.005	0.855	0.855	0.765
Yield (based on closing share price)	4.10%	4.02%	2.57%	2.73%	1.78%	1.28%
Payout ratio						
(% of Net profit – Group share)	80%	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, in respect of the 2004 financial year, an increase in the distribution rate in order to reach 80% of Group share of consolidated net profit. This payout ratio was maintained in respect of the 2005 financial year. Thus over the past 5 years, M6 shareholders have benefited from an average annual dividend increase of 13.6%.

In respect of the 2006 financial year, a proposal will be submitted for approval to the Combined General Meeting of 2 May 2007 for the payment of a cash dividend of € 0.95 per share, corresponding to a payout ratio of 82% of Group share of consolidated net profit of continuing operations.

12.9. MAIN SHAREHOLDERS AT 31 DECEMBER 2006

At 31 December 2006, some 21,666 shareholders held shares in Métropole Télévision SA, according to a Euroclear survey.

At that date, 116,169 of these shares were held by members of the Management Board (0.09% of the company's share capital), with a further 1,900 shares held by members of the Supervisory Board.

On 5 July 2006, Suez Group declared having crossed downwards the 5% share capital and voting rights threshold of the Métropole Télévision company and no longer holding any shares of the company. On the same day, Compagnie Nationale à Portefeuille Group, controlled by Albert Frère, announced it crossed upwards the 5% share capital and voting rights threshold of the Métropole Télévision company, following the acquisition of 6,594,435 shares from Suez.

No legal threshold crossing was brought to the attention of the Company in 2006.

At 31 December 2006, after taking into account declarations of upward and downward legal threshold crossings (1% of the Company's share capital) disclosed to the Company, two institutional shareholders held more than 2% of the Company's share capital and four institutional shareholders held more than 1% of the Company's share capital.

The Company was 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.

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, as specified in section 2.1.2 of the Legal information chapter of this document. This legal framework applies in particular to provisions in terms of shareholders and shareholding. Under the terms of Article 39 of Law no. 86-1067 of 30 September 1986 as amended, as well as Law no. 2001-624 of 18 July 2001, an individual or entity, acting alone or in concert, 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.

The Conseil Supérieur de l'Audiovisuel (CSA) ensures that conditions and data that motivated the granting of the broadcasting authorisation are complied with. The breakdown of the share capital and governing bodies of license holders is such a data pursuant to Article 42-3 of the Law of 30 September 1986 in which light the authorisation was granted. In accordance with the ruling of the Conseil d'Etat, the CSA abandoned the application of the above-mentioned article by including multi-party representation guarantees in the agreement signed with M6. This agreement states that the company must inform the CSA of any substantial change in the amount or distribution of the share capital and voting rights, and that no change liable to result in a change of controlling shareholder may occur without the prior consent of the CSA.

In application of the bylaws revised 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 shareholders 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.

	at 31 December 2006				at 31 December 2005				at 31 December 2004		
	number of shares owned	% share capital	N° voting rights	% voting rights	number of shares owned	% share capital	N° voting rights	% voting rights	number of shares owned	% share capital	% voting rights
RTL Group	64,049,571	48.56%	44,748,654	34.00%	64,049,571	48.56%	44,674,874	34.00%	64,625,201	49.00%	34.00%
Suez	-	-	-	-	6,594,435	5.00%	6,594,435	5.02%	6,594,435	5.00%	5.04%
Groupe Compagnie Nationale à Portefeuille	6,594,435	5.00%	6,594,435	5.01%	-	-	-	-	-	-	-
Treasury shares	275,002	0.21%	0.00%	0.00%	492,002	0.37%	0.00%	0.00%	1,147,547	0.87%	0.00%
Personnel	119,600	0.09%	119,600	0.09%	115,400	0.09%	115,400	0.09%	120,500	0.09%	0.09%
Institutional and general public	60,850,082	46.14%	60,850,082	46.23%	60,637,282	45.98%	60,637,282	46.15%	59,401,007	45.04%	45.43%
<i>in France</i>	32,108,096	24.34%	32,108,096	24.40%	32,916,149	24.96%	32,916,149	25.05%	28,349,410	21.49%	21.68%
<i>in other countries</i>	28,741,986	21.79%	28,741,986	21.84%	27,721,133	21.02%	27,721,133	21.10%	31,051,597	23.54%	23.75%
Total	131,888,690	100.00%	112,312,771	85.34%	131,888,690	100.00%	112,021,991	85.25%	131,888,690	100.00%	84.57%

In accordance with the new regulations on threshold-crossing disclosure, and in respect of the obligation of providing continuous information, the Group now discloses at the end of each month the total number of voting rights and shares comprising its share capital (in the event a change occurred since the previous declaration). These new regulations suggest that the total number of voting rights based on "all shares to which voting rights are attached, including shares deprived of voting rights". Therefore, information disclosed by M6 Group comprises a theoretical number of voting rights, calculated according to the new regulation. This document also mentions the number of actual voting rights by taking into account the 34% statutory limit.

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 SUBSIDIARIES

12.10.1. PARENT COMPANY

Relations between the parent company and its subsidiaries are presented in the Legal Information section. 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).

Lastly, 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 presented below to disclose the respective scale of every company within the Group and more specifically the relative size of the parent company compared to the direct and indirect subsidiaries.

Except for the liability relating to the Vivendi advance, as part of the TPS transaction, and current accounts with joint shareholders of proportionally consolidated companies, the Group's financial debt amounted to € 1.8 million (of which € 0.4 million in leases) and primarily related to Mistergooddeal (€ 1.0 million), primarily to finance warehouse and logistics-related fittings and equipment.

12.10.2. SHAREHOLDER AGREEMENTS

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

€ millions	2006	2005
Non-current assets (excluding deferred tax assets)	554.7	237.8
M6 Numérique	324.1	-
Mistergooddeal	42.5	39.4
SND	40.9	43.6
Immobilière M6	30.7	32.3
Métropole Télévision	22.1	20.5
Paris Première	16.0	16.1
TCM DA	14.9	17.7
SNC	13.4	14.6
FCGB	11.9	8.5
M6 Studio	4.5	15.8
Others	33.7	29.3
Balance sheet cash and cash equivalents	250.7	243.1
Métropole Télévision	202.0	225.8
SND	10.6	0.1
HSS	7.6	4.6
FCGB	5.8	1.7
Mistergooddeal	5.1	5.3
TCM	5.0	0.7
Others	14.6	5.0
Cash flow from operations	195.3	194.3
Métropole Télévision	56.0	84.9
M6 Publicité	44.0	40.9
SND	36.0	13.4
M6 Web	29.5	3.7
FCGB	15.9	-6.1
HSS	-0.8	15.5
M6 Interactions	-2.5	19.2
Others	17.1	22.9
Dividends paid to Métropole Télévision	44.0	48.0
M6 Publicité	26.7	26.8
M6 Interactions	13.8	20.0
SNC	2.7	-
M6 Web	0.7	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 checks 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 refinances 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). These purchases are primarily denominated in US dollars.

In order to protect itself from random currency 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	0.6	0.6
Liabilities	(10.7)	(10.7)
Off-Balance Sheet	(33.3)	(33.3)
Unhedged position	(43.4)	(43.4)
Forex hedges	20.7	20.7
Net exposed position	(22.7)	(22.7)

(1) at closing price

The full balance sheet is hedged.

USD off-balance sheet commitments notably include multi-year

contracts covering several 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 US dollars net exposed position for all its activities is € 23 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.

■ 13.2.2. INTEREST RATE RISK

■ ANALYSIS OF EXPOSURE TO INTEREST RATE RISK OF CONTINUING ACTIVITIES

I. MATURITY SCHEDULE OF FINANCIAL DEBT AND FINANCIAL ASSETS AT 31 DECEMBER 2006

(€ millions)	< 1 year	1 to 5 years	> 5 years	Total
Variable rate financial debt	2.2	6.5	0.0	8.7
Other unexposed financial debt	0.0	0.0	0.0	0.0
Total financial debt (1)	2.2	6.5	0.0	8.7
Variable financial assets	250.7	6.7	0.0	257.3
Other unexposed financial assets	0.0	0.0	0.0	0.0
Total financial asset (1)	250.7	6.7	0.0	257.3

(1) Restated for the impact of the TPS transaction, as follows:
 - to liabilities, € 51 million given as security by Vivendi and deposited by M6 until the transaction was finalised on 4 January 2007;
 - to assets, M6's stake in the new Canal+ France entity, combining TPS and Canal Plus operations and valued at € 324 million (see Section 1 "Group structure").

II. ANALYSIS OF EXPOSURE OF VARIABLE RATE NET POSITIONS WITHIN ONE YEAR

(€ millions)	variable rate			Total
	< 1 year	> 1 year	unexposed	
Financial liabilities	(2.2)	(6.5)	0.0	(8.7)
Financial assets	250.7	6.7	0.0	257.3
Net position	248.4	0.2	0.0	248.6

Group variable rate position is positive by € 248 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 had the following debts at 31 December 2006:

- 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.

■ 13.2.3. TREASURY SHARE RISK

Treasury shares held as marketable securities are valued at the stock market price, except for the following:

- 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;
- as regards treasury shares held to cover free share allocation plans, whose net value is brought down to zero over two years on a straight-line basis.

The overall net position of the treasury share portfolio is € 3.9 million and 144,500 shares at 31 December 2006. A 10% movement in the M6 share price would have a € 0.40 million impact on the value of treasury shares.

■ 13.2.4. 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.

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 28 February 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 revised Law of 1986, regarding the offering of a digital 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 has 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.

The bill on "modernisation of audiovisual broadcasting and television of the future", adopted at first reading by the French Senate on 22 November 2006 was adopted by the National Assembly on 22 February 2007. It organises the full changeover from analogue TV to digital TV, sets the final deadline to 30 November 2011, and plans on encouraging the development of innovative services such as high definition TV and personal mobile TV. This law also plans on establishing sub-quotas for the production and investments in heritage works such as drama, innovative documentaries, animation and the filming/broadcasting of live shows. Impacts of such obligations on the Group cannot be assessed at the time being.

In addition, the Decree of 7 October 2003 authorises the retail 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.

The Company is not aware of any new regulations adopted since the beginning of 2007 that could have a significant impact on Métropole Télévision Group.

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, Métropole Télévision Group diversification activities may generate claims regarding the infringement of the aforementioned rights.

Nevertheless, procedures have been implemented within Métropole Télévision 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

The Group does all that is possible to ensure the uninterrupted broadcast of programmes on the M6 TV Network and on digital channels it controls.

Any exceptional event resulting in the inability to access the different buildings of the Métropole Télévision 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:

1 – ANALOGUE TRANSMISSION:

- electromagnetic beams from 107 main transmission sites and 856 retransmission sites operated by TDF, fed by the AB3 satellite,
- satellite transmission (Atlantic Bird 3 for unscrambled transmission),
- cable TV transmission (“must-carry analogue” transmission requirement for cable operators).

2 – DIGITAL TRANSMISSION:

- by the 85 main transmission sites authorised by the CSA, Hot Bird for broadcasting on TPS, ASTRA for broadcasting on Canal-sat, and cable.

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 depends on the R4 multiplex for the two existing operators on the French market (TDF, Towercast).

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 instalment 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

2005: 24.6 thousand m³

2006: 25.8 thousand m³

The rise recorded between 2005 and 2006 is primarily explained by works undertaken during the year.

Consumption of electric energy (in kWh)

2005: 7,281,992 kWh

2006: 7,784,987 kWh

The rise recorded between 2005 and 2006 is primarily explained by the installation of additional editing equipment and higher studio usage.

CO₂ emissions (in millions of kilograms)

2005: 0.431 million Kg

2006: 0.434 million Kg

Waste production (in tons)

2005: 228 tons

2006: 239 tons

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.

Guarantees: 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.

Guarantees: 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 2006, the annual cost of insurance premiums to the Group amounted to € 720 thousand.

All of M6 Group insurance contracts were renewed in 2007 on similar bases as those of 2006.

There are no captive insurance companies.

14. SIGNIFICANT CONTRACTS SIGNED OVER THE LAST 24 MONTHS

The TPS agreement, as described in the “Group structure” 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

■ 15.1.2. 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 1,581 in 2005, compared with 1,298 in 2005.

Excluding Football Club des Girondins de Bordeaux, the average permanent workforce increased to 1,402 from 1,126 the previous year.

At 31 December 2006, permanent workforce was composed of 1,643 employees, of which 213 work on a fixed term contract. The employees are split between M6 Group (Métropole Télévision, M6 Bordeaux, M6 Toulouse, M6 Films, Métropole Production - 582 personnel being 35% of the workforce) and Métropole Télévision subsidiaries (1,061 personnel, of which 215 for MGD and 46 for other subsidiaries).

In 2006, 257 personnel were hired on a full time permanent contract basis, compared to 145 in 2005.

Freelance journalists and contract workers full-time equivalents increased by 3% to 452 (excluding Mistergooddeal), from 438 in 2005, reflecting higher activity generated by the broadcasting of the Football World Cup.

During 2006, 48 members of personnel were made redundant. In addition, 92 employees left the Company after tending their resignation, thus reducing the growth in personnel to 117.

The average age of Group personnel was stable compared to 2005. M6 Group employed as many women as men in 2006, thus 50% of staff members were women (compared to 52% in 2005). This is 54% excluding Football des Girondins de Bordeaux. Women accounted for 46% of Group's executives and, excluding Football Club des Girondins de Bordeaux, 53% of the Group's workforce.

M6 Group primarily outsources the following services to subcontractors:

- *General services* : reception, security, facilities cleaning and maintenance, company restaurant and information systems maintenance projects activities, with subcontractors employing 157 persons in the delivery of these services (172 in 2005).
- *IT* : 13 service providers employ a total 21 personnel
- *Technical services* : Operation of the weather forecast and traffic information studio, technical and IT support and maintenance of 8 local newscasts: 2 subcontractors, employing a total 7 employees.

■ 15.1.3. 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 2005, excluding FCGB.

The Group's cumulative absenteeism rate for 2006, including paid leave, was 10% of hours worked (compared to 16 % in 2005). The Group's illness and maternity leave absenteeism rate for 2006 was 5%, unchanged from 2005.

■ 15.1.4. 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 € 95,275 thousand against € 79,752 thousand in 2005. Social security charges as a percentage of payroll amounted to 48% for all categories of employees. The average salary of full time employees (excluding Football Club Girondins de Bordeaux) for 2006 was € 45,917.

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 2006, € 5,963,238 was distributed to 1,778 personnel in respect of 2005, including 501 contract workers and freelance journalists, compared to € 5,776,411 distributed in 2005 in respect of 2004 to 1,655 personnel, including 501 contract workers and freelance journalists.

The Group's Company Savings Plan was renewed in May 2006. 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).

1,173 employees and managers of the Group have subscribed to the CSP. Group companies contributed € 834,078 to the CSP in 2006, compared to 988 employees and managers and € 702 thousand for 2005.

Total CSP contributions and payments in 2006 amounted to € 8,882 thousand, compared to € 6,478 thousand in 2005.

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 € 2,095,073 was paid to 1,778 employees in 2006, in respect of profit-sharing.

Lastly, 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, lower 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.

15.1.5. PROMOTION AND CAREER DEVELOPMENT

As in prior years, 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. In 2006, 42 benefited from in-house transfers, including 16 men and 26 women.

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.

15.1.6. 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.

Numerous meetings were held in that respect in 2006.

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 2006: a medical expense agreement and an agreement relating to M6 Group work working hours.

15.1.7. HEALTH AND SAFETY

Health and safety conditions are periodically monitored, notably within the framework of the Health and Safety Committee.

Numerous measures to improve working conditions were undertaken in 2006.

■ 15.1.8. TRAINING

INTERNAL TRAINING

In 2006, training expenditure totalled € 628 thousand, being a total 1,719 training days provided to 606 employees. Major areas covered by training were for specific positions, management skills, and increasingly learning and practising foreign languages. As regards M6 group structure, training actions were perfectly evenly distributed between men and women.

For the first year in 2006, certain staff members availed of their DIF (individual training rights), in application of the industry-wide agreement signed on 28 April 2005.

INDUCTION POLICY OF YOUNG GRADUATES AND TRAINEES:

Young people are taken in by the Group within the framework of observational job experiences for the GCSE age group, through contract and remunerated work placements or through their alternating educational institution and workplace education.

In accordance with the French national trainee charter, the Group conducted a number of actions for the benefit of student trainees: review of remuneration packages, trainees take part in an induction seminary for new trainees within their first month within the Group, they receive a welcome package and are guided by a supervisor who has received specialised management training. Trainees are assessed at the end of their work placement in order to constitute a pool of potential applicants.

They are sent an information letter to keep the abreast of Group developments and to advertise the latest vacancies. In 2006, the Group welcomed 400 contract and remunerated trainees and 218 teenagers for observational work experiences. 62 trainees were subsequently recruited in 2006 on a contract, permanent, freelance or contract basis.

■ 15.1.9. EMPLOYMENT OF HANDICAPPED PERSONS

Aside from directly employing 5 handicapped persons, M6 Group has for several years outsourced the performance of repetitive administrative tasks, such as mail sorting, to workshops for the handicapped.

■ 15.1.10. CHARITABLE WORKS

- For M6 Group, 0.9% of payroll being € 346,262;
 - For subsidiaries, 0.15% of payroll being € 42,199;
- being a total € 388,461.

15.2. REMUNERATION OF 10 HIGHEST PAID EMPLOYEES

In 2006, a total amount of € 4,990 thousand was paid to the 10 highest paid employees, compared to € 4,920 thousand in 2005 (benefits in kind included).

The 10 highest paid employees include Board members but exclude FC Girondins de Bordeaux football players.

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. This action for preven-

tion of enjoyment, damages and dispute of legal status was dismissed on 4 January 2007 by the Cantonal Court. TSR appealed to the ruling.

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. Judgement is expected in 2007.

■ 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 2006 FINANCIAL YEAR

(€ thousands)	Ernst & Young		KPMG		TOTAL 2006	TOTAL 2005
	2006	2005	2006	2005		
Financial Audit						
Statutory audit, certification of parent company and Group financial statements	377	354	303	273	680	627
Other audit work	-	75	-	45	-	120
Sub-total	377	429	303	318	680	747
Other services						
Tax, legal and administrative						
Information technologies						
Internal audit						
Other (to be specified if > 10% of audit fees)						
Sub-total	-	-	-	-	-	-
Total	377	429	303	318	680	747

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18. ANNUAL INFORMATION DOCUMENT

In accordance with Article 222-7 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

TURNOVER

31 January 2006: 2005 4th quarter turnover. Publication to the BALO of 8 February 2006 (n° 17)

24 April 2006: 2006 1st quarter turnover. Publication in the BALO of 1 May 2006 (n°52)

27 July 2006: 2006 2nd quarter and 1st half-year turnover. Publication to the BALO of 4 August 2006 (n°93)

26 October 2006: 2006 3rd quarter turnover. Publication in the BALO of 10 November 2006 (n° 135)

1st February 2007: 2006 4th quarter turnover. Publication in the BALO of 9 February 2007 (n°18)

ANNUAL AND INTERIM FINANCIAL RESULTS

8 March 2006: annual results at 31 December 2005. Publication in the BALO of 17 April 2006 (n°46)

28 August 2006: interim results at 30 June 2006. Publication in the BALO of 11 October 2006 (n°122)

5 March 2007: annual results at 31 December 2006.

OTHER PRESS RELEASES

9 January 2006: Vivendi Universal – TF1 – M6: planned merger of pay TV operations

30 March 2006: Ignace Van Meenen replaces Jean-Charles de Keyser as member of the Supervisory Board. Publication in Les Petites Affiches of 30 March 2006.

14 April 2006: Constantin Lange replaces Thomas Rabe as member of the Supervisory Board. Publication in Les Petites Affiches of 14 April 2006.

5 May 2006: annual disclosure document (period from 01/01/2005 to 22/03/2006)

4 July 2006: transfer of Suez shareholding to Compagnie Nationale à Portefeuille Group

6 July 2006: liquidity contract half-year report

31 August 2006: TPS - Canal+ merger

28 September 2006: Jean d'Arthuys, Management Board member in charge of digital operations, leaves M6 Group

7 December 2006: M6 Group acquires Téva in full

5 January 2007: finalisation of the TPS/ Canal+ Group merger

8 January 2007: liquidity contract half-year report

NOTICES

Notice of meeting: Publication in the BALO of 22 March 2006 (n° 35)

Notice of meeting: Publication in Les Petites Affiches of 5 April 2006

Voting rights at the AGM of 24 April 2006: Publication in the BALO of 3 May 2006 (n° 53)

Notice of meeting: Publication in the BALO of 28 March 2007 (n°38)

■ OPERATIONS

5 April 2006: Notice of share buyback programme (included in the reference document)

■ DECLARATIONS

January 2006 - February 2007: monthly declarations of treasury share buyback and disposals

8 June 2006: individual disclosure of Board members' transactions in the company's shares

12 June 2006: individual disclosure of Board members' transactions in the company's shares

18 July 2006: individual disclosure of Board members' transactions in the company's shares

13 November 2006: individual disclosure of Board members' transactions in the company's shares

November 2006 - February 2007: monthly voting rights disclosure

■ REFERENCE DOCUMENT

5 April 2006: AMF submission n° 06-0213

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Other management report information is disclosed in the “Legal Information” section, as well as in the Parent Company financial statements and accompanying notes (please refer to the Reconciliation table at the end of the document).

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A. 2006 CONSOLIDATED FINANCIAL STATEMENTS

I. CONSOLIDATED BALANCE SHEET

ASSETS

(€ millions)	Note n°	31/12/2006	31/12/2005	31/12/2004
Goodwill	14	53.7	61.3	114.6
Audiovisual rights	13	66.6	62.9	41.1
Other intangible assets	13	42.1	45.2	52.9
INTANGIBLE ASSETS		162.4	169.4	208.6
Land	12	7.8	7.8	7.8
Buildings	12	33.3	36.1	37.0
Other property, facilities and equipment	12	20.2	17.9	42.0
PROPERTY, FACILITIES AND EQUIPMENT		61.3	61.8	86.8
Available-for-sale financial assets	15	0.4	0.3	8.2
Other non-current financial assets	16	330.7	6.3	7.7
FINANCIAL ASSETS		331.1	6.6	16.0
Deferred tax assets	9	22.3	30.1	31.4
TOTAL NON-CURRENT ASSETS		577.0	267.9	342.8
Broadcast rights inventory	20	148.4	115.7	109.5
Other inventories	20	28.7	21.1	8.7
Trade receivables	21	277.5	244.4	237.1
Current tax		76.3	79.1	82.3
Other current assets	21	247.4	216.5	214.0
Derivative financial instruments		-	0.5	-
Current financial assets		-	0.2	29.2
Cash and cash equivalents	22	250.7	243.1	211.5
TOTAL CURRENT ASSETS		1,029.0	920.6	892.3
Assets used in discontinuing operations	5	-	201.8	-
TOTAL ASSETS		1,606.0	1,390.3	1,235.1

EQUITY AND LIABILITIES

(€ millions)	Note n°	31/12/2006	31/12/2005	31/12/2004
Share capital		52.8	52.8	52.8
Share premium		24.2	24.2	24.2
Treasury shares		(11.5)	(23.0)	(59.4)
Reserves		327.1	294.0	299.4
Other reserves		(0.7)	(0.1)	(4.5)
Net profit for the year (Group share)		408.5	156.2	128.8
GROUP EQUITY		800.2	504.1	441.3
MINORITY INTEREST		0.9	0.2	(0.4)
Provisions for liabilities and charges	19	7.9	9.1	17.4
Financial liabilities	24	6.2	5.1	5.7
Leases		0.3	-	6.4
Liabilities relating to non-current assets		7.5	7.8	-
Other liabilities		-	-	40.4
Deferred tax liabilities	9	19.7	5.4	6.2
TOTAL NON-CURRENT LIABILITIES		41.6	27.4	76.2
Provisions for liabilities and charges	25	61.8	56.3	63.2
Financial liabilities	24	53.1	1.7	29.2
Derivative financial instruments		1.0	-	5.9
Leases		0.1	-	3.9
Trade payables		348.7	296.4	308.7
Current tax		79.4	90.4	75.5
Tax and social security payables		143.5	119.0	125.6
Liabilities relating to non-current assets		19.9	20.9	28.8
Other liabilities		55.8	54.6	77.2
TOTAL CURRENT LIABILITIES		763.3	639.3	718.0
Liabilities relating to discontinuing operations	5	-	219.3	-
TOTAL EQUITY AND LIABILITIES		1,606.0	1,390.3	1,235.1

II. CONSOLIDATED INCOME STATEMENT

(€ millions)	Note n°	31/12/2006	31/12/2005	31/12/2004
Turnover		1,283.4	1,079.9	1,012.2
Other income from ordinary activities	8.1	16.8	50.8	53.2
Total revenues from ordinary activities		1,300.2	1,130.7	1,065.4
Materials and service purchases	8.2	(741.1)	(628.5)	(580.6)
Personnel costs (including profit sharing plan contributions)	8.4	(197.2)	(161.9)	(149.7)
Taxes and duties		(57.1)	(51.4)	(52.0)
Net depreciation/amortisation/provision charges	8.3	(82.7)	(67.8)	(71.7)
Impairment of unamortised intangible assets	14	(2.6)	(0.8)	(3.6)
Total operating expenses		(1,080.7)	(910.4)	(857.6)
Capital gains on disposals of non-current assets		-	13.3	-
Operating profit		219.5	233.6	207.8
Financial income		9.2	5.3	4.4
Interest expenses		(1.8)	(0.3)	-
Revaluation of derivative financial instruments		0.2	0.2	(1.1)
Proceeds from sale of available-for-sale financial assets		0.8	-	-
Other financial expenses		(0.1)	(2.5)	0.7
Net financial income	8.5/8.6	8.3	2.7	4.0
Share of associates results		-	-	(0.6)
Profit before tax		227.8	236.3	211.2
Income tax	9	(75.5)	(85.1)	(80.8)
Net profit from continuing operations		152.3	151.2	130.4
Post-tax profit (loss) from discontinuing operations	5	256.8	5.1	(2.1)
Consolidated net profit		409.1	156.3	128.3
NET PROFIT (GROUP SHARE)		408.5	156.2	128.8
MINORITY INTEREST		0.6	0.1	(0.5)
Earnings per share from continuing operations – basic (€)	10	1.154	1.153	0.998
Earnings per share from continuing operations - basic (€) (Group share)		1.154	1.153	1.001
Earnings per share from continuing operations – diluted (€)		1.146	1.149	0.987

III. CONSOLIDATED CASH FLOW STATEMENT

(€ millions)	31/12/2006	31/12/2005	31/12/2004
Operating profit	219.5	233.6	207.8
Non-current asset depreciation and amortisation	78.1	88.8	67.7
Capital gains (losses) on disposals	0.9	(26.2)	(5.1)
Income generated by cash balances	9.2	5.1	4.0
Interest paid	(0.4)	-	1.1
Other non-cash items	8.7	4.0	2.5
SELF-FINANCING CAPACITY(BEFORE TAX)	316.0	305.3	278.0
Movements in working capital requirements			
Inventories	(40.4)	(23.2)	(10.1)
Trade receivables	(67.1)	(53.6)	18.3
Operating liabilities	61.0	41.2	(26.8)
NET MOVEMENT IN WORKING CAPITAL REQUIREMENTS	(46.5)	(35.6)	(18.6)
Income tax paid	(74.2)	(75.4)	(107.5)
CASH FLOW FROM OPERATIONS	195.3	194.3	151.9
Investing activities			
Intangible assets acquisitions	(35.7)	(76.5)	(65.5)
Property, facilities and equipment acquisitions	(10.7)	(8.0)	(10.8)
Investments acquisitions	0.6	(1.5)	(0.7)
Acquisition-related borrowings	(0.5)	6.7	(2.7)
Cash and cash equivalents arising from subsidiary acquisitions	(10.7)	(48.7)	(20.7)
Cash and cash equivalents arising from subsidiary disposals	5.0	5.0	-
Disposals of intangible assets and property, facilities and equipment	7.2	13.1	8.2
Disposals/reductions in investments	0.3	1.4	0.2
NET CASH USED IN INVESTING ACTIVITIES	(44.5)	(108.5)	(92.0)
Financing activities			
Share capital increases	0.2	-	4.0
Current financial assets	(0.3)	-	-
Financial liabilities	(1.6)	3.0	(0.1)
Income from the exercise of stock options	4.1	10.2	4.7
Purchase of treasury shares	-	-	-
Dividends paid to shareholders of the parent company	(125.0)	(110.0)	(86.2)
Dividends paid to minority interests of consolidated companies	(0.1)	-	-
NET CASH USED IN FINANCING ACTIVITIES	(122.7)	(96.8)	(77.6)
Cash flow linked to discontinuing operations	(20.6)	42.6	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	7.6	31.6	(17.7)
Cash and cash equivalents – start of year	243.1	211.5	229.2
CASH AND CASH EQUIVALENTS – END OF YEAR	250.7	243.1	211.5

IV. EQUITY

(€ millions)	Number of shares (thousands)	Share capital	Share premiums	Treasury shares	Consolidated reserves	Group net profit	Other reserves (*)	Group Equity	Minority Interest
Balance at 1 January 2004	131,888.7	52.8	24.2	(64.1)	384.6	-	(4.3)	393.2	(1.2)
Changes in consolidating company's equity								-	-
Net profit (Group share)						128.8		128.8	(0.5)
Dividends					(87.6)			(87.6)	-
Change in value of derivative instruments							(0.2)	(0.2)	-
Cost of stock options (IFRS 2)					2.4			2.4	-
Purchases/sales of treasury shares				4.7				4.7	-
Other movements								-	1.3
Balance at 31 December 2004	131,888.7	52.8	24.2	(59.4)	299.4	128.8	(4.5)	441.3	(0.4)
Changes in consolidating company's equity								-	-
Net profit (Group share)						156.2		156.2	0.1
2004 net profit allocation					128.8	(128.8)		-	-
Dividends					(110.0)			(110.0)	0.4
Change in value of derivative instruments					(1.6)		4.4	2.8	-
Cost of stock options (IFRS 2)					4.0			4.0	-
Purchases/sales of treasury shares				36.4	(26.2)			10.2	-
Other movements					(0.4)			(0.4)	0.1
Balance at 31 December 2005	131,888.7	52.8	24.2	(23.0)	294.0	156.2	(0.1)	504.1	0.2
Changes in consolidating company's equity								-	-
Net profit (Group share)						408.5		408.5	0.6
2005 net profit allocation					156.2	(156.2)		-	-
Dividends					(125.0)			(125.0)	(0.1)
Change in value of derivative instruments							(0.6)	(0.6)	-
Cost of stock options (IFRS 2)					9.2			9.2	-
Purchases/sales of treasury shares				11.5	(7.4)			4.1	-
Other movements					0.1			0.1	0.2
BALANCE AT 31 DECEMBER 2006	131,888.7	52.8	24.2	(11.5)	327.1	408.5	(0.7)	800.2	0.9

(*) Other reserves correspond to changes in the fair value of financial instruments and balance sheet items measured in accordance with IAS 39.

B. NOTES TO THE 2006 CONSOLIDATED FINANCIAL STATEMENTS

Unless otherwise mentioned, the amounts presented in the notes are expressed in millions of Euros.

1. FINANCIAL YEAR SIGNIFICANT EVENTS

On 6 January 2006, a protocol of agreement was drawn up setting out the procedures for the merger of Canal+ Group and TPS pay-TV businesses in France, which had been announced on 16 December 2005.

This protocol, which was signed by Vivendi, TF1 and M6 after receiving the approval of relevant governing bodies, established the principles of:

- the transfer by TF1 and M6 of 100% of TPS to a new group, to be called Canal+ France, in which M6 would have a 5.1% shareholding;
- the grant to TF1 and M6 of a put option on their shareholding in Canal+ France, exercisable three years after completion of the transaction, on the basis of a market price determined by an independent expert, at least equal to a minimum price of around € 7,500 million for 100% of Canal+ France, i.e. € 384.2 million for the shares held by M6.

On the date of this protocol and by way of advance, Vivendi paid to M6 the amount of € 51.0 million to be refunded, with interest, on the date the transaction is completed.

During 2006, the procedures for this merger were formalised in contracts between the parties and the transactions required to be carried out prior to the merger, such as the recapitalisation of TPS, were implemented.

The main stages leading to the finalisation of the transaction were as follows:

- 30 August 2006: approval of the transaction by the French competition authorities subject to compliance with the commitments entered into by Vivendi and Canal+ France;
- 31 August 2006: approval of the financial statements of TPS, which constitute the benchmark financial statements on which are based a number of the procedures for the transfer of TPS to the new group;
- 1 September 2006: start of a transitional period in the current management of TPS leading to the appointment by Canal+ of a Chief Operating Officer of TPS and the loss of joint control of TPS by TF1 and M6, since the latter no longer freely controlled the operational and financial management of TPS;

- 30 November 2006: M6 implemented the recapitalisation of TPS (in the amount of € 66.6 million);
- 19 December 2006: signing of the transfer agreement resulting in the placing of all of TPS's business within TPS Gestion, which is 66%-owned by TF1 and 34%-owned by M6, and the agreement for the transfer from TPS Gestion to Canal+ France, subject to the approval of each of the transfers by the relevant General Meetings of shareholders to be held on 4 January 2007;
- 4 January 2007: approval of the agreements by the General Meetings of shareholders and completion of the transaction; on that date, M6 repaid to Vivendi the advance received on 6 January 2006, plus capitalised interest, resulting in a total repayment of € 52.5 million. The date for the exercise of the put option in respect of the Canal+ France shares held by M6 was thus determined to be in February 2010.

M6 now holds a 5.1% stake in Canal+ France, alongside Vivendi (65%), Lagardère (20%), which became involved in the transaction early in 2006 due to its stake in CanalSat (34%), and TF1 (9.9%).

M6 does not have a seat on the Board of Directors of Canal+ France. The main assets of Canal+ France are CanalSat, TPS, Multithématiques, Média Overseas and Canal Distribution, which are 100%-owned, and Canal+ SA, which is 49%-owned.

The accounting impact of the above transactions is as follows:

- in accordance with IFRS 5, TPS has, since 16 December 2005, been treated as a non-current asset held for sale and a discontinuing operation;
- the loss of joint control of TPS by M6 and TF1 as of 1 September 2006 resulted in the inclusion of only eight months of the net profit of TPS, which is expressed as the M6 Group's share, in the profit from discontinuing or discontinued operations; in accordance with IFRS 5, no amortisation / depreciation charge was recognised in respect of TPS' non-current assets in TPS contribution for the period;
- the capital gain on the transfer of TPS to Canal+ France was recognised in 2006;
- the 5.1% stake in Canal+ France (the non-derivative underlying contract) and the put option on the shares (the embedded derivative) received in exchange for the transfer of TPS are treated as a "financial asset at fair value through profit or loss" within the meaning of IAS 39, as amended.

At 31 December 2006, the fair value of this asset was determined by discounting the minimum value of this asset (€ 384.2 million) in 2010. This fair value thus amounted to € 324.0 million at 31 December 2006 and will be revalued with any change in value being booked to net financial income or expense until 2010 in order to reach at least the minimum value of € 384.2 million. The minimum annual revaluation will amount to respectively € 19.0 million, € 20.1 million and € 21.2 million for the financial years 2007, 2008 and 2009;

- the capital gain on the transfer of TPS thus corresponds to the fair value of the Canal+ France shares plus the put option, less

the consolidated value of TPS in the financial statements of the Group on the date on which control was lost and the costs incurred as a result of the transaction.

In 2006, the cash flows linked to the transaction comprised the € 51.0 million inflow in respect of the Vivendi advance, the € 66.6 million outflow resulting from the recapitalisation of TPS and the various other outflows including those resulting from the expenses incurred in connection with this transaction. In 2007, the impact on the Group's cash flow will correspond to the repayment made to Vivendi of its advance amounting to € 52.5 million.

2. COMPANY INFORMATION

The consolidated financial statements at 31 December 2006 of the Group of which M6 is the parent company (the Group) were approved by the Management Board on 26 February 2007 and examined by the Supervisory Board on 5 March 2007. They will be submitted for approval to the next Annual General Meeting on 2 May 2007.

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 is listed at the Brussels and Luxembourg stock exchanges.

3. BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.1 ACCOUNTING FRAMEWORK

The consolidated financial statements at 31 December 2006 were prepared in accordance with the IAS (International Accounting Standards) and IFRS (International Financial Reporting Standards) in force within the European Union at that date. They are presented with comparative figures for 2004 and 2005 established under the same framework.

■ PRINCIPLES APPLIED

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 2006;
- options retained and exemptions used.

■ NEW ACCOUNTING STANDARDS IN FORCE WITHIN THE EUROPEAN UNION AS AT 31 DECEMBER 2006, THE APPLICATION OF WHICH IS MANDATORY AS FROM THAT DATE

The accounting methods adopted are consistent with those of the

previous financial year, with the exception of the impact of the adoption by the Group of new standards, amendments to standards and IFRIC interpretations, the application of which is mandatory as from 31 December 2006.

Adoption of the regulations did not affect the Group's financial statements. Where necessary, additional information has been provided in the notes to the financial statements:

- IAS 19 (amendment) - Actuarial Gains and Losses, Group Plans and Disclosures

The new option resulting from the amendment to IAS 19, and which allows companies to recognise actuarial gains and losses in shareholders' equity, within the Statement of Recognised Income and Expenses (the "SoRIE option"), was not applied by the Group in 2006.

- IAS 21 (amendment) - Net Investment in a Foreign Operation

All foreign exchange gains and losses resulting from a monetary item that is part of the Group's net investment in a foreign operation are recognised in a separate component of shareholders' equity in the consolidated financial statements regardless of the currency in which the monetary item is denominated. This change

had no impact as at 31 December 2006, 31 December 2005 or 31 December 2004.

- IAS 39 (amendment) - Fair value option

This amendment modifies IAS 39 so as to limit the use of the option allowing companies to designate any financial asset or liability to be measured at fair value, with changes in fair value being recognised in profit or loss. As the Group had not used this option in the past, this amendment had no impact on the financial statements. In 2006, this option was applied to the Canal+ France financial assets.

- IAS 39 (amendment) - Financial guarantee contracts

This amendment modified the scope of IAS 39 to require financial guarantee contracts that are not considered to be insurance contracts to be recognised initially at their fair value and to be remeasured at the higher of the amount determined by applying IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised, less, when appropriate, cumulative amortisation recognised in accordance with IAS 18 *Revenue*. This amendment had no impact on the financial statements.

- IAS 39 (amendment) - Cash Flow Hedges of Forecast Intragroup Transactions

This amendment modifies IAS 39 so as to permit a highly probable intragroup transaction, denominated in a foreign currency, to qualify as the hedged item in a cash flow hedge, provided that the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction and the foreign currency risk will affect the consolidated income statement. Since the Group does not enter into transactions of this type, this amendment has no impact on the financial statements.

- IFRIC 4 - Determining Whether an Arrangement Contains a Lease

This interpretation, which was adopted on 1 January 2006, provides guidelines enabling companies to determine whether agreements are, or contain, leases which should be accounted for in accordance with IAS 17. Adoption of this interpretation had no impact for the Group as at 31 December 2006, 2005 or 2004.

- IFRIC 6 - Liabilities Arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment

This interpretation, which is applicable to accounting periods beginning on or after 1 January 2006, defines the date on which a liability must be recognised for the cost of waste management relating to the decommissioning of waste electrical and electronic equipment in accordance with the regulations implemented by the European Union.

The following do not apply to the Group:

- IFRS 6 - *Exploration for and Evaluation of Mineral Resources*
- IFRIC 5 - *Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*

■ APPLICATION OF NEW STANDARDS IN ADVANCE OF THE DATE ON WHICH THEIR APPLICATION BECOMES MANDATORY

The Group has chosen not to apply early any standards, amendments to standards or interpretations in force within the European Union as at 31 December 2006, the application of which is not mandatory until after 31 December 2006.

The following could apply to the Group:

- IFRS 7 - *Financial Instruments: Disclosures* (application of this standard will be mandatory for the Group as from 1 January 2007).
- IAS 1 - *Capital Disclosures* (application of this amendment will be mandatory as from 1 January 2007).
- IFRIC 8 - *Scope of IFRS 2 (this interpretation is applicable to accounting periods beginning on or after 1 May 2006, i.e. as from 1 January 2007 for the Group)*.
- IFRIC 9 - *Reassessment of Embedded Derivatives*.

The following do not apply to the Group:

- IFRIC 7 - *Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies*

In addition, the regulations published by the IASB as at 31 December 2006 but not in force in the European Union at that date, and which apply to the Group, are as follows:

- IFRIC 10 - *Interim Financial Reporting and Impairment*
- IFRIC 11 - *IFRS 2 – Group and Treasury Share Transactions*
- IFRS 8 - *Operating Segments*

IFRIC 12- Service Concession Arrangements does not apply to the Group.

IFRS 8 relating to segment reporting, IFRS 7 relating to the information to be disclosed in respect of assets and liabilities and the amendment to IAS 1 relating to the presentation of financial statements have no impact on the measurement and recognition of transactions. As regards the other regulations referred to above, the Group is currently analysing their practical consequences and the impact of their application on the financial statements. The Group does not intend to apply these regulations in advance of the date on which their application becomes mandatory.

■ OPTIONS AVAILABLE AND USED BY M6 GROUP IN RELATION TO THE INTERNATIONAL ACCOUNTING FRAMEWORK

Some of the international accounting standards allow options relating to the valuation and accounting treatment of assets and liabilities. The options utilised by the Group are detailed in note 3.5.

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.

In this regard, the Group has used the following options:

- business combinations prior to 1 January 2004 have not been restated in accordance with IFRS 3 *Business Combinations*;
- IAS 39 has been applied retrospectively as from 1 January 2004;
- the measurement of benefits granted to employees in the context of share-based remuneration take into account only those plans established since 7 November 2002.

3.2 PREPARATION PRINCIPLES

The consolidated financial statements were prepared in accordance with the historical cost convention, with the exception of derivative instruments and available-for-sale financial assets, which are accounted for at fair value.

Financial liabilities are valued at amortised cost. The book value of assets and liabilities recognised on the balance sheet and which are subject to a Fair Value Hedge are adjusted to recognise variations in the fair value of the hedged risks.

3.3 USE OF ESTIMATES AND ASSUMPTIONS

In order to prepare the consolidated financial statements in compliance with IFRS, the Group's Management Board makes estimates and formulates assumptions which affect the amounts presented as assets and liabilities on the consolidated balance sheet, the information provided on contingent assets and liabilities at the time of preparing this financial information, as well as the income and expenditure 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 book value of components of assets and liabilities. The estimates and assumptions established during the finalisation of the consolidated financial statements may subsequently prove to be significantly different from actual results.

The main estimates and assumptions relate to:

- The valuation and realisable value of goodwill and intangible assets such as audiovisual rights and the acquisition cost of sports team players; the estimation of the realisable 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 differ significantly from initial projections. In the same manner, the market value of assets, particularly sports club players, can evolve and differ from the previously recognised values.
- The valuation of retirement benefits, the methods of which are detailed in note 4.14.
- The valuation of commercial discounts (note 4.17).
- The determination of the amounts recognised as provisions for liabilities and charges given the uncertainties likely to affect the occurrence and cost of the events and circumstances underlying the provisions.

3.4 PRESENTATION PRINCIPLES

■ PRESENTATION OF THE INCOME STATEMENT

The Group has presented the income statement based on the nature of expenses, as permitted by IAS 1, *Presentation of Financial Statements*.

Operating profit is equal to consolidated net profit before taking into account:

- finance income
- finance costs
- tax expenses charge
- share of profit of associates
- net income of discontinued operations.

In accordance with IFRS 5, discontinued or discontinuing operations are presented on a separate line in the income statement.

■ PRESENTATION OF THE BALANCE SHEET

In compliance with IAS 1, the Group presents current and non-current assets and liabilities separately on the balance sheet. In terms of the Group's activities, this classification is based upon the timescale in which the asset will be realised or the liability settled: current when this is within the operating cycle and non-current if longer. In accordance with IFRS 5, discontinued or discontinuing operations are presented on a separate line on the balance sheet.

■ PRESENTATION OF CONTINGENT ASSETS AND LIABILITIES

Commitments given in respect of purchases of rights are stated net of advances and payments on account paid in this regard for the corresponding rights not yet recognised in inventories.

3.5 OPTIONS RETAINED IN RELATION TO MEASUREMENT AND RECOGNITION OF ASSETS AND LIABILITIES

Some of the international accounting standards make provision for options as concerns the measurement and and recognition of 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 property, facilities and equipment 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*.
- the option for measurement at fair value through profit or loss, in accordance with the amendment to IAS 39.

Lastly, 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 principles and methods which allow 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.

4. ACCOUNTING PRINCIPLES, RULES AND METHODS

4.1 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 or 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 *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 the 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 associates results" including its share of the net income of the entity consolidated using the equity method

■ TRANSACTIONS ELIMINATED ON CONSOLIDATION

All inter-company transactions and balances between consolidated companies have been eliminated. In the case of companies consolidated under the proportional consolidation method, inter-company 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.

■ DISCONTINUING OPERATIONS

The effect on the balance sheet and income statement of discontinuing operations corresponds to the consolidated financial statements of the discontinuing operation, and the effects of the elimination of intra-group transactions of continuing operations concerning the discontinuing operation.

■ FINANCIAL YEAR END

All consolidated companies have a year end of 31 December.

4.2 TRANSLATION OF FINANCIAL STATEMENTS OF CONSOLIDATED FOREIGN ENTITIES

The presentation currency of the consolidated financial statements is the Euro.

All foreign subsidiaries, joint ventures and associated companies have the Euro as their functional currency.

4.3 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 translated 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 translated 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 4.16.

4.4 BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for in accordance with IFRS 3 *Business Combinations*.

In this context, 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, less any contingent liabilities, 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 related expenses, is less than the fair value of the identified assets and liabilities and contingent 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 4.7).

In connection with its transition to IFRS in 2005, the Group adopted the option offered by IFRS 1 *First-time Adoption of IFRS* not to restate business combinations prior to 1 January 2004 which do not comply with the recommendations of IFRS 3 *Business Combinations*.

Goodwill recorded prior to 1 January 2004 has been frozen at its carrying amount at this date and will no longer be amortised, complying with IFRS 3, as from this date.

4.5 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,
- brands.

■ ADVANCES AND PAYMENTS ON ACCOUNT

Advances and payments on account comprise:

- unused audiovisual rights with 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), produced or co-produced 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, in conformity with IAS 36 *Impairment of Assets* (see note 4.7) to an impairment test, which could lead to the recognition of an impairment should the carrying amount 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 on a straight-line basis over the length of their contracts.

The realisable value is also assessed in compliance with IAS 36 *Impairment of Assets* (see note 4.7).

■ COMPUTER SOFTWARE

Computer software purchased or internally developed is reported at acquisition or production cost and amortised on a straight-line basis over its period of use, which does not exceed four years.

■ BRANDS

Only those brands that are separable and well known are recognised as assets in the case of business combinations and the resulting allocation of the acquisition price.

Brands are recognised at their fair value, which is estimated on the basis of the methods normally used to measure brands.

When such brands have a finite useful life, i.e. they are expected to be no longer usable at the end of a determined period, they are amortised on a straight-line basis over their useful lives.

Since the Group's brands have an indefinite useful life, they are not amortised.

In all cases, brands are tested for impairment in accordance with IAS 36 *Impairment of Assets*.

4.6 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 includes 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, less its residual value.

The straight-line method is applied over the following useful lives:

- Buildings 25 years
- General purpose facilities, office furniture 10 years
- Computer hardware 4 years
- Office and technical equipment 3 to 5 years

The useful lives of property, facilities and equipment are reviewed annually and may be modified in the future, according to circumstances.

■ RESIDUAL VALUE

The residual value of an asset is the estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

The residual value of an asset may increase to an amount equal to or greater than the asset's carrying amount. If it does, the asset's depreciation charge is zero unless and until its residual value subsequently decreases to an amount below the asset's carrying amount.

■ IMPAIRMENT LOSSES

Property, facilities and equipment are subject to impairment tests when indications of a loss of value are identified. Should this be the case, an impairment loss is recorded in the income statement under the caption “Net depreciation/amortisation/provision charges”.

■ 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.

4.7 IMPAIRMENT OF ASSETS

According to IAS 36 *Impairment of Assets*, the realisable value of intangible assets and property, facilities and equipment is tested at the appearance of indications of impairment.

The realisable value of unamortised intangible assets is tested at the appearance of indications of impairment, and as a minimum once a year.

The realisable 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 realisable value of the Cash Generating Unit, to which the asset belongs, is determined.

A Cash Generating Unit 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 realisable 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 realisable value of the asset or group of assets falls below its carrying amount.

The realisable 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 realisable value of a Cash Generating Unit including goodwill falls below its carrying amount the impairment recorded is first applied to goodwill. The impairment of goodwill is recorded in the income statement as “Impairment of unamortised assets”.

4.8 AVAILABLE-FOR-SALE FINANCIAL ASSETS, OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

■ FINANCIAL ASSETS

In accordance with the recommendations of IAS 39 *Financial Instruments: Recognition and Measurement*, the shares of non-consolidated companies belong to the asset category “available-for-sale financial assets”. They are initially recognised at fair value, corresponding to their original acquisition cost, and are then revalued to fair value at each balance sheet date.

The following assets are tested for impairment at each period end:

- loans and receivables issued by the entity and held-to-maturity investments (when there is an objective indication of impairment, the amount of the impairment loss is recognised in profit or loss);
- available-for-sale financial assets: changes in fair value are recognised in shareholders’ equity (“Other reserves”) until the effec-

tive disposal of the shares or the recognition of a permanent impairment.

Financial assets at fair value through profit or loss comprise:

- assets that are regarded as held for trading, which comprise assets that the company intends to sell in the near term in order to realise a gain, which are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking (mainly cash and cash equivalents and other cash management financial assets);
- assets explicitly designated by the Group upon initial recognition as financial instruments the changes in fair value of which are recognised in profit or loss. This designation is used when such use results in the provision of better quality financial information and enhances the consistency of the financial statements.

■ 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 short sales of 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.

Derivative instruments relating to cash flows are valued at fair value at each balance sheet date, and the change in the fair value of the ineffective portion of the hedge is recognised in the income statement.

4.9 DEFERRED TAX

In compliance with IAS 12 *Income Taxes*, and the balance sheet liability method, deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities and their tax base, as well as tax losses.

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.

4.10 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 advances and payments on account.

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 on the basis of a review, title by title, of the portfolio of broadcast rights.

■ 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 estimated sales price, net of estimated costs necessary to realise their sale.

A writedown provision is established whenever their net realisable value is less than their acquisition cost, measured on a case by case basis (slow rotation, inventories for reimbursement, returns ...)

4.11 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.

4.12 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.

4.13 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.

The standard also applies to free share allocation plans.

IFRS 2 requires the recognition of an expense (the counterpart of the entry recognised 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 recognised in personnel costs during the period of acquisition of these

rights by the beneficiaries (between the grant date and the acquisition date, otherwise known as the holding period), corresponding to the effective duration of the award plans.

The fair value of the benefit is measured using the binomial mathematical model in the case of share purchase and subscription option plans.

In the case of free share allocation plans, the fair value is estimated to be the market value of the share on the date of allocation less dividends expected during the holding period.

In the context of the transition to IFRS and in compliance with the requirements of IFRS 1, the Group has only recognised, in its valuation the fair value of benefits awarded to employees, those plans granted after 7 November 2002, for which the rights had not yet vested at 1 January 2005.

4.14 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 recognised 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.

4.15 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.

4.16 DERIVATIVE FINANCIAL INSTRUMENTS

The M6 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.

■ DETERMINATION OF FAIR VALUE

In accordance with IAS 32 *Financial Instruments: Presentation* and IAS 39 *Financial Instruments: Recognition and Measurement*, 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 on 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).

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 item attributable to the hedged risk adjust the carrying amount of the hedged item and are recognised in the income statement.

This results in symmetric recognition of movements in fair value of the hedged item 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

This involves hedging the exposure to movements in cash flow that is attributable either to a forecast transaction or to a firm commitment: recognition of movements in the fair value of the financial instrument, as regards the effective portion, in equity until the balance sheet recognition of the asset or liability. When the hedged item is recorded and 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. As regards the ineffective portion, movements in value are included in finance income/expense.

For all other cash flow hedges, the amounts taken directly to equity are transferred to income for the year in which the forecast transaction or firm commitment affects the income statement.

■ 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 of the period.

4.17 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 recognised net of commercial rebates.
- *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 provision of the service or delivery of the products; they are recognised net of provisions for returns; these revenues also include, where relevant, the financial contribution, invoiced to the final customer, relating to the unit costs incurred in the gathering and elimination of waste electrical and electronic equipment (“eco-participation”).
- *Sales of audiovisual rights* are recognised at the opening date of the rights, essentially within the framework of television sales; other sales (theatre, video) are recognised on admission or on delivery of the material.
- *Sports revenues*, such as broadcast rights repaid by the organisers of competitions, 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.

4.18 EARNINGS PER SHARE

In accordance with the recommendations of 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 repurchased shares which are 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.

4.19 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.

4.20 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 (other than discontinuing operations) are identified on the lines “cash and cash equivalents arising from subsidiary acquisitions” and “cash and cash equivalents arising from subsidiary disposals”.

■ DISCONTINUING OPERATIONS

The effects on the Group’s cash of discontinuing operations are shown on a separate line in the cash flow statement, “Cash flow linked to discontinuing operations”.

5. DISCONTINUED OR DISCONTINUING OPERATIONS

The profit of operations sold or being discontinued was € 256.8 million and is the sum of the Group's share in the profit of TPS at 31 August 2006 of € 14.3 million and the capital gain on transfer of TPS to Canal+ France of € 242.2 million.

The contribution of TPS was as follows:

	2006		2005		2004
	TPS Contribution (34%)	Elimination of trans- actions with the Group and consolidation restatements	Discontinuing operations	Discontinuing operations	Discontinued operations
Turnover	135.2	(8.1)	127.1	194.8	185.4
Other income from ordinary activities	2.1	-	2.1	1.3	2.6
Operating expenses	(121.7)	15.6	(106.1)	(187.4)	(187.4)
Operating profit	15.6	7.5	23.1	8.7	0.6
Financial expense(s)	(1.3)	-	(1.3)	(0.9)	(3.9)
Loss recognised on revaluation of fair value	-	-	-	-	-
Loss before tax of discontinued operations	14.3	7.5	21.8	7.8	(3.3)
Income tax	(4.9)	(2.6)	(7.5)	(2.7)	1.2
Gain and loss for the year on discontinuing operations	9.4	4.9	14.3	5.1	(2.1)

The restatement on consolidation relates to the non recognition of amortisation/depreciation of non-current assets of TPS in the period.

The loss of control of TPS occurred before 31 December 2006, the balance sheet of TPS is no longer included in the 2006 consolidated balance sheet. The balance sheet headings, grouped on one line of the assets and one line of the liabilities are as follows:

	2005
Intangible assets	95.0
Property, facilities and equipment	23.2
Other non-current assets	1.8
Current assets	79.8
Cash and cash equivalents	2.0
Assets used in discontinuing operations	201.8
Non-current liabilities	35.1
Current liabilities	184.2
Liabilities relating to discontinuing operations	219.3

For 2005 and 2006, the cash flow statement included a specific line "Cash Flow linked to discontinuing operations", comprising only the inflows and outflows incurred by the Group in respect of TPS.

For 2006, these flows comprise the resources resulting from the advance received from Vivendi, the cost of recapitalising TPS and the settlement of expenses incurred in the disposal.

6. BUSINESS COMBINATIONS

The following have been finalised:

6.1 ACQUISITIONS IN THE YEAR

On 1 March 2006, the Group, via its subsidiary M6 Éditions, acquired 50% of the share capital of the free monthly *Femme en ville* and *Homme en ville*, as part of a capital increase.

On 19 July 2006, the Group acquired 100% of the share in Mandarin Films as well as its catalogue. With Mandarin Films, a cinematography production company that owns a catalogue of feature films, the Group strengthens its position in the distribution of audiovisual rights.

The acquisition price of these companies can be analysed thus:

Acquisition price net of costs	12.7
<hr/>	
Value of assets and liabilities acquired (Group share)	
Net assets at 1 March 2006	1.4
Capitalisation of losses brought forward and other deferred tax assets	0.4
Revaluation of non-current assets	10.7
Revaluation of working capital requirements	4.4
Recognition of deferred tax liabilities related to revaluations	(5.1)
Revalued net assets	11.8
Goodwill	0.9

6.2 FOLLOW UP OF ACQUISITIONS CARRIED OUT IN 2005

The Group finalised in 2006 the allocation of the acquisition price of Mistergooddeal, of which 95% was purchased on 15 November 2005. As part of this, and taking account of the recognition of the influence of the Mistergooddeal brand among merchant sites, it was decided to allocate a part of the acquisition price to the Mistergooddeal brand.

This brand was valued using the "Relief from royalty" method (Cash flow from use of the brand).

The time span of valuation used was finite and corresponds to a period of ten years. This resulted in the Mistergooddeal brands to be considered as amortisable over ten years.

The discount rate used on the valuation of this brand was 12% which is the discount rate generally used by the Group for a specific risk.

This resulted in an adjustment to goodwill established at 31 December 2005 thus:

Goodwill at 31 December 2005	38.1
Allocated to the Mistergooddeal brand	9.5
Deferred tax	(3.2)
Other	0.4
Goodwill at 31 December 2006	32.1

The Other comprises

- movement in minority interests in 2006
- effect of discounting the debt related to the promise to purchase the 5% balance

6.3 IMPACT OF ACQUISITIONS AND DISPOSALS IN 2006

The impact of acquisitions on Group revenue and operating profit in 2005 and 2006 is analysed as follows:

	2006		2005	
	Revenue	Operating profit	Revenue	Operating profit
Acquisitions				
Femmes en ville	0.8	(0.4)	-	-
Mandarin Films	1.6	(0.2)	-	-
SNC	2.2	0.6	1.1	(0.2)
Citato	0.3	(1.1)	0.1	(0.2)
Mistergooddeal	100.8	2.9	13.2	0.4
Disposals				
RTL Shop and Home Travel Service	-	-	-	13.3
Total impact	105.7	1.7	14.4	13.3

7. 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.

■ PROFIT

The contribution of each business segment to the income statement in 2006 is detailed as follows:

(€ millions)	M6 Free-to-Air			Digital Channels			Diversification and Audiovisual rights			Eliminations and unallocated profits			Total		
	2006	2005	2004	2006	2005	2004	2006	2005	2004	2006	2005	2004	2006	2005	2004
External turnover	656.8	635.0	608.7	75.6	64.6	51.3	551.0	380.3	352.2	-	-	-	1 283.4	1 079.9	1 012.2
Inter-segment turnover	32.6	27.2	20.6	1.6	1.4	0.7	21.6	13.4	12.5	(55.9)	(41.9)	(33.8)	-	-	-
Turnover	689.4	662.2	629.3	77.2	66.0	52.0	572.6	393.7	364.7	(55.9)	(41.9)	(33.8)	1 283.4	1 079.9	1 012.2
EBITDA of continuing operations	183.0	201.3	208.7	(2.6)	(3.8)	(4.9)	51.2	25.6	9.8	(8.5)	(2.0)	(2.1)	223.0	221.1	211.4
Amortisation of brands	-	-	-	-	-	-	(0.9)	-	-	-	-	-	(0.9)	-	-
Impairment of unamortised assets	-	-	-	(2.1)	-	(2.8)	(0.5)	(0.8)	(0.8)	-	-	-	(2.6)	(0.8)	(3.6)
Gain on asset disposals	-	-	-	-	-	-	-	13.3	-	-	-	-	-	13.3	-
Operating profit of (EBIT) of continued operations	183.0	201.3	208.7	(4.7)	(3.8)	(7.7)	49.7	38.0	9.0	(8.5)	(2.0)	(2.1)	219.5	233.6	207.8
Net finance income													8.3	2.7	4.0
Group share of associates													-	-	(0.6)
Profit before tax of continuing operations													227.7	236.3	211.2
Income tax													(75.4)	(85.1)	(80.8)
Net profit of continued operations													152.3	151.2	130.4
Net profit of discontinuing operations (TPS)													256.8	5.1	(2.1)
Net profit													409.1	156.3	128.3
Net profit - Group share													408.5	156.2	128.8
Minority interests													0.6	0.1	(0.5)

■ BALANCE SHEET

The contributions of each business segment to the balance sheet is presented below:

(€ millions)	M6 Free-to-Air			Digital Channels			Diversification and Audiovisual rights					
	2006	2005	2004	2006	2005	2004	2006	2005	2004			
Assets and liabilities												
Segment assets	553.0	468.4	480.8	391.5	68.9	251.8	396.2	363.0	257.0			
Unallocated assets	-	-	-	-	-	-	-	-	-			
Total assets	553.0	468.4	480.8	391.5	68.9	251.8	396.2	363.0	257.0			
Segment liabilities	372.3	318.6	303.6	76.1	57.0	253.5	306.4	259.4	235.4			
Unallocated liabilities	-	-	-	-	-	-	-	-	-			
Total liabilities	372.3	318.6	303.6	76.1	57.0	253.5	306.4	259.4	235.4			
Other segment information												
Tangible and intangible investments	12.2	37.1	(0.9)	0.4	1.8	(7.7)	42.6	46.7	-			
Depreciation and amortisation	(14.5)	(37.7)	(40.0)	(1.7)	(2.3)	(21.6)	(52.2)	(45.6)	(76.4)			
Impairment	1.2	4.1	(20.2)	0.2	0.2	-	(8.8)	3.1	(18.3)			
Provision for impairment of investment	(0.4)	-	-	-	0.4	2.6	-	-	-			
	Eliminations			Total of continuing operations			Discontinuing operations			Total		
	2006	2005	2004	2006	2005	2004	2006	2005	2004	2006	2005	2004
Assets and liabilities												
Segment assets	(108.7)	(70.6)	(92.7)	1,232.1	829.7	896.9	-	201.8	-	1,232.1	1,031.5	896.9
Unallocated assets	-	-	-	373.9	358.8	338.2	-	-	-	373.9	358.8	338.2
Total assets	(108.7)	(70.6)	(92.7)	1,606.0	1,188.5	1,235.1	-	201.8	-	1,606.0	1,390.3	1,235.1
Segment liabilities	(108.7)	(70.6)	(94.4)	646.1	564.4	698.1	-	219.3	-	646.1	783.7	698.1
Unallocated liabilities	-	-	-	158.8	102.3	96.1	-	-	-	158.8	102.3	96.1
Total liabilities	(108.7)	(70.6)	(94.4)	804.9	666.7	794.2	-	219.3	-	804.9	886.0	794.2
Other segment information												
Tangible and intangible investments	-	-	-	55.2	85.6	(8.6)	-	11.2	-	55.2	96.8	(8.6)
Depreciation and amortisation	-	-	-	(68.4)	(85.6)	(138.0)	-	(12.3)	-	(68.4)	(97.9)	(138.0)
Impairment	-	-	-	(7.4)	7.4	(38.5)	-	-	-	(7.4)	7.4	(38.5)
Provision for impairment of investment	-	-	-	(0.4)	0.4	2.6	-	-	-	(0.4)	0.4	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.

8. OTHER OPERATING INCOME AND EXPENSES

8.1 OTHER OPERATING INCOME

Other operating income includes € 5 million in operating subsidiaries.

Until 31 December 2005, other operating income included capitalised production corresponding to the capitalisation of costs incurred by the Group in the production of programmes and information magazines. The assets thus created were fully amortised over the year.

With effect from 2006, capitalised production and amortisation are no longer accounted for and only production costs are recorded in the income statement. This change of presentation has no effect on profit. It contributes to the reduction of some € 19 million in the level of other operating income and that of amortisation.

The other amounts are not significant.

8.2 MATERIALS AND OTHER OPERATING EXPENSES

	2006	2005	2004
Broadcast rights consumption and program flows	(238.3)	(191.4)	(176.8)
Sale of goods	(137.2)	(56.0)	(44.1)
Other external services	(360.8)	(356.2)	(309.6)
Foreign exchange losses	(0.2)	(2.2)	(2.5)
Other expenses	(4.5)	(22.8)	(47.5)
Cost of sales and other operating expenses	(741.1)	(628.5)	(580.6)

8.3 AMORTISATION, DEPRECIATION, IMPAIRMENT FOREIGN EXCHANGE DIFFERENCES AND INVENTORY COSTS, INCLUDED IN OPERATING EXPENSES

	2006	2005	2004
Amortisation and net provisions – audiovisual rights	(45.6)	(29.2)	(30.6)
Amortisation and net provisions – co-production costs	(7.3)	(24.5)	(8.3)
Amortisation and net provisions – other intangible assets	(12.4)	(15.3)	(33.2)
Depreciation – property, facilities and equipment	(10.3)	(9.2)	(9.6)
Writedown of broadcast rights	(0.1)	12.6	9.0
Other	(6.9)	(2.3)	0.9
Goodwill impairment	(2.6)	(0.8)	(3.6)
Total of amortisation and depreciation (net)	(85.3)	(68.6)	(75.3)

8.4 EMPLOYEE AND WORKFORCE EXPENSES

	2006	2005	2004
Wages and salaries	(123.2)	(101.9)	(99.3)
Social security charges	(51.4)	(42.9)	(40.0)
Profit sharing plan contributions	(8.9)	(8.0)	(5.7)
Other employee costs	(13.8)	(9.1)	(4.7)
Employee costs	(197.2)	(161.9)	(149.7)

Other employee costs include provision charges and reversals for retiral as well as the cost of stock options (IFRS 2).

The « full time equivalent » (FTE) workforce of wholly consolidated Group companies was 2,029, compared to 1,760 in 2005 and 1,604 in 2004.

The FTE workforce of jointly owned companies was stable at 22 people in 2006.

8.5 FINANCE EXPENSES

	2006	2005	2004
Interest on loans from banks and associates	(1.9)	(0.3)	-
Capitalised interest on pension	(0.2)	(0.4)	-
Revaluation of derivative instruments	(0.2)	-	(1.1)
Other financial expense	(0.2)	(2.3)	0.7
Finance expenses	(2.4)	(3.0)	(0.4)

8.6 FINANCE INCOME

	2006	2005	2004
Investment income	6.9	4.4	4.4
Other interest income	2.2	0.9	-
Revaluation of derivative instruments	0.4	0.2	-
Income from disposal of financial assets held for sale	0.8	-	-
Other financial income	0.4	0.1	-
Finance income	10.7	5.6	4.4

The growth in finance income is due to the favourable movement in the interest rates during 2006.

The disposal of Newsweb financial assets generated a gain on disposal of € 0.8 million.

9. 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 companies acquired in the year, being Mandarin Films.

The main components of income tax are as follows:

	2006	2005	2004
<i>Income tax payable</i>			
Tax charge for the year	(63.1)	(91.4)	(75.0)
<i>Deferred tax</i>			
Creation and reversal of temporary differences	(12.4)	6.3	(5.8)
Income tax	(75.5)	(85.1)	(80.8)

The deferred tax rate used for 2006 was 34.43%, the same as 2005. It was 34.93% in 2004.

Deferred tax related to adjustments to equity were as follows:

	2006	2005	2004
Revaluation to fair value of foreign exchange contracts	-	0.1	0.2
Revaluation to fair value of foreign exchange contracts (cash flow hedging)	0.4	-	1.4
Write down of treasury shares	2.5	-	-
Total	2.9	0.1	1.6

The following schedule reconciles the income tax accounting expense with the income tax arising from the theoretical tax rate:

	2006	2005	2004
Net profit – Group share	408.5	156.2	128.8
Minority interests	0.6	0.1	(0.5)
Profit or loss after tax of discontinuing operations	256.8	5.1	(2.1)
Tax on profit	(75.5)	(85.1)	(80.8)
Share of associates' earnings	-	-	(0.6)
Impairment of goodwill	(2.6)	(0.8)	(3.6)
Profit of continuing operations before tax and impairment of goodwill	230.4	237.1	215.4
Theoretical tax rate	34.43%	34.93%	35.43%
Theoretical tax charge	(79.3)	(82.8)	(76.3)
Reconciling items:			
Cost of stock options	(3.2)	(1.4)	(0.9)
Other permanent differences	7.0	(0.9)	(3.6)
Effective tax charge	(75.5)	(85.1)	(80.8)
Effective tax rate	32.77%	35.89%	37.51%

The permanent differences recognised in the first half year relate mainly to the tax consequences of internal reorganisation of the Group.

The sources of deferred tax at 31 December are as follows:

	2006	2005	2004
Deferred tax assets			
Intangible assets	1.1	-	-
Other assets	3.7	3.1	0.4
Non-deductible provisions	14.8	20.9	24.2
Retiral provisions (non-deductible)	2.5	3.1	2.4
Expenses payable non-deductible	4.7	4.3	2.5
Derivative instruments	0.4	-	1.6
Losses brought forward	1.3	1.7	0.3
Other	-	-	-
Impact of offset of deferred tax assets and liabilities on the balance sheet	(6.1)	(3.0)	-
Total	22.3	30.1	31.4
Deferred tax liabilities			
SNC and Mandarin Films catalogues	(8.8)	(4.8)	-
Mistergooddeal brand	(2.8)	-	-
Intangible assets	(4.3)	(1.9)	-
Accelerated depreciation and amortization	(1.9)	(1.6)	(0.7)
Gain on disposal of TPS	(4.3)	-	-
Write down of treasury shares	(2.5)	-	-
RTL Shop losses	-	-	(2.5)
FC des Girondins de Bordeaux players	-	-	(2.2)
Other	(1.2)	(0.1)	(0.8)
Impact of offset of deferred tax assets and liabilities on the balance sheet	6.1	3.0	-
Total	(19.7)	(5.4)	(6.2)

The cumulative losses brought forward of group companies was € 36.8 million at 31 December 2006 and relates to Paris Première, Femmes en Ville, certain subsidiaries of the HSS group: Citato, Mistergooddeal and Live Stage.

The deficits that were capitalised as deferred tax assets amounted to € 3.8 million at 31 December 2006.

At 31 December 2006, 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.

10. EARNINGS PER SHARE

	2006	2005	2004
Net profit attributable to shareholders (€ millions)	408.5	156.2	128.8
Profit/(loss) attributable to discontinuing operations (€ millions)	256.8	5.1	(2.1)
Net profit from continuing activities attributable to shareholders (€ millions)	151.7	151.1	130.9
Average weighted number of shares (excluding treasury shares)	131,534,003	131,042,580	130,741,455
Total options granted (including non dilutive)	4,109,189	3,156,308	3,307,305
Number of shares to be adjusted for dilutive effects	901,796	417,723	1,926,690
Average weighted number of shares (excluding treasury shares), adjusted for the effects of dilution	132,435,800	131,460,303	132,668,145
Net earnings per share (€)	3.106	1.192	0.985
Net earnings per share from continuing operations (€)	1.154	1.153	1.001
Diluted earnings per share (€)	3.085	1.188	0.971
Diluted earnings per share from continuing operations (€)	1.146	1.149	0.987

* only comprises dilutive shares (with regard to market conditions at closing)

For the year ending 31 December 2006, the calculation of diluted earnings per ordinary share does not take into account certain 2.2 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.

11. DIVIDENDS PAID AND PROPOSED

	2006	2005	2004
Declared and paid during the year	125.0	110.0	86.2
Dividend paid for ordinary shares (€)	0.95	0.84	0.67
Proposed for approval of AGM	125.3	125.3	110.8
Dividend paid per ordinary share (€)	0.95	0.95	0.84

12. PROPERTY, FACILITIES AND EQUIPMENT

At 31 December 2006, property, facilities and equipment totalled € 61.3 million, of which € 41.1 million comprised land and buildings, including the Group's head office facilities.

Pursuant to IAS 16 – *Property, plant and equipment*, *Depreciable amount and period of depreciation*, the residual value of buildings held by the Group being higher than their net carrying value, their depreciation was suspended during the year. Depreciation recorded in 2006 in respect of these buildings was € 3.3 million.

	Land	Buildings	Technical facilities	Other 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 discontinued 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 of 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
At 31 December 2005						
Cost of 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
	Land	Buildings	Technical facilities	Other PFE	Assets under construction	Total
At 1 January 2006, net of depreciation and writedown	7.8	36.1	10.9	6.4	0.6	61.8
Additions	-	0.5	5.5	3.3	1.5	10.8
Assets included in discontinuing operations	-	-	-	-	-	-
Acquisition of subsidiary (gross)	-	-	-	-	-	-
Disposals	-	(0.1)	(2.9)	(1.8)	-	(4.8)
Depreciation charge 2006	-	(3.3)	(4.2)	(3.2)	-	(10.7)
Depreciation included in discontinuing operations	-	-	-	-	-	-
Amortisation of subsidiary acquisitions	-	-	-	-	-	-
Reversal of writedown on disposals	-	-	2.8	1.3	-	4.1
At 31 December 2006, net of depreciation and writedown	7.8	33.3	12.1	6.0	2.1	61.3
At 1 January 2006						
Cost of 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
At 31 December 2006						
Cost of fair value	7.8	59.1	46.5	25.2	2.1	140.8
Accumulated depreciation and writedown	-	(25.9)	(34.4)	(19.2)	-	(79.5)
Net total	7.8	33.3	12.1	6.0	2.1	61.3

13. INTANGIBLE ASSETS

Audiovisual rights include cinematographic, television and videographic rights and guaranteed minimums.

The acquisition price of Mandarin Films and its catalogue of films was allocated to audiovisual rights of € 10.7 million (see note 6.2).

The additional amortisation arising was recorded on the line amortisation.

The acquisition price of the subsidiary Mistergooddeal was in part allocated to the Mistergooddeal brand.

This resulted in an increase in other intangible assets of € 9.5 million. This brand was amortised by € 0.9 million during the year.

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.

	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 of operations held for disposal (gross amounts)	-	-	(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)
Amortisation charges of operations held for disposal	-	-	(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 or fair value	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
At 31 December 2005						
Cost or fair value	349.8	0.2	258.4	30.3	78.4	717.2
Accumulated amortisation and writedowns	(287.0)	-	(243.8)	-	(17.1)	(547.8)
Net total	62.9	0.2	14.7	30.3	61.3	169.4
	Audiovisual rights	Business rights	Other intangible assets	Assets advances and deposit	Goodwill	Total
At 1 January 2006, net of writedown and amortisation	62.9	0.2	14.7	30.3	61.3	169.4
Acquisitions	3.0	0.6	12.4	28.4	-	44.4
Assets of operations held for disposal (gross amounts)	-	-	-	-	-	-
Subsidiary acquisitions (gross)	31.5	-	-	0.6	11.3	43.4
Disposals	(10.8)	-	(2.7)	-	-	(13.5)
Others	10.7	-	9.5	-	(16.4)	3.8
Reclassification	34.5	(0.2)	11.7	(46.0)	-	-
Writedown	(5.1)	-	(2.0)	-	(2.6)	(9.7)
2006 Amortisation charge	(40.5)	-	(17.9)	-	-	(58.4)
Writedown of operations held for disposal	-	-	-	-	-	-
Writedown of subsidiary acquisitions	(30.2)	-	-	-	-	(30.2)
Reversal of writedown on disposals	10.6	-	2.5	-	-	13.1
At 31 December 2006	66.6	0.6	28.3	13.2	53.7	162.4
At 1 January 2006						
Cost or fair value	349.8	0.2	258.4	30.3	78.4	717.2
Accumulated amortization and writedowns	(287.0)	-	(243.8)	-	(17.1)	(547.8)
Net total	62.9	0.2	14.7	30.3	61.3	169.4
At 31 December 2006						
Cost or fair value	420.2	0.6	288.0	13.2	60.7	782.8
Accumulated amortization and writedowns	(353.7)	-	(259.7)	-	(7.0)	(620.4)
Net total	66.6	0.6	28.3	13.2	53.7	162.4

14. GOODWILL IMPAIRMENT TESTS AND INTANGIBLE ASSETS WITH AN INDETERMINABLE LIFE

■ MOVEMENTS

Goodwill evolved as follows:

	2006	2005	2004
Opening, net of impairment	61.3	114.6	101.7
Acquisitions	0.9	38.6	16.5
Disposals	-	-	-
Allocations	(6.3)	-	-
Goodwill of discontinuing operations	-	(91.0)	-
Other	0.4	-	-
Impairment	(2.6)	(0.8)	(3.6)
Closing	53.7	61.3	114.6
Opening			
Gross value	78.4	130.9	114.3
Accumulated impairment	(17.1)	(16.3)	(12.6)
Net	61.3	114.6	101.7
Closing			
Gross value	73.4	78.4	130.8
Accumulated impairment	(19.7)	(17.1)	(16.2)
Net	53.7	61.3	114.6

Movements in goodwill during 2006 arise from:

- acquisition of Femmes en Ville for € 0.9 million (see note 6.1);
- the allocation in the twelve months following the acquisition of Mistergooddeal in November 2005 of part of the acquisition price to the brand, net of tax, of € 6.3 million (see 6.3);
- the effect of discounting the Mistergooddeal debt and the 2006 minority interests for € 0.4 million (see note 6.3);
- impairments recorded for Fun TV and Citato.

■ ANALYSIS

Goodwill is analysed by segment thus:

Net carrying value		2006	2005	2004
M6 Free-to-Air		-	-	-
Digital channels	Paris Première	15.5	15.5	15.5
	Fun TV	-	2.1	2.1
	TPS	-	-	91.0
Diversification	Mistergooddeal	32.1	38.1	-
	HSS	4.1	4.0	4.9
	Femmes en Ville	0.9	-	-
	SND	0.8	0.8	0.8
	TCM	0.3	0.3	0.4
	Citato	-	0.5	-
Total		53.7	61.3	114.6

■ IMPAIRMENT TESTS

The discounted cash flow method used to determine the value in use is based on the following parameters:

- discount rate before tax: 8.03%
- infinite growth rate: 2%

Tests carried out in the value in use of assets with related goodwill indicated losses in value of the goodwill of Fun TV and Citato, which supported their total write off.

The profitability of Fun TV in its current format is not sufficiently high to justify maintaining the existing goodwill.

As for Citato, the cumulative losses to date and the probably future losses before achieving operating breakeven makes recovery of the goodwill uncertain. Tests on other goodwill did not disclose a loss in value.

15. AVAILABLE- FOR- SALE FINANCIAL ASSETS

Available-for-sale financial assets constitute investments held by the Group in non-consolidated companies and receivables which are directly related to them.

	2006			2005			2004		
	Gross value	Provision	Net value	Gross value	Provision	Net value	Gross value	Provision	Net value
European News Exchange	0.1	-	0.1	0.1	-	0.1	0.1	-	0.1
Pink TV	0.4	(0.4)	-	0.4	(0.4)	-	0.4	-	0.4
Newsweb	-	-	-	0.3	(0.3)	-	0.3	(0.3)	-
Other	0.3	-	0.3	0.2	-	0.2	0.5	-	0.5
Total	0.8	(0.4)	0.4	1.0	(0.7)	0.3	8.5	(0.3)	8.2

16. 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 recognized at amortised cost.

	2006	2005	2004
Associate current accounts	6.8	6.4	6.3
Amortisation of associate current accounts	(2.0)	(1.7)	-
Financial assets at fair value via the income statement ⁽¹⁾	324.0	-	-
Other financial assets	1.8	1.6	1.4
Other non-current financial assets	330.7	6.3	7.7

(1) financial assets at fair value via income are the Canal + France financial assets, as disclosed in note 1.

■ 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.

17. INVESTMENTS IN JOINT VENTURES

Entities in which M6 or one of its subsidiaries has a joint venture interest are as follows:

	% ownership			Operations
	2006	2005	2004	
TCM DA	50%	50%	50%	Broadcasting rights portfolio
Série Club	50%	50%	50%	Série Club digital channel
TF6	50%	50%	50%	TF6 digital channel
TF6 Gestion	50%	50%	50%	TF6 management
Femmes en Ville	50%	-	-	Free Press magazine
Echo6	50%	-	-	Marketing of mobile products

The contributions of joint ventures to the Group consolidated balance sheet are as follows:

	2006	2005	2004
Non-current assets	16.9	18.6	23.6
Current assets	15.3	12.1	7.3
Non-current liabilities	(5.2)	(5.2)	(11.1)
Current liabilities	(20.4)	(19.6)	(17.5)
Net assets	6.7	5.9	2.3

The companies TF6 and Série-Club contributed in 2006 to group results € 12.2 million in assets and € 10.9 million in liabilities. The contribution of TCM DA, an audiovisual rights distribution company, to the same aggregates was € 19.8 million and € 14.1 million respectively.

The contribution of joint ventures to Group turnover and net profit were as follows:

	2006	2005	2004
Turnover	18.5	17.3	16.6
Profit	6.1	6.8	1.8

In 2006, the digital channels TF6 and Série-Club generated € 11.5 million in turnover for the Group, and TCM DA generated € 6.1 million.

18. SHARE-BASED PAYMENTS

■ PLANS ALLOCATED IN 2006

Pursuant to the authorisation given by the Combined General Meeting of 28 April 2004, an allocation of options to subscribe for shares was decided by the Management Board on 6 June 2006, following approval by the Supervisory Board. This plan covered 736,750 shares.

Pursuant to the authorisation given by the Combined General Meeting of 28 April 2006, an allocation of free shares was decided by the Management Board on 6 June 2006, following approval by the Supervisory Board. This covered 480,472 shares.

■ VALUATION AT FAIR VALUE OF BENEFIT GIVEN TO EMPLOYEES

Pursuant to IFRS 2 – *Share-based payments* and IFRS 1 *First-time adoption of IFRS*, the allocation of options to purchase and to subscribe for shares and the allocation of free shares granted since 7 November 2002 have been valued at their fair value at the date of grant.

The fair value of options granted to purchase and to subscribe for shares was based on the binomial model of option valuation.

The fair value of free shares granted is based on the value of the share at date of grant less the current value of future dividends estimated for the period of unavailability.

■ FEATURES OF PLANS AND FAIR VALUE OF BENEFITS GRANTED

The principal features of option plans to purchase, subscribe and the allocation of free shares outstanding at 31 December 2006 and for which, pursuant to IFRS 1 *First-time adoption of IFRS*, there was a valuation at fair value of the benefit granted to employees, as follows:

	Model	Reference price	Exercise price	Historical volatility	Risk free rate	Expected yield	Liquidity rating	Fair value
Share subscription price								
25/07/2003	Binomial	23.66	22.48	52.3%	3.05%	4.58%	15%	9.45
14/11/2003	Binomial	25.07	23.82	52.3%	3.54%	4.32%	15%	10.27
28/04/2004	Binomial	24.97	24.97	52.3%	3.32%	4.34%	15%	9.84
02/06/2005	Binomial	20.17	19.94	41.8%	3.24%	5.24%	15%	6.10
06/06/2006	Binomial	24.63	24.60	43.1%	4.02%	3.81%	15%	8.57
Plans granting free shares								
02/06/2005		20.17	N/A	N/A	3.24%	5.24%	0%	18.17
06/06/2006		24.63	N/A	N/A	4.02%	3.81%	0%	22.82

The maturity used for each plan corresponds to its period of partial unavailability (4 years) for share subscription plans increased by two years, the options being exercisable in a period of three years after the end of the partial unavailable period.

The maturity used corresponds to the period of unavailability (2 years) for plans granting free shares.

■ CHANGE IN VALUATION

Until 31 December 2005, the fair value of the benefit granted under plans allocated between 7 November 2002 to 31 December 2005, including those relating to the allocation of free shares, were valued using a binomial model that used in all cases a maturity of the period of unavailability.

The changes that occurred the methods of valuation (valued using a trinomial model and extension of the maturity in the case of allocations of options to purchase and to subscribe for shares, a new valuation model for the allocation of free shares) increased the overall costs of plans by € 0.6 million. This charge allocated prospectively represents a cost of € 0.3 million in 2006.

■ CHARGE RECOGNISED IN 2006

This resulted in the following impact to the line personnel costs in the income statement:

	2006	2005	2004
Share subscription plans			
25/07/2003	1.7	1.3	1.3
14/11/2003	-	-	-
28/04/2004	1.9	1.6	1.1
02/06/2005	0.9	0.4	-
06/06/2006	0.8	-	-
Plans granting free shares			
02/06/2005	0.8	0.7	-
06/06/2006	3.0	-	-
Total cost	9.2	4.0	2.4
<i>including the impact of change to the method of valuing the charge</i>	0.3	-	-

19. RETIREMENT BENEFITS SEVERANCE PAY

Commitments undertaken in respect of retirement benefits severance pay are not covered by any dedicated insurance contract or assets.

■ MAIN ACTUARIAL ASSUMPTIONS

%	2006	2005	2004
Discount rate	4.25	4.00	4.50
Future salary increases *	3.60	3.60	3.80
Inflation rate	2.00	2.00	2.00

* median measured on the basis of age and position

■ INCOME STATEMENT EXPENSES

	2006	2005	2004
Current service cost	(1.5)	1.4	1.1
Interest expense	0.1	0.4	0.3
Expected return on plan assets	-	-	-
Actuarial gain or loss	-	-	-
Past service cost	-	-	-
Net expense	(1.4)	1.8	1.4

■ AMOUNTS RECOGNISED AS LIABILITIES UNDER DEFINED BENEFIT SCHEMES

	2006	2005	2004
Value of obligation – opening balance	10.8	7.8	5.7
Current service cost	(1.5)	1.4	1.1
Interest expense	0.1	0.4	0.3
Benefits paid	-	-	-
Actuarial gain or loss	(0.4)	1.2	0.5
Change in Group structure	0.3	-	-
Value of obligation – closing balance	9.3	10.8	7.6
Unrecognised net actuarial gain/loss	(1.4)	(1.7)	(0.5)
Amount recognised as an asset/liability under defined benefit schemes	7.9	9.1	7.1

20. INVENTORIES

	Broadcasting rights	Commercial inventories	Total 2006
Net book value at 1 January 2006	115.7	21.1	136.8
Acquisitions	216.1	147.4	363.4
Assets included in discontinuing operations	-	-	-
Subsidiary purchase	-	-	-
Expensed	(183.3)	(139.2)	(322.5)
Writedown charge/reversal 2006	(0.1)	(0.5)	(0.6)
Net book value at 31 December 2006	148.4	28.7	177.1

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 at 31 December 2005	115.7	21.1	136.8

At 31 December 2006

Cost or fair value	198.6	38.5	237.1
Accumulated writedown	(50.2)	(9.8)	(59.9)
Net book value at 31 December 2006	148.4	28.7	177.1

	Broadcasting rights	Commercial inventories	Total 2005
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	-	7.5	7.5
Expensed	(214.4)	-	(214.4)
Writedown charge/reversal 2005	12.7	(1.5)	11.2
Net book value at 31 December 2005	115.7	21.1	136.8

At 31 December 2004

Cost or fair value	172.2	16.4	188.6
Accumulated writedown	(62.7)	(7.7)	(70.4)
Net book value at 31 December 2004	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 at 31 December 2005	115.7	21.1	136.8

21. TRADE AND OTHER RECEIVABLES

Trade and other receivables are comprised of commercial receivables and other receivables linked to operations, such as advances and deposits.

22. CASH AND CASH EQUIVALENTS

	2006	2005	2004
Deposit with Immobilière Bayard d'Antin SA	35.0	40.0	-
Vivendi advance (including interest)	52.5	-	-
FCP et SICAV mutual funds	140.6	197.1	202.0
Cash at the bank	22.6	5.9	9.5
Total cash and cash equivalents	250.7	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 treasury management agreement described in note 27.

Cash and cash equivalents include the € 52.5 million advance (including accrued interest) granted by Vivendi within the framework of the TPS agreement and refunded upon the finalisation of the transaction on 4 January 2007 (see note 24).

23. EQUITY

23.1 SHARES COMPRISING MÉTROPOLE TÉLÉVISION'S EQUITY

The shares comprising the capital of Métropole Télévision are all ordinary shares with one vote each.

All shares are fully paid.

One share purchase option plan and eight share subscription plans for the benefit of management and senior executives were in place at 31 December 2006.

■ NUMBER OF ISSUED SHARES:

thousands	2006	2005	2004
Ordinary shares with a par value of € 0.4	131,889	131,889	131,889

■ NUMBER OF OUTSTANDING SHARES:

thousands	2006	2005	2004
At 1 January 2006	131,397	130,741	130,499
Exercised stock options	209	612	314
Liquidity contract movements	8	44	(72)
At 31 December 2006	131,614	131,397	130,741

23.2 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.

The number of hedges of the future cash flow hedge kind was 28 at 31 December 2006, compared to 22 at 31 December 2005 and 26 at 31 December 2004.

The impact on equity and other reserves was as follows:

Reserves relating to derivative financial instruments at 1 January 2005	(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
Reserves relating to derivative financial instruments at 31 December 2005	0.1
Exchange gain realised on incomplete transactions	-
New hedges	(0.2)
Former hedge variations	(0.1)
Maturity of hedges	(0.4)
Impact of operations on realised profit recorded in equity	-
Variation in assets held with a view to being disposed	(0.1)
Reserves relating to derivative financial instruments at 31 December 2006	(0.7)

24. FINANCIAL DEBT

Movement in net debt:

	2006	2005	2004
Bank loans	0.7	0.7	-
Others	5.5	4.3	5.7
Total non-current financial liabilities	6.2	5.1	5.7
Vivendi advance (including interest)	52.5	-	-
Current financial liabilities	0.6	1.7	29.2
Total current financial liabilities	53.1	1.7	29.2

Group net debt at 31 December 2006 is analysed thus:

	Total	< 1 year	1 to 5 years	> 5 years
Total financial liabilities	59.3	53.1	0.4	5.8

At 31 December 2006, the Group debt comprised for the most part the Vivendi advance. In order to guarantee the realisation of the TPS agreement by the Group, Vivendi had paid the Group an amount of € 52.5 million (including interest), refunded upon the finalisation of the transaction on 4 January 2007. This debt was offset by a cash asset (see note 22).

Other current and non-current financial debt at 31 December 2006 primarily include the following:

- share of debts to other shareholders of jointly held companies;
- two medium-term financing facilities contracted by Mistergooddeal for the acquisition of premises for a total of € 0.6 million.

25. PROVISIONS

Provisions movements between 1 January 2005 and 31 December 2006 were the following:

	Provisions for retirement benefits	Associates losses	Provisions for litigations	Other provisions for liabilities	Other provisions for charges	Total 2005
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)
Provision 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)
Others	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
Total	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
Total	7.1	10.3	18.1	12.5	32.6	80.6
	Provisions for retirement benefits	Associates losses	Provisions for litigations (1)	Other provisions for liabilities (2)	Other provisions for charges (3)	Total 2006
At 1 January 2006	9.1	-	12.2	8.0	36.1	65.4
Subsidiary acquisitions	-	-	-	-	-	-
Subsidiary disposals	-	-	-	-	-	-
Provision for discontinuing operations	-	-	-	-	-	-
Charge	0.6	-	2.1	6.8	18.8	28.3
Use	-	-	(0.4)	(0.7)	(8.5)	(9.5)
Reversals	(2.0)	-	(2.0)	(2.9)	(7.9)	(14.9)
Others	0.2	-	-	0.1	-	0.3
At 31 December 2006	7.9	-	11.9	11.3	38.5	69.7
Current 2006	-	-	11.9	11.3	38.5	61.8
Non-current 2006	7.9	-	-	-	-	7.9
Total	7.9	-	11.9	11.3	38.5	69.7
Current 2005	-	-	12.2	8.0	36.1	56.3
Non-current 2005	9.1	-	-	-	-	9.1
Total	9.1	-	12.2	8.0	36.1	65.4

At 31 December 2006, provisions were analysed as follows:

(1) Provisions for litigations:

- Provisions for M6 TV Network litigation	6.3
- Provisions for Diversification litigation	3.1
- Provisions for Digital Channels litigation	-
- Provisions for social litigation	2.5
Total	11.9

(2) Other provisions for liabilities:

- Provisions for M6 TV Network liabilities	6.3
- Provisions for Diversification liabilities	1.9
- Provisions for Digital channels liabilities	3.1
Total	11.3

(3) Other provisions for charges:

- Provisions for M6 TV Network charges	25.7
- Provisions for Diversification charges	7.5
- Provisions for Digital channels charges	-
- Provisions for frequency charges	5.3
Total	38.5

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.

26. CONTINGENT ASSETS AND LIABILITIES

26.1 CONTINGENT ASSETS AND LIABILITIES OF CONTINUING OPERATIONS

	<1 year	>1 year	Total 31/12/2006	Total 31/12/2005	Total 31/12/2004	Terms and conditions of implementation
Commitments given						
Rights purchase and co-productions commitments	250.9	561.3	812.2	674.4	475.1	Contracts signed
Advances paid for the purchase of rights and co-productions commitments	(41.3)	(41.3)	(82.6)	(67.3)	(57.6)	
<i>Purchase of rights and co-productions commitments (net)</i>	<i>209.6</i>	<i>520.0</i>	<i>729.6</i>	<i>607.1</i>	<i>417.5</i>	
Images transmission, satellite and transponders rental	43.5	71.8	115.2	82.0	155.1	Contracts signed
Planned property purchase	37.5	-	37.5	-	-	Contract signed
Non-cancellable leases	4.4	3.7	8.1	7.0	8.8	Leases
Responsibility for partnership liabilities	-	13.6	13.6	13.0	304.4	SNC liquidation
Others	2.1	3.9	6.0	-	9.7	-
Total commitments given	297.0	613.0	909.9	709.1	895.5	
Commitments received						
Responsibility for partnership liabilities	-	24.5	24.5	19.5	311.4	SNC liquidation
Sales of rights	14.7	1.8	16.5	25.7	22.4	Annual maturities
Broadcasting contract	34.0	108.1	142.1	16.4	-	Contracts signed
Others	6.3	-	6.3	4.8	7.2	-
Total commitments received	55.0	134.4	189.4	66.4	341.0	

■ PURCHASE OF RIGHTS AND CO-PRODUCTION COMMITMENTS (NET)

These commitments comprise:

- 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.

They are expressed net of advances and deposits paid in that respect for rights that are not yet recognised as inventories. This presentation constitutes a change compared to the method used at 31 December 2005.

■ IMAGES TRANSMISSION, SATELLITE AND TRANSPONDERS RENTAL

These commitments relate to the supply of broadcasting services and the rental of satellite and transponder capabilities from private companies, both for analogue and digital broadcasting.

These commitments were measured using amounts remaining due up to the end date of each contract.

■ PLANNED PROPERTY PURCHASE

In order to support the expansion of its operations, M6 Group submitted an offer for the purchase of a building in Neuilly-sur-Seine, close to its head office.

■ NON-CANCELLABLE LEASES

This item includes minimum future payments due in respect of non-cancellable operating leases ongoing at the balance sheet date, which primarily comprise property leasing.

■ RESPONSIBILITY FOR PARTNERSHIP LIABILITIES

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.

■ SALES OF RIGHTS

These commitments comprise sales contracts of broadcasting rights that are not yet available at 31 December 2006.

■ BROADCASTING CONTRACTS

These commitments relate to Group channel broadcasting contracts Canal+ France and other distributors.

They were measured using amounts remaining due for each contract, up to the certain or probable contract end date.

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

26.2 CONTINGENT ASSETS AND LIABILITIES OF OPERATIONS HELD FOR DISPOSAL

At 31 December 2005, commitments given by TPS or given by the Group in relation with TPS (such as those relating to the Group's liability for TPS' debt) amounted to € 628.5 million (M6 share). Commitments received by TPS or received by the Group in relation with TPS totalled € 390.9 million (M6 share).

Following the recognition in the Group's financial statements of the loss of control of TPS in 2006, the Group no longer recognises any commitments given or received by TPS or by the Group in relation to TPS. Pursuant to agreements concluded between Vivendi, TF1 and M6, commitments and guaranties undertaken by TF1 and M6 as partners in TPS were the object of a counter-guarantee by Vivendi. In application of the same agreements, M6 granted a liability guarantee limited to € 42.5 million.

27. RELATED PARTIES

27.1 IDENTIFICATION OF RELATED PARTIES

Related parties to the Group comprise unconsolidated subsidiaries, jointly controlled companies and associates, RTL Group, 49% Group shareholder, Bertelsmann AG, RTL shareholder, executive officers and members of the Supervisory Board.

27.2 TRANSACTIONS WITH SHAREHOLDERS

■ LOANS TO 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 2006, the daily current account between M6 and Immobilière Bayard d'Antin SA amounted to € 35.0 million.

■ CURRENT TRANSACTIONS

	2006		2005		2004	
	RTL Group	BERTELSMANN (excl. RTL Group)	RTL Group	BERTELSMANN (excl. RTL Group)	RTL Group	BERTELSMANN (excl. RTL Group)
Sales of goods and services	8.7	17.5	4.8	15.2	5.1	21.9
Purchase of materials and services	28.7	2.6	15.7	3.1	14.9	8.6

Sales and purchase transactions with shareholders have been conducted at arms' length.

The outstanding balances arising from these sales and purchases are the following:

	2006		2005		2004	
	RTL Group	BERTELSMANN (excl. RTL Group)	RTL Group	BERTELSMANN (excl. RTL Group)	RTL Group	BERTELSMANN (excl. RTL Group)
Receivables	8.4	11.7	8.4	2.8	4.0	4.3
Liabilities	17.4	2.7	9.0	1.0	6.4	0.4

■ SPECIFIC TRANSACTIONS

No specific transactions were concluded by the Group with its shareholders during the 2006 financial year.

27.3 TRANSACTIONS WITH JOINT VENTURES

The following transactions have taken place between Group subsidiaries and joint ventures:

100%	2006	2005	2004
Sales of goods and services	3.7	1.9	1.6
Net financial income	2.1	1.6	0.6
Purchases of materials and services	5.6	1.5	1.5

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%	2006	2005	2004
Receivables	13.4	11.2	13.6
<i>relating to financing</i>	<i>10.2</i>	<i>9.4</i>	<i>11.4</i>
Liabilities	3.0	2.2	2.1
<i>relating to financing</i>	<i>-</i>	<i>1.2</i>	<i>1.3</i>

Receivables relating to financing comprise profit of partnerships due to be transferred to the parent company.

27.4 TRANSACTIONS WITH EXECUTIVE OFFICERS AND DIRECTORS

The remuneration paid in 2006 to members of the Board of Directors amounted to € 3,159,116, of which € 1,906,395 fixed and € 1,252,721 variable.

Members of the Supervisory Board are paid attendance fees amounting to € 115,035 and held 1,900 Group shares at 31 December 2006.

Share subscription options granted to management totalled 90,500 shares in respect of the plan of 2 June 2006, at an exercise price of € 24.60, of which 15,000 will not be exercised due to the departure of one of the directors.

70,000 options relating to the share purchase plan of 4 June 1999 were exercised during the financial year at a price of € 18.76.

On 6 June 2006, 392,222 free shares were also granted to Board members. They can be exercised from 7 June 2008.

26,641 options will not be exercised due to the departure of one of the directors.

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 4.14.

28. POLICY AND OBJECTIVES OF FINANCIAL

■ EXCHANGE RISK

The Group acquires from foreign suppliers programmes that are denominated in US dollars.

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):

	2006			2005			2004		
	Total	<1 year	1 to 5 years	Total	<1 year	1 to 5 years	Total	<1 year	1 to 5 years
TCM	-	-	-	4.8	4.8	-	8.0	8.0	-
SND	8.7	8.7	-	6.8	6.8	-	23.8	21.0	2.8
M6 TV	12.3	3.9	8.4	15.5	11.4	4.1	15.4	10.2	5.2
Total	21.0	12.6	8.4	27.1	23.0	4.1	47.2	39.2	8.0

■ FAIR VALUE

Financial instruments used by the Group measured at fair value are as follows:

LIABILITY DERIVATIVE FINANCIAL INSTRUMENTS

	2006		2005		2004	
	Fair value	Contractual or notional amount covered *	Fair value	Contractual or notional amount covered *	Fair value	Contractual or notional amount covered *
Fair value hedges						
foreign exchange future contracts	(0.2)	3.8	-	-	(1.2)	14.4
Cash Flow Hedges						
foreign exchange future contracts	(0.7)	16.9	-	-	(2.1)	33.6
Off balance sheet derivatives						
foreign exchange future contracts	-	-	-	-	(1.8)	16.8
options	-	-	-	-	-	1.1
interest rate swaps	-	-	-	-	-	-
Total	(0.9)	20.7	-	-	(5.1)	65.9

* euro contra value

ASSET DERIVATIVE FINANCIAL INSTRUMENTS

	2006		2005		2004	
	Fair value	Contractual or notional amount covered *	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	-	-

* euro contra value

30. SUBSEQUENT EVENTS

On 4 January 2007, Vivendi, TF1 and M6 Group finalised the TPS and Canal+ pay TV merger agreement. As a result, the € 51.0 million advance, increased by accrued interest, was refunded by M6 Group upon the signing of the agreement by Vivendi.

On 15 January 2007, the Group finalised the agreement relating to the acquisition of the 49% of Téva held by Compagnie pour la Télévision Féminine, in accordance with the announcement made on 7 December 2006.

On 13 February 2007, the Group finalised the acquisition of a building, in respect of which the Group recognised an off-balance sheet commitment of € 37.5 million at 31 December 2006.

The Company is not aware of any other significant event likely to have a significant impact of the financial position, financial performance or assets of the Company and the Group.

31. CONSOLIDATION SCOPE

Company	Legal Form	Nature of operations	31/12/2006		31/12/2005		31/12/2004	
			% share capital	Method	% share capital	Method	% share capital	Method
M6 FREE-TO-AIR								
Métropole Télévision - M6	SA	Parent company	-	FC	-	FC	-	FC
M6 Publicité	SAS	Advertising agency	100.00%	FC	100.00%	FC	100.00%	FC
M6 Bordeaux	SAS	Local TV Station	100.00%	FC	100.00%	FC	100.00%	FC
M6 Toulouse	SAS	Local TV Station	100.00%	FC	100.00%	FC	100.00%	FC
Immobilière M6	SA	Neuilly building	100.00%	FC	100.00%	FC	100.00%	FC
SCI du 107	SCI	Neuilly building	100.00%	FC	100.00%	FC	100.00%	FC
C. Productions	SA	Programme production	100.00%	FC	100.00%	FC	100.00%	FC
M6 Films	SA	Co-production of films	100.00%	FC	100.00%	FC	100.00%	FC
Métropole Production	SA	Production of audiovisual works	100.00%	FC	100.00%	FC	100.00%	FC
Studio 89 Productions	SAS	Production of audiovisual programmes	100.00%	FC	100.00%	FC	100.00%	FC
W9 Production	SAS	Production of audiovisual programmes	100.00%	FC	100.00%	FC	100.00%	FC
Labo Productions	SARL	Production of programmes	100.00%	FC	100.00%	FC	-	NC
M6 Création	SAS	Dormant Company up to 2006		NC	100.00%	FC	-	NC
M6 Opération	SAS	Dormant Company up to 2006		NC	100.00%	FC	-	NC
DIGITAL CHANNELS								
Edi TV - W9	SNC	W9 Music Channel	100.00%	FC	100.00%	FC	100.00%	FC
Fun TV	SNC	Fun TV Music Channel	100.00%	FC	100.00%	FC	100.00%	FC
M6 Diffusion	SA	Holding Company - digital operations	100.00%	FC	100.00%	FC	100.00%	FC
M6 Numérique	SAS	Holding Company - digital operations	100.00%	FC	100.00%	FC	100.00%	FC
M6 Thématique	SA	Holding Company - digital channels	100.00%	FC	100.00%	FC	100.00%	FC
Paris Première	SA	Paris Première digital channel	100.00%	FC	100.00%	FC	100.00%	FC
Sedi TV - Téva	SNC	Téva digital channel	51.00%	FC	51.00%	FC	51.00%	FC
M6 Communication	SAS	M6 Music channels Black - Rock - Hit	100.00%	FC	100.00%	FC	-	NC
Multiplex R4	SAS	Television and Radio programmes broadcast	58.35%	FC	58.35%	FC	-	NC
Série Club	SA	Série Club digital channel	50.00%	PC	50.00%	PC	50.00%	PC
TF6	SCS	TF6 digital channel	50.00%	PC	50.00%	PC	50.00%	PC
TF6 Gestion	SA	TF6 Management company	50.00%	PC	50.00%	PC	50.00%	PC

Company	Legal Form	Nature of operations	31/12/2006		31/12/2005		31/12/2004	
			% share capital	Method	% share capital	Method	% share capital	Method
DIVERSIFICATION AND AUDIOVISUAL RIGHTS								
FC Girondins de Bordeaux	SASP	Football club	100.00%	FC	100.00%	FC	100.00%	FC
M6 Foot	SAS	Holding company – Sports	100.00%	FC	100.00%	FC	100.00%	FC
Culture Mag Editions	SNC	Print magazine edition	90.00%	FC	90.00%	FC	90.00%	FC
M6 Editions	SA	Print publications	100.0%	FC	100.00%	FC	100.00%	FC
Citato	SARL	Print magazine edition	80.00%	FC	80.00%	FC	-	NC
Echo6	SAS	Marketing of mobile content	50.00%	PC	-	NC	-	NC
Femmes en Ville	SAS	Print magazine edition	50.00%	PC	-	NC	-	NC
Live Stage	SAS	Staging of shows and events	100.00%	FC	100.00%	FC	100.00%	FC
M6 Evénements	SA	Staging of shows and events	100.00%	FC	100.00%	FC	100.00%	FC
M6 Interactions	SAS	By-product rights exploitation	100.00%	FC	100.00%	FC	100.00%	FC
M6 Web	SAS	Internet content and access provider	100.00%	FC	100.00%	FC	100.00%	FC
A Ton Service (form. M6 Opération)	SAS	Home services website	51.00%	FC	-	NC	-	NC
M6 Développement	SAS	Dormant	100.00%	FC	100.00%	FC	-	NC
M6 Affaires	SAS	Dormant	100.00%	FC	100.00%	FC	-	NC
HSS sub-group								
Home Shopping Service	SA	Home shopping programmes	100.00%	FC	100.00%	FC	100.00%	FC
Boutique du Monde	SNC	Home shopping programmes	100.00%	FC	100.00%	FC	100.00%	FC
Club Téléachat	SNC	24-hour channel	100.00%	FC	100.00%	FC	100.00%	FC
HSS Belgium	SA	Home shopping programmes	100.00%	FC	100.00%	FC	100.00%	FC
HSS Hungary	SA	Home shopping programmes	100.00%	FC	100.00%	FC	100.00%	FC
SETV Belgium	GIE	home shopping centre	100.00%	FC	100.00%	FC	100.00%	FC
Tecipress	SA	Production of audiovisual programmes	100.00%	FC	100.00%	FC	100.00%	FC
Télévente promotion	SA	Home shopping programmes	100.00%	FC	100.00%	FC	100.00%	FC
Unité 15 Belgium	SA	Customer service	100.00%	FC	100.00%	FC	100.00%	FC
Unité 15 France	SA	Management and promotion of home shopping	100.00%	FC	100.00%	FC	100.00%	FC
Home Travel Services	SARL	Travel sales	-	NC	-	NC	50.00%	PC
RTL Shop	GMBH	Production and broadcast of home shopping -	NC	-	NC	-	20.00%	EA
Mistergooddeal	SA	E-commerce	95.00%	FC	95.00%	FC	-	NC
Retail Concept (form. M6 Création)	SAS	Sale of home shopping products	100.00%	FC	-	NC	-	NC
M6 Droits Audiovisuels	SA	Audiovisual rights portfolio -	-	NC	-	NC	100.00%	FC
M6 Studio	SAS	Production of animated feature films	100.00%	FC	100.00%	FC	100.00%	FC
Mandarin	SAS	Audiovisual rights portfolio	100.00%	FC	100.00%	FC	100.00%	FC
Mandarin Films	SAS	Audiovisual rights portfolio	100.00%	FC	-	NC	-	NC
Société Nouvelle de Distribution	SA	Distribution of films to movie theatres	100.00%	FC	100.00%	FC	100.00%	FC
Société Nouvelle de Cinématographie	SAS	Audiovisual rights portfolio	100.00%	FC	100.00%	FC	-	NC
TCM DA	SNC	Broadcast rights portfolio	50.00%	PC	50.00%	PC	50.00%	PC

FC: Full consolidation; PC: Proportional consolidation; NC: Not consolidated

No Group company was equity accounted (EA) at the balance sheet date.

The Group is not on the other hand, a shareholder or participating stakeholder party in any special purpose entities.

KPMG Audit

1, cours Valmy
92923 Paris La Défense Cedex
France

Ernst & Young

41, rue Ybry
92576 Neuilly-sur-Seine cedex
France

Financial year ended 31 December 2006**STATUTORY AUDITORS REPORT ON THE
CONSOLIDATED FINANCIAL STATEMENTS**

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 2006, 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.

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 S.A. 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 3.3 describes the situations in which the management of your company has used estimates and put forward assumptions within the scope of preparing the financial statements.

Our work involved assessing the data and assumptions on which these estimates are based, reviewing the calculations made by your company, and ensuring that Notes 3.3, 4.7 and 4.17 provide suitable information.

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- Notes 4.5 and 4.10 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. 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,
3 April 2007

KPMG Audit
Division of KPMG S.A.

Grégoire Menou
Partner

Neuilly-sur-Seine,
3 April 2007

Ernst & Young et Autres

Bruno Bizet
Partner

C. PARENT COMPANY FINANCIAL STATEMENTS AT 31 DECEMBER 2006

I. BALANCE SHEET

ASSETS

(€ millions)	Note n°	31/12/06			31/12/05	31/12/04
		Gross	Amo. & Dep.	Net		
Broadcast rights, licences & concessions		-	-	-	-	-
Business goodwill		-	-	-	-	-
Other intangible assets	3.1/3.2/3.3	109.7	103.9	5.8	6.6	3.8
Advances on intangible assets	3.1	0.6	-	0.6	0.2	1.2
Technical facilities, equipment & tools	3.1/3.2	19.5	15.0	4.5	3.7	1.3
Other property, facilities & equipment	3.1/3.2	15.4	12.4	3.1	4.2	4.7
Assets under construction	3.1	0.1	-	0.0	0.3	-
Investments	3.1/3.3	411.1	20.4	390.7	118.0	105.1
Investment receivables		-	-	-	-	-
Other equity investments		-	-	-	-	-
Loans	3.1/3.5	16.7	-	16.7	19.1	21.2
Other investments	3.1/3.5	1.6	-	1.6	1.6	1.6
TOTAL NON-CURRENT ASSETS		574.7	151.7	423.0	153.7	138.9
Broadcast rights inventory	3.3/3.4	174.3	42.6	131.7	106.8	217.7
Advances & payments on account		96.3	-	96.3	92.1	5.7
Trade receivables	3.3/3.5	255.6	2.1	253.5	228.9	204.4
Other receivables	3.5	138.6	-	138.6	319.0	279.6
Marketable securities	3.3/3.7	208.6	6.9	201.7	211.2	249.3
Cash	3.7	10.0	-	10.0	22.8	27.1
Prepaid expenses		14.2	-	14.2	8.0	2.4
TOTAL CURRENT ASSETS		897.6	51.6	846.0	988.8	986.2
Deferred charges		-	-	-	-	-
Bond redemption premium		-	-	-	-	-
Deferred translation gain		-	-	-	-	0.4
TOTAL ASSETS		1,472.3	203.3	1,269.0	1,142.6	1,125.6

EQUITY AND LIABILITIES

(€ millions)

	Note n°	31/12/06	31/12/05	31/12/04
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	13.1	13.4
Retained earnings	3.8	470.3	429.1	416.4
Financial year net profit	3.8	144.6	166.2	122.4
Interim dividend		-	-	-
Regulated provisions	3.3	4.7	4.5	2.0
TOTAL EQUITY		715.0	695.2	636.4
Proceeds from the issue of participating securities		-	-	-
OTHER EQUITY		-	-	-
Provisions for liabilities		17.6	25.7	46.4
Provisions for charges		31.9	26.2	6.8
PROVISIONS FOR LIABILITIES AND CHARGES	3.3	49.5	51.9	53.2
Financial debts to banks (1)	3.6	34.2	31.5	29.9
Other borrowings	3.6	-	-	-
Advance payments received	3.6	-	-	-
Trade payables	3.6	234.8	183.0	233.3
Income tax and social security liabilities	3.6	66.7	59.2	52.3
Liabilities on non-current assets	3.6	4.7	10.5	14.1
Other liabilities	3.6	163.5	111.1	105.4
Deferred revenues		0.6	0.2	0.5
TOTAL LIABILITIES		504.5	395.5	435.5
Deferred translation loss		-	-	0.5
TOTAL EQUITY & LIABILITIES		1,269.0	1,142.5	1,125.6
Financial year net profit (€)		144,582,633	166,217,030	122,396,381
Total assets (€)		1,269,059,692	1,142,524,949	1,125,563,138

(1) bank overdrafts

II. INCOME STATEMENT

(€ millions)	Note n°	31/12/06	31/12/05	31/12/04
Net turnover	4.1	664.4	640.7	612.1
Production capitalised as inventory		-	-	-
Production capitalised as non-current assets		-	-	-
Amortisation, depreciation & provision reversals		44.9	44.4	40.0
Other operating revenues		32.2	27.4	20.9
OPERATING REVENUES		741.5	712.5	673.0
Merchandise purchases (including customs duties)		292.0	86.2	244.2
Merchandise inventory movement		(28.0)	130.7	(33.2)
Other purchases and external charges	4.6	157.2	141.5	132.7
Tax, duties		47.5	44.9	42.6
Payroll		38.7	35.7	33.6
Employment benefits		15.7	16.3	14.0
Non-current asset depreciation and amortisation		7.7	9.2	12.6
Non-current asset investment write-downs		1.3	2.1	6.2
Current assets provision charge		21.6	15.9	18.5
Provisions for liabilities and charges		20.0	27.7	4.7
Other expenses		33.9	37.1	32.9
OPERATING EXPENSES		607.6	547.3	508.8
OPERATING PROFIT		133.9	165.2	164.2
Transferred profit (loss)		-	-	-
Transferred loss/ (profit)		-	-	-
Investments financial income		55.5	54.7	33.6
Income from other marketable securities		-	-	-
Other interest and related financial income		6.7	5.0	5.0
Provision reversals & expense transfers		0.7	1.1	19.5
Foreign exchange gains		0.3	0.6	1.1
Net income from disposal of marketable securities		0.3	0.2	-
FINANCE INCOME		63.5	61.6	59.2
Financial amortisation and provision charges		-	-	22.4
Interest and related expenses		4.1	1.1	0.9
Foreign exchange losses		0.3	0.6	1.3
Net expenses of disposal of marketable securities		-	-	-
FINANCE EXPENSES		4.4	1.7	24.6
NET FINANCE INCOME	4.2	59.1	59.9	34.6
PROFIT FROM ORDINARY ACTIVITIES BEFORE TAX		193.0	225.1	198.8
Exceptional income - operating activities		-	-	-
Exceptional income - investing & financing activities		2.8	0.2	4.9
Provision reversals & expense transfers		8.9	27.0	4.8
EXCEPTIONAL INCOME		11.7	27.2	9.7
Exceptional expenses - operating activities		-	-	-
Exceptional expenses - investing & financing activities		8.8	26.5	24.5
Provision reversals & expense transfers		4.9	3.5	1.3
EXCEPTIONAL EXPENSES		13.7	30.0	25.8
NET EXCEPTIONAL EXPENSES	4.3	(2.0)	(2.8)	(16.1)
Employee profit sharing plan contributions		2.8	2.8	2.7
Income tax	4.4/4.5	43.6	53.3	57.7
TOTAL REVENUES, INCOME & GAINS		816.7	801.3	741.9
TOTAL EXPENSES, CHARGES & LOSSES		672.1	635.1	619.5
NET PROFIT		144.6	166.2	122.4

III. CASH FLOW STATEMENT

(€ millions)	31/12/06	31/12/05	31/12/04
Financial year net profit	144.6	166.2	122.4
Depreciation, amortisation & provisions charges	3.3	(11.8)	1.4
Gains & losses from non-current assets disposal	(0.5)	-	17.9
Other items not having an impact on operating cash flows	-	-	-
CASH FLOW FROM OPERATIONS	147.4	154.5	141.7
MOVEMENTS IN WORKING CAPITAL REQUIREMENTS			
Inventories	(23.0)	128.9	(32.2)
Trade receivables	144.7	(154.8)	17.5
Operating liabilities	106.4	(42.2)	(30.5)
Transfer of expenses to deferred charges	-	-	-
NET MOVEMENT IN WORKING CAPITAL REQUIREMENTS	228.1	(68.0)	(45.2)
NET CASH FROM OPERATING ACTIVITIES	375.5	86.4	96.4
INVESTING ACTIVITIES			
Intangible assets acquisitions	(3.1)	(5.0)	(5.1)
Property, facilities & equipment acquisitions	(3.8)	(4.7)	(3.8)
Investment acquisitions	(272.8)	(13.0)	(23.5)
Cash and cash equivalents arising from disposal of subsidiaries	-	-	-
Intangible assets and property, facilities & equipment disposals	0.9	0.1	0.8
Investments disposals/writedowns	3.3	2.1	8.9
NET CASH USED IN INVESTING ACTIVITIES	(275.5)	(20.5)	(22.7)
FINANCING ACTIVITIES			
Share capital increase	-	-	-
Other equity increase	-	-	(0.3)
New borrowings	-	-	-
Repayment of borrowings	-	-	-
Dividends paid to Parent Company shareholders	(125.0)	(110.0)	(87.6)
NET CASH USED IN FINANCING ACTIVITIES	(125.0)	(110.0)	(87.9)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(25.0)	(44.1)	(14.2)
Cash and cash equivalents - start of year	202.5	246.6	260.8
CASH AND CASH EQUIVALENTS - END OF YEAR	177.5	202.5	246.6

D. NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

Métropole Télévision reported net profit of € 144.6 million and total assets of € 1,269 million for the 12-month financial year ending on 31 December 2006.

These annual financial statements were approved by the Management Board on 26 february 2007.
Unless otherwise mentioned, the amounts presented in the notes are expressed in millions of Euros.

1. 2006 FINANCIAL YEAR SIGNIFICANT EVENTS

The Group, of which Métropole Télévision is the parent company, took part in the merger of the French pay TV operations of Canal + Group and TPS. This transaction, of which the principle had been announced on 16 December 2005, was implemented throughout 2006 and finalised on 4 January 2007 with the transfer of TPS by the TF1 and M6 Groups to Canal + France, a new company in which TF1 and M6 hold a 9.9% and 5.1% shareholding, respectively.

Métropole Télévision financial statements are not directly affected by this transaction, which was implemented by indirect subsidiaries. However, and in order to streamline the digital channel business following the disposal of TPS, Métropole Télévision participated in the capital increase of M6 Thématiques, thereby increasing its stake in this company from 20% to 100%.

2. ACCOUNTING RULES & METHODS

Accounts for the financial year are fully comparable to those of the previous financial year.

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 to 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 French Accounting Regulatory Committee (CNC), 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 may be written-off, based on future receipt forecasts.

2.2 PROPERTY, FACILITIES & EQUIPMENT & INVESTMENTS

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 equipment3 years
Other mobile equipment4 years
Technical equipment3 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 fair value.

2.3 BROADCAST RIGHTS INVENTORY

Broadcast rights considered as intangible consumables are classified as inventory.

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:

- 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 unrealised 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 2006, but which were not subject to contract at that date;
- Co-production costs for which technical approval has not yet been granted;
- Fees for future transmission 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:

	31/12/05	Additions	Disposals	31/12/06
Intangible rights	-	-	-	-
Business goodwill	-	-	-	-
Other intangible assets	107.1	2.7	0.1	109.7
Advances and payments on account	0.3	2.4	2.0	0.7
Total intangible assets	107.4	5.1	2.1	110.4
Technical facilities & equipment	18.5	2.8	1.8	19.5
Other property, facilities & equipment	15.6	1.2	1.4	15.4
Property, facilities & equipment in progress	0.3	1.0	1.2	0.1
Total property, facilities & equipment	34.4	5.1	4.5	35.0
Equity investments	138.8	272.8	0.5	411.1
Intercompany receivables	-	-	-	-
Loans	19.1	-	2.4	16.7
Other investments	1.6	-	-	1.6
Total investments	159.5	272.8	2.9	429.4
Total non-current assets	301.3	283.0	9.5	574.7

Intangible assets essentially comprise co-production rights.

Movements in equity investments in 2006 concern the M6 Thématisques capital increase and the acquisition of Mandarin Films.

The € 16.7 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. 2005	Charges	Reversals and disposals	31 Dec. 2006
Intangible rights	-	-	-	-
Other intangible assets	98.4	4.2	-	102.6
Total intangible assets	98.4	4.2	-	102.6
Technical facilities & equipment	14.8	1.7	1.5	15.0
Other property, facilities & equipment	11.5	1.9	1.0	12.4
Total property, facilities & equipment	26.3	3.6	2.5	27.4
Total amortisation	124.7	7.8	2.5	130.0

3.3 PROVISIONS

Provisions in 2006 comprise the following:

	31 Dec. 2005	Increases	Decrease (used)	Decreases (non unused)	31 Dec. 2006
Supplementary licences amortisation	4.5	1.2	1.0	-	4.7
Total regulated provisions	4.5	1.2	1.0	-	4.7
Provisions for litigation (1)	10.2	5.5	0.8	2.7	12.2
Provision for share purchases (2)	8.2	2.2	7.4	0.1	2.9
Provision for subsidiary losses	2.5	-	-	-	2.5
Provision for exchange losses	-	-	-	-	-
Provisions for social security charges	7.4	0.7	1.6	0.8	5.7
Provisions for other charges (3)	23.7	15.3	7.6	5.2	26.2
Total provisions for liabilities and charges	52.0	23.7	17.4	8.8	49.5
Provision for intangible assets	2.1	1.3	2.1	-	1.3
Provision for investments (4)	20.7	-	-	0.3	20.4
Provision for inventories	44.5	20.9	22.8	-	42.6
Provision for trade accounts receivable	1.4	0.7	-	-	2.1
Provision for marketable securities	7.3	-	-	0.4	6.9
Total provisions for writedowns	76.0	22.9	24.9	0.7	73.3
Total	132.5	47.8	43.3	9.5	127.5
Analysis by nature:					
Operating		42.9	43.1		
Financial		-	0.7		
Exceptional		4.9	8.9		

(1) Provisions for litigation are intended to cover litigation or disputes existing at 31 December 2006

(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 within the framework of share purchase option and free share allocation plans and the exercise price of these shares.

(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

2006 movements in inventory and work in progress were the following:

	31 Dec. 2005	Increases	Decreases / Transfers	Invalid rights	31 Dec. 2006
Inventories	141.1	187.0	142.4	16.8	168.9
Work in progress	10.2	53.4	58.2	-	5.4
Total	151.3	240.4	200.6	16.8	174.3

Rights for which there is a risk of no broadcast are the subject of a provision totalling € 42.6 million at 31 December 2006 (see note 3.3)

3.5 RECEIVABLES

	Gross value	Due within 1 year	Due after 1 year
Non-current assets			
Intercompany receivables	-	-	-
Loans	16.7	-	16.7
Other investment receivables	1.6	-	1.6
Total	18.3	-	18.3
Current assets			
Trade receivables (1)	255.6	253.1	2.5
Other receivables (2)	152.8	84.1	68.7
Total	408.4	337.2	71.2
Total receivables	426.7	337.2	89.5

(1) trade receivables are principally composed of advertising receivables

(2) within other receivables due within 1 year is € 32.6 million of recoverable VAT

Other receivables due after 1 year are exclusively intercompany receivables.

3.6 LIABILITIES

Liabilities may be analysed as follows, by maturity date:

	Gross value	Due within 1 year	Due within 1 to 5 years	Due after 5 years
Bank overdrafts	34.2	34.2		
Deposits and guarantees received	-	-		
Trade payables	234.8	231.8	3.0	
Income Tax and social security liabilities	66.7	66.7		
Liabilities on non-current assets	4.7	4.7		
Other liabilities	164.1	164.1		
Total	504.5	501.5	3.0	

Accrued expenses included within the above:

- trade suppliers	136.9
- income tax and social security	17.4
- providers of property, facilities & equipment	-

3.7 CASH AND MARKETABLE SECURITIES

Cash and marketable securities comprise the following:

	31/12/06	31/12/05
Treasury shares	13.9	25.4
Liquidity contracts (treasury shares and other marketable securities)	3.4	3.1
Investment funds, SICAV	191.3	190.0
Cash	10.0	22.8
Cash and marketable securities	218.6	241.3
Provision for treasury shares writedown	(6.9)	(7.3)
Net cash and marketable securities	211.7	234.0

At 31 December 2006, Métropole Télévision directly held 255,002 treasury shares. 20,000 other treasury shares are held within the framework of the liquidity contract.

209,000 options were exercised by their beneficiaries in 2006, resulting in a decrease in treasury shares

Marketable securities do not include any unrealised gains, as these were realised at 31 December 2006.

3.8 EQUITY

The evolution of equity during the period is as follows:

	1/01/06	Allotment of profit	Other movements		31/12/06
			Additions	Reductions	
Share capital	52.8				52.8
Share premium	24.2				24.2
Legal reserves	5.3				5.3
Long term capital gain	-				-
Other reserves	13.1				13.1
Profit carried forward	429.0	41.3			470.3
Profit for the year	166.2	(166.2)	144.6		144.6
Equity excluding regulated provisions	690.6	(124.9)	144.6		710.3
Regulated provisions	4.5		1.2	1.0	4.7
Total equity	695.1	(124.9)⁽¹⁾	145.8	1.0	715.0

(1) Dividends paid on 3 May 2006

4. NOTES ON THE PARENT COMPANY INCOME STATEMENT

4.1 TURNOVER

	2006	2005	%
TV advertising revenues	625.5	606.4	3.15
Sponsorship advertising revenues	35.7	31.3	14.03
Other revenues	3.2	3.0	5.86
Total sales	664.4	640.7	3.70

Analysis of sales by geographic region

France	93.70%
Europe	5.60%
Other countries	0.70%

Advertising revenues are recorded net of commercial discounts.

4.2 NET FINANCIAL INCOME

Net financial income is composed as follows:

	2006	2005
Dividend income from subsidiaries	47.8	48.5
Interest income from loans to subsidiaries	3.7	6.1
Marketable securities income	6.9	5.2
Net charges to provisions for exchange losses	-	0.4
Net charges to provisions linked to financial investments	0.3	-
Net charges to provisions for treasury shares	0.4	0.7
Exchange differences	-	0.1
Other (1)	-	(1.1)
Total net financial income	59.1	59.9

(1) The finance cost of € 1.1 million reported as "Other" for 2005 relates to interest charged on current accounts

4.3 NET EXCEPTIONAL EXPENSES

Net exceptional expenses are as follows:

	2006	2005
Net provision charges (including accelerated depreciation & amortisation)	3.9	23.6
Other	(5.9)	(26.4)
Total net exceptional expenses	(2.0)	(2.8)

4.4 INCOME TAX

The Company has declared itself the parent company of a tax grouping pursuant to Articles 223A and subsequent of the General Taxation 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 € 43.6 million for 2006.

4.5 ANALYSIS OF INCOME TAX

	Profit before tax	Income Tax
Profit from ordinary activities	193.0	44.3
Net exceptional expense	(2.0)	(0.7)
Profit before tax and employee profit sharing plan charges	191.0	
Company income tax		43.6

4.6 OTHER PURCHASES AND EXTERNAL CHARGES

These predominantly relate to analogue and digital image transmission services and advertising payments.

5. OTHER NOTES

5.1 BALANCE SHEET AND INCOME STATEMENT BALANCES AT 31 DECEMBER 2006 ARISING FROM TRANSACTIONS WITH ASSOCIATED COMPANIES

	Related companies (a)	Associated companies (b)
Investments	388.0	0.8
Receivables relating to investments	-	-
Loans	16.7	-
Trade receivables	4.0	-
Other receivables (1)	71.2	0.1
Other financial debt and liabilities	-	-
Liabilities relating to investments	-	-
Trade payables	29.7	1.0
Liabilities relating to property, facilities & equipment	0.9	-
Other debts	-	-
Finance expenses	0.6	-
Finance income	3.8	0.4
(1) including current accounts with subsidiaries	67.2	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
1. As at 1 January 2006	131,888,690	0.4 €
2. Shares issued during the financial year	-	-
3. Reduction in nominal value	-	-
4. As at 31 December 2006	131,888,690	0.4 €

5.3 OFF-BALANCE SHEET COMMITMENTS

At 31 December 2006, off-balance sheet commitments were as follows:

	Commitments at 31/12/2006	Due within 1 year	Due in more than 1 year	Commitments at 31/12/2005	Terms and conditions of implementation
Commitments given	772,1	225,5	546,6	749,8	
Purchase of broadcasting rights	649.3	146.6	502.7	607.4	Contract signed
Co-production commitments	35.4	35.4	-	60.2	Contract signed
Satellite rental contracts (1)	17.3	2.9	14.4	5.8	Contract signed
Broadcasting contracts (1)	45.3	29.8	15.5	59.2	Contract signed
DTT contracts (1)	15.8	3.1	12.7	4.4	Contract signed
Liability for partnership responsibilities	5.8	5.8	-	6.3	SNC Liquidation
Commercial commitments (2)	3.2	1.9	1.3	6.6	Contract signed
Other	-	-	-	-	
Commitments received	6.1	6.1	-	8.2	
Liability for partnership	5.8	5.8	-	6.3	SNC Liquidation
Sales commitments	0.3	0.3	-	2.0	Annual due dates
Other	-	-	-	-	

(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.

5.4 NET DEFERRED TAX ASSETS AT 31 DECEMBER 2006

	Deferred tax asset at 31/12/2006	Deferred tax liability (-)	Total deferred tax at 31/12/2006
Nature of temporary differences			
Regulated provisions	-	-	-
Tax on non-deductible provisions	14.4	(1.6)	12.8
Tax on long-term capital losses	-	-	-

5.5 EXECUTIVE OFFICERS REMUNERATION

	Total
Directors' remuneration	2.8

5.6 AVERAGE COMPANY WORKFORCE SIZE

The average workforce of Métropole Télévision is composed as follows:

	2006 salaried employees	2005 salaried employees
Permanent workforce	548	522
Employees	66	71
Supervisors	124	127
Managers	255	230
Reporters	103	94
Temporary workforce (Full Time Equivalents)	68	80
Total	616	602

The cumulative hours relating to Individual Rights training in 2006 amounted to 26,702 hours.

5.7 ATTENDANCE FEES

The amount of attendance fees paid during the period was € 115,035.

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	31/12/06	31/12/05	31/12/04	31/12/03	31/12/02
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)	664.4	640.7	612.1	589.9	580.7
Profit before tax, employee profit sharing amortisation, depreciation and provision charges	199.7	236.2	205.6	213.9	208.4
Income tax	43.6	53.3	57.7	62.9	34.9
Employee profit sharing plan	2.8	2.8	2.7	2.9	2.4
Net profit	144.6	166.2	122.4	105.5	155.8
Dividends paid	125.3	124.8	109.7	87.5	74.2
Earning and dividends per share (€)					
Basic earnings per share - profit after tax, employee profit sharing, before amortisation, depreciation and provision charges	1.16	1.37	1.10	1.12	1.30
Basic earnings per share - Net profit	1.10	1.26	0.93	0.80	1.18
Dividend per share	0.95	0.95	0.84	0.67	0.57
Workforce					
Average workforce size	616	602	549	549	534
Payroll*	34.9	31.5	30.0	29.2	26.6
Total employment benefits costs including social security and medicare*	15.7	16.3	14.0	15.6	11.3

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

€ thousand	Siren N°	Capital	Reserves and retained earnings	Share capital % ownership	Book value of shares owned gross
Subsidiaries					
M6 PUBLICITE sas					
89, Avenue Charles de Gaulle — 92200 NEUILLY	34094903100025	50	5	99,99	38
M6 FILMS sa					
89, Avenue Charles de Gaulle — 92200 NEUILLY	38072740400028	60	(5,023)	99,98	166
METROPOLE PRODUCTION sa					
89, Avenue Charles de Gaulle — 92200 NEUILLY	38247713100025	50	(1,969)	99,98	1,150
C. PRODUCTIONS sa					
89, Avenue Charles de Gaulle — 92200 NEUILLY	40790865600025	50	(127)	99,97	38
M6 INTERACTIONS sas					
89, Avenue Charles de Gaulle — 92200 NEUILLY	38890945900041	34,050	17,939	100,00	34,007
M6 THEMATIQUE sa					
89, Avenue Charles de Gaulle — 92200 NEUILLY	40310510900025	210,837	62,197	100,00	317,646
IMMOBILIERE M6 sa					
89, Avenue Charles de Gaulle — 92200 NEUILLY	39947635700021	9,600	3,729	100,00	9,147
M6 FOOT sas					
89, Avenue Charles de Gaulle — 92200 NEUILLY	42313378400011	18,360	(18,299)	100,00	19,128
SCI 107 sci					
89, Avenue Charles de Gaulle — 92200 NEUILLY	42169913300011	2	119	99,90	2
M6 DEVELOPPEMENT sas					
89, Avenue Charles de Gaulle — 92200 NEUILLY	42811522400019	40	(46)	99,99	40
M6 STUDIO sas					
89, Avenue Charles de Gaulle — 92200 NEUILLY	42811529900011	45	(162)	99,99	45
W9 PRODUCTIONS sas					
89, Avenue Charles de Gaulle — 92200 NEUILLY	42881563300014	50	(961)	99,99	50
M6 AFFAIRES sas					
89, Avenue Charles de Gaulle — 92200 NEUILLY	42881585600011	40	(26)	99,99	40
M6 BORDEAUX sas					
9, Avenue Charles de Gaulle — 92200 NEUILLY	43350336400013	40	(181)	99,99	40
M6 TOULOUSE sas					
89, Avenue Charles de Gaulle — 92200 NEUILLY	43350341400016	40	(139)	99,99	40
MANDARIN sas					
89, Avenue Charles de Gaulle — 92200 NEUILLY	40536317700024	114	(2,731)	100,00	2,500
SOCIETE NOUVELLE DE CINEMATOGRAPHIE					
89, Avenue Charles de Gaulle — 92200 NEUILLY	775670623000	882	88	100,00	12,914
MANDARIN FILMS					
89, Avenue Charles de Gaulle — 92200 NEUILLY	413109984	46	6	100,00	11,431
Associates					
LABO PRODUCTIONS sarl					
89, Avenue Charles de Gaulle — 92200 NEUILLY	42369616000013	10	(56)	25,50	2
SOCIETE NOUVELLE DE DISTRIBUTION sa					
89, Avenue Charles de Gaulle — 92200 NEUILLY	41485722700030	14,692	(2,945)	7,12	1,650
M6 WEB sas					
89, Avenue Charles de Gaulle — 92200 NEUILLY	41454946900016	740	76	6,75	50
METROPOLE sa					
Rue Théophraste Renaudot — 54180 HOUEMONT	39473579900014	40	-	49,88	19
EUROPEAN NEWS EXCHANGE sa					
45 bld Pierre Frieden — 1543 LUXEMBOURG-KIRCHBERG		496	(108)	20,00	100
TCM DROITS AUDIOVISUELS snc					
3, rue du commandant Rivière — 75008 PARIS	40952892400031	240	-	50,00	655
TCM GESTION sa					
145 Quai de Stalingrad — 92130 ISSY-LES-MOULINEAUX	40952934400031	40	(3)	49,88	20
MULTIPLEX R4 (MULTI 4)					
	44975397900011	60	3	16,67	10

Book value of shares owned net	Outstanding loans and advances	Guarantees and sureties given by the company	2005 sales	2006 sales	2005 Net profit (loss)	2006 Net profit (loss)	Dividends paid by the company in 2006
38	-	-	69,630	75,449	26,730		26,742
-	7,358	-	1,860	1,818	(1,687)	(102)	
-	17,266	-	22,513	26,867	(1,620)	(1,495)	
38	3,398	-	15,544	16,260	31	316	
34,007	12,989	-	103,020	100,387	17,217	20,780	13,775
317,646	-	-	3,330	3,520	1,813	3,774	
9,147	16,667	-	6,669	7,049	1,139	1,230	
42	482	-	-	-	23	23	
2	7,063	-	1,311	1,404	208	(234)	
40	115	-	861	966	2	(5)	
45	8,250	-	-	9,193	(143)	(437)	
50	6,291	-	11,480	6,858	(966)	(2,076)	
40	-	-	84	79	(2)	(1)	
40	737	-	839	1,062	(69)	145	
40	845	-	880	968	(54)	82	
2,500	2,437	-	564	83	(1,449)	(288)	
12,914	-	-	2,308	3,007	1,088	1,663	2,722
11,431			-	2,583	-		
2	81	-	117	1	(64)	(15)	-
1,650	17,926	-	48,005	84,619	(8,544)	425	-
50	-	-	49,767	76,597	10,630	22,133	718
19	11	-	NC	NC	NC	NC	
100	-	-	NC	NC	NC	NC	
655	-	-	19,009	19,705	7,674	10,241	
20	-	-	1	2	-	-	
10	-	-	55	46	1	1	

KPMG Audit

1, cours Valmy
92923 Paris La Défense Cedex
France

Ernst & Young

41, rue Ybry
92576 Neuilly-sur-Seine cedex
France

Financial year ended 31 December 2006**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 2006, 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.

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:

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.

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1, cours Valmy
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Ernst & Young

41, rue Ybry
92576 Neuilly-sur-Seine cedex
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Notes 2.2.2 discloses the Company's principles and methods for accounting for its financial assets for the financial year. 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.

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.
- the fairness of information disclosed in the management report on Directors' remuneration and fringe benefits paid to directors concerned, as well as commitments granted for their benefit upon their appointment, term of office, change of position or subsequent to the provision of their services.

As required by law, we ensured that the various information concerning the acquisition of shareholdings and controlling interests and the identity of shareholders and voting rights was provided to you in the management report.

Paris La Défense,
3 April 2007

KPMG Audit
Division of KPMG S.A.

Grégoire Menou
Partner

Neuilly-sur-Seine,
3 April 2007

Ernst & Young et Autres

Bruno Bizet
Partner

KPMG Audit

1, cours Valmy
92923 Paris La Défense Cedex
France

Ernst & Young

41, rue Ybry
92576 Neuilly-sur-Seine cedex
France

Financial year ended 31 December 2006**SPECIAL REPORT OF THE STATUTORY AUDITORS
ON REGULATED AGREEMENTS**

To the shareholders,

As Statutory Auditors of your Company, we hereby present to you our report on the regulated agreements.

Agreements and commitments authorised during the financial year

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 R.225-58 of the Commercial Code (previously Article 117 of the Decree of 23 March 1967), it is your role to assess the interest in concluding these agreements and commitments, with a view to approving them.

We were not made aware of any agreement or commitments as defined by Article L. 225-86 of the French Commercial Code.

Agreements and commitments approved in previous financial years whose execution continued in the 2006 financial year

Furthermore, in application of Articles L.225-86 and R.225-58 of the French Commercial Code (former Article 117 of the decree of 23 March 1967), we have been notified of the following agreements and commitments that were authorised in previous financial years and whose execution continued in the 2006 financial year:

Cash investment agreement

- 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. may loan its surplus cash to the real estate company Bayard d'Antin, either on a day to day basis or investing part of the loan for a duration not exceeding 3 months.

Interest charged pursuant to this agreement is in line with market conditions.

In order to comply with Métropole Télévision cash management policy, the aggregate amount that may be invested by Métropole Télévision S.A. shall never exceed more than 20% of its cash resources.

KPMG Audit

1, cours Valmy
92923 Paris La Défense Cedex
France

Ernst & Young

41, rue Ybry
92576 Neuilly-sur-Seine cedex
France

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 2006, the average amount deposited was € 35,000,188 and the investment income generated by this agreement amounted to € 1,000,029.

We have performed our work in accordance with professional standards in force in France. These standards require the implementation of diligence procedures in order to verify the agreement of information provided to us with the base documents from which they have been derived.

Paris La Défense,
3 April 2007

KPMG Audit
Division of KPMG S.A.

Grégoire Menou
Partner

Neuilly-sur-Seine,
3 April 2007

Ernst & Young et Autres

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.

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 members of executive management for 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 transaction.

Pursuant to current regulations, executive management is subject to the declaration requirements relating to transaction in 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 since 22 November 2006, has had four members, all natural persons, designated by the Supervisory Board who are employees of the Métropole Télévision Group and are aged less than 65 years.

Members of the Management Board	Age	Principal function within the company	Date of first appointment	Expiry date of appointment
Nicolas de Tavernost	56	Chairman of the Management Board	26/05/2000	2010
Thomas Valentin	52	Deputy Chairman with responsibility for management	26/05/2000	2010
Éric d'Hotelans	56	Deputy Chairman with responsibility for management	14/11/2003	2010
Catherine Lenoble	57	Member with responsibility for advertising	28/01/2001	2010

1.1.2. FUNCTIONS OF THE MANAGEMENT BOARD

The Management Board has the widest possible powers to act in all circumstances on behalf of the Company pursuant to Article 18 of the bylaws. Investments and divestments over € 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 and usually once a week.

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:
 - Métropole Télévision in his capacity as Director of Home Shopping Service S.A and Mistergooddeal SA
 - Home Shopping Services in his capacity as Director of Télévente Promotion 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 Affaires SAS, M6 Toulouse SAS, M6 Bordeaux SAS and M6 Foot SAS
 - Métropole Télévision in his capacity as a Member of the Shareholders' Committee of Multi4 SAS

- M6 Interactions in his capacity as Chairman of M6 Développement SAS
- M6 Thématique in his capacity as Chairman of M6 Numérique SAS
- Métropole Télévision in his capacity as Managing Director of SCI du 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 Hôtel Saint-Dominique (in his personal capacity)

Within the M6 Group

- Permanent representative of M6 Thématique in his capacity as Managing Partner of SEDI TV SNC
- Permanent representative of M6 Thématique in his capacity as Managing Partner of M6 Numérique SNC
- M6 Interactions in his capacity as Chairman of M6 Créations SAS
- M6 Numérique in his capacity as Director of TPS Gestion SA

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 and M6 Studio 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 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

■ **Within the M6 Group**

- Chairman of W9 Productions SAS
- Permanent representative of M6 Thématique in his capacity as Director of TPS Gestion SA

Éric d'Hotelans

Appointments and functions

■ **Outside the M6 Group**

None

■ **Within the M6 Group**

- Chairman of the Board of Directors of Mistergooddeal SA
- Chief Executive Officer of Home Shopping Services SA and of Télévente Promotion SA
- Chairman of M6 Web SAS; M6 Interactions SAS; Unité 15 Fulfillment SAS; Retail Concept SAS and Tecipress SAS
- Director of SASP Football Club des Girondins de Bordeaux and Echo6 SAS
- Permanent representative of:
 - Unité 15 Fulfillment in his capacity as Director of Télévente Promotion SA;
 - M6 Thématique in his capacity as Director of Paris Première SA;
 - M6 Interactions in his capacity as Director of Société Nouvelle Distribution SA;
 - Home Shopping Services, in his capacity as Director of Mistergooddeal SA;
 - Métropole Télévision, in his capacity as Director of M6 Films SA;
 - Métropole Télévision, in his capacity as Director of C. Production SA.
- Manager of Citato SARL

**Appointments and functions expiring
in the course of the last five financial years**

■ **Hors Groupe M6**

None

Catherine Lenoble

Appointments and functions

■ **Outside the M6 Group**

None

■ **Within the M6 Group**

- Permanent representative of:
 - M6 Publicité in her capacity as Director of M6 Diffusion; M6 Éditions SA; M6 Événements SA; Paris Première SA and Mistergooddeal SA

**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)

■ **Within the M6 Group**

- M6 Publicité in her capacity as Manager of Sedi TV SNC

1.2. MEMBERSHIP AND FUNCTIONS OF THE SUPERVISORY BOARD

1.2.1. MEMBERSHIP OF THE SUPERVISORY BOARD

At the date of this report, the Supervisory Board of Métropole Télévision comprised eleven 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, Albert Frère, Bernard Arnault, Jean Laurent, 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 judgment.

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.

Current Members of the Supervisory Board

Members of the Board	Age	Principal function within the company	Date of first appointment	Expiry date of appointment	Date of departure	Attendance rate 2006**
Albert Frère *	81	Chairman	26 May 2000	2008		60%
Gérard Worms*	70	Deputy Chairman	26 May 2000	2008		100%
Elmar Heggen	38	Member	22 November 2006	2008		100%
Rémy Sautter	62	Member	26 May 2000	2008		100%
Gerhard Zeiler	51	Member	8 March 2002	2008		100%
Guy de Panafieu *	64	Deputy Chairman	18 February 2004	2008		100%
Bernard Arnault *	58	Member	18 February 2004	2008		20%
Jean Laurent *	62	Member	18 February 2004	2008		60%
Constantin Lange	39	Member	7 March 2006	2008		75%
Vincent de Dorlodot	42	Member	18 March 2004	2008		100%
Axel Duroux	43	Member	6 February 2007			N/A
Axel Ganz	69	Member	7 March 2003		1 January 2007	100%
Ignace Van Meenen	38	Member	31 January 2006		1 October 2006	100%
Yves-Thibault de Silguy	58	Member	7 March 2003		30 June 2006	100%

* Independent member: " a member of the Supervisory Board is independent when he/she has no relationship with the company, the group or its management that may compromise the exercise their freedom of judgement" (source: Bouton report)

** The attendance rate is calculated for the effective period of the term of office in 2006

■ 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 modernizing 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 audio-visual 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 Bruxelles Lambert SA group (Belgium)
- Chairman of the Board of Directors of Frère-Bourgeois SA, ERBE SA, Financière de la Sambre SA 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, Fondation FRESERTH (Belgium) and the Centre TSIRA Asbl
- Director of Gruppo Banca Leonardo (since April 2006)
- Director of the l'université du Travail Paul Pastur
- Member of the International Committee of Assicurazioni Generali SpA (Italy)
- Member of the Strategic Committee of the Université Libre de Bruxelles (ULB)
- 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 S.A
- Commissioner of Parjointco NV, Agescan Nederland NV and Frère-Bourgeois Holding BV

- 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. He was Ingénieur en chef des Mines before joining the Rothschild Group in October 1995. After beginning his career as advisor to the Minister for Industry, Olivier Guichard, and later 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 Victoire. He is Honorary Chairman of the Association Nationale de la Recherche Technologique and of the Société d'Économie Politique. As well as being Vice Chairman of Rothschild Europe, since June 2006 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

- Vice-Chairman of Rothschild Europe
- Director of Éditions Atlas SA and Cofide SA
- Member of the Supervisory Board of Publicis SA; Médias and Régies Europe SAD; Paris-Orléans SA and SIACI SA
- Censor of ONDEO Degrémont SA

Appointments and functions expiring in the course of the last five financial years

- Chairman of the Board of Directors of SGIM SA
- Managing Director of Rothschild & Cie Banque and Rothschild & Cie SCS
- Chairman of the theme channel Histoire SA
- Director of Mercapital S.A; ONDEO Degrémont SA; Paris-Orléans SA and SIACI SA
- Censor 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 later 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 adviser to the President of the French Republic on questions of international economics. He is a graduate of the Institut d'études politiques de Paris, 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
- Member of the Board of Directors 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 Television in November 1998 and continued until March 2003, when he was appointed CEO of the RTL Group. In September 2005 he decided to concentrate exclusively on his work in the RTL Group. In his capacity as CEO of the RTL Group, Gerhard Zeiler is also a member of the Supervisory Boards of M6 France. Since October 2005 he has also been a member of the Management Board of Bertelsmann AG, the main shareholder in RTL Group. In August 2006, the Board of Directors of RTL Group renewed Gerhard Zeiler's contract as CEO until May 2011.

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 M-RTL ZRT (Hungary)
- Chairman of the Supervisory Board of RTL Television GmbH (Germany)
- Member of the Supervisory Board of RTL Hrvatska doo za usluge (Croatia)
- 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, VOX Film-und Fernseh GmbH(Germany) and FreemantleMedia SA
- Chairman of the Board of Directors of Center Europe SA (Luxembourg), Channel 5 Television Ltd (United Kingdom)
- Manager of UFA Film-Und Fernseh GmbH (Germany)
- Member of the Supervisory Board of Nachrichtenfernsehen Beteiligungs- GmbH (N-TV) (Germany) and Ediradio SA (France)

Rémy Sautter

Number of company shares held: 690

Biography and principal functions outside the company

Rémy Sautter has a law degree and is 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 (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
- Chairman of the Supervisory Board of RTL
- Director of SERC / RTL 2, SODERA / FUN Radio, IP (advertising agency), and IP Régions.
- Director of SASP Football Club des Girondins de Bordeaux.
- Director of Pages Jaunes SA
- Member of the Supervisory Board of INSERT and NAVIMO (Duke Street Capital)
- Director of Taylor Nelson Sofrès Ltd
- Director of Partner Reinsurance Ltd
- Director of Thomson
- Director of TVI SA Belgique

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 Société Nouvelle de Distribution SA
- Chairman of SICAV Multimédia et Technologies

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 Directors 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 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 Société 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 from Louvain University (Belgium) and Leiden University (Netherlands), Vincent de Dorlodot also 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

- General Counsel for RTL Group S.A
- 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)

Jean Laurent

Number of company shares held: 100

Biography and principal functions outside the company

Jean Laurent is a civil aeronautical 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 de Loiret, before being appointed Deputy managing Director of the Caisse régionale de Paris et d'Île-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 the end of 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 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 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 Joint Managing Director of Caisse Nationale de Crédit Agricole
- Chairman of the Board of Directors of Crédit Lyonnais SA
- Member (Associations Loi 1901) of: the Executive Committee of the Fédération Bancaire Française, the Council of the Association Française des Banques et de Paris-Europlace, and the Bureau of the 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

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 of 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 Board (Beirat) of IP Deutschland GmbH, MMC (Magic Media Company TV-Produktionsgesellschaft mbH) and VOX Film- und Fernseh-GmbH & Co. KG
- Member of the Advisory Board (Beirat) of RTL interactive GmbH

MEMBERS OF THE SUPERVISORY BOARD WHOSE CO-OPTION IS SUBJECT TO RATIFICATION BY THE GENERAL MEETING OF SHAREHOLDERS

Elmar Heggen

Number of Company shares held: 100

Biography and principal functions outside the company

Born in 1968, Elmar Heggen graduated in Business Management from the European Business School and with an MBA in Finance. He began his career in 1992 with the Félix Schoeller group. He became Deputy Chairman and Managing Director of Felix Schoeller Digital Imaging in the United Kingdom in 1999 and joined the Head Office of the RTL Group in 2000 as Deputy Chairman of mergers and acquisitions. In January 2003 he was named Senior Deputy Chairman of Investment and Control activities and fulfilled the role of Deputy Chairman of control and strategy from July 2003 to December 2005. As a member of RTL Group's Management team from January 2006, Elmar Heggen was in charge of the group's operational development in emerging markets in Southern, Central and Eastern Europe, in radio activity and the Belgian market. Since 1 October 2006, Elmar Heggen is the Chief Financial Officer and Chairman of RTL Group, Corporate Center.

Appointments and functions

- Chief Financial Officer, Head of Corporate Center and Luxembourg Activities RTL Group SA
- Executive Director: RTL Group Central and Eastern Europe SA (Luxembourg)
- Chairman of the Board of Directors of Broadcasting Center Europe SA, MediaAssurances SA (Luxembourg), Audiomedia Investments SA (Belgium)
- Chairman of the Supervisory Board: RTL Hrvatska Doo (Croatia)
- Director of CLT UFA SA, RTL Group Germany SA, RTL 9 SA, Fremantle Media SA (Luxembourg), INADI SA, IP France SA, Immobilière Bayard d'Antin SA, Sportfive SA (France), Radio H SA, TVI SA (Belgium), Media Holding Ren TV (Russia), Antena 3 de Television SA (Spain), Media Capital (Portugal), M – RTL ZRT (Hungary)
- Member of the Supervisory Board: Ediradio SA (France), RTL Television GMBH (Germany)
- Manager of RTL Radio Deutschland GMBH, RTL Radio Berlin GMBH, RTL Radiovermarktung GmbH & Co KG, CLT Multi Media GmbH, UFA Film und Fernseh GmbH, RTL Group Vermögensverwaltung GmbH, RTL Group Deutschland GmbH, RTL Group Central and Eastern Europe GmbH (Germany) and S5 Sarl (Luxembourg)

Appointments and functions expiring in the course of the last five financial years

None

Axel Duroux

Number of Company shares held: 100

Biography and principal functions outside the company

Born in 1963, Axel Duroux holds an International Law Masters Degree, a DEA in law and political sciences and a DESS from the Institut Français de la Presse.

Axel Duroux was successively a reporter with SIPA and a journalist at LA CINQ (1986-1992), then advisor to the Chairman of IBM France (1992). He joined the CLT-UFA group (which became RTL-GROUP) in 1994 as Managing Director of M 40 with the task of creating radio RTL2.

From 1998 he became Chairman of Fun Radio. From 2000 to 2004, Axel Duroux was Chief Executive Officer of Endemol Development and Deputy Chairman of Endemol France, a subsidiary of the European leader in audiovisual production.

In November 2004 he was named Advisor to the General Management of RTL-GROUP in Luxembourg.

Since 2005, Axel Duroux has been responsible for French radio activity for RTL Group: RTL, RTL2, Fun Radio and the advertising sales division for IP France. He is also a Director of CLT-UFA.

Appointments and functions

- Permanent representative of Bayard d'Antin SA in Médiamétrie
- Permanent representative of IP France SA in IP Régions
- Chairman of the Management Board of Ediradio SA
- Representative of the Radio Committee of Médiamétrie
- Chairman of the Board of Directors of IP France SA, SERC SA and Soder SA
- Chairman of RTL Net SAS
- Joint Manager of Information & Diffusion SARL:
- Manager of SCP SARL
- Managing Partner of RTL Fun développement SARL

Appointments and functions expiring in the course of the last five financial years

None

■ 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, i.e. 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 5 March 2007, 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 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 Super-

visory Board are specified elsewhere in this Report, along with the positions they hold in other companies.

The Board has examined the qualifications of each of its members in terms of the Bouton Report, in order to validate the list of independent directors.

The Supervisory Board meets as often as required in the interests of the Company and at least once a quarter.

It met five times in 2006 and the overall attendance rate was 80%.

■ 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 1,900 shares in the Company, representing 0.0014% 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 2006 attendance fees were allocated as follows:

	Actual allocation of attendance fees	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 12.7.3 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 audits and examine their conclusions;

The Committee met three times in 2006 and the overall attendance rate was 100%.

In 2006 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 2006;
- the application of the Financial Security Law and internal controls;
- review of the audiovisual rights portfolio;
- regulatory developments.

In the 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.

Members of the Audit Committee	Principal function within the company	Date of first appointment	Expiry date of appointment	Departure date	Attendance rate 2006
Guy de Panafieu*	Chairman	18 February 2004	2008		100 %
Rémy Sautter	Member	26 May 2000	2008		100 %
Ignace Van Meenen	Member	31 January 2006		22 November 2006	
Elmar Heggen	Member	22 November 2006	2008		NA

* *Independent Member*

■ REMUNERATION 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 2006 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 2005.

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	Principal function within the company	Date of first appointment	Expiry date of appointment	Departure date	Attendance rate 2006
Gérard Worms*	Chairman	26 May 2000	2008		100 %
Gerhard Zeiler	Member	30 April 2003	2008		100 %

* *Independant 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 service contract between any member of the Management Board or Supervisory Board of MÉTROPOLE TÉLÉVISION and any of its subsidiaries.

In relation to the restrictions in trading in Company shares implemented by the members of the Management Board and the Supervisory Board, the Supervisory Board has decided, on the recommendation of the Remuneration Committee, to implement the following rules:

- a minimum holdings of 100 shares by each member of the Supervisory Board during their term;
- a ban on trading in the Company's shares during periods to be defined annually by the Management Board to prevent insider trading.

1.4 STATUTORY AUDITORS

	Address	Date of first appointment	Expiry date of appointment
CURRENT AUDITORS			
KPMG Audit — Grégoire MENOUE	1, cours Valmy — 92923 La Défense Cedex	2001 ⁽¹⁾	2011
Ernst & Young et Autres — Bruno BIZET	41, rue Ybry — 92200 Neuilly Sur Seine	2002	2008
ALTERNATE AUDITORS			
Guillaume LIVET	1, cours Valmy — 92923 La Défense Cedex	2001 ⁽²⁾	2011
Pascal MACIOCE	41, rue Ybry — 92576 Neuilly-sur-Seine Cedex	2002	2008

(1) replacing Péronnet et Associés on its resignation

(2) replacing Marcel Péronnet 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 MÉTROPOLE TÉLÉVISION 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, performance of operations, and 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 three main business units, 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 the 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 of labels created by the network;
 - technique focusing 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 power 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, which are brought up to date each year, and which allows the development of a continuous improvement plan for the entity, its employees and tools.

The work was performed by the Risk Committee and with the support of the members of the Group’s Executive Committee, the main heads of departments.

The risks were 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 efficiency. 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 advancements 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 a 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 currently has four members, all individuals, appointed by the Supervisory Board. All are employees of the Métropole Télévision Group, aged less than 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 divestments involving sums greater than € 20 million require the authorisation of the Supervisory Board.

THE SUPERVISORY BOARD

The Supervisory Board has eleven 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 2006, to be distributed among its membership and charged to the general expenses of Métropole Télévision.

The attendance rate of Supervisory board members in 2006 was 80%.

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 the conduct underlying the Group's activities
 - ensures that the Supervisory Board has the required number of independent members.
 - defines the principles and guidelines for determining remuneration and benefits.

a/2 Involvement in 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, including 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 **report** 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 cash flow 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**.
- The Company has also established a procedure for artistic validation of programmes 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 deployed 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;
 - 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 procedures to cover purchasing from general expenses,
- strict cash flow procedures, thanks to:
 - centralised management of Group cash flows;
 - strict segregation of duties ensuring effective fraud prevention;
 - regularly updated system of authorisations and signatures;
 - computer access controls;
 - 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 internal and external experts, accounting data is reporting 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.

This data is 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.

The Group has an integrated tool to manage the rights and programming portfolios of M6 Free to Air and the Digital Networks, thus facilitating the monitoring of off-balance sheet commitments and inventories.

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 value in use, whichever is higher. The value in use is calculated using the discounted cash flow method (DCF) following the principles explained in the Group financial statements. The value of all the Group's main assets were reviewed during 2005.

■ 1.5.3. SUMMARY OF THE REMUNERATION POLICY FOR COMPANY REPRESENTATIVES

The Supervisory Board, on the recommendation of the Remuneration Committee, has defined the remuneration policy for members of the Management Board and checks the various elements each year.

These various elements are as follows:

- a fixed element including a benefit in kind limited to a company car;
- variable remuneration comprised of two elements:
 - complementary remuneration based on the achievement of the group share of consolidated net profit before tax and exceptional items, as defined by the Supervisory Board, As regards Catherine Lenoble, this remuneration is calculated with reference to the annual sales targets of M6 Publicité;
 - a performance premium determined by the Supervisory Board on the recommendation of the Remuneration Committee and within the limit of a maximum amount per person;
- annual granting of options and free shares, which may be taken up at the same as those granted to other related parties of the Group and the quantity of which reflects individual performance.

All members of the Management Board have an employment contract as a company representative. The Chairman's employment contract was suspended from 7 June 1996.

No member of the Management Board benefits from an indemnity clause, in the case where they are led to terminate their function as a member of management.

In the sole respect of their employment contract and the sole case of breach at the initiation of the company, except for serious offence or gross negligence, it is provided for a payment to every member of the Management Board, including its Chairman, payment based on the average of their fixed and variable remuneration of the last twelve months, exclusive of their performance bonus.

Other than by directors' fees, no member of the Supervisory Board is in any way remunerated by the Company or its subsidiaries.

Neuilly-sur-Seine, 5 March 2007

1.6 STATUTORY AUDITORS' REPORT

KPMG Audit

1, cours Valmy
92923 Paris La Défense Cedex
France

Ernst & Young

41, rue Ybry
92576 Neuilly-sur-Seine cedex
France

Financial year ended 31 December 2006**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,

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 ended 31 December 2006.

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 due 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 of:

- becoming familiar with the objectives and general organisation of the internal controls, 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 the 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 Article L. 225-68 of the Commercial Code.

Paris La Défense,
3 April 2007

KPMG Audit
Département de KPMG S.A.

Grégoire Menou
Partner

Neuilly-sur-Seine,
3 April 2007

Ernst & Young and Others

Bruno Bizet
Partner

2. GENERAL INFORMATION ON THE COMPANY AND ITS SHARE CAPITAL

2.1. THE COMPANY

■ 2.1.1 BYLAWS ENVIRONMENT

The main features of the Company's bylaws are as follows:

COMPANY NAME

MÉTROPOLE TÉLÉVISION (M6)

HEAD OFFICE AND REGISTERED OFFICE

89, avenue Charles-de-Gaulle - 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'Au-

diovisuel (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:

- a) 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.
- b) Any amounts necessary to give shareholders, by way of first dividend, 5% of the amount paid and not written down on their shares without entitling them to a claim on future profits, if there is an insufficient profit in a year to effect the payment.

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 the modifications as a result of the decree of 11 December 2006 coming into effect from 1 January 2007:

Shareholders meetings are announced by a preliminary notice which is published in the Bulletin des Annonces Légales Obligatoires (BALO) at least 35 days prior to the meeting date, pursuant to regulations in force.

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 three days before the date set for the meeting, Paris time. 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 the 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 paragraph 3 and 4 of Article L 228-1 may, pursuant to a general securities management mandate, transmit for a meeting its voting rights or power of attorney as an owner of shares as defined in paragraph 3 of the same Article.

**LIMITATION 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 as defined by Articles L. 233-7 and subsequent 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 three 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 REGULATORY 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 n°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 services by Free-to-Air terrestrial transmission.

This provision was modified by Law n°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 new terrestrial digital networks.

Under the terms of Article 39 of Law n°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 n°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.

LEGISLATION APPLICABLE TO THE COMPANY

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 broadcast on a nationwide Free-to-Air terrestrial TV network and with a starting broadcast time of between 8pm and 9pm;
- 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 2006, M6 was required to produce 1000 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 2pm and 11pm on Wednesdays and between 5pm and 11pm 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 8.30pm to 10.30pm. 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 at 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

Date	Description	Nominal amount of capital increase	Number of shares issued	Share capital value	Total number of shares outstanding
15/09/86	Incorporation of the Company	10,000,000.00 F	100,000	10,000,000	100 000
16/05/87	Subscription	190,000,000.00 F	1,900,000	200,000,000	2,000,000
21/05/90	Capital reduction	(198,000,000.00 F)	(1,980,000)	2,000,000	20,000
21/06/90	Share subscription	200,000,000.00 F	2,000,000	202,000,000	2,020,000
31/12/93	Exercise of share options by employees (1)	6,900,000.00 F	69,000	208,900,000	2,089,000
06/09/94	5 for 1 share split	-	-	208,900,000	10,445,000
31/12/95	Exercise of share options by employees (1)	4,337,000.00 F	216,850	213,237,000	10,661,850
31/12/95	Conversion of bonds (2)	50,387,700.00 F	2 519,385	263,624,700	13,181,235
03/12/99	Conversion into euros	12,535,613.57 €	-	52,724,940 €	13,181,235
30/12/99	Conversion of bonds	30,536.00 €	7,634	52,755,476 €	13,188,869
26/05/00	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 2006, 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 L.233 13 of the Commercial Code)

Controlling companies holding a share in the capital of the Company: Nil

CAPITAL INCREASE RESERVED FOR EMPLOYEES

The most recent General Meeting to consider a proposal to increase the share capital reserves from employees was that of 28 April 2005.

POTENTIAL SHARE CAPITAL

The exercise of all options would lead to the creation of 3,491,850 new shares, which would increase the share capital from 131,888,690 shares at 31 December 2006 to 135,380,540 shares, a maximum potential dilution of 2.65%.

Notwithstanding this, only the share option plans approved at the Board meetings of 30 June 2000, 7 June 2001, 7 June 2002 and 28 April 2004 could have resulted in the exercise of share options in 2006.

Potential share capital in €									
Date of General Meeting authorising the plan	26/05/2000	26/05/2000	26/05/2000	26/05/2000	26/05/2000	28/04/2004	28/04/2004	28/04/2004	Aggregate share option plan
Date of Supervisory Board meeting granting the options	30/06/2000	07/06/2001	07/06/2002	25/07/2003	14/11/2003	28/04/2004	02/06/2005	06/06/2006	
Maximum number of shares which may be subscribed upon exercise of all options	185,300	325,300	481,500	555,500	20,000	679,500	558,000	686,750	3,491,850
Vesting date	01/07/2004	08/06/2005	08/06/2006	26/07/2007	15/11/2007	29/04/2006	02/06/2007	06/06/2008	
Expiry date	29/06/2007	06/06/2008	07/06/2009	25/07/2010	14/11/2010	28/04/2011	01/06/2012	05/06/2013	
Potential share capital upon exercise of share options	74,120	130,120	192,600	222,200	8,000	271,800	223,200	274,700	1,396,740
Exercise price ⁽¹⁾	58.58	30.80	28.06	22.48	23.82	24.97	19.94	24.60	26.44
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	131,888,690
Nominal value per share	0.4	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	52,755,476
Number of shares comprising the share capital upon exercise of options	132,073,990	132,213,990	132,370,190	132,444,190	131,908,690	132,568,190	132,446,690	132,575,440	135,380,540
Share capital upon exercise of outstanding share options	52,829,596	52,885,596	52,948,076	52,977,676	52,763,476	53,027,276	52,978,676	53,030,176	54,152,216
Potential dilution arising	0.14%	0.25%	0.37%	0.42%	0.02%	0.52%	0.42%	0.52%	2.65%

(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°
Capital increase by contributions in cash or contributions in kind (Delegation of competence to the Management Board)	50 M€		26 months	2 months	AGM 28/04/05	12
Possibility of additional capital increase	(2)		26 months	2 months	AGM 28/04/05	13
Authorisation to issue shares without pre-emption rights but with faculty to grant priority subscription rights	(3)		26 months	2 months	AGM 28/04/05	14
Grant of free shares (Delegation of authority to Management Board)	(5)		36 months	12 months	AGM 28/04/05	11
Bonds (not giving access to capital)		300 M€	5 months	4 months	AGM 24/04/06	8

(1) With effect from the AGM (Combined General Meeting) of 02/05/07 - (2) Up to a limit of 15% of the initial issue - (3) Within the maximum limit set by the twelfth resolution of the AGM of 28/04/05 - (4) Pre-emption rights to subscribe - (5) 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

**ACQUISITION BY MÉTROPOLE TÉLÉVISION OF ITS OWN
SHARES: CURRENT AUTHORISATIONS AND THEIR USE**

	Maximum nominal amount	Term of authorisation	Remaining term (1)	General Meeting	Resolution N°
Share repurchase programme	(2)	18 months	18 months	AGM 24/04/06	7
Reduction in capital by cancellation of treasury shares	(2)	AGOA 2007	2 months	AGM 24/04/06	9

(1) With effect from the AGM of 24/04/06 - (2) Within the limit of 10% of the share capital

During the year under review, the Company made use of the authorisations to purchase its own shares, which were granted by the Combined General Meetings of 28 April 2005 and 24 April 2006. These authorizations were 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 2006, the Company purchased 445,491 of its own shares under this agreement at an average price of € 24.57, and sold 453,491 shares at an average price of € 24.97, leaving a balance at 31 December 2006 of 20,000 shares and € 2,896,015.80 in cash.

RIGHTS ATTACHED TO SHARES

All shares are part 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**

Individual shareholders

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 – OE 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.

Capital gains:

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 2e of the French General Tax Code);
- a 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.

(1) If the annual disposals of marketable securities that are part of the shareholders tax liability exceed € 20,000 for transactions in 2007, otherwise the capital gain is exempt.

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 2006, the net assets of the savings plan, which are exclusively held by Group employees, amounted to €3,218,115 (743 unit holders holding indirectly 119,600 shares).

The fund represents 0.09% 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 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 right. 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

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 Directors 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 over € 6 million.

The memorandum of agreement signed between M6-TF1 on the account of TPS only, ceased to be applicable from 4 January 2007, the date at which TPS was purchased by Groupe Canal+ France. From this date, there are no shareholders' agreements concerning Métropole Télévision within the Canal+ France Group.

2.3.2. DIRECT SHAREHOLDING INTERESTS OVER 5%, 10%, 20%, 33% OR 50% OF CAPITAL AND CONTROLLING INTERESTS (ARTICLE L 233-6 OF THE COMMERCIAL CODE) AT 31 DECEMBER 2006.

The table below summarises the information required by law:

Company	Legal Form	Shareholding		% total
		Direct	Indirect	
MANDARIN FILMS	SAS	100%		100%
ECHO6	SAS	50%		50%
FEMMES EN VILLE	SAS	50%		50%
M6 CRÉATIONS	SAS	100%		100%
M6 DIVERTISSEMENTS	SAS	100%		100%
M6 RÉCRÉATIVE	SAS	100%		100%
IMMOBILIÈRE 46D	SAS	100%		100%

■ 2.3.3. PARENT COMPANY/SUBSIDIARIES RELATIONSHIPS

Métropole Télévision has its own 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 specific features of its three core business lines: Free-to-Air, 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 formalized in Technical Assistance Agreements and is invoiced to each subsidiary.

Financial relations

- the cash pooling agreement with subsidiaries enables M6 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.

Under the terms of the cash management agreement signed between Immobilière Bayard d'Antin SA and Métropole Télévision dated 1 December 2005, 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.

Taxation relations:

- 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 2006, the Métropole Télévision Group has 63 subsidiaries and affiliates as follows:
 - 24 significant consolidated subsidiaries;
 - 31 insignificant consolidated subsidiaries;
 - 8 unconsolidated companies.

Significant consolidated subsidiaries	Country	Advances/ guarantees	Member of cash pooling agreement	Significant intercompany transactions*	% interest (rounded up)	Impact of minority interests
FREE TO AIR TV						
M6 Publicité	France		Yes	Broadcast schedule payment	100%	-
M6 Films	France		Yes	NS	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 CHANNELS						
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		100%	-
M6 Communication (M6 Music Black - Rock - Hit)	France	-	Yes		100%	-
SediTV - Téva	France	-	Yes	N/S	51%	No significant impact
DIVERSIFICATIONS AND AUDIOVISUAL RIGHTS						
Football Club des Girondins de Bordeaux	France	-	Yes	N/S	100%	No significant impact
Home Shopping Service	France	-	Yes	N/S	100%	-
M6 Éditions	France	-	Yes	Advertising	100%	-
M6 Événements	France	-	Yes	N/S	100%	-
Société Nouvelle de Distribution	France	-	Yes	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 significant impact

* Transactions valued in excess of €500 thousand

In view of the size of their business activities, the transactions between the following companies and M6 Métropole Télévision are insignificant:

Insignificant consolidated subsidiaries (31)	% interest (rounded up)	Insignificant consolidated subsidiaries (31)	% interest (rounded up)
M6 Numérique (1)	100%	HSS Sub-Group :	
M6 Toulouse (1)	100%	Boutique du Monde (2)	100%
Mandarin (1)	100%	Club Téléachat (2)	100%
SCI du 107 (1)	100%	HSS Belgique	100%
TF6 Gestion	50%	HSS Hongrie	100%
LABO Production	100%	SETV Belgique	100%
Multiplex R4	58%	Tecipress (2)	100%
M6 Développement	100%	Télévente promotion (2)	100%
Echo6	50%	Unité 15 Belgique	100%
Mandarin Films	100%	Unité 15 France (2)	100%
Culture Mag Editions (1)	90 %	Retail Concept	100%
Immobilière M6 (1)	100 %		
M6 Studio (1)	100%		
Live stage (1)	99 %		
M6 Bordeaux (1)	100 %		
M6 Diffusion (1)	100 %		
M6 Foot (1)	100 %		
M6 Opérations	51 %		
Citato	80%		
M6 Affaires	100%		
Femmes en ville	50%		

(1) Cash pooling M6

(2) Cash pooling HSS / M6

Non-consolidated subsidiaries (8)	% interest (rounded up)	Non-consolidated subsidiaries	% interest (rounded up)
ENEX	20%	M6 Récréative	100%
Métropolest	50%	M6 Divertissement	100%
PINK TV	9%	M6 Créations	100%
TCM Gestion	50%	Immobilière 46 D	100%

2.4. OTHER INFORMATION CONCERNING THE PARENT COMPANY FINANCIAL STATEMENTS

2.4.1. TAX INFORMATION

The accounts at 31/12/2006	Amount (€ thousands)
Total amount of non-deductible expenses and charges (Article 39-4 of the French General Tax Code)	25.4
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	4,743.4
> Gifts and hospitality expenses	636.6
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	25.4

2.4.2. SOCIAL RESPONSIBILITY INFORMATION

The Company will make available to any shareholder who requests so a copy of the Social Responsibility Report as required by Articles L.438-1 and subsequent. of the Labour Code.

3. GENERAL MEETING

3.1. SUMMARY AND AGENDA OF THE COMBINED GENERAL MEETING OF 2 MAY 2007

- 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 2006
 - general report on the financial statements for the year ended 31 December 2006;
 - 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;
 - report on the share capital transactions allowed by resolutions 10, 11, 12, 13, 14 and 16.
- Vote on resolutions:

RESOLUTIONS FOR THE ORDINARY GENERAL MEETING

- N° 1: Approval of the parent company financial statements for the year ended 31 December 2006
- N° 2: Approval of the 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 2006
- N° 5 and 6: Ratification of the cooption of members of the Supervisory Board
- N° 7 and 8: Nominations of members of the Supervisory Board
- N° 9: Authorisation to be given to the Management Board to trade in the Company's shares

RESOLUTIONS FOR THE EXTRAORDINARY GENERAL MEETING

- N° 10: Creation of a new share option plan for 2,700,000 share options
- N° 11: Authorisation to be given to the Management Board to reduce the share capital by cancellation of shares
- N° 12: Authorisation to be given to the Management Board to increase share capital without cancellation of pre-emption subscription rights
- N° 13: Authorisation to be given to the Management Board to increase share capital with cancellation of pre-emption subscription rights
- N° 14: Authorisation to increase share issues in the case of excess demand
- N° 15: Authorisation given to the Management Board to increase share capital by 10% with a view to remunerate transfers in kind
- N° 16: Increase in capital reserved for employees
- N° 17: Revision of Article 13 paragraph 1 of the bylaws – Other marketable securities
- N° 18: Revision of Article 16 paragraph 1 of the bylaws - Duration of service of members of the Management Board
- N° 19: Revision of Article 27 of the bylaws – Convening Meetings
- N° 20: Revision of Article 28 paragraph 2 of the bylaws - Agenda
- N° 21: Revision of Article 29 of the bylaws -Conditions of admission to meetings
- N° 22: Revision of Article 43 – Early liquidation
- N° 23: Powers to complete formalities.

3.2. MANAGEMENT BOARD REPORT TO THE COMBINED GENERAL MEETING

Ladies and Gentlemen,

We have called you to this Combined General Meeting to submit for your approval the following resolutions for the Ordinary General Meeting and the Extraordinary General Meeting.

1. RESOLUTIONS PRESENTED TO THE ORDINARY GENERAL MEETING

We submit the following resolutions for your approval:

In the first resolution, shareholders are invited to approve the financial statements and transactions for the 2006 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).

In the third resolution, shareholders are invited to allocate the profits for the year of € 144,582,632.00 and retained profits from the prior year of € 470,394,034.39, representing total profits available for distribution of € 614,976,666.39, by distributing a dividend of € 0.95 per share and allocating the remaining balance of € 489,682,410.89 to retained profits carried forward.

In the fourth resolution, shareholders are invited to approve the consolidated financial statements for the year ended 31 December 2006 as presented.

In the fifth and sixth resolutions, shareholders are invited to ratify the cooptation of Elmar Heggen and Axel Duroux as members of the Supervisory Board, to replace Ignace Van Meenen and Axel Ganz, 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 and eighth resolutions, the nomination of Andreas Walker and Gilles Samyn as members of the Supervisory Board for four years, i.e. until the close of the Ordinary General Meeting to be called to approve the 2010 financial statements.

In the ninth 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: € 37
- maximum shareholding: 10% of the share capital including treasury shares acquired at 28 February 2007
- maximum duration: 18 months
- Maximum nominal amount of funds to be allocated from reserves to the share repurchase programme: € 487,988,153.

The acquisition of shares, may be carried out by any means:

- to assure an active secondary market or the liquidity of the Métropole Télévision share through an intermediary service provider through a liquidity contract in compliance with the AFEI's ethical code admitted by the AMF,
- to conserve shares purchased and ultimately acquire them via exchange or payment within the framework of acquisitions, provided that the shares acquired for this purpose do not exceed 5% of the Company's share capital,
- to assure adequate coverage for share option plans and other forms of share allocations to Group employees and/or management within the conditions and according to the methods permitted by law, notably by sharing in the profits of the entity, through a company savings plan or by the granting of free shares,
- to assure adequate coverage of marketable securities giving right to Company shares within the framework of current regulations,
- to proceed with the eventual cancellation of shares acquired

The acquisition of shares, may be carried out by any means, including in the form of blocks of shares, at such times as the Management Board wishes, including in the event of a public offer, on the terms established by current stock market regulations.

2. 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 tenth resolution, the authorization to grant Métropole Télévision, share purchase options for a period of thirty eight months from today, giving the right of subscription to 2,700,000 shares with a nominal value of € 0.4. The options which each give a right to one share may be granted up to a maximum of 900,000 a year. The beneficiaries of these options may only be employees or management of the Métropole Télévision Company and related companies or economic interest groups as defined by Article L. 225-180 of the Commercial Code.

The share subscription price on the exercise of these options may not be less than the average of the stock exchange quoted price for the 20 days preceding that on which the options are granted. This authorisation replaces that previously granted by the General Meeting of 28 April 2004.

In the eleventh resolution, subject to shareholder approval of the share repurchase programme which is the object of the ninth resolution, shareholders are invited to authorise the Management Board to reduce the share capital by cancelling repurchased shares, within the limit of 10% of the share capital.

In the twelfth and thirteen resolutions, authorisation is granted to the Management Board to increase share capital by cash payment, over a period of 26 months and up to a maximum amount of € 50,000,000. These resolutions specifically allow for increases in share capital:

- without cancellation of pre-emption subscription rights (12th resolution) and in the following manner:
 - issuance of ordinary shares and/or marketable securities giving immediate or eventual access to the Company's ordinary shares or those of any Companies holding, directly or indirectly, more than 50% of the Company's capital or in which the Company holds more than 50% of share capital;
 - and/or by incorporation of share premium, reserves, retained earnings or other reserves by the granting of free shares or by increasing the par value of existing shares.

The issue(s) shall be reserved in preference to shareholders who can subscribe irreducibly. Pursuant to the facilities provided by law and in the event the irreducible subscriptions, and where appropriate the reducible subscriptions, do not absorb all the issue, all or part not subscribed may be offered to the public.

- with cancellation of pre-emption subscription rights and with priority given to shareholders (13th resolution), in order to take advantage of the opportunities offered by the French markets in certain circumstances. In this instance, such authority is given within the following framework:
 - issuance of ordinary shares and/or marketable securities giving immediate or eventual access to the Company's ordinary shares or those of any Companies holding, directly or indirectly, more than 50% of the Company's capital or in which the Company holds more than 50% of share capital;
 - set a minimum amount per share issued, pursuant to the applicable legal and regulatory provisions at the time of implementation of the delegation;
 - in the event of a share issue as consideration for shares transferred as part of a public offer, the Management Board will have, within the limits set above, the necessary powers to approve the list of shares tendered to the exchange, set the conditions of the issue, the exchange ratio as well as, where appropriate, the balance in cash to be paid, and determine the terms of the issue.

In the fourteenth resolution, authorisation is granted to the Management Board to increase share capital in the case of excess demand for the share issues made within the framework of resolutions 12 and 13 and within the provisions of Article L225-135-1 of the Commercial Code and within the limit of ceilings fixed by the Meeting.

The authorisations granted by resolutions 12, 13 and 14 replace the authorisations previously granted by the Ordinary General Meeting of 28 April 2005.

In the fifteenth resolution, authorisation is granted to the Management Board to increase share capital by transfer in kind to the company, comprising capital securities or marketable securities giving access to capital, within a limit of 10% of the Company's share capital and for a period of twenty six months with a view to facilitate plans for acquisition.

In the sixteenth resolution, authorisation is granted to the Management Board to, on one or more occasions, increase share capital reserved for employees subscribed to a company savings plan, with cancellation of pre-emption subscription rights up to limit of the par value of 0.5% of the share capital and for a period of twenty-six months. The price of shares issued may not be neither less than 20%, or 30% where the period of unavailability provided by the plan pursuant to Article L. 443-6 is equal to or greater than ten years, of the average of opening prices quoted for the share for the 20 trading days preceding the decision of the Management Board in respect of the increase in capital and the issue of the corresponding shares, nor higher than this average.

In the seventeenth resolution, Article 13 paragraph 1 of the bylaws is revised to correspond to Article L228-40 of the Commercial Code which authorises the Management Board to issue debt securities, without the authorisation of the General Meeting, as previously permitted.

In the eighteenth resolution, the revision of Article 16 paragraph 1 of the bylaws to relax the regulation for filling vacant positions on the Management Board, under the provisions of Article 15 of the bylaws which prescribes a minimum of two members.

In the nineteenth, twentieth and twenty-first resolutions, the revision of Articles 27, 28 paragraphs 2 and 29 of the bylaws to conform to the decree of 11 December 2006.

In the twenty second resolution, the revision of Article 42 of the bylaws to update the reference to Article 71 of the Law of 24 July 1966 amended on 18 September 2000 by Article L224-2 of the Commercial Code.

Lastly, in the twenty-third resolution, shareholders are asked to confer powers to complete formalities.

We trust that these proposals will receive your support.

Neully sur Seine, 5 March 2007

3.3. SUPERVISORY BOARD' COMMENTS TO THE COMBINED GENERAL MEETING OF 2 MAY 2007

Ladies and Gentlemen,

At this Combined General Meeting called in accordance with law and the bylaws, we present to you the reports of the Management Board and the Statutory Auditors for the year ended 31 December 2006.

In accordance with Article L.225-68 of the Commercial Code, we bring to your attention our observations regarding the Management Board Report and the financial statements for the year ended 31 December 2006.

1. OBSERVATIONS OF THE SUPERVISORY BOARD**The Management Board Report**

The Management Board Report to the General Meeting does not call for any specific references by the Supervisory Board.

The Board reviewed the proposed resolutions to be submitted to the General Meeting and invites you to approve them in order to give the Management Board the essential means by which to fulfil its role and otherwise to bring the Company bylaws into line with the latest legislative developments.

The financial statements for the year ended 31 December 2006

as presented to you, have been reviewed by the Audit Committee and audited by the Statutory Auditors. The Supervisory Board has no comments to make on the financial statements for the year ended 31 December 2006.

The Supervisory Board invites you to approve the resolutions proposed by the Management Board.

2. WORK OF THE BOARD

In application of legal regulations and following the review of the parent company financial statements and the Management Board Report, upon which it has just informed you of its observations, the Supervisory Board periodically extends the report of the Management Board to the company's market, it authorises major investments, the granting of security, partial or total disposals of shareholdings and property assets and rights.

Aside from these duties, the key undertakings of the Supervisory Board since the last Annual General Meeting of Shareholders are as follows:

- monitor the developments with TPS- Canal+ France,
- review and authorisation of the plans to grant marketable securities to Group employees

The Supervisory Board

Neuilly-sur-Seine, 5 March 2007

3.3. STATUTORY AUDITORS' REPORT

KPMG Audit

1, cours Valmy
92923 Paris La Défense Cedex
France

Ernst & Young

41, rue Ybry
92576 Neuilly-sur-Seine cedex
France

STATUTORY AUDITORS REPORT

**on the capital transactions provided for in resolutions
10, 11, 12, 13, 14 and 16 of the Combined General Meeting of 2 May 2007**

Combined General Meeting of 2 May 2007

To the shareholders of Métropole Télévision S.A.,

As Statutory Auditors to Métropole Télévision and in execution of our assignment, as covered by the Commercial Code, we hereby present to you our report on the transactions upon which you have requested us to opine.

**1 – Offering of share subscription options for the benefit of company employees and/or management
(resolution n°10)**

In execution of our assignment, as covered by Articles L. 225-177 and R.225-144 of the Commercial Code (formally 174-19 of the decree of 23 March 1967), we present to you our report on the offering of share subscription options for the benefit of employees or certain of them or certain categories of people and/or management of the Métropole Télévision S.A. Company and of related companies or economic interest groups within the conditions of Article L.225-180 of the Commercial Code. The total number of options which may be offered may not give rise to the subscription to a number of shares in excess of 900,000 per year, being a total of 2,700,000 over the period for which the authorisation is granted.

It is the Management Board's responsibility to compile a report on the reasons for the offering of the share subscription options and the methods by which the subscription price is to be determined. We are responsible for giving an opinion on the proposed methods for determining a subscription price.

We have performed our work in accordance with acceptable professional standards in France. These standards require the performance of due diligence procedures to assess the proposed methods for determining and subscription price as detailed in the Management Board Report, and that they are compliant with the texts, that they are clear to the shareholders and that they are appropriate. We have no comments to make on the methods proposed.

2 – Reduction of share capital through the cancellation of purchased shares (resolution n°11)

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 shares purchased, we present to you our report on the reasons for and terms and conditions of the proposed capital reduction.

We have performed our work in accordance with acceptable professional standards in France. These require the performance of due diligence procedures to verify whether the reasons for and terms and conditions of the proposed share capital reduction are compliant.

KPMG Audit

1, cours Valmy
92923 Paris La Défense Cedex
France

Ernst & Young

41, rue Ybry
92576 Neuilly-sur-Seine cedex
France

This transaction arises from your company's share buyback programme, which allows it to 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 valid for a period of eighteen months.

Your Management Board proposes that you delegate to it, for a period that ends at the close of the General Meeting called to consider the 2007 financial statements, in respect of the implementation of the authorization 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 programme. (resolution n°9).

3 - Issue of marketable securities giving access to share capital with retention of pre-emption subscription rights (resolutions n°12 and 14)

In execution of our assignment, as covered by Articles L228-92 of the Commercial Code, we present to you our report on the issues of shares and/or marketable securities giving access to share capital.

Your Management Board proposes that you:

- delegate to it the authorisation to issue ordinary shares and/or marketable securities giving access to the share capital of (i) the Company, (ii) a company owning, directly or indirectly, more than 50% of the share capital of your Company, (iii) a company of which your Company owns, directly or indirectly, more than 50% of the share capital, with the maintenance of pre-emption subscription rights (resolution n°12),

The total par value of capital increases which may occur in the short or long-term by application of resolution 12, may not exceed € 50,000,000. It should be noted that this amount will be reduced by the increases in capital realised by application of the authorisations conferred by the General Meeting in resolution 13. This limit takes into account the additional marketable securities created within the framework of the application of the current authorisation, within the conditions permitted by Article L.225-135-1 of the Commercial Code, should resolution 14 be adopted.

Your Management Board proposes that, on the basis of its report, you delegate to it the authorisation, for a period of 26 months, within the framework of Article L.225-129-2, to proceed with this transaction and decide upon the conditions of issuance.

We have performed our work in accordance with acceptable professional standards in France. These require the performance of due diligence procedures to verify the methodology for determining the issue price of shares to be issued.

We have no comments to make on the methodology for determining the issue price of shares to be issued within the framework of resolution 12, which are not defined in the Management Board Report.

As the amount of share premium to be created by these issues is not fixed, we express no opinion on the definitive conditions through which the issues will be realised.

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1, cours Valmy
92923 Paris La Défense Cedex
France

Ernst & Young

41, rue Ybry
92576 Neuilly-sur-Seine cedex
France

In compliance with Article R.225-116 of the Commercial Code (formally 155-2 of the Decree of 23 March 1967), we will report on these issues when implemented by your Management Board.

4 - Issue of marketable securities giving access to share capital with cancellation of pre-emption subscription rights (resolutions n°13 and 14)

In execution of our assignment, as covered by Articles L.225-136 and L.228-92 of the Commercial Code, we present to you our report on the issues of shares or/and marketable securities giving access to share capital.

Your Management Board proposes:

- that you delegate to it the authorisation to decide upon the issue of:
 - ordinary shares and/or marketable securities giving access to the share capital of (i) the Company, (ii) a company owning, directly or indirectly, more than 50% of the share capital of your Company, (iii) a company of which your Company owns, directly or indirectly, more than 50% of the share capital, with the cancellation of pre-emption subscription rights (resolution n°13), including a public share offering initiated by your Company.

The total par value of capital increases which may occur in the short or long-term by application of resolution 13, may not exceed € 50,000,000. It should be noted that this amount will be reduced by the increases in capital realised by application of the authorisations conferred by the General Meeting in resolution 12.

This limit takes into account the additional marketable securities created within the framework of the implementation of the current authorisation, within the conditions permitted by Article L.225-135-1 of the Commercial Code, should resolution 14 be adopted.

Your Management Board proposes that, on the basis of its report, you delegate to it the authorisation, for a period of 26 months, within the framework of Article L.225-129-2, to proceed with this transaction and decide upon the conditions of issuance and proposes that you cancel your pre-emption subscription rights, per resolution 13.

We have performed our work in accordance with acceptable professional standards in France. These require the performance of due diligence procedures to verify the methodology for determining the issue price of shares to be issued.

We have no comments to make on the methodology for determining the issue price of capital securities to be issued within the framework of resolution 13 as defined in the Management Board Report.

As the amount of share premium to be created by these issues is not fixed, we express no opinion on the definitive conditions through which the issues will be realized and, consequently on the proposed cancellation of pre-emption subscription rights presented to you in resolution 13.

In compliance with Article R.225-116 of the Commercial Code (formally 155-2 of the Decree of 23 March 1967), we will report on these issues when implemented by your Management Board.

KPMG Audit

1, cours Valmy
92923 Paris La Défense Cedex
France

Ernst & Young

41, rue Ybry
92576 Neuilly-sur-Seine cedex
France

5 - Increase of share capital with cancellation of pre-emption share subscription rights reserved for employees (resolution n°16)

In execution of our assignment, as covered by Articles L.225-135 and subsequent of the Commercial Code, we present to you our report on the plan to increase share capital reserved for employees of the Company and related companies as defined by Article L.225-180 of the Commercial Code, with cancellation of pre-emption subscription rights up to a maximum of 0.5% of share capital as at the date of the decision of the Management Board in respect of such increase.

This increase in share capital is submitted for your approval in application of the provisions of Articles L.225-129-6 of the Commercial Code and L.443-5 of the Labour Code.

Your Management Board proposes that, on the basis of its report, you delegate to it the authorisation, for a period of 26 months, to decide upon the method of implementing this transaction and proposes that you cancel the pre-emption subscription rights.

It is the responsibility of your Management Board to compile a report in compliance with Articles R.225-113 and R.225-114 of the Commercial Code (formally 154 and 155 of the Decree of 23 March 1967). We are responsible for giving our opinion on the validity of the data taken from the financial statements, on the proposal for the cancellation of the pre-emption subscription rights and certain other information regarding the issue, given in this report.

We have performed our work in accordance with acceptable professional standards in France. These require the performance of due diligence procedures to verify the content of the Management Board Report relating to this transaction and the methodology for determining the share issue price.

Reserving the right to review the ultimate terms of the proposed capital increase, we have no observations to make on the methodology for determining the issue price given in the Management Board Report.

As the amount of share premium to be created by these issues is not fixed, we express no opinion on the definitive conditions through which the increase in share capital will be realised and, consequently, on the proposed cancellation of pre-emption subscription rights.

In compliance with Article R.225-116 of the Commercial Code (formally 155-2 of the Decree of 23 March 1967), we will report on this when the increase in share capital is implemented by your Management Board.

Paris La Défense,
3 April 2007

KPMG Audit
Département de KPMG S.A.

Grégoire Menou
Partner

Neuilly-sur-Seine,
3 April 2007

Ernst & Young et Autres

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 2006)

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 2006 as presented, which show a net profit of € 144,582,632;
- accordingly, approves the transactions reflected in the financial statements and/or summarised in the reports;
- approves, in accordance with Article 223 quarter of the General Tax Code, the expenses and charges set forth in Article 39-4 of the same code, which were € 25,426, and the corresponding tax charge of € 8,754.

Second Resolution

(Regulated agreements)

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.

Third Resolution

(Allocation of profits and declaration of dividend)

Net profits for the year:	€ 144,582,632.00
Retained profits brought forward from the prior year	€ 470,394,034.39
Profits available for distribution	€ 614,976,666.39

It is proposed:

to distribute a dividend of € 0.95 per share in respect of the shares representing the company's capital	€ 125,294,255.50
To carry forward the balance of	€ 489,682,410.89

The Ordinary General Meeting approves the allocation of profit as proposed by the Management Board and, as a result, sets the dividend for the 2006 financial year at € 0.95 per share.

Pursuant to Article 158-3 of the General Tax Code, dividend distributions will give rise to tax relief of 40% for eligible shareholders.

The dividend will be paid on 4 May 2007.

In accordance with paragraph 4 of Article L.225-2 10 of the Commercial Code, dividends corresponding to M6 shares owned by the Company at the ex-dividend date will be transferred 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)

Financial year	Dividend per share in euros	Dividend distributed per share (eligible for tax relief)	Total distribution (eligible for tax relief)
2003	0.67	NA	NA
2004	0.84	0.84 €	110,786,499.60
2005	0.95	0.95 €	125,294,255.50

Fourth Resolution

(Approval of the consolidated financial statements for the year ended 31 December 2006)

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 2006 as prepared and presented in accordance with the provisions of Articles L.233-16 and subsequent of the Commercial Code and which show a net profit of € 408.5 million.

Fifth Resolution

(Ratification of the cooption of a member of the Supervisory Board)

The General Meeting ratifies the cooption of Mr. Elmar Heggen as member of the Supervisory Board, who was provisionally appointed by the Supervisory Board at its meeting of 22 November 2006, to replace Mr. Ignace Van Meenen, who resigned, for the remainder of Mr. Van Meenen'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. Axel Duroux as member of the Supervisory Board, who was provisionally appointed by the Supervisory Board at its meeting of 6 March 2007, to replace Mr. Axel Ganz, who resigned, for the remainder of Mr. Ganz's term, expiring at the close of the Ordinary General Meeting to be called to approve the 2007 financial statements.

Seventh Resolution

(Nomination of a member of the Supervisory board)

The General Meeting nominates

- Mr Andreas Walker

Born 2 June, in Pforzheim (Germany), German residing in Taunusstein – Bleidenstadt (Germany)

as a member of the Supervisory Board Committee.
for a period of four years until the Ordinary General Meeting called to approve the 2010 financial statements.

Mr Andreas Walker has already indicated that he accepts this role and that he satisfies all of the legal conditions and regulations to carry out his duties as a member of the Supervisory Board.

Eighth Resolution

(Nomination of a member of the Supervisory Board)

The General Meeting nominates

- Mr Gilles Samyn

Born 2 January 1950, in Nice (06), French residing at 1, Chemin-de-Florenchamps – 6120 Ham-sur-Heure (Belgium)

as a member of the Supervisory Board.
for a period of four years until the Ordinary General Meeting called to approve the 2010 financial statements.

Mr Gilles Samyn has already indicated that he accepts this role and that he satisfies all of the legal conditions and regulations to carry out his duties as a member of the Supervisory Board.

Ninth 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, for a period of eighteen months, in accordance with the provisions of Articles L.225-209 and subsequent of the Commercial Code, to purchase, on one or more occasions at times it determines, a number of shares representing a maximum of 10% of the share capital of the Company's current share capital of 131,888,690 shares.

This authorisation supersedes that granted to the Management Board by the General Meeting of 24 April 2006.

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 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 acquisition, provided that the shares acquired for this purpose do not exceed 5% of the share capital of the Company,
- to assure the coverage of share subscription options and other forms of allocations of shares to group employees and/or management within the conditions and according to the methods

provided for by law, notably by sharing in the profits of the entity, through a corporate savings plan or by the granting of free shares.

- to assure the coverage of marketable securities giving right to the granting of company shares within the framework of current regulations
- to cancel shares, subject to approval of the eleventh resolution by the Combined General Meeting of shareholders

The acquisition of these shares may be carried out by any means, including block purchases of shares, and at times it considers appropriate, including during a period of a public offer within stock market regulatory limits.

The General Meeting sets the maximum purchase price at € 37 per share. 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 price 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 maximum amount of the transaction is therefore fixed at € 487,988,153.

The General Meeting confers full powers on the Management Board to proceed with these transactions, set the terms and conditions, conclude all agreements and perform all formalities.

3.5.2. SUBMITTED TO THE VOTE OF THE EXTRAORDINARY GENERAL MEETING

Tenth Resolution

(Delegation for options to subscribe for shares)

The General Meeting, having considered the Management Board and Statutory Auditors' Special Reports:

- authorises the Management Committee within the framework of Articles L.225-177 and L. 225-185 of the Commercial Code to consent, on one or more occasions, for the benefit of those detailed below, share subscription options and issue them by way of an increase in share capital,
- defines that this authorisation remain valid for a period of thirty-eight months from the date of the current General Meeting,
- decides that the beneficiaries of these options may only be:
 - on one hand, employees or certain individuals amongst them or certain categories of employees,
 - on the other hand, company management defined by law,

both of the Métropole Télévision Company and related companies or economic interest groups as defined by Article L. 225-180 of the Commercial Code;

- decides that the total number of options which may be offered may not give the right to subscription of a number of shares in excess of 900,000 per year, being 2,700,000 in total for the period during which the authorisation remains valid, taking into account any other statutory limitations.
- decides that the share subscription price will be fixed on the day when the options are approved by the Management Board and may not be lower than the average of the quoted market price for the last 20 days preceding the granting of the options.
- decides that no options may be exercised:
 - within a period of ten days either side of the date on which the consolidated financial statements are published,
 - within the period upon which Company employees become aware of some information, which, if made public, could have a significant effect on the share price and ten days after such information is made public.
 - less than twenty stock trading days after the detachment from the shares of a coupon carrying the right to a dividend or an increase in capital;

- notes that the present authorisation carries, for the beneficiaries of options to subscribe for shares, the express waiver by shareholders of their pre-emption right to subscribe for shares that will be issued in line with the exercise of options.

- delegates all powers to the Management Board to determine other conditions and methods of granting options and their exercise and notably to:

- determine the conditions under which the options are granted and approve the list or categories of beneficiaries as provided above ; set, where appropriate, the seniority conditions that must be met by these beneficiaries; decide the conditions under which the price and number of shares must be adjusted notably under the assumptions contained in Articles 174-8 to 174-16 f the Decree of 23 March 1967,

- set the period(s) of exercise of options thus granted, it being noted that the options may not have a maturity in excess of seven years, with effect from their date of grant,

- establish potentially, clauses preventing the immediate resale of all or part of the shares, without this timeframe imposed for the retention of shares exceeding three years with effect from the exercise of options, and subject, where appropriate, to all decisions by the Supervisory Board concerning options granted to members of the Management Board.

- provide the facilities to suspend temporarily the exercise of options for a maximum of three months in the event of financial transactions involving the exercise of a right attached to shares,

- carry out or have carried out all deeds and formalities to finalise the capital increase(s) that may, where appropriate, be realised by virtue of the authorisation that is the subject of the present resolution, revise the bylaws as a result and in general, do everything that is necessary.

- on its sole decision and if it considers it opportune, to allocate the costs of the increase in share capital to the premium arising from these increases and transfer from this the amounts required to bring the legal reserve to one tenth of the new capital after every increase.

Eleventh 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 ninth 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 ninth 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 2007 financial statements.

Twelfth Resolution

(Delegation of the authorisation given to the Management Board to increase share capital without cancellation of pre-emption subscription rights)

The General Meeting, having considered the Management Board Report and the Special Report of the Statutory Auditors and in compliance with the dispositions of the Commercial Code and, specifically Article L. 225-129-2:

1) delegates the ability to the Management Board to proceed with the increase of share capital, on one or more occasions, within the proportions and at such times as it wishes:

a) by the issue, either in €, foreign currency or any other unit of account, established by reference to a basket of currencies, ordinary shares and/or marketable securities giving access immediately or in the future, at any time or a fixed date, to ordinary shares of the Company, or, in compliance with Article L. 228-93 of the Commercial Code, of any Company which directly or indirectly holds more than 50% of the share capital or of which, either directly or indirectly, the Company holds more than 50% of the share capital, whether by subscription, conversion, exchange, reimbursement, maturity of a bond or by any other means;

b) and/or by the incorporation into capital of share premium, reserves, profits or others in the form of granting of free shares or an increase in the nominal value of existing shares;

2) Grants the present authorisation for a period of twenty-six months from the date of the current Meeting.

3) Decides to grant, as follows, the limits of the amount of issues authorised in the event of use by the Management Board of the present delegation of authority:

a) The total value of shares which may be issued as a result of this delegation may not exceed € 50,000,000.

b) This limit includes the total nominal value of supplementary shares issued to ultimately preserve, in accordance with the law, the rights of the holders of marketable securities giving access to share capital.

c/ In addition to this ceiling, allocate the total nominal value of shares issued, directly or not, by virtue of the following resolution.

4) In the event of use by the Management Board of the present delegation of authority as part of the issues covered by 1/a/ above:

a/ decides that the issue(s) shall be reserved in preference to shareholders who can subscribe irreducibly,

b/ decide that where the irreducible subscription, and where appropriate the reducible subscription, do not absorb the total of the issue, the Management Board may use the facility provided by law and notably offer the public all or part of the shares that were not subscribed,

5) As concerns all incorporation into capital of premiums, reserves, profits or other, decides that, where appropriate, all fractional rights can not be traded and that the corresponding shares be sold, with the funds arising from the sale being allocated to holders of the rights within the timeframe set by law,

6) Decides that the Management Board has, within the limits set above, the necessary powers notably to set the conditions of the issue(s), note that the realisation of capital that result, proceed with the related revision of the bylaws, allocate, at its own initiative, the costs of the capital increase to the premiums that arise and transfer from this the amounts necessary to bring the legal reserve to one tenth of the new capital after every increase, and in general to do everything necessary in a similar fashion.

7) Note that the present delegation cancels all previous delegation with the same purpose.

Thirteenth Resolution

(Delegation of authority to the Management Board to increase share capital with cancellation of pre-emption subscription rights)

The General Meeting, having considered the Management Board Report and the Special report of the Statutory Auditors and in compliance with the provisions of the Commercial Code and, in particular, Article L 225-129-2:

1) Delegates to the Management Board the authority to proceed with a capital increase, on one or more occasions, in the proportion and at the times it chooses, on the French and/or international market, to call for capital, by the issue in either €, or any foreign currency or any other unit of account established by reference to a basket of currencies, ordinary shares and /or marketable securities giving access immediately or in time, at any time, or on a set date, to ordinary shares in the company by subscription, conversion, exchange, repayment, presentation of a warrant or any other manner, it being noted that these shares may be issued as consideration for shares tendered to the company as part of a public offer for shares that meets the conditions set by Article L 225-148 of the Commercial Code.

In compliance with Article L 228-93 of the Commercial Code, the marketable securities issued may give access to ordinary shares of every company which, directly or indirectly, owns more than 50% of the Company's share capital, or in which it owns, directly or indirectly, more than 50% of share capital.

2) Sets at twenty six months the period of validity of the present delegation, to run from the date of the present meeting.

3) Decides to set, also as follows, the limits of the issues authorised in the event of use by the Management Board of the present delegation of powers:

- The total nominal amount of ordinary shares likely to be issued by virtue of the present delegation may not exceed € 50,000,000

- In addition, to this ceiling, to allocate the total nominal amount of shares issued by virtue of the previous resolution.

4) Decides to cancel the pre-emption right to subscribe by shareholders to shares that are the subject of the present resolution, while however leaving the Management Board the facility to grant shareholders a priority right, pursuant to law.

5) Decides that the amount received, or to be received, by the company for every ordinary share issued as part of the present delegation of authority, after inclusion, in the event of an issue of independent warrants to subscribe for shares, of the issue price of the said warrants, will be at least equal to the minimum required by law and regulations in force at the time of the Management Board implements the delegation.

6) Decides, that, in the event of an issue of securities as consideration for securities tendered as part of a public offer, the Management Board has, within the limits set above, the necessary powers to approve the list of securities tendered to the offer, set the conditions of issue, the exchange ratio as well as, where appropriate, the balance payable in cash, and determine the terms of the issue.

7) Decides that the Management Board has, within the limits set above, the necessary powers notably to set the conditions of the issue(s), note the realisation of capital increases, proceed with the related revision to the bylaws, allocate, at its sole initiative the costs of the capital increase to the premiums that arise and transfer from them the amounts necessary to bring the legal reserve to one tenth of the new capital after every increase, and in general, do everything necessary in a similar fashion.

8) Notes that the present delegation replaces all previous delegations with the same subject.

Fourteenth Resolution

(Authorisation to increase the level of share issues in the event of excess demand)

For each of the share issues made in application of resolutions 12 and 13, the number of shares issued may be increased according to the conditions provided for in Article L 225-135-1 of the Commercial Code and within the limit of the ceilings fixed by the Meeting in resolutions 12 and 13, when the Management Board receives an excess demand.

Fifteenth Resolution

(Authorisation given to the Management Board to increase share capital within a limit of 10% as consideration for transfers in kind)

After hearing the report of the Management Board and in accordance with Article L 225-147 of the Commercial Code, the Extraordinary General Meeting:

1) Authorises the Management Board to proceed, on the report of auditor to the transfer, with the capital increase as consideration for transfers in kind to the company comprising capital securities or marketable securities giving access to capital where the provisions of Article L 225-148 of the Commercial Code are not applicable.

2) Sets at twenty six months the period of validity of the present delegation, to run from the date of the present meeting,

3) Decides that the total nominal amount of ordinary shares likely to be issued by virtue of the present delegation may not exceed 10% of the share capital.

This ceiling is independent of all ceilings provided by the other resolutions to the present General Meeting.

4) Delegates all powers to the Management Board, to proceed with the approval of the valuation of transfers, to decide on capital increase that arise, to note the realisation, to allocate where appropriate to the transfer premium all the costs and duties incurred by the capital increase, to allocate from the transfer premium the amounts necessary to bring the legal reserve to one tenth of the new capital after every increase, and to proceed with the related revision to the bylaws, and do everything necessary in a similar fashion.

Sixteenth Resolution

(Increase of share capital reserved for employees)

After hearing the report of the Management Board and the Statutory Auditors' Special Report, and in accordance with Articles L. 225-129-6 paragraphs 1 and 2 and L. 225-138-1 of the Commercial code and L. 443-5 of the Labour Code, the Extraordinary General Meeting hereby:

1) Authorises the Management Board, at its sole discretion, in one or more offerings, to increase share capital by issuing ordinary shares for cash and, if necessary, by the granting of free ordinary shares or other securities giving access to the share capital reserved for employees (and management) of the Company (and related companies as defined by Article L. 225-180 of the Commercial Code) members of a company savings plan.

2) To cancel in favour of these persons the pre-emption right to subscribe for shares that may be issued by virtue of the present authorisation,

3) This authorisation expires twenty six months following the date of this meeting,

4) Limit the maximum nominal amount of the increase(s) that may be realised by use of the present authorisation to 0.5% of the share capital on the date of the decision of the Management Board in respect of the said increase,

5) Decides that the price of shares to be issued, pursuant to 1/ of the present delegation, may not be neither less than 20%, or 30% where the period of unavailability provided by the plan pursuant to Article L. 443-6 is equal to or greater than ten years, of the average of opening prices quoted for the share for the 20 trading days preceding the decision of the Management Board in respect of the increase in capital and the issue of the corresponding shares, nor higher than this average.

6) Confers full power to the Management Board to implement this authorisation and proceed with all necessary courses of action and formalities.

Seventeenth Resolution

(Revision of Article 13 paragraph 1 of the bylaws – Other marketable securities)

In accordance with Article L228-40 of the Commercial Code, the Extraordinary General Meeting authorises the Management Board to decide or authorise the issuance of debt securities.

Consequently, Article 13 paragraph 1 of the bylaws previously read as follows:

“Debt securities may be issued, with or without guarantee, but only with the authorisation of the Ordinary General Meeting of Shareholders.”

and modified as follows:

“The Management Board may decide upon or authorise the issue of debt securities within the conditions and according to the methods provided for by law.”

The rest of the Article will remain unchanged.

Eighteenth Resolution

(Revision of Article 16 paragraph 1 – Period of service of the members of the Management Board)

The Extraordinary General Meeting has decided to revise Article 16 paragraph 1 of the bylaws.

Article 16 paragraph one previously read as follows:

“The Management Board is elected for a period of five years. In the event of any vacancies, these must be filled immediately by the Supervisory Board for the remainder of the term until the Management Board is renewed.”

and from now on will read as follows:

“The Management Board is elected for a period of five years. In the event of any vacancies, the Supervisory Board has the power to fill such vacancies for the remainder of the term until the Management Board is renewed, subject to the provisions of Article 15 paragraph 1 of the bylaws.”

The rest of the Article will remain unchanged.

Nineteenth Resolution

(Revision of Article 27 – Notice of meetings)

In recognition of the changes implemented by the Decree of 11 December 2006, the Extraordinary General Meeting has decided to revise paragraphs 4, 5 and 6 of Article 27 of the bylaws and to add a new paragraph 9.

Article 27, paragraph 4 of the bylaws previously read as follows:

“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, in accordance with current regulations.”

and from now on will read as follows:

“Shareholders meetings are announced by a preliminary notice which is published in the Bulletin des Annonces Légales Obligatoires (BALO) at least 35 days prior to the meeting date, except for exceptions allowed by current regulations (specifically during a public offering period).”

Article 27 paragraph 5 of the bylaws previously read as follows:

“The final notice is sent at least fifteen days before the date set for the meeting. This timeframe is reduced to six days for meetings held on the second call.”

and from now on will read as follows:

“The final notice is sent at least fifteen days before the date set for the meeting, subject to exceptions provided by regulations in force. This timeframe is reduced to six days for meetings held on the second call, subject to exceptions provided by regulations in force.”

Article 27 paragraph 6 of the bylaws previously read as follows:
“These notices are in the form of a simple letter send to all holders of nominative shares and by way of a publication of a notice in a legal gazette serving the location in which the registered office is located and in the BALO.”

and from now on will read as follows:
“These notices are sent by post or e-mail to all holders of nominative shares and by way of a publication in a legal gazette serving the location in which the registered office is located and in the BALO.”

A new paragraph 9 has been added:
“Shareholders may address their written queries to General Meetings at the latest four days in advance of the Meeting.”

The rest of the Article remains unchanged.

Twentieth Resolution

(Revision of Article 28 paragraph 2 – Agenda)

The Extraordinary General Meeting, having considered the changes implemented by the Decree of 11 December 2006, decides to revise Article 28 paragraph 2 of the bylaws.

Article 28 paragraph 2 of the bylaws previously read as follows:
“The requests to include questions on the agenda must be sent to the registered office by registered letter with proof of reception, within ten days with effect from the date of publication of the notice of the meeting in the Bulletin des Annonces Légales Obligatoires.”

and from now on will read as follows:
“The requests to include proposed resolutions on the agenda are to be sent to the registered office within the timeframe provided by regulations in force.”

The rest of the Article remains unchanged.

Twenty first Resolution

(Revision of Article 29 – Conditions for attendance at meetings)

The Extraordinary General Meeting, having considered the changes implemented by the Decree of 11 December 2006, decides to revise paragraph 2 of Article 29 of the bylaws and to remove paragraph 3:

Article 29 paragraph 2 of the bylaws previously read as follows:
“The right to attend meetings is subject to nominative shares being recorded by the company, five days at least before the date of the meeting, or, where it relates to identifiable bearer shares, to the deposit, in the same timeframe, of a certificate prepared by the intermediary holding the account noting that the shares are unavailable until the date of the meeting.”

and from now on will read as follows:
“The right to attend General Meetings is subject to the accounting record of the shares in the name of the shareholder or the intermediary on his behalf, on the third day preceding the meeting (00.00 hours Paris time), either in the nominative accounts held by the company, or in the accounts of bearer shares held by an authorised intermediary.”

Article 29 paragraph 3 of the bylaws previously reading as follows, has been removed:
“The Supervisory board or the Management Board always has the power, generally speaking, to reduce or cancel this time limit.”

The rest of the Article remains unchanged.

Twenty second Resolution

(Revision of Article 43 – Early liquidation)

The Extraordinary General Meeting decides to revise paragraph 4 of Article 43 of the bylaws to bring up to date the reference to an article of the Commercial Code.

Article 43 paragraph 4 of the bylaws previously read as follows:
“Under the provisions of Article 71 of Commercial Company law, liquidation or reduction of share capital is not permitted if, within the timeframe defined above, the share capital will be built back up again to a value in excess of 50% of the company capital.”

and from now on will read as follows:
“Under the provisions of Article L 224-2 of the Commercial Code, liquidation or reduction of share capital is not permitted if, within the timeframe defined above, the share capital will be built back up again to a value in excess of 50% of the company capital.”

The rest of the Article remains unchanged.

Twenty third 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.

MANAGEMENT
REPORT
FINANCIAL
ACCOUNTS
**LEGAL
INFORMATION**

**Persons 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 5 April 2007

Nicolas de Tavernost

Chairman of the Management Board

**Referenced
information**

**The following information is included
by reference in this reference docu-
ment:**

- the consolidated and company financial statements for the year ended 31 December 2004 compiled under French GAAP, as well as the related auditors report included in pages 106 to 133 and 134 to 154 of the reference document filed with Autorité des Marchés on 14 April 2005 under the number D.05-0428.
- the consolidated and company financial statements for the year ended 31 December 2005 compiled under French GAAP as well as the related auditors report, included in pages 124 to 179 and 180 to 202 of the reference document filed with Autorité des Marchés on 5 April 2006 under the number D.06-0213.

**Persons responsible for
the financial information**

Jérôme Lefébure

Chief Financial Officer

Tél. : 01 41 92 64 30

Fax : 01 41 92 64 59

E-mail : jlefebure@m6.fr

Jean-Marc Duplaix

Deputy Chief Financial Officer

Tél. : 01 41 92 57 94

Fax : 01 41 92 64 59

E-mail : jmduplaix@m6.fr

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Editorial:

Communication Department

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Creation and Production:

Erwann Kervadec Design

Photo credits:

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Christophe Geral/Jean-Marc Haedrich/

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Jacques Morell/Eric Robert/Pascalito/

Benjamin Decoin-Julien Knaub-

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Métropole Télévision

Société anonyme à Directoire
et Conseil de Surveillance
au capital de 52 755 476 €

89, avenue Charles de Gaulle,
92575 Neuilly-sur-Seine cedex

Téléphone : 01 41 92 66 66

Télécopieur : 01 41 92 66 10

Internet : <http://www.m6.fr>